

# Arab Bank Group

Annual Report 2013



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Distinguished Shareholders,

The global economy in 2013 began to show signs of recovery after emerging from the international financial crisis which lasted for several years. Many indicators showed stabilization of economic activity in developed markets in addition to faster-pace growth, to a certain extent, in some emerging markets. Despite all of this however, the road to recovery continues to be inconsistent and fraught with challenges which could renew pressure on economies in certain markets internationally and regionally in a way that could affect the overall recovery and growth levels.

Regionally, a group of Arab countries, especially oil producers, witnessed improvement in growth levels and a revival in their financial markets. On the other hand, limited investment levels and compounding debt in addition to escalating poverty and unemployment issues remain major obstacles for some Arab countries, especially in light of the circumstances and developments the region is witnessing.

As for the banking sector in the Arab world, it continues to face a set of challenges creating added pressure on banks in the region. Amongst these challenges are: Constrained economic growth rates in some Arab countries in light of an unclear future outlook, increased risks as a result of the volatility in the region, and the private sector's low investment appetite which has limited financing opportunities. Some banks also faced currency fluctuations in certain Arab currencies and some additional restrictions on currencies' exchanges in addition to scarce financing resources in foreign currencies in some cases. On the other hand, banks operating in oil producing countries, specifically the Gulf states, faced much better conditions during the year as a result of higher growth rates, governments' investment spending and an overall economic recovery. This in turn reflected positively on a number of economic sectors, banks included.

Despite these circumstances and the regional and global volatility, we at Arab Bank continued our journey of success deploying our extensive experience, vast geographical distribution across five continents and our diverse business lines to achieve outstanding performance at several levels, including growing our profits

by 43%, overcoming regional and international challenges. Our commitment to sound banking principles, prudent policies and our ability to deal with difficult situations confidently and efficiently have solidified the trust of our customers. This approach has also reinforced the Bank's position as a preferred choice and a safe haven for investments and deposits for a wide range of customers, both individuals and corporations, across the region.

The Bank also continued its contribution toward the development of Arab economies and the communities in which it operates by supporting and financing strategic projects in the region in addition to its pioneering social responsibility initiatives directed toward building communities' capacities in line with their priorities and needs.

Today we harvest the fruits of our tireless efforts and we remain committed to taking this leading organization to new heights of excellence. We are all confident of Arab Bank and its distinct ability to build on its leading position in the banking industry locally and regionally. Arab Bank is able to accomplish such a success by relying on established values and a prudent strategy built on a solid institutionalized approach coupled with efficient human capital. As part of Arab Bank's social responsibility commitment, we will continue to work through a specialized strategic program to support many social initiatives that serve the community and contribute to the achievement of sustainable development in addition to the creation of long-term positive impact.

In conclusion, I would like to thank the Central Bank of Jordan for the effective and vital role that it plays in maintaining the safety and stability of the Jordanian banking sector and for its constant contribution towards creating an attractive investment environment.

My sincere thanks and appreciation also go to our customers for their continued trust and patronage. I would also like to thank our employees in the different areas for their outstanding performance, professionalism, loyalty and dedication to their institution, assuring you of our ongoing commitment to continue our journey of success and accomplishments.



**Sabih Taher Masri,**  
Chairman of the Board of Directors



Distinguished Shareholders,

Arab Bank Group reported positive financial results in 2013 in spite of the challenging environment in the region. Net operating income before provisions and taxes exceeded the one billion U.S. dollars, whereas the group's net profit after tax reached USD 501.9 million at the end of 2013 compared to USD 352.1 million at the end of 2012 showing a growth of 43%. These positive results come as a clear testament of the Bank's success in dealing with the regional and global circumstances as a result of the prudent and sound policies which it adopts.

Arab Bank Group's accomplishments in 2013 were not just limited to the growth in profitability, but it was also reinforced by the increase and improvement in the financial indicators which demonstrate the strength of its financial position. The Group was able to maintain a high capital adequacy ratio at a solid 15.15%.

On the other hand, loans grew by 3% to reach USD 23.1 billion compared with USD 22.5 billion as of December 31, 2012. Customer deposits grew by USD 1.5 billion from USD 32.9 billion in 2012 to USD 34.4 billion in 2013, a growth of 5%. Maintaining strong liquidity is one of the Bank's key strategic objectives, and we were able to achieve this despite the devaluation of a number of currencies against the US dollar. If these devaluations were mitigated, the growth in the loan portfolio would be 4% and customer deposits 6%.

The Bank during 2013 was able to achieve several key strategic objectives despite the many challenges that have emerged during the year. The Bank focused on growing its profits by increasing its operating revenues which has shown positive growth rates due to the increase in the net interest and the commissions generated from the main banking operations. In addition, the Bank was able to keep expenses under control which did not register any growth in 2013. The Bank also continued to improve the quality of the credit portfolio with the provisions coverage ratio for non-performing loans reaching 139%, excluding the value of the collaterals held.

Arab Bank received many international awards and recognitions in 2013 including Regional Bank of the Year from Arabian Business magazine, Best Bank in Jordan from Euromoney for the sixth consecutive year and Best Bank in Jordan from EMEA Finance. Arab Bank also received Best Bank in Jordan from The Banker Middle East magazine. Other recognitions include the Asian Banker's Strongest Balance Sheet in Jordan award as well as Corporate Finance International's Best Commercial Bank in Jordan award.

Arab Bank also received Global Finance magazine's awards for Best Trade Finance Provider in Jordan and Yemen, Best Emerging Market Bank in Jordan and Yemen, Best Foreign Exchange Provider in Jordan, Best Consumer Internet Bank in Jordan and Best Corporate Internet Bank in Qatar. In addition, Arab Bank was also recognized with the Best Cash Manager in the Middle East award from Global Investor magazine which is published by Euromoney.

During the coming period Arab Bank will continue to play its integral and constructive role in contributing to the economic development of the markets where it operates and supporting vital and productive economic sectors. We will also continue leveraging our extensive local, regional and global branch network to serve our customers across all sectors. We will maintain the quality of our credit portfolio as well as our high liquidity ratio to support the Bank's operations and to protect our shareholders and customers while keeping a high and comfortable capital adequacy ratio. The Bank will also concentrate its efforts to reinforce its customers' satisfaction in addition to improving return levels for shareholders and enhancing operational efficiency.

In conclusion, I would like to thank our esteemed customers for their continued trust in us and I would also like to thank all our employees across all areas for conducting their duties and responsibilities with the highest levels of dedication and professionalism.

  
**Neme Sabbagh,**  
**Chief Executive Officer**









### Corporate and Institutional Banking

The Corporate and Institutional Banking Group (CIB) stayed focused in 2013 on strengthening its client franchise in main markets of the Arab world and expanding its penetration by new client acquisition in the top tier category. CIB maintains its commitment to an exceptional client experience across geographies, focusing on their financing needs and managing relationships for the long term.

CIB was able, through its comprehensive suite of products and services, to meet the needs of its customers and their expectations when it comes to services excellence and experience in conducting banking transactions.

CIB understands that the success of the business is directly linked to the continuous development of the CIB teams across the network. CIB's strength and reputation is derived from the talented group of people that make up CIB. As a result, CIB ensures that its teams across the network continuously receive the training and coaching required to meet not only CIB requirements, but client expectations to deal with experienced and capable people.

### Consumer Banking

As part of Consumer Banking Group's continuous efforts to meet the different needs of our customers locally and regionally, the Bank continued work on launching a series of products, programs and campaigns during 2013. These programs were designed to meet the banking and non-banking needs of our customers across the different countries.

Consumer Banking activities were designed per country, taking into consideration the specific needs of the different customer segments, in addition to the respective economic conditions of that country.



As part of meeting market and customers' needs, Consumer Banking continued development of its main programs, specifically "Arabi Premium", that caters to a large segment of middle income salaried and non-salaried customers and features a host of benefits. In addition, the Bank launched the Extra program for salaried customers in the Gulf markets, housing loan solutions for Lebanese customers and the "Elite" program which targets high net worth customers in Lebanon. The Bank also launched several campaigns in its main markets for credit cards, reward programs, and easy payment plans.

Building on our regional network, Consumer Banking further developed its offering for non residents working in the UAE, Qatar and Bahrain, which was designed to make their banking transactions more convenient.

Consumer Banking has also completed the launch of a mobile banking application for smart phones in Jordan which provides customers with a channel to efficiently conduct banking transactions with ease including account inquiries, transfers, bill payments and credit card payments. The mobile application also provides ATM and branch locator services in addition to a product inquiry feature which allow customers to easily know more about our product offering and request for services in all countries. Consumer Banking has also completed work to develop a system which provides an effective mean of communication and direct contact with customers through our Internet banking service "Arabi Online". The new system highlights the latest campaigns and promotions and enhances the delivery of important information, including directing customers to use electronic channels as a convenient alternative to conduct banking transactions. This system was launched in Jordan, Palestine and UAE and we are currently working on implementing the system in the rest of our markets and on different communication channels.

In order to keep up with the latest card technology and mitigate risks associated with magnetic stripe cards, the Bank has introduced a new instant issuance system for Visa Electron Smart Cards in Jordan Work has also been completed on different projects including launching ATM and card services in Algeria in addition to direct transfers.

## Treasury

Arab Bank's Treasury manages the Bank's liquidity and market risk, as well as providing expert advice and dealing services to Arab Bank's customers globally. The policy framework within which we operate was further strengthened in 2013, and this investment will ensure that we continue to meet developing regulatory and governance standards, with our team of qualified professionals.

Arab Bank's Treasury in 2013 oversaw a further strengthening of the Bank's liquidity position. The Bank ended 2013 with an extremely strong liquidity profile. Treasury ensures not only that the Bank generates surplus liquidity, but also that it is invested in prudent, conservative ways. Surplus liquidity is placed in three ways;

- i. Short term placements with Central Banks
- ii. Short term deposits with high quality banks
- iii. Multi-currency portfolio of highly liquid bonds and Treasury Bills

Maintaining low risk and high liquidity are Treasury's highest priorities when managing liquidity, in order to ensure that Arab Bank is able to fully meet its obligations to customers in every country, and regardless of market conditions.

The foreign exchange markets were extremely volatile in 2013. Arab Bank maintained its conservative appetite for foreign exchange risk throughout the year, and ensured that despite operating in over 40 currencies, the Bank was able to manage its balance sheet while continuing to deliver stable earnings from foreign exchange activity.

Year 2013 witnessed significant volatility in interest rates. Through careful interest rate risk management and the prudent use of hedging techniques, Arab Bank was able to protect itself from income volatility. Interest rate risk on the foreign currency bond portfolios was eliminated with interest rate swaps, and Bank-wide interest rate risk is monitored and managed on a daily basis.



Treasury Sales services are available throughout the Arab Bank network, and we offer a full range of products and services to our customers, whether they are exporters, importers or savers. Arab Bank Treasury further developed its ability to serve these customers during 2013. Arab Bank once again increased the number of staff members serving customers wishing to deal in Treasury products. As a result, Treasury's volume of foreign exchange transactions with corporate customers increased by 12%, with more transactions having been executed by Treasury Division with more Arab Bank corporate customers.

Arab Bank believes in the importance of derivatives in protecting the income & interests of the bank and its customers. Arab Bank's Treasury maintained its position as a leading source of foreign exchange and interest rate risk hedging expertise in the region. The full-time team, which specializes in helping to protect Arab Bank's customers from market volatility, advised on and executed deals throughout the region. Examples include:

- Foreign exchange options for importers of goods and raw materials from Europe and Japan
- Foreign exchange derivatives through which customers managed the volatile cost of foreign currency payables
- Interest rate swaps through which customers locked in borrowing costs, and protected themselves from interest rate increases



The following list contains basic information of Arab Bank plc's branch network and geographical coverage as of the end of 2013.

Country	Number of Branches	Operating Since	No. of Employees
Jordan	76 (Including Head Office)	1934	2817
Algeria	7	2001	215
Bahrain	5	1960	177
China (Representative Office)	1	1985	4
Egypt	28	1947	1002
Lebanon	11	1944	303
Morocco	7	1962	167
Palestine	26	1930	843
Qatar	4	1957	124
South Korea (Representative Office)	1	1989	3
Singapore	1	1984	45
UAE	7	1963	289
USA (New York Agency)	1	1982	6
Yemen	9	1972	254
Kazakhstan (Representative Office)	--	2004	--
<b>Total</b>	<b>184</b>	<b>--</b>	<b>6249</b>

## Branches &amp; Staff Distribution According to Governorates

Governorate	Number of Branches	No. of Employees
Amman	50 (Including Head Office)	2624
Irbid	4	35
Zarqa	7	56
Aqaba	2	21
Balqa'a	5	27
Karak	1	9
Mafraq	1	8
Ma'adaba	1	9
Jarash	1	5
Ma'an	2	11
Tafeila	1	6
Ajloun	1	6
<b>Total</b>	<b>76</b>	<b>2817</b>

## ADDRESSES OF ARAB BANK BRANCHES AND OFFICES ABROAD

Country	Operating Since	No. of Branches
Algeria	2001	7
Bahrain	1960	5
China (Representative Office)	1985	1
Egypt	1947	28
Lebanon	1944	11
Morocco	1962	7
Palestine	1930	26



Address	No. of Employees
15 Al-Sa'ada Street, Shabani Haidara Valley, Algeria Tel. 00213 (21) 608714 Fax. 00213 (21) 608708	215
P.O Box 813 Building No. 540 Road 1706 - Block 317 Diplomatic Area , Bahrain Tel. 00973 17549000 Fax. 00973 17541116	177
Shanghai Representative Office Unit 1803, Shanghai Trade Square, 188 Si Ping Road, Shanghai 200086 China Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776	4
46 Gamet El Dowl El Arabia St. Al-Mohandesseen - Al Giza Cairo, Egypt Tel. 0020 (2) 33328500 Fax. 0020 (2) 33328618	1002
P.O Box 11-1015 Riad El Solh Sq. Banks Street Commercial Buildings Co. Bldg. Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980803/299	303
P.O Box 13810 174 Mohamed V Street, Casablanca Tel. 00212 (5) 2222 3152 Fax. 00212 (5) 2220 0233	168
P.O Box 1476 - Grand Park Hotel Street Al Masyoon – Ramallah - Palestine Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444	843

Country	Operating Since	No. of Branches
<b>Qatar</b>		
	1957	4
<b>South Korea (Representative Office)</b>		
	1989	1
<b>Singapore</b>		
	1984	1
<b>United Arab Emirates</b>		
Abu Dhabi Branch	1963	7
Dubai Branch		
<b>United States of America (New York Agency)</b>		
	1982	1
<b>Yemen</b>		
	1972	9
<b>Total</b>		<b>108</b>

Address	No. of Employees
P.O Box 172 Grand Hammed Area 119 Avenue Doha – Qatar Tel. 00974 44387777 Fax. 00974 44387677	124
Samwha Building, 4th Floor, 21 Sogong-Dong Chung-ku, Seoul 100-070 Korea Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294	3
80 Raffles Place –UOB Plaza 2 # 32-20 Singapore 048624 Tel. 0065 65330055 Fax. 0065 65322150	45
<b>Abu Dhabi:</b> P.O Box 875 Al-Naser St. Sh. Tahnoun Bin Mohammad Building, Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370	289
<b>Dubai:</b> P.O Box 11364 – Al-Ittihad St., Sa'id Port Area Tel. 00971 (4) 2950845 Fax. 00971 (4) 2955974	
Federal Agency - New York 150 East 52nd Street New York, NY 10022-4213 Tel. 001 (212) 715 9700 Fax. 001 (212) 593 4632	6
P.O Box 475 & 1301 Zubairi Str. – Sana'a Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583	254
	<b>3432</b>



Entity	No. of Employees
Arab Bank plc	6 249
Europe Arab Bank plc	158
Arab Bank (Switzerland) Limited	95
Arab Bank Australia Limited	141
Islamic International Arab Bank	758
Arab Sudanese Bank	70
Arab Investment Bank	6
Arab Tunisian Bank	1 157
Arab Bank – Syria	297
Al Arabi Investment Group (AB Invest)	34
Al Arabi Investment Group / Palestine	9
Al Nisr Al Arabi Insurance Company	271
Arab Company for Shared Services	140
Arab Gulf Tech for IT Services	41
Arab National Leasing Company	29
<b>Total</b>	<b>9 455</b>

The capital investment of Arab Bank plc amounted to JOD 200.6 million, representing net fixed assets of the Bank as of the end of year 2013 in comparison to JOD 206.9 million as of the end of year 2012.



The following is a brief description of Arab Bank subsidiaries and sister company and their results for 2013.

#### **Arab Bank (Switzerland) Limited:**

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

The following table lists the main financial highlights of 2013 compared to 2012:

In CHF (thousands)	2013	2012
Capital	26 700	26 700
Total shareholders' equity	498 410	502 338
Total assets	2 724 675	2 739 614
Cash and quasi cash	2 108 532	2 075 079
Direct credit facilities	547 494	604 905
Total external sources of funds (customers' & banks' deposits)	2 181 061	2 213 281
Total revenues	50 409	44 466
Net profit / (loss) before tax	14 302	9 000
Net profit / (loss) after tax	10 123	6 025



### **Arab Bank Australia Limited:**

Arab Bank Australia Limited founded in Australia in 1994. The current paid capital of the bank is AUD 62.5 million. The bank is a wholly owned subsidiary of Arab Bank plc. Through a network of 10 branches, the Bank provides all commercial and retail banking products and services to its customers.

The following table lists the main financial highlights of 2013 compared to 2012:

In AUD (thousands)	2013	2012
Capital	62 500	62 500
Total shareholders' equity	122 884	121 776
Percentage ownership	100%	100%
Bank share of net income / (loss)	214	(3 409)
Total assets	895 075	1 168 135
Cash and quasi cash	299 106	405 098
Direct credit facilities	578 354	741 061
Total external sources of funds (customers' & banks' deposits)	759 015	971 099
Total revenues	25 617	34 255
Net profit / (loss) before tax	(240)	(4 875)
Net profit / (loss) after tax	214	(3 409)



### Europe Arab Bank plc:

Europe Arab Bank plc is a limited liability company established in 2006. The current paid capital of the bank is EUR 610 Million. The Bank is a wholly owned subsidiary of Arab Bank plc, with its headquarters in London. EAB has a European passport that enables it to open branches anywhere in the European Union. Through a network of seven branches operating in UK, Austria, France, Germany, Italy and Spain, EAB provides all types of banking products and services, including private banking and treasury services, to its customers.

The following table lists the main financial highlights of 2013 compared to 2012:

In EUR (thousands)	2013	2012
Capital	609 987	609 987
Total shareholders' equity	266 618	273 897
Percentage ownership	100%	100%
Bank share of net income / (loss)	1 244	(54 630)
Total assets	3 459 651	4 268 800
Cash and quasi cash	1 901 406	2 594 664
Direct credit facilities	1 494 544	1 614 615
Total external sources of funds (customers' & banks' deposits)	3 131 987	3 930 296
Total revenues	54 446	7 525
Net profit / (loss) before tax	1 866	(54 204)
Net profit / (loss) after tax	1 244	(54 630)



### Islamic International Arab Bank plc:

A wholly owned subsidiary of Arab Bank plc was established in Jordan in 1997 and started its operations in the year 1998. The current paid capital of the bank is JOD 100 Million. The bank offers a full range of banking products and services, which are in accordance with Islamic Sharia rules through a network of 37 branches spread in Jordan.

The following table lists the main financial highlights of 2013 compared to 2012:

In JOD (thousands)	2013	2012
Capital	100 000	100 000
Total shareholders' equity	117 143	103 132
Percentage ownership	100%	100%
Bank share of net income / (loss)	15 749	12 801
Total assets	1 336 304	1 167 374
Cash and quasi cash	110 467	123 773
Direct credit facilities *	1 176 919	997 202
Total external sources of funds (customers' & banks' deposits)	1 194 884	1 043 779
Total revenues	47 981	37 237
Net profit / (loss) before tax	22 511	18 286
Net profit / (loss) after tax	15 749	12 801

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

**Arab Sudanese Bank:**

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

The Bank’s paid up capital is USD 50 Million and started its operational activities in 2009.

The following table lists the main financial highlights of 2013 compared to 2012:

In SDG (thousands)	2013	2012
Capital	117 515	117 515
Total shareholders’ equity	179 418	171 182
Percentage ownership	100%	100 %
Bank share of net income / (loss)	17 461	47 637
Total assets	932 743	725 457
Cash and quasi cash	671 846	479 329
Direct credit facilities	211 209	181 596
Total external sources of funds (customers’ & banks’ deposits)	722 753	540 161
Total revenues	51 234	69 967
Net profit / (loss) before tax	25 462	52 932
Net profit / (loss) after tax	17 461	47 637

**Arab Investment Bank S.A.L.:**

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

The following table lists the main financial highlights of 2013 compared to 2012:

In LBP (millions)	2013	2012
Capital	15 000	15 000
Total shareholders' equity	20 585	20 265
Percentage ownership	66.68%	66.68%
Bank share of net income / (loss)	358	200
Total assets	27 716	30 231
Cash and quasi cash	23 144	25 540
Direct credit facilities	2 102	2 038
Total external sources of funds (customers' & banks' deposits)	6 869	9 672
Total revenues	1 510	1 226
Net profit / (loss) before tax	558	311
Net profit / (loss) after tax	537	300



#### Arab Tunisian Bank:

Arab Tunisian Bank (ATB) was incorporated in Tunisia in 1982. The bank current paid capital is TND 100 Million. The bank is a majority-owned subsidiary of Arab Bank plc with a 64.24% share of its capital. Arab Tunisian Bank provides all banking products and services to its customers through a network of 120 branches, spread in Tunisia.

The following table lists the main financial highlights of 2013 compared to 2012:

In TND (thousands)	2013	2012
Capital	100 000	100 000
Total shareholders' equity	495 500	468 035
Percentage ownership	64.24%	64.24%
Bank share of net income / (loss)	35 141	36 264
Total assets	4 872 695	4 576 708
Cash and quasi cash	1 968 337	1 883 146
Direct credit facilities	2 759 027	2 539 451
Total external sources of funds (customers' & banks' deposits)	4 131 377	3 897 818
Total revenues	170 031	156 812
Net profit / (loss) before tax	57 582	62 287
Net profit / (loss) after tax	54 703	56 451



### Arab Bank – Syria:

Arab Bank – Syria was established in 2005, and it was licensed to carry out all commercial banking activities through a network of 19 branches spread in Syria. The current paid capital of the bank SYP 5.05 Billion. Arab Bank plc owns 51.29% of its capital and controls technical management of the Bank.

The following table lists the main financial highlights of 2013 compared to 2012:

In SYP (millions)	2013	2012
Capital	5 050	5 050
Total shareholders' equity	7 156	6 198
Percentage ownership	51.29%	51.29%
Bank share of net income / (loss)	(1 199)	(475)
Total assets	43 233	37 674
Cash and quasi cash	24 640	17 661
Direct credit facilities	15 254	17 735
Total external sources of funds (customers' & banks' deposits)	35 421	30 915
Total revenues	965	1 026
Net profit / (loss) before tax	(3 248)	(1 184)
Net profit / (loss) after tax	(2 338)	(924)

**Al Arabi Investment Group (AB Invest):**

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

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

The following table lists the main financial highlights of 2013 compared to 2012:

In JOD (thousands)	2013	2012
Capital	14 000	14 000
Total shareholders' equity	21 436	18 913
Percentage ownership	100%	100%
Bank share of net income / (loss)	2 950	486
Total assets	36 327	22 810
Cash and quasi cash	35 686	19 882
Direct credit facilities	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	6 111	2 154
Net profit / (loss) before tax	3 871	640
Net profit / (loss) after tax	2 950	486

**Arab National Leasing Company:**

Arab National Leasing Co. was established in 1996 as a limited liability company and wholly-owned non-banking subsidiary of Arab Bank plc. The company current capital is JOD 25 Million, and it offers financial leasing services that cover a wide range of assets and products through one branch in Amman- Jordan.

The following table lists the main financial highlights of 2013 compared to 2012:

In JOD (thousands)	2013	2012
Capital	25 000	25 000
Total shareholders' equity / (loss)	72 720	67 781
Percentage ownership	100%	100%
Bank share of net income	4 943	4 902
Total assets	92 533	93 059
Cash and quasi cash	9 047	9 422
Investment in leasing contracts	79 452	78 918
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	8 908	8 559
Net profit / (loss) before tax	6 644	6 737
Net profit / (loss) after tax	4 943	4 902

**Al Nisr Al Arabi Insurance Company:**

Al Nisr Al Arabi Insurance Co. is part of Arab Bank Group. It is a majority-owned subsidiary of the Bank that offers a full range of insurance products. The company was founded in 1976 with a current paid capital of JOD 10 Million. The Company has developed into one of the leading insurance companies in Jordan. The company has two branches operating in Jordan.

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

The following table lists the main financial highlights of 2013 compared to 2012:

In JOD (thousands)	2013	2012
Capital	10 000	10 000
Total shareholders' equity	20 611	19 930
Percentage ownership	50%+2 Shares	50%+2 Shares
Bank share of net income / (loss)	733	596
Total assets	51 453	44 646
Cash and quasi cash	5 920	5 645
Total Investments	34 811	29 663
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	15 501	14 553
Net profit / (loss) before tax	1 950	1 678
Net profit / (loss) after tax	1 466	1 192



**Al Arabi Investment Group Company:**

Al Arabi Investment Group Company is a financial company, established in Palestine in 2009 and launched its operational activities by the start of year 2010. The company's paid up capital is JOD 1.7 million, and Arab Bank Plc. owns 99% of its capital.

The following table lists the main financial highlights of 2013 compared to 2012:

In JOD (thousands)	2013	2012
Capital	1 700	1 700
Total shareholders' equity	1 583	1 650
Percentage ownership	100%	100%
Bank share of net income / (loss)	(66)	(116)
Total assets	2 170	4 877
Cash and quasi cash	1 926	979
Total Investments	-	-
Total external sources of funds (customers' & banks' deposits)	-	-
Total revenues	280	244
Net profit / (loss) before tax (including establishment exp. and registration fees)	(66)	(116)
Net profit / (loss) after tax (including establishment exp. and registration fees)	(66)	(116)

**First : Jordanian Companies:**

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab National Leasing Co.	Limited Liability	Amman, Madina Monawwara St., Arab Bank Bldg. no. 255, PO Box 940638 Amman 11194 Jordan Tel. 00962 6 5531640/49/50 Fax. 00962 6 5529891 E-Mail : anl@arabbank.com.jo	Financial leasing	JOD 25 Million	29
Al Arabi Investment Group (AB Invest)	Limited Liability	Rabia, Sharif Naser Ben Jamil St., Bldg. no. 1, PO Box 143156 Amman 11814 Jordan Tel. 00962 6 5522239 Fax. 00962 6 5519064 www.ab-invest.net	Investment & Financial services	JOD 14 Million	34
Al Nisr Al Arabi Insurance Co.	Public Shareholding	Shmeisani, Esam Ajlouni St., Bldg. no. 21, PO Box 9194 Amman 11191 Jordan Tel. 00962 6 5685171 Fax. 00962 6 5685890 E-Mail : al-nisr@al-nisr.com www.al-nisr.com	Insurance services	JOD 10 Million	271
Islamic International Arab Bank	Public Shareholding	Wasfi Al Tal St., Bldg. no. 20, PO Box 925802 Amman 11190 Jordan Tel. 00962 6 5694901 Fax. 00962 6 5694914 www.iiabank.com.jo	Islamic banking	JOD 100 Million	758

**Second : Arab & Foreign Companies:**

Al Arabi Investment Group/ Palestine	Private Shareholding	Rammallah, Palestine, Al-Harjeh Bldg., PO Box 1476 Tel. 00970 2 2980240 Fax. 00970 2 2980249 www.abinvest.ps	Investment & Financial services	JOD 1.7 Million	9
Arab Investment Bank	Public Shareholding	Riad Al Solh Sq., Banks St., Commercial Buildings Co. Bldg., PO Box 7000-2230-1107, Riad Al Solh, Beirut, Lebanon Tel. 00961 1 985 111 Fax. 00961 1 987 333 E-Mail: arbiv@arabbank.com.lb	Investment Banking specialized in medium and long term	LBP 15 Billion	6
Arab Tunisian Bank	Public Shareholding	9 Rue Hadi Nouira, P.O.Box (520) 1001 Tunis Tel. 00216 71 351 155 Fax. 00216 71 347 270 E-Mail : atbbank@atb.com.tn www.atb.com.tn	Commercial banking	TND 100 Million	1157

No. of Branches	Major Shareholders (5% or more of capital)				
	Name	No. of Shares as of 31/12/2012	%	No. of Shares as of 31/12/2013	%
1	Arab Bank plc	25 000 000 JD/Share	100%	25 000 000 JD/Share	100%
1	Arab Bank plc	14 000 000 JD/Share	100%	14 000 000 JD/Share	100%
2	Arab Bank plc	5 000 002	50%	5 000 002	50%
	Allianz Mena Holding	1 801 264	18.01%	1 801 264	18.01%
	Yacoub Sabella	689 769	6.90%	957 174	9.60%
	Zaid Sabella	644 794	6.45%	894 794	8.90%
37	Arab Bank plc	100 000 000	100%	100 000 000	100%
1	Arab Bank plc	1 700 000	100%	1 700 000	100%
1	Arab Bank plc	50 005	66.67%	50 005	66.67%
	Al Arabi Finance Co.	24 990	33.32%	24 990	33.32%
120	Arab Bank plc	64 237 531	64.24%	64 237 531	64.24%
	Zarzari Complex	5 575 056	5.58%	5 576 281	5.58%

**First : Jordanian Companies:**

Entity	Type	Address	Type of Activity	Capital	No. of Employees
Arab Bank – Syria	Public Shareholding	Damascus, Abu Rummana, Mahdi Bin Baraka St., PO Box 38 Damascus, Syria Tel. 00963 11 9421 Fax. 00963 11 3349844 www.arabbank.syria.com	Commercial banking	SYP 5.05 Billion	297
Arab Sudanese Bank	Private Shareholding	Sudan, Khartoum, Al-Baladieh St., PO Box 955, Tel. 002491 56550001 Fax. 002491 56550003	Islamic banking	USD 50 Million	70
Arab Gulf Tech for IT Services	Limited Liability	Dubai Outsource Zone (DOZ) - 031, ACSS bldg., 2nd floor, Dubai, UAE Tel.: 00971 4 3621288 Fax : 00971 4 3621299 www.agt-it.com	IT services for Arab Bank branches	USD 1.5 Million	41
Arab Company for Shared Services	Limited Liability	Dubai Outsource Zone (DOZ) - P O Box 11364,, Manama St., Dubai, UAE Tel.: 00971 4 4450500 Fax : 00971 4 4495463	Financial services for Arab Bank branches	AED 40.37 Million	140
Arab Bank Australia Ltd.	Public Shareholding	Level 7, 20 Bridge St., Sydney NSW 2000 Australia Tel. 0061 2 9377 8900 Fax: 0061 2 9221 5428 www.arabbank.com.au	Commercial banking	AUD 62.5 Million	141
Europe Arab Bank plc	Public Shareholding	13-15 Moorgate London EC2R 6AD United Kingdom Tel.: 0044 20 7315 8500 Fax: 0044 20 7600 7620 www.eabplc.com	Commercial banking	EUR 609.99 Million	158

**Third : Sister Company:**

Arab Bank (Switzerland) Ltd.	Public shareholding	Place de Longemalle 10-12, PO Box 3575, 1211 Geneva, Switzerland. Tel. 0041 22 715 1211 Fax. 0041 22 715 1311	Commercial banking	CHF 26.7 Million	95
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No. of Branches	Major Shareholders (5% or more of capital)				
	Name	No. of Shares as of 31/12/2012	%	No. of Shares as of 31/12/2013	%
19	Arab Bank plc	25 899 385	51.286%	25 899 385	51.286%
	Alia Talal Zain	2 525 000	5%	2 525 000	5%
	Samer Salah Danial	2 525 000	5%	2 525 000	5%
	Moh'd Kamel Sharabati	2 525 000	5%	2 525 000	5%
3	Arab Bank plc	4 999 999	100%	4 999 999	100%
1	Arab Bank plc	5 509 Shares	100%	5 509 Shares	100%
1	Arab Bank plc	40 370 000 Shares	100%	40 370 000 Shares	100%
10	Arab Bank plc	62 500 000	100%	62 500 000	100%
7	Arab Bank plc	49 999 deferred shares of £1 and 609 925 540 ordinary shares of €1	100%	49 999 deferred shares of £1 and 609 925 540 ordinary shares of €1	100%
2	Shareholders of Arab Bank (Switzerland) Ltd. are the same shareholders of Arab Bank plc, with an identical ownership structure.				

### Arab Bank Plc Investments in the Subsidiaries Companies As at 31/12/2013:

Name of Company	Nature of Business	Ownership %	Ownership Type	Country
Europe Arab Bank Plc.	Commercial Banking	100%	Subsidiary	UK
Arab Bank Australia Limited	Commercial Banking	100%	Subsidiary	Australia
Islamic International Arab Bank	Islamic Banking	100%	Subsidiary	Jordan
Arab National Leasing Company	Financial Leasing	100%	Subsidiary	Jordan
AI- Arabi Investment Group Co. (AB Invest)	Investment & Financial Services	100%	Subsidiary	Jordan
Arab Sudanese Bank Limited	Islamic Banking	100%	Subsidiary	Sudan
AI – Arabi Investment Group / Palestine	Investment & Financial Services	100%	Subsidiary	Palestine
Arab Investment Bank S.A.L	Investment Banking Specializes in Medium and Long Term Lending & Deposits	66.68%	Subsidiary	Lebanon
Arab Tunisian Bank	Commercial Banking	64.24%	Subsidiary	Tunisia
AI – Nisr AI – Arabi Co . LTD	Insurance Services	50% + 2 Shares	Subsidiary	Jordan
Arab Bank - Syria	Commercial Banking	51.29%	Subsidiary	Syria

### Arab Bank Plc Investments in Affiliated Companies As at 31/12/2013:

Name of Company	Nature of Business	Ownership %	Ownership Type	Country
Turkland Bank	Commercial Banking	28%*	Affiliated	Turkey
Oman Arab Bank	Commercial Banking	49%	Affiliated	Oman
Arab National Bank	Commercial Banking	40%	Affiliated	Saudi Arabia
Arabian Insurance Co.	Insurance Services	37.42%	Affiliated	Lebanon
Commercial Building Co. S.A.L	Real Estate / Leasing	35.24%	Affiliated	Lebanon

\* Arab Bank Group retained 50% ownership of Turkland Bank as of 31/12/2013.



<b>Name</b>	<b>Sabih Taher Darwish Masri</b>
<b>Title</b>	<b>Chairman / Non Executive / Independent</b>
<b>Date of membership</b>	27/3/1998
<b>Date of birth</b>	2/12/1937
<b>Academic qualifications</b>	BSc in Chemical Engineering, University of Texas , Austin , USA 1963
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- More than 50 years experience in managing private businesses in various areas of investment, finance, industry and commerce.</li> <li>- Founder and Chairman of Astra Group of companies since 1966.</li> <li>- Chairman of the Board of Directors of ASTRA Industrial Group , KSA (since 2007)</li> <li>- Chairman of the Board of Directors of ZARA Holding Co., Jordan (since 5/1999)</li> <li>- Chairman of the Board of Directors of Palestine Telecommunication Corp., Palestine (since 1998)</li> <li>- Member of the Board of Directors of Palestine Development &amp; Investment Co. (Padico), Palestine (since 1994)</li> <li>- Chairman of the Board of Directors of Arab Supply &amp; Trading Co. KSA (since 1979)</li> <li>- Chairman of the Board of Directors of CICON for Building Materials Co. UAE (since 1968)</li> <li>- Member of the Board of Directors of Arab Bank (Switzerland) (2005- 2013)</li> <li>- Chairman of the Board of Directors of Abdul Hameed Shoman Foundation, Jordan.</li> <li>- Chairman of the Board of Trustees of An-Najah National University</li> </ul>



<b>Name</b>	<b>Samir Farhan Khalil Kawar</b>
<b>Title</b>	<b>Deputy Chairman / Non Executive / Independent</b>
<b>Date of membership</b>	29/3/2002
<b>Date of birth</b>	29/10/1934
<b>Academic qualifications</b>	<ul style="list-style-type: none"> <li>- M.Sc. in Agricultural Mechanical Engineering, Kansas State University, USA 1961</li> <li>- B.Sc. in Agricultural Engineering, University of Arizona, USA 1959</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- Managing private businesses (since 1965)</li> <li>- Head of the Natural, Mineral and Industrial Resources Section, Jordanian National Construction Council (1962 – 1965)</li> <li>- Formerly, Minister of Water and Irrigation and Minister of Transportations, formerly member of the Senate, House of Representatives, the National Consultative Council and many of its committees.</li> <li>- Member of Supreme Council / the Hashemite Association for Education</li> <li>- Chairman of the Board of Directors of Arab Bank Australia Ltd., Australia. (until 6/2011)</li> <li>- Chairman of the Board of Directors of the Middle East Insurance Company, Jordan</li> <li>- Member of the Board of Directors of Balamand University, Lebanon (formerly)</li> <li>- Deputy Chairman of the Board of Trustees of the University of Jordan. (formerly)</li> <li>- Member of the Board of Trustees of Balqa Applied University , Jordan.</li> <li>- Founding Member of the Jordanian Businessmen Association, Jordan.</li> <li>- Founding Member of the Salt Development Establishment, Jordan</li> <li>-- Member of Amman Chamber of Commerce, Jordan</li> <li>- Member of Amman Chamber of Industry, Jordan</li> <li>- Chairman and Board member in several private companies in Jordan</li> </ul>





<b>Name</b>	<b>Ministry of Finance, Saudi Arabia</b> <b>Represented by Mr. Saleh Saad A. Al-Muhanna</b>
<b>Title</b>	<b>Member of the Board of Directors /Non Executive / Independent</b>
<b>Date of membership</b>	- Legal Entity : 29/4/1966 - Legal Entity's Representative : 31/3/2006
<b>Date of birth</b>	11/1/1959
<b>Academic qualifications</b>	- M.S.c in Economics, Ohio State University , USA 1993 - B.S.c in Industrial Management, King Fahd University of Petroleum and Minerals, Saudi Arabia 1982
<b>Experiences</b>	- Deputy Minister for Financial and Accounts Affairs, Ministry of Finance, Saudi Arabia - Member of the negotiating team with International Petroleum Companies in relation to natural Gas initiative ( 2000-2004) - Allowances Committee at Ministry of Civil Services (2004-2012) - Sovereign Rating of Saudi Arabia ( since 2001) - Training and Scholarship Committee at the Ministry of Finance (2000 - 2012) - Member of the Board of Directors of the Saudi Moroccan Investment Company (2000-2006) - Member of the Board of Directors of the Saline Water Conversion Corporation (2005-2011) - Member of the Board of Directors of the Technical & Vocational Training Corporation (2008 - 2013) - Member of the Board of Directors of Saudi Electricity Company ( since 2009) - Member of the Audit committee of Saudi Electricity Company (since 2012 ) - Member of the Executive committee of Saudi Electricity Company (since 2009 ) - Member of the Board of Directors of the Saudi Global port company (since 2011 ) - Member of the Board of Directors of the General Authority of Civil Aviation (since 2012)



<b>Name</b>	Nazek Asaad Oudeh \ Al-Hariri
<b>Title</b>	Member of the Board of Directors /Non Executive / Non-Independent
<b>Date of membership</b>	29/8/1996
<b>Date of birth</b>	12/9/1957
<b>Academic qualifications</b>	University Degree
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- President of the Rafik Al Hariri Foundation</li> <li>- President of Nazek Hariri Welfare Center for Special Education - Jordan</li> <li>- President of the Beirut Festivals Association</li> <li>- Member of the BankMed's Board of Directors</li> <li>- First Ambassador of the International Osteoporosis Foundation (IOF) and President of IOF's 206-A Bone Fund</li> <li>- Vice – President of the Chronic Care Center , Lebanon.</li> <li>- Member of the Board of Trustees of the Children's Cancer Center, Lebanon</li> <li>- Member of the " Nahda Philanthropic Society for Women" Saudi Arabia</li> <li>- Member of the Board of Trustees of the " Welfare Association "</li> <li>- Member of the Board of Trustees of Jordan Education Association</li> <li>- Co-Chairperson of the Rafik Hariri UN-Habitat Memorial Award</li> </ul>



<b>Name</b>	<b>Social Security Corporation , Amman , Jordan (Represented by Mr. Ibrahim Yusuf Ibrahim Izziddin)</b>
<b>Title</b>	<b>Member of the Board of Directors /Non Executive / Dependent</b>
<b>Date of membership</b>	- Legal Entity :20/9/2001 - Legal Entity's Representative :31/3/2006
<b>Date of birth</b>	3/12/1934
<b>Academic qualifications</b>	BA in Political Science, American University of Beirut, 1955
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- President of the Higher Media Council, Jordan (2002-2006).</li> <li>- Director General of the A. H. Shoman Foundation, Jordan (1997 – 2002).</li> <li>- Minister of State for Prime Ministry's Affairs and minister of information ( 1989 - 1995).</li> <li>- Member of the upper house of the Parliament (1989-1993)</li> <li>- President of the Bureau of Civil Service, (1986 – 1989).</li> <li>- Ambassador of H.K. of Jordan to Switzerland, Germany, UK and USA, in addition to serving as a non-resident Ambassador to Austria, Sweden, Norway, Denmark, Luxembourg, and Holland (1975 – 1985).</li> <li>- Under Secretary General, Ministry of Information, Jordan (1971 – 1975).</li> <li>- Press Secretary, The Royal Hashemite Court (1968 – 1971).</li> <li>- Head of the foreign media Department, Ministry of Information, Jordan (1965 – 1968).</li> <li>- Held different positions in the field of publishing / Beirut - Lebanon (1958 – 1965).</li> <li>- Officer in the Foreign Affairs Department, Ministry of communication. Officer in the Prime Ministry , press.</li> <li>- Officer in the Press and Publication Department/Ministry of Foreign Affairs, Jordan (1955 – 1958) .</li> <li>- Member of the Board of Trustees of King Abdullah II Ibn AL Hussein Creativity Award, Jordan.</li> <li>- Member of the Board of Trustees of the National Centre for Human Rights, Jordan.</li> </ul>



<b>Name</b>	<b>Riad Burhan Taher Kamal</b>
<b>Title</b>	<b>Member of the Board of Directors /Non Executive / Independent</b>
<b>Date of membership</b>	9/7/2005
<b>Date of birth</b>	6/12/1943
<b>Academic qualifications</b>	<ul style="list-style-type: none"> <li>- M.S.c in Construction Engineering, University of London, 1966</li> <li>- B.S.c in Civil Engineering, University of London, 1965</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- Founder and Deputy Chairman of the Board of Directors of Arabtec Holding, Dubai (since 2005)</li> <li>- Founder of Arabtec Construction Co., Dubai (since 1974)</li> <li>- Worked for Sir Robert McAlpine Engineering Co., London (1970-1974)</li> <li>- Civil Engineer at Shaheen Engineering &amp; Contracting Co. (1966-1970)</li> <li>- Co-Founder and Member of the Board of Directors of Gulf Capital Co., Abu Dhabi</li> <li>- Deputy Chairman and Member of the Board of Directors of Oman Arab Bank</li> <li>- Member of the Board of Directors of Turkland Bank, Istanbul, Turkey</li> <li>- Member of the Board of Directors of Arabia Insurance Co., Beirut, Lebanon</li> <li>- Member of the Board of Directors of Rotana Hotels Co., Abu Dhabi</li> <li>- Member of the Board of Directors of Arab National Bank / Saudi Arabia</li> <li>- Member of the Advisory Board for Deutsche Bank (Swiss) for MENA Region.</li> <li>- Member of the Board of Trustees of the American University of Beirut, Lebanon.</li> <li>- Deputy Chairman, Welfare Association, Geneva.</li> </ul>



<b>Name</b>	<b>Mohammed Ahmad Mokhtar Hariri</b>
<b>Title</b>	<b>Member of the Board of Directors /Non Executive / Non-Independent</b>
<b>Date of membership</b>	6/11/2005
<b>Date of birth</b>	9/11/1958
<b>Academic qualifications</b>	B.Sc. in Business Administration, University of Ottawa, Canada, 1979.
<b>Experience</b>	<ul style="list-style-type: none"> <li>- Over 30 years experience in the management of Saudi Oger Ltd., Saudi Arabia and other affiliated entities including Banking, Telecom, and Investment outside Saudi Arabia.</li> <li>- Chairman of the Board of Directors of Group Med (Holding), Lebanon (since 7/2005)</li> <li>- Chairman of the Board of Directors and General Manager of Bankmed sal and all of its subsidiaries (since 7/2005).</li> <li>- Chairman of the Board of Directors of Oger Telecom Ltd., Dubai (since 8/2005)</li> <li>- Chairman of the Board of Directors of Turk Telekom A.S., Turkey (2005)</li> <li>- Chairman of the Board of Directors of AVEA Illetisim Hizmetleri A.S., Turkey (since 9/2006)</li> <li>- Chairman of the Board of Directors of TT Net A.S., Turkey</li> <li>- Chairman of the Board of Directors of Cell C, South Africa</li> <li>- Chairman of the Board of Directors of Al Mal Investment (Holding), Lebanon</li> <li>- Chairman of the Board of Directors of Saudi Med Investment Co. (2007)</li> <li>- Vice Chairman and Member of the Board of Directors of Saudi Oger Ltd., Saudi Arabia</li> <li>- Member of the Board of Directors of 3C Telecommunications (PTY), South Africa (since 6/1999)</li> <li>- Member of the Board of Directors of Oger Telekomunikasyon A.S., Turkey (since 8/2005).</li> <li>- Member of the Board of Directors of Entreprise des Travaux Internationaux (ETI), France (since 6/2003)</li> <li>- Member of the Board of Directors of Oger Interational France (since 5/2003)</li> <li>- Member of the Board of Directors of Association des Banques du Liban</li> <li>- Member of the Board of Directors of Commercial Building Co.</li> </ul>



**Name** Wahbe Abdallah Wahbe Tamari

**Title** Member of the Board of Directors /Non Executive / Independent

**Date of membership** 31/3/2006

**Date of birth** 14/5/1963

**Academic qualifications**

- Owner/President Management Program (OPM 43), Harvard Business School, February 2013
- BA in Management, Webster University, Geneva , Switzerland 1985

**Experiences**

- Chairman of the Board of Directors of Arab Bank (Switzerland) Ltd, Zurich (since 19/4/2013), previously Member of the Board of Directors from (2007 to 2013).
- Chairman of the Board of Directors of Arabia Insurance Co. SAL,, Lebanon (since 26/6/2006)
- Chairman of the Board of Directors of Commercial Building Co. SAL, Lebanon (since 25/5/2009)
- Member of the Board of Directors of Consolidated Contractors Company, Athens, Greece (since 9/2010)
- Chairman of the Board of Directors of the National Company for Real Estate Projects S.A.L (since 30/5/2013)
- Founder & Chairman of the Board of Directors of Watamar & Partners S.A., Geneva, Switzerland (since 15/1/2003)
- Chairman of the Board of Directors of Watamar Asset Management AG, Zurich, Switzerland (since 5/8/2011)
- Member of the Board of Directors of Sucafina S.A. Co. Geneva (since 25/8/1998)
- Member, Welfare Association, (since 2006)
- Member of YPO/WPO (Young President Organisation), Alpine Chapter (since 1999)
- Member of LIFE, Lebanese International Finance Executives (since 2010)



<b>Name</b>	<b>Abdul Hameed Shoman Foundation</b> Represented by Mr. Khaled Anis Moh'd (Zand Irani)
<b>Title</b>	<b>Member of the Board of Directors /Non Executive / Independent</b>
<b>Date of membership</b>	- Legal Entity : 31/3/2006 - Legal Entity's Representative : 27/12/2010
<b>Date of birth</b>	21/8/1964
<b>Academic qualifications</b>	- M.S.c. Degree in national parks management and tourism, New Mexico University - Jordan University 1989, M.S.c. Degree in Arid Land Use - Jordan University 1986, B.Sc. Degree in Soils
<b>Experiences</b>	- Member of the Upper House of Parliament since 2013 - President of the Royal Society of the Conservation of Nature - Minister of Energy and Mineral Resources (14/12/2009 - 23/11/2010) - Minister of Environment (7/4/2005 - 09/12/2009) - Director General for the Royal Society for the Conservation of Nature.(RSCN) (Oct 1996 - 4/6/2005) - Manager of the Protected Areas Dept. (Jan. 1986 - Jan. 1989) - Research Assistant / Jordan University (Oct.1986- Jan 1989) - Member of International Environmental Committees - Member of Royal Energy Committee - Member of Royal Water committee - Former Member of the Nuclear Energy Committee - Chairman of the Royal society for the conservation of nature - Member of the Board of Abdul Hameed Shoman Foundation

**Name****Dr. Omar Ahmad Muneef Razzaz****Title****Member of the Board of Directors /Non Executive / Independent****Date of membership**

11/11/2012

**Date of birth**

17/5/1961

**Academic qualifications**

- Ph.D. in Urban Planning with Economics Concentration, Harvard University 1991
- Masters, International Development and Regional Planning, MIT, 1987
- B.S., magna cum laude, Civil Engineering with concentration in Transportation Planning & Environmental Design, Louisiana Tech University, 1985

**Experiences**

- Chair of Board of Trustees , King Abdullah II Development Fund (KAFD) since Oct, 2012.
- Director General , Social Security Corporation 2006-2010
- Head of the Jordan National Employment Strategy Team 2010- 2012.
- Advisor, The World Bank ,Middle East and North Africa Region, Jordan 2010-2012
- The World Bank Middle East and North Africa Region, Lebanon Country Manager 2003-2006.
- Abdul Hameed Shoman Foundation , Member of Board of Directors 2007-2010
- Assistant Professor, MIT University , 1991-1993 & 1995-1997





<b>Name</b>	<b>Mr. Bassam Wael Rushdi Kanaan</b>
<b>Title</b>	<b>Member of the Board of Directors / Non Executive / Independent</b>
<b>Date of membership</b>	22/1/2013
<b>Date of birth</b>	10/5/1965
<b>Academic qualifications</b>	<ul style="list-style-type: none"> <li>- Executive Masters of Business Administration (MBA), USA 1998</li> <li>- Bachelor of Arts (BA) in Economics/Accounting, Claremont McKenna College, Los Angeles 1986</li> <li>- Chartered Financial Analyst (CFA) - 2001</li> <li>- Chartered Public Accountants (CPA) -1989</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>- More than twenty five years in senior executive positions at leading private sector and publicly listed companies.</li> <li>- President &amp; COO, MENA and EU , Hikma Pharmaceuticals Plc (2011-present)</li> <li>- Chief Financial Officer , Hikma Pharmaceuticals Plc (2001-2010).</li> <li>- Chief Financial Officer, Palestine Development &amp; Investment Ltd (PADICO) 1994-2001</li> <li>- Audit Manager, Deloitte &amp; Touche, Los Angeles, USA, 1986-1993.</li> <li>- Memeber of the Board of Directors of Palestine Telecommunications Company (PALTEL), 2001- 2002</li> <li>- Member of the Board of Directors of Central Electricity Generation Company (CEGCO), Jordan 2004-2005</li> <li>- Member of the Board of Directors and Audit Committee, Zara Investment Holding Company 2006-2010</li> <li>- Member of the Board of Directors and Chairman of the Audit Committee of Capital Bank of Jordan (formerly Export Finance Bank) 2007-2009</li> <li>- Member of the Board of Directors and Chairman of the Audit Committee, Aqaba Development Company (ADC) 2008-2012</li> <li>- Member of the Board of Trustees and Member of the Board of Directors of Welfare Association 2011- present</li> </ul>

**Mr. Nemeh Elias Sabbagh**  
**Chief Executive Officer**



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

**Academic Qualifications:**

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

**Experience:**

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

**Ms. Randa Muhammad Sadik**  
**Deputy Chief Executive Officer**



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

**Academic Qualifications:**

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

**Experience:**

- Deputy Chief Executive Officer - Arab Bank (since July 1, 2010)
- Group General Manager for International Banking Group - National Bank of Kuwait (2006-2010)
- Managing Director - National Bank of Kuwait (International) plc, London (2005-2006)
- Assistant General Manager - National Bank of Kuwait (International) plc, London (1998-2005)
- Executive Manager & Treasurer - National Bank of Kuwait (International) plc, London (1993-1998)
- Head of Asset Liquidity Management - National Bank of Kuwait (International) plc, London (1991-1993)
- Financial Analyst - National Bank of Kuwait (1986-1990)
- Graduate Assistant - American University of Beirut (1985-1986)
  
- Board Member of Arab Tunisian Bank-Tunisia
- Board Member of Oman Arab Bank- Oman
- Board member of Arab Investment Bank S.A.L – Lebanon
- Vice Chairman of Arab Bank Australia Ltd.
- Chairman of the Management Committee for Al-Arabi Investment Group Co.

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

Date of Appointment : 1/2/2007

Date of birth : 6/1/1953

**Academic Qualifications:**

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

**Experience:**

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

**Name: Omar Bouhadiba**

**EVP/ Head of Corporate and Institutional Banking**



Date of appointment : 2/9/2013

Date of birth : 29/6/1953

#### Academic Qualifications:

- MBA Wharton School of Finance, University of Pennsylvania

#### Experience:

- National bank of Kuwait (2010 – 2013): CEO International Banking Group.
- Mashreq Bank (2001 – 2009): Head of Corporate and Investment Banking Group.
- Bank of America (1979 – 2000) :
  - Regional head Middle East and North Africa - Dubai (1999 – 2000)
  - Senior Credit Officer Europe Middle East and Africa - London (1998)
  - Senior credit Officer France and Switzerland - Paris (1995 – 1996)
  - Head of Europe Middle East and Africa Credit - London – (1992 – 1994)
  - Marketing Head /Team Leader / Relationship Manager – Bahrain, Athens, Brussels, Tunis, Paris – (1979 - 1991)

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

Date of Appointment : 1/6/2008

Date of birth : 2/5/1966

**Academic Qualifications:**

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

**Experience:**

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

**Mr. Naim Rassem Kamel Al-Hussaini****EVP - Head of Consumer Banking**

Date of appointment : 20/11/2011

Date of birth : 28/11/1962

**Academic Qualifications:**

- B.Sc. of Science, Industrial Management, University of Petroleum & Minerals – Saudi Arabia, 1985

**Experience:**

- Head of Retail Banking Group, Banque Saudi Fransi, Saudi Arabia (2008 – 2011).
- Acting Head, Retail Banking Group, Banque Saudi Fransi, Saudi Arabia (2006 – 2007).
- Division Manager, Consumer Assets Sales Division, Retail Banking Group, Banque Saudi Fransi, Saudi Arabia (2005).
- Regional Manager, Retail Banking Division, Eastern Region, Banque Saudi Fransi, Saudi Arabia (2000 – 2005).
- Manager, Network & Financial Planning Department, Retail Banking Group, Head Office, Banque Saudi Fransi, Saudi Arabia (1995 – 2000).
- Personnel Manager, Corporate Human Resources Division, Head Office, Banque Saudi Fransi, Saudi Arabia (1993 – 1995).
- Manager, Recruitment & Government Relations, Corporate Human Resources Division, Head Office, Banque Saudi Fransi, Saudi Arabia (1990 – 1993).
- Manager, Budget & Financial Planning, ITISALAT ALSAUDIA (1988 – 1990).
- Head, Tender & Contracting, ITISALAT ALSAUDIA (1986 – 1988).

**Mr. Mohammad Musa Dawood "Moh'd Issa"**  
**EVP – Country Manager of Jordan**



Date of Appointment : 9/9/2012  
 Date of birth : 1/2/1956

**Academic Qualifications:**

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

**Experience:**

- Executive Vice President – Country Manager of Jordan (since 16/12/2012)
- Executive Vice President – Head of Libya project (9/2012 – 11/2012)
- Executive Vice President – Head of Corporate and Investment Banking/ Jordan & Palestine (4/2009 – 7/2012)
- Senior Vice President – Head of Credit/ Jordan & Palestine (10/2006– 3/2009)
- Head of Corporate Finance/ Jordan & Palestine (08/2004 – 09/2006)
- Other senior posts within Arab Bank plc, Jordan including: Head of Commercial Lending, Head of Syndicated Loans Unit (10/1983 – 07/2004)
- Deputy Chairman of International Islamic Arab Bank
- Board member of Jordan Hotels and Tourism Company



**Mr. Ghassan Hanna Suleiman Tarazi****EVP - Secretary of the Board, Head of Secretariat  
Division, Investments and Investors Relations**

Date of Appointment : 1/8/2003

Date of birth : 8/1/1964

**Academic Qualifications:**

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

**Experience:**

- Chief Financial Officer, Arab Bank, (July 2008 - 31/12/2012)
- Head of Group Internal Audit, Arab Bank (1/8/2003 - 30/6/2008)
- Head of Financial Control and Risk Management, Gulf Investment Corporation, Kuwait, (2/2003 – 7/2003)
- Partner, KPMG Certified Accountants & Auditors, Amman, Jordan (1994 – 2003)
- Assistant Manager, Jordan National Bank, Amman, (1992 – 1993)
- Senior Audit, Arthur Andersen & Co. (1989 – 1992)
  
- Member of the Board of Directors of Arab Tunisian Bank - Tunisia
- Member of the Board of Directors of Europe Arab Bank plc- London

**Name : Mr. Dawod Mohammad Dawod Al-Ghoul**

**EVP - Chief Financial Officer**



Date of Appointment : 2/11/2008

Date of birth : 25/5/1971

#### Academic Qualifications:

- BA in Accounting – University of Jordan – 1992
- M.SC in Accounting and Finance – University of Colorado – United States of America – 1994
- Certified Public Accountant ( CPA ) from the United States of America – 1993

#### Experience:

- Executive Vice President - Chief Financial Officer since 1/1/2013
- Executive Vice President – Financial Planning and Investments – Arab Bank ( 2008 – 2012 )
- Director of Finance – Saraya Holdings ( 2007 – 2008 )
- Head of taxation – Arab Bank ( 2003 – 2007 )
- Consultant in international accounting and taxation – KPMG – United States of America ( 2000 – 2003 )
- Finance Manager – Schlumberger – Dubai ( 1997 – 2000 )
- Senior Auditor – Arthur Andersen – Dubai ( 1995 – 1997 )
  
- Board member - International Islamic Arab Bank
- Board member – Wehda Bank

**Basem Ali Al-Imam, Lawyer**  
**Head of Legal Affairs Division**



Date of Appointment : 15/4/2003

Date of Birth : 19/4/1968

**Academic Qualifications:**

- B.A. in Law, Faculty of Law, University of Jordan, 1988
- Masters in Law, Faculty of Higher Studies, University of Jordan, 1994

**Experience:**

- Head of Legal Affairs Division, starting September 5, 2012
- Head of Legal Department – Arab Countries, (7/2007 – 9/2012)
- Legal Counsel (4/2003 – 7/2007)
- Advocate and Legal Consultant, The Housing Bank for Trade and Commerce, (6/1993 – 4/2003)
- Advocate, private law office (7/1991 - 6/1993)
- Legal Trainee (4/1989 – 6/1991)

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



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

**Academic Qualifications:**

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

**Experience:**

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

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

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

**Academic Qualifications:**

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

**Experience:**

- Executive Vice President, Group Risk Management- Arab Bank plc – Amman, (since 2002)
- Manager, Group Risk Management- TD Bank Financial Group- Toronto – Canada, (1996-2002)
- Senior Analyst, Finance, TD Bank Financial Group- Toronto – Canada, (1993-1996)
- Senior Relationship Manager, Commercial Banking, TD Bank Financial Group- Toronto – Canada, (1987-1993)
- Project Engineer, National Petroleum Construction Company, Abu Dhabi – UAE, (1982-1985)
- Chairman of Al Nisr Al Arabi Insurance Company

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



Date of appointment : 28/11/2005  
 Date of birth : 23/2/1956

**Academic Qualifications:**

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

**Experience:**

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

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

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

**Academic Qualifications:**

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

**Experience:**

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

**Mrs. Eman Al- Sahhar**  
**VP - Head of Secretariat Department -**  
**Shareholders Unit**



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

**Academic Qualifications:**

- High School, 1972

**Experience:**

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



Shareholder Name	Number of shares 31.12.2012	Ownership % 31.12.2012	Number of shares 31.12.2013	Ownership % 31.12.2013
1. Social Security Corporation	82770000	15.500%	82770000	15.500%
2. Saudi Oger Ltd.	51686340	9.679%	-----	-----
3. Oger Middle East Holding	37982055	7.113%	105913575	19.834



Arab Bank continues on its path of achievements, which began over 80 years ago, underlining a success story unfolding year after year. Arab Bank holds a leading position as one of the most important banks in the Middle East and North Africa in addition to being one of the most competitive and divers. Arab Bank enjoys a strong reputation and credibility, making it a pillar of trust for its customers and shareholders under all circumstances. Reinforcing this unique position, Arab Bank Group boasts the widest Arab banking branch network in the world with over 600 branches.

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

Arab Bank received many international awards and recognitions in 2013 including Regional Bank of the Year from Arabian Business, Best Bank in Jordan from Euromoney for the sixth consecutive year and Best Bank in Jordan from EMEA Finance. Other recognitions include the Asian Banker's Strongest Balance Sheet in Jordan award as well as Corporate Finance International's Best Commercial Bank in Jordan award.

Arab Bank also received Global Finance magazine's awards for Best Trade Finance Provider in Jordan and Yemen, Best Emerging Market Bank in Jordan and Yemen, Best Foreign Exchange Provider in Jordan, Best Consumer Internet Bank in Jordan and Best Corporate Internet Bank in Qatar. In addition, Arab Bank was also recognized with the Best Cash Manager in the Middle East award from Global Investor magazine which is published by Euromoney. The Bank also received the award for Best Corporate Social Responsibility program in Jordan as part of the Stevie Awards program.



### Market shares in specific locations:

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

Country	Total Assets %	Deposits %	Direct Credit Facilities %
Jordan	21.0%	21.5%	15.8%
Palestine	28.68%	33.02%	27.61%
Bahrain	2.82%	2.32%	3.15%
Egypt	1.94%	2.02%	2.47%
Lebanon	0.93%	0.93%	1.62%
Qatar	0.64%	0.88%	0.55%
UAE	0.73%	0.96%	0.81%
Yemen	10.45%	12.16%	6.31%

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

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

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

## MAJOR SUPPLIERS AND CLIENTS

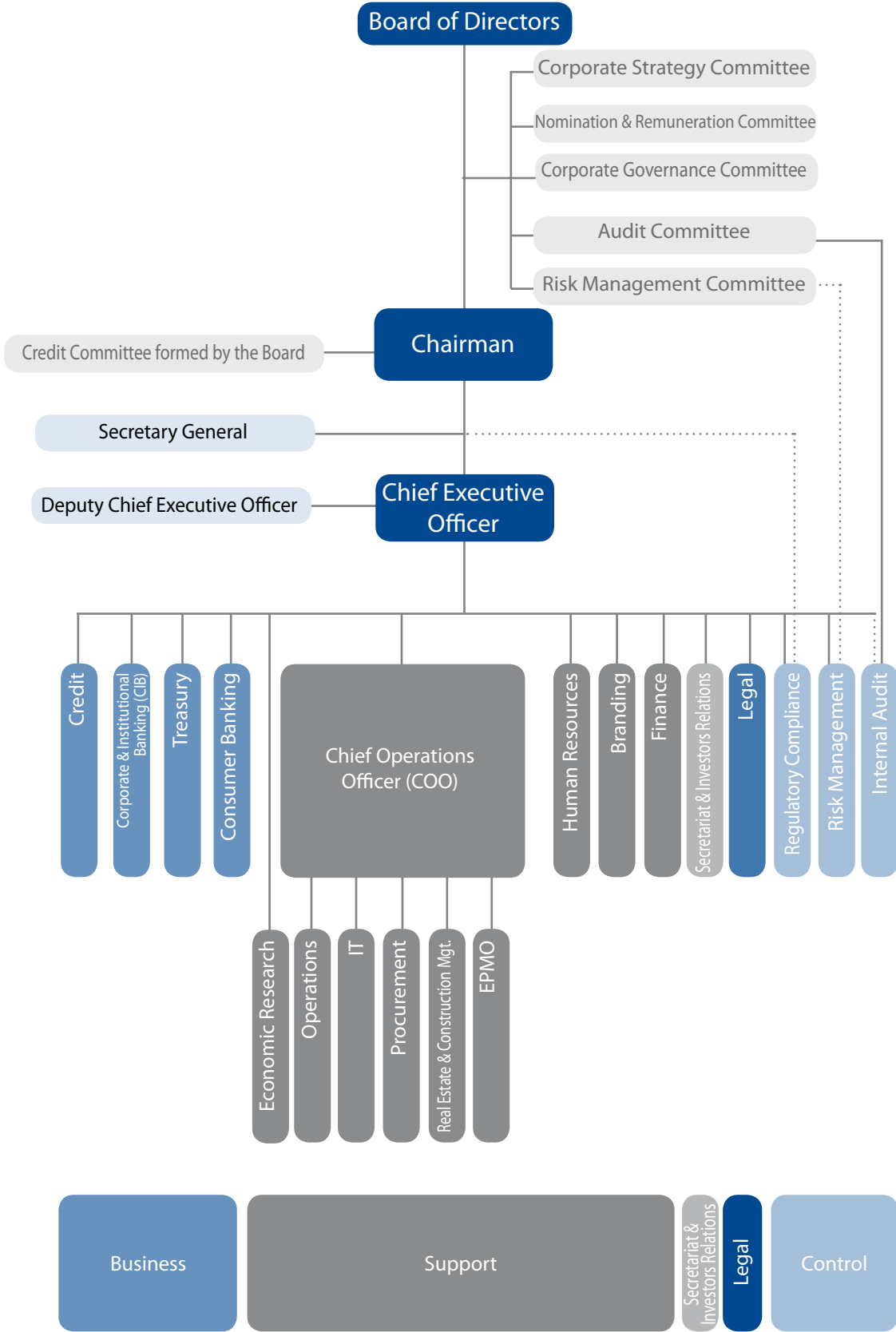
No specific individual supplier or client accounts for 10% or more of the Bank's activities, purchases and / or sales.

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

Arab Bank received in 2013 from international credit rating agencies the following ratings: In July 2013, the Bank received (A-) with (Watch Negative) from Fitch ratings. The Bank also Received (Ba 2) and (Stable) from Moody's. As for Standard and Poor's, Arab Bank PLC received in September 2013 (BB-) and (BB+) for Europe Arab Bank and Arab Bank Australia with a (Negative) outlook.

The Credit rating agencies in their reports stated that Arab Bank follows a prudent risk approach and enjoys a strong franchise and diverse geographic presence in addition to sound management.

ARAB BANK ORGANIZATION CHART / HEAD OFFICE





Academic Qualifications	Arab Bank	Europe Arab Bank plc	Arab Bank (Switzerland) Ltd.	Arab Bank Australia Ltd.	Islamic International Arab Bank	Arab Sudanese Bank	Arab Investment Bank	Al-Arabi Investment Group (AB Invest)
PhD	11	0	3	1	4	3	1	0
Master's degree	526	23	10	14	68	21	2	5
Advanced diplomas	34	8	20	1	4	6	0	1
Bachelor's degree	3899	53	12	62	493	35	2	22
Junior college	598	26	14	48	90	1	0	2
High school	644	48	36	14	32	2	1	1
Sub high school	537	0	0	1	67	2	0	3
<b>Total Employees</b>	<b>6249</b>	<b>158</b>	<b>95</b>	<b>141</b>	<b>758</b>	<b>70</b>	<b>6</b>	<b>34</b>



Arab Tunisi- sian Bank	Arab Bank - Syria	Al Nisr Al Arabi Insurance Company	Arab Company for Shared Services	Arab Gulf Tech for IT Ser- vices	Arab National Leasing Company	Al-Arabi Investment Group / Palestine	Total
3	0	0	0	0	0	0	26
202	27	13	13	4	3	2	933
305	5	0	2	0	0	1	387
33	186	221	91	32	18	5	5164
70	42	25	18	4	5	0	943
196	28	4	15	1	1	1	1024
348	9	8	1	0	2	0	978
1157	297	271	140	41	29	9	9455



TRAINING COURSES VS. TRAINEES IN JORDAN & ARAB AREAS IN 2012 MATRIX

Area	Training Agenda		Unscheduled Programs		Middle Management Programs and Ruwad Programs		External Courses Inside and Outside Jordan		Internet Courses	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
Jordan	116	2311	69	1651	63	970	99	312	2	48
Palestine	56	668	12	66	75	1279	50	449	1	688
Egypt	77	1131	31	700	63	1090	15	141	2	1728
Morocco	10	314	2	29	-	-	6	7	1	152
Algeria	14	129	2	17	-	-	2	3	2	164
Lebanon	48	549	31	303	-	-	49	132	5	326
Yemen	28	49	5	151	-	-	2	3	1	199
Bahrain	53	83	10	92	22	386	3	3	1	175
UAE	15	170	17	190	-	-	-	-	1	323
Qatar	-	-	4	44	5	108	1	1	1	114
<b>Total per Item</b>	<b>417</b>	<b>5404</b>	<b>183</b>	<b>3243</b>	<b>228</b>	<b>3833</b>	<b>228</b>	<b>1052</b>	<b>17</b>	<b>3917</b>

	Courses Attended at H.O.		English, French, and Computer Courses		Certification Programs		Grand Total Per Area	
	Courses	Trainees	Courses	Trainees	Courses	Trainees	Courses	Trainees
	13	295	44	147	28	98	434	5832
	3	3	7	131	1	1	205	3285
	2	4	21	21	6	13	217	4828
	2	3	-	-	-	-	21	505
	6	7	-	-	-	-	26	320
	7	15	11	30	2	2	153	1357
	2	2	6	22	-	-	44	426
	1	1	3	7	-	-	93	747
	3	3	1	3	1	1	38	690
	1	2	2	11	-	-	14	280
	40	335	95	372	38	115	1245	18270

## OVERVIEW

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

### Board Committees:

- Board Audit Committee.
- Board Risk Management Committee.
- Board Credit Committee.

### Executive Management Committees:

- High Asset and Liability Management Committee (High ALCO).
- Senior Credit Committee.
- Various Operational Risk-related Committees (e.g. Investigation Committee, Information Security and Business Continuity Steering Committee, Crisis Management Committee).

### Three Independent Levels of Control:

- First Level: Business Line and Country Control Units.
- Second Level: Group Risk Management (GRM) and Group Regulatory Compliance (GRC).
- Third Level: Group Internal Audit (GIA).
- The Board of Directors reviews and approves the Bank's overall risk management strategy, and ensures through its Risk Management Committee, that comprehensive risk management policies and procedures are established in all business areas.
- The Heads of Strategic Business Units manage risks within their specific business lines whether credit or operational. In addition the Global Treasurer is responsible for the management of liquidity and market risks. They operate within formally delegated risk limits and are responsible and accountable for identifying, assessing, controlling, mitigating and reporting on risks in the course of their business activities.
- The Chief Risk Officer (CRO), who reports to the Board's Risk Committee and the CEO, is responsible for ensuring that the Bank has a robust system for the identification and management of risk and for establishing appropriate risk frameworks consistent with the Bank's overall business strategy and risk appetite.

- The Chief Compliance Officer (CCO) ensures that the Bank is in compliance with applicable related laws, rules and regulations, especially those issued by banking regulatory authorities.
- The Chief Financial Officer (CFO) is in charge of defining financial risks, middle office controls, safeguarding the quality of financial data, and for ensuring the accuracy and reliability of the Bank's Financial Statements.

### **Group Internal Audit (GIA)**

Group Internal Audit as an independent third level of control reporting to the Audit Committee of the Board, helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes, in addition to providing an independent objective assurance that the Bank functions work in compliance with the policies and procedures. Group Internal Audit provides the Board Audit Committee, the Chief Executive Officer and the respective business units with the audit results and monitors implementation of the remediation actions.

### **GROUP RISK MANAGEMENT (GRM):**

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

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

Each of the following departments within Group Risk Management has specific roles and responsibilities aimed at advancing the Bank's risk management capabilities based on best practices, international guidelines and requirements of regulatory authorities as follows:

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

- The Business Risk Review Department conducts comprehensive individual, portfolio and business risk reviews. It ensures that the Bank's various portfolios are aligned to their economic perspective, business strategy and target market and recommends corrective action if necessary. The department also assesses the quality of the loan portfolio, lending policies and processes and the capabilities of the credit staff. Supplemental targeted reviews are undertaken based on market conditions and the size and sectoral nature of portfolios. In specific instances such reviews are supported by tailored stress testing scenarios.
- The Market and Liquidity Risk Management Department is responsible for setting comprehensive market and liquidity risk policy frameworks. The policy framework ensures independent measurement, monitoring and control of the Bank's market and liquidity risk. The department is also responsible for setting and monitoring risk limits, the calculation of Value-at-Risk, stress testing and other quantitative risk assessments (such as those related to Basel II and III) which are performed in coordination with Treasury and Finance.
- The Operational Risk Management Department, which also covers strategic and reputation risks, leads the implementation of a Bank-wide risk management framework, as part of the overall strengthening and continuous improvement of the controls within the Bank. The framework consists of policies and procedures supported by a formal methodology of risk and control self-assessment for the identification, assessment, mitigation, monitoring, and reporting of operational risk in all business activities.
- The Information Security Department leads a Bank-wide framework aimed at minimizing information and technology risks, maximizing compliance and enabling the safe use of technology in all lines of business. The goal is to ensure that information assets, people, processes and technologies are adequately protected from threats, whether internal or external, deliberate or accidental. The strategy recognizes the importance of Information Security in establishing trust between our customers, business partners, employees and the Bank and includes activities to promote good security practices, raise information risk awareness, strengthen controls, and enhance the effectiveness of monitoring and incident response.
- The Business Continuity Department aims to counteract interruptions to business activities, to protect critical processes from the effects of major information systems failures or disasters, whether natural or otherwise, and to ensure their timely resumption. The framework is based on identifying major risks and analyzing their impact on business. The teams conduct risk assessments and use a centralized database to build the bank's comprehensive continuity plans. These plans are kept up-to-date by each country through the use of a web-based application, and are tested on a regular basis to ensure timely resumption of essential operations and services.

- The Insurance Department's mandate is to oversee all insurance policies through a centralized database whether these are global or local. It ensures that insurable risks are appropriately mitigated and establishes minimum insurance criteria at the Group and country level. The department also supports the Business Units in reviewing and delivering customized insurance coverage for products, portfolios, or individual transactions.
- The Policy Center Department is responsible for centrally managing all Bank policies from the development phase until final approval, according to a standard framework specifically customized for the Bank. These high level policies are then embedded in more details into the bank's various operational processes and its policies and procedures.

The various departments work together and with Finance on Capital Management related assignments to assess the impact on capital of new regulations (eg Basle III etc) and to deliver a comprehensive Internal Capital Adequacy Assessment (ICAAP) supported by a stress test framework which includes multiple scenarios covering credit, market, liquidity and operational risk events. Periodic reporting to Senior Management and to banking regulators further ensures that our capital is managed properly.

#### **CREDIT RISK:**

Arab Bank maintains a low risk strategy towards the activities it takes on. This combined with its dynamic and proactive approach in managing credit risk are key elements in achieving its strategic objective of maintaining and further enhancing its asset quality and credit portfolio risk profile. The conservative, prudent and well-established credit standards, policies and procedures, risk methodologies and frameworks, solid structure and infrastructure, risk monitoring and control enable the Bank to deal with the emerging risks and challenges with a high level of confidence and determination.

Portfolio management decisions are based on the Bank's business strategy and risk appetite as reflected in the tolerance limits. The quality of the portfolio is examined on regular basis in relation to key performance indicators. Diversification is the cornerstone for mitigating portfolio risks which is achieved through industry, geographical and customer tolerance limits. Periodic stress testing based on continuously revised and conservative scenarios and capital planning are key tools in managing the credit portfolio.

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

- Clear tolerance limits and risk appetite set at the Board level, well communicated to the business units and periodically reviewed and monitored to adjust as appropriate.
- Credit Committee structure that ensures credit approvals are made with consensus by a committee and not individuals with high level of independency.
- Authorities are delegated based on risk-differentiated grids for each committee at Country and Head Office levels.
- Well-defined target market and risk asset acceptance criteria.
- Rigorous financial, credit and overall risk analysis for each customer/transaction.
- Concentrations together with mitigation strategies are continuously assessed.
- Early warning system is continually validated and modified to ensure proper functioning for risk identification.
- Systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment.
- Systematic credit limits management enabling the Bank to monitor its credit exposure on daily basis at country, borrower, industry, credit risk rating and credit facility type levels.
- Solid documentation and collateral management processes where collateral is continuously monitored and assessed to ensure proper coverage and top-up triggers.
- Annual and interim individual credit reviews to ensure detecting any weakness signs or warning signals and considering proper remedies in case of need.
- Strict control and monitoring systems which are based on disciplined follow up and monitoring.
- The Bank offers several consumer banking products which are managed on a product portfolio basis through a well-established Credit Product Program. The program is considered the principal approval vehicle for credit products offered to a homogenous set of customers in multiple locations, and is subject to annual review and approval and regular assessment of the program performance.
- Conservative approach to provisioning and managing bad debt collection through roll rate, vintage analysis and delinquency trends analysis to enable the early identification of problem areas.
- Periodic legal and credit reviews are conducted and account strategies are set to minimize NPLs and maximize recoveries and collections.



- The Bank continues to upgrade its systems and technological infrastructure to further enhance performance and to continually adapt to changing environments. Our rigorous credit processes as noted above are supplemented by sectoral portfolio reviews focused on countries, regions or specific industries which are intended to identify any inherent risks in the portfolios resulting from changes in market conditions and are supplemented by independent reviews by the Business Risk Review team in Group Risk Management and by our Group Internal Audit.

The Bank continuously works to build a highly motivated team, and to promote a culture where continuous learning skills and expertise are maximized through enrolling our credit staff at various levels into well selected and designed credit training programs and courses to ensure that they are equipped to assume their roles and responsibilities effectively.

#### **LIQUIDITY RISK:**

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

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

Arab Bank's liquidity management strategy is determined by the High Asset and Liability Management Committee (High ALCO). The operations of the country level Treasury teams are centrally controlled, monitored and coordinated. In coordination with local Asset and Liability Management Committees, the various countries' Treasury teams across Arab Bank work together to meet local and Group needs. The Asset and Liability Management Committees analyse cash flows and market risk exposures and take action where appropriate to adjust the pricing and product mix, in order to ensure an optimal balance sheet structure and risk profile.

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

The Bank uses a variety of tools to measure liquidity risk in the balance sheet. These metrics help the Bank to plan and manage its funding and help to identify any mismatches in assets and liabilities which may expose the Bank to roll risk. These metrics include one week and one month liquidity ratios, cumulative liquidity modeling, liquidity risk factors, inter-group borrowing and lending analysis, loan to deposit ratios, large depositor concentration monitoring, Basel III liquidity ratios, and stress testing.

Arab Bank's comprehensive approach to measuring and managing liquidity gives the Group a great deal of confidence in its ability to endure all unforeseen market events, while still being able to meet all of its obligations to its customers and regulators.

Liquidity risk will continue to have a major influence on how the world's banks operate and interact, and regulators will continue to require increasingly high standards of liquidity governance. Arab Bank's approach to liquidity management, along with its current and contingent funding structures, leaves it extremely well placed to face the future with great confidence. Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains fundamentally unchanged.

#### **MARKET RISK:**

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

Historically the Bank has managed its market risk across its Trading and Banking Books on a consolidated basis as this is a more conservative approach to the management of this risk. In addition, through its Funds Transfer Pricing Policy, the Bank ensures that market risk is transferred from Corporate and Investment Banking and Consumer Banking to Treasury, where it can be centrally managed.

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

#### **Interest Rate Risk:**

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

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

In general, the Group has limited appetite for interest rate risk.

#### **Capital Markets Exposures:**

Investments in capital markets instruments are subject to market risk stemming from changes in their prices. Arab Bank Group's exposure to this kind of risk is limited due to its strong control over credit and interest rate risk.

The equities investment portfolio represents a very small percent of the Bank's overall investments and generally consists of direct investments in strategic alliances as well as seed investment in mutual funds that we originate within the Group.

**Foreign Exchange Risk:**

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

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

**Market Risk Management:**

Managing market risk is a key part of the Bank's business planning process, and in line with the Bank's risk appetite, is kept at a minimal level. Our main tools used for measuring and managing market risk are the following:

1. **PV01:** PV01 measures the risk to economic value arising from changes in interest rates by multiplying the net balance in each time bucket by its weighted average price sensitivity to changes in interest rates. This is measured at country, legal entity and Group level. All interest rate positions are included in the PV01 calculation, including both on-balance sheet and off-balance sheet products in the Trading and Banking Books.
2. **NII 100:** NII100 measures the effect of a 1% Increase in Interest rates on first and second year pretax earnings. This is measured at country, legal entity and Group level.
3. **Overall Net Open FX Position:** The Overall Net Open FX Position measures the open position for each currency, including precious metals, at country, legal entity and Group level.
4. **Value at Risk (VaR):** VaR is currently used as an internal measure of market risk to estimate the maximum loss that may be experienced by the Group over a one day holding period with 99% confidence level using the Historical Simulation approach supported by 500 days of data. The Group's VaR calculation is run at the consolidated and unit levels and covers both interest rate and foreign exchange risk.

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

#### **OTHER RISKS:**

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

#### **COMPLIANCE RISK:**

Arab Bank continues to maintain an unwavering commitment to integrity and exercises the highest ethical standards across its operation, applying both the letter and spirit of regulations to ensure compliance with statutory, regulatory, and supervisory requirements. Evolving to meet the needs of rapidly changing business environments, Arab Bank ensures that its internal processes are consistent with applicable regulatory requirements, are risk-based, promote efficiency, foster effectiveness and meet or exceed customer expectations. This requires Arab Bank to balance risk and reward, anticipate new dimensions of risk, and to ensure that its activities are aligned with the institution's risk appetite and risk tolerance.

Group Regulatory Compliance Division reporting directly to the Chief Executive Officer and has direct access to the Board of Directors, is responsible for the oversight of compliance with requirements impacting the business lines including, but not limited to, Know Your Customer, Anti-Money Laundering, and Combating Terrorist Financing compliance.

With the steadfast support and commitment of the Arab Bank Board of Directors and Senior Management, coupled with the dedication of Bank staff, Arab Bank is resolved to sustain and further strengthen its sound compliance program and to continue to meet and/or exceed the regulatory expectations.

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

**STRATEGIC RISK:**

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

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

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



Arab Bank was able to accomplish much in various fields despite the prevailing conditions in the region and the relatively unstable global economy in 2013.

Arab Bank Group reported record growth in 2013 in spite of the challenging environment in the region. Net operating income before provisions and taxes exceeded the one billion U.S. dollars, whereas the group's net profit after tax reached USD 501.9 million at the end of 2013 compared to USD 352.1 million at the end of 2012 showing a growth of 43%. The Board of Directors has recommended distributing cash dividends of 30% for the financial year ended December 2013 and one free share for each fifteen shares. These positive results are a reflection of the Bank's success in dealing with developments in the region and specific countries relying on prudent policies.

It is also worth mentioning that the bank has shown consistent solid growth over the years with profits growing from USD 305.9 million in 2011 to USD 352.1 million in 2012 to USD 501.9 million in 2013. Dividends payouts have also increased from 25% in 2011 to 30% in 2012 to 37% in 2013.

The Bank's accomplishments during 2013 were not limited to growth in net profits of 43%, but also include positive financial indicators which reflect the Bank's strong financial position. The Bank was able to maintain its capital adequacy ratio at a solid 15.15%.

On the other hand, the Group was able to grow its loan portfolio by 3% from USD 22.5 billion in 2012 to USD 23.1 billion in 2013 and customer deposits grew by USD 1.5 billion from USD 32.9 billion in 2012 to USD 34.4 billion in 2013, a growth of 5%. Maintaining strong liquidity is one of the Bank's key strategic objectives, and we were able to achieve this despite the devaluation of a number of currencies against the US dollar. If these devaluations were mitigated, the growth in the loan portfolio would be 4% and customer deposits by 6%.

2013 has been a year of consolidation for the Corporate and Institutional Banking business. The group has shown strong and consistent financial performance, demonstrating healthy growth in quality revenues for 2013. Such growth has gone hand in hand with disciplined credit management, which has always been and continues to be, a core competency of Arab Bank's CIB. The quality of the corporate portfolio has therefore continued to strengthen, despite the challenging economic environment.

We further strengthened our regional leadership in the areas of trade finance, project finance, correspondent banking and cash management. Arab Bank, through its strong presence and unique network, has leveraged its CIB franchise to capture some of the intra-Arab trade as well as European and Asian-MENA business flows. CIB is, also taking an active part in meeting the financing needs of the infrastructure development of a fast growing emerging market.

CIB takes pride in the strength and length of its client relationships, earning a reputation for loyalty in both good and difficult times.

Many of our corporate clients have expanded their operational reach across geographies. As a result, companies now have new needs emanating from their multinational scope and look to Arab Bank to provide the solutions necessary for their business.



Arab Bank's award winning corporate e-banking offering, provides clients with a comprehensive commercial banking platform to conduct their corporate banking activities. The platform comprises a wide range of innovative online products and services, including cash management and trade finance services. The solutions are tailored specifically to allow CIB's corporate customers to efficiently manage their business transactions from anywhere in the world using state of the art technology. They have proven popular with many corporations, which use them actively to manage their operations, capital and liquidity more efficiently.

Furthermore, streamlining CIB operations across processes has also been a key driver for 2013. Systems enhancements and operational re-engineering is key to the improved cost efficiencies for the business. Cost discipline has remained strong in CIB, and our cost income ratios have remained at very moderate levels, in line with our historical averages.

CIB was a key player in a large number of significant financing projects across the MENA region. As part of the Bank's strategic focus on the environmentally friendly projects, Arab Bank participated in the financing of the (117) MW Tafilah Wind Farm Project under the umbrella of the International Finance Corporation.

The GCC continued to focus on major infra structure development, where Arab Bank was a lead financier in new projects in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE. Some of these key projects include the Dhofar Power Company, Bahrain Mumtalakat, Qatar Foundation/Qatar National Vision 2030 Doha Developments, and IPIC Investments (International Petroleum Investment Company, wholly owned by the Government of Abu Dhabi).

In the North African region, Arab Bank provided financing to the Egyptian General Petroleum Corporation (EGPC) and played a major role in a number of critical development projects in the country involving well-established regional corporations. In Algeria, CIB continued its strategy of focusing on trade financing activities for key commodities, and supporting major international and regional contractors involved in large government development projects.

Moving across the continent to Asia Pacific, CIB Singapore operations have maintained their role in handling a key client base from across Asia doing business in the MENA region, be they electricity and power projects, water treatment and desalination, roads and bridges. CIB has financed leading Chinese, Korean and Japanese construction companies across the Middle East region.

Consumer Banking Group in 2013 witnessed the revamp of the "Elite" program, which offers unique personalized service and has been designed specifically to meet the needs of our valued customers in Jordan, Palestine, Lebanon, UAE, Bahrain and Egypt. In addition, the Bank launched "Arabi Premium" in most of its markets. "Arabi Premium" is a comprehensive program designed to meet the needs of middle income salaried customers through a unique combination of exclusive benefits including dedicated relationship officers special loan offerings with preferential rates in addition to complimentary life insurance.

It is also worth mentioning that the "Extra" program for salaried customers launched in Qatar and Bahrain in addition to providing US dollar currency option available in Lebanon in order to meet the requirements of customers in that





market. Furthermore, “Shabab” program was revamped in Jordan, Palestine and Egypt to provide banking benefits for the youth segment in addition to more rewards and privileges for the program’s subscribers. “Jeel Al Arabi”, the children’s account, was launched in Egypt and new campaigns were also introduced in both Jordan and Palestine. A new campaign promoting housing loans and land finance solutions was also launched in Lebanon.

“Arabi Rewards” program was launched for credit card holders in Palestine, Lebanon and Egypt. The program offers cardholders in Lebanon a chance to travel to the destination of their choice for free using the points they accumulated through the purchases they made locally and internationally. Customers of Palestine and Egypt can convert their points into cash prizes.

In addition to the above, several promotions were launched during the year to increase awareness across various markets on the “Elite”, “Arabi Premium”, “Shabab” and “Jeel Al Arabi” programs in addition to housing loans, credit cards with its key features namely the rewards program, easy payment plans and special discounts.

Arab Bank also participated in the real estate exhibition, Cityscape Global, which was held in Dubai to promote mortgage loans offered by the Bank in the UAE, in addition to the promotion of mortgage loans to non-residents Jordanians, Lebanese and Palestinians.

Several special campaigns were launched for auto loans from Arab Bank in main markets, which included exclusive agreements with major car dealerships.

As part of the Bank’s commitment to develop its regional banking offering, the Bank has promoted cross border services to enable our customers to open accounts/join banking programs in different countries through Arab Bank’s regional network. As part of this effort, the Bank promoted non-resident home loan financing for expatriates in their country of residence, and their home country, in addition to Access Cash service which allows customers to withdraw cash when traveling from all Arab Bank branches at specific countries.

Consumer Banking also launched and developed a range of electronic banking services during 2013 in order to enhance the level of customer satisfaction and speed of service. Most notably “Arabi Mobile” was launched as a new banking channel which provides a full range of banking services with information on products, account services such as card payments and transfers between customer’s accounts to other Arab Bank accounts and to local and international banks. It is also worth mentioning that the service provides a branch and ATM locator function. This service has been launched successfully in Jordan and will be launched in other countries during 2014 .

The Bank also launched a range of services and innovative solutions designed to facilitate communication and delivery of banking services to customers.

The Bank has been providing the e-statement service to replace printed statements for accounts and credit cards. In addition, the Bank has launched fund transfer and bill payment services from credit card accounts. We have also introduced a new system to issue Visa Electron cards with smart chips technology and instantly at the branches. These cards mandate use of the PIN numbers at the point of sale and offer greater protection and safety to customers. In addition, the Bank is now offering Smart ATM Cards in Algeria.

Work has been completed on the development of an interactive system which provides customers with personalized communication through Arabi Online in Jordan, Palestine and the UAE. This system will serve as a central source for all future communications with customers and will send tailored offers to each customer when they use the Bank's electronic channels. As part of the first phase of the project, the engine has been introduced through Arabi Online and will later be deployed on the rest of our channels and in different countries in order to enhance the Bank's ability to deliver important information to customers directly.

As part of the Bank's continuous commitment toward environmental sustainability and efforts to reduce resources and paper consumption, Arab Bank in 2013 launched the eStatement service in Qatar, Lebanon and Bahrain. Customers can now get their statements electronically for their accounts and credit cards rather than traditional paper statements in Jordan, Palestine, Egypt, UAE, Qatar, Bahrain and Lebanon.

"Know your customer" which aims to achieve the highest degree of accuracy of customer information, has enabled the Bank to increase the efficiency of providing banking services that meet the needs of customers and connects with them in addition to complying with regulatory requirements. The Bank has developed a system which works in harmony between the various departments within the Bank in order to reach and update the information of the majority of customers. It is worth mentioning that this has allowed us to achieve positive results.

Arab Bank complied with the requirements relating to the instructions for dealing with customers transparently which were issued by the Central Bank of Jordan in addition to complying with all regulatory requirements issued by the central banks of various countries in which we operate.

Arab Bank issued its third sustainability report for the year 2012 in line with the Global Reporting Initiative's principles (GRI) at an (A) level, being the first bank in Jordan to issue such a report. The report includes the performance and impact of the Bank in the social, environmental and economic fields with its contributions to the community.

Arab Bank received many international awards and recognitions in 2013 including Regional Bank of the Year from Arabian Business magazine, Best Bank in Jordan from Euromoney for the sixth consecutive year and Best Bank in Jordan from EMEA Finance. Arab Bank also received Best Bank in Jordan from The Banker Middle East magazine. Other recognitions include the Asian Banker's Strongest Balance Sheet in Jordan award as well as Corporate Finance International's Best Commercial Bank in Jordan award.

Arab Bank also received Global Finance magazine's awards for Best Trade Finance Provider in Jordan and Yemen, Best Emerging Market Bank in Jordan and Yemen, Best Foreign Exchange Provider in Jordan, Best Consumer Internet Bank in Jordan and Best Corporate Internet Bank in Qatar. In addition, Arab Bank was also recognized with the Best Cash Manager in the Middle East award from Global Investor magazine which is published by Euromoney.

There have been no non-recurring operation that had a material effect on the bank's financial position in 2013.

## Time Series Data for Major Financial Indicators (2009 – 2013)

	Value in JOD Millions for the Bank & in USD Millions for the Group				
	2013	2012	2011	2010	2009
Arab Bank PLC : Net Profit after Tax	346.2	261.3	263.0	145.1	250.0
Arab Bank Group : Net Profit after Tax	501.9	352.1	305.9	270.8	543.2
Arab Bank PLC : Shareholder's Equity	3 955.4	3 875.5	3 813.5	3 786.6	3 801.2
Arab Bank Group : Owner's Equity	7 767.7	7 699.2	7 656.7	7 809.1	7 709.8
<b>Distributed Dividends</b>					
Total Dividends (JOD in millions)	160.2	160.2	133.5	106.8	106.8
Dividends (%)	30%	30%	25%	20%	20%
Number of Issued Shares ( in thousands)	534 000	534 000	534 000	534 000	534 000
Share Price on Last Working Day (JOD)	7.83	7.25	7.85	9.98	12.15

\* Arab Bank plc Board of Directors recommended a bonus share for every fifteen shares for year ended 2013.

This section of the Board of Directors report highlights relevant financial data which is included in the financial statements of Arab Bank Plc and Arab Bank Group for the year 2013. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the interpretations issued by the Committee of the IFRS Board and the prevailing rules of the countries where the Group operates and the Central Bank of Jordan requirements. The accompanying notes are an integral part of the financial statements.

The Financial Statements of Arab Bank Group consolidate the statements of Arab Bank Plc, Arab Bank (Switzerland) and the following subsidiaries:

	Percentage of ownership as of 31 December 2013
Arab Bank Australia Limited	100.00%
Europe Arab Bank Plc	100.00%
Islamic International Arab Bank Plc	100.00%
Arab national Company for Leasing of Equipments L.L.C	100.00%
AI - Arabi Investment Group L.L.C	100.00%
Arab Sudanese Bank Limited	100.00%
Arab Investment Bank S.A.L	100.00%
AI Arabi Investment Group	100.00%
Arab Tunisian Bank	64.24%
Arab Bank Syria	51.29%
AI Nisr Al Arabi Insurance Plc	50.00%

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

## Arab Bank Group

### Consolidated Statement of Income

Arab Bank Group's net income for the year ended 31 December 2013 amounts to USD 501,9 million compared to USD 352,1 million in 2012, total revenues of the Group stood at USD 1810,8 million compared to USD 1664,9 million in 2012 recording an increase of 9% , net provisions for doubtful debts amounts to USD 285,9 million represents the provisions booked during the year against watch - list and non - performing loans.

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

In USD (thousands)	2013	2012	Variance	%
<b>Revenue</b>				
Net interest income	1 064 353	1 011 479	52 874	5%
Net commission income	317 919	301 778	16 141	5%
Other	428 557	351 719	76 838	22%
<b>Total Income</b>	<b>1 810 829</b>	<b>1 664 976</b>	<b>145 853</b>	<b>9%</b>
<b>Expenses</b>				
Employees Expenses	412 593	401 633	10 960	3%
Other Expenses	347 543	345 682	1 861	1%
Provision for impairment - direct credit facilities at amortized cost	285 875	347 500	( 61 625)	(18%)
Provision for impairment - other financial assets at amortized cost	23 412	7 256	16 156	223%
<b>Total Expenses</b>	<b>1 069 423</b>	<b>1 102 071</b>	<b>( 32 648)</b>	<b>(3%)</b>
<b>Profit For the year before Tax</b>	<b>741 406</b>	<b>562 905</b>	<b>178 501</b>	<b>32%</b>
Income tax	239 550	210 855	28 695	14%
<b>Profit for the year</b>	<b>501 856</b>	<b>352 050</b>	<b>149 806</b>	<b>43%</b>

### Consolidated Statement of Comprehensive Income

Arab Bank Group's comprehensive income for the year ended 31 December 2013 amount to USD 326,3 million compared to USD 255,8 million in 2012, the following schedule shows the principal components of the Group's consolidated statement of comprehensive income

In USD (thousands)	2013	2012
<b>Profit for the year</b>	<b>501 856</b>	<b>352 050</b>
Add:		
Exchange differences arising on the translation of foreign operations	( 57 025)	( 12 284)
Net change in fair value of financial assets at fair value through other comprehensive income	( 118 576)	( 83 956)
<b>Total Comprehensive income for the year</b>	<b>326 255</b>	<b>255 810</b>

### Consolidated Statement of Financial Position

Arab Bank Group assets reached USD 46.4 billion as at 31 December 2013, customer deposits over the year increased by USD 1504 million to reach USD 34.4 billion. Investment portfolio has reached USD 9.9 billion, Credit facilities amount to USD 21 billion forming 45.2% of total assets while owners' equity reached USD 7.8 billion.

The Following schedule compares the principal components of the Group's consolidated statement of financial position:

In USD (thousands)	2013	2012	Variance	%
<b>Assets</b>				
Cash and due from Banks	11 738 727	12 692 484	( 953 757)	(8%)
Investment Portfolio	9 917 984	8 798 770	1 119 214	13%
Direct credit facilities at amortized cost	20 971 444	20 480 414	491 030	2%
other	3 771 466	3 674 856	96 610	3%
<b>Total Assets</b>	<b>46 399 621</b>	<b>45 646 524</b>	<b>753 097</b>	<b>2%</b>
<b>Liabilities</b>				
due to banks	3 133 983	3 992 900	( 858 917)	(22%)
due to customers	34 390 055	32 886 105	1 503 950	5%
other	1 107 855	1 068 353	39 502	4%
owner's equity	7 767 728	7 699 166	68 562	1%
<b>Total Liabilities and owner's equity</b>	<b>46 399 621</b>	<b>45 646 524</b>	<b>753 097</b>	<b>2%</b>

## Arab Bank plc

### Statement of Income

Arab Bank plc's net income for the year ended 31 December 2013 amounts to JOD 346.2 million compared to JOD 261.3 million in 2012. Total revenues for the plc stood at JOD 879.4 million compared to JOD 848.1 million in 2012 recording an increase of 3.7% , net provision for doubtful debts amounts to JOD 36.1 million represents the provisions booked during the year against watchlist, and non performing loans.

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

In JOD (thousands)	2013	2012	Variance	%
<b>Revenue</b>				
Net Interest income	589 707	545 931	43 776	8%
Net commission income	162 846	151 231	11 615	8%
other	126 830	150 964	( 24 134)	(16%)
<b>Total Income</b>	<b>879 383</b>	<b>848 126</b>	<b>31 257</b>	<b>4%</b>
<b>Expenses</b>				
Employees expenses	191 729	184 624	7 105	4%
Other expenses	190 119	185 421	4 698	3%
Provision for impairment - direct credit facilities at amortized cost	36 059	126 668	( 90 609)	(72%)
Provision for impairment - other financial assets at amortized cost	2 913	-	2 913	100%
<b>Total Expenses</b>	<b>420 820</b>	<b>496 713</b>	<b>( 75 893)</b>	<b>(15%)</b>
<b>Profit for the year before tax</b>	<b>458 563</b>	<b>351 413</b>	<b>107 150</b>	<b>30%</b>
Income tax	112 337	90 072	22 265	25%
<b>Profit for the year</b>	<b>346 226</b>	<b>261 341</b>	<b>84 885</b>	<b>32%</b>

### Statement of Comprehensive Income

Arab Bank Plc's comprehensive income for the year ended 31 December 2013 amounts to JOD 240.1 million compared to JOD 195.5 million in 2012 The Following schedule shows the principal components of the bank's statement of comprehensive income:

In JOD (thousands)	2013	2012
<b>Profit for the year</b>	<b>346 226</b>	<b>261 341</b>
Add:		
Exchange differences arising on the translation of foreign operations	( 22 022)	( 6 083)
Net change in fair value of financial assets at fair value through other comprehensive income	( 84 101)	( 59 771)
<b>Total Comprehensive income for the year</b>	<b>240 103</b>	<b>195 487</b>



## Financial Position

Arab bank Plc assets reached JOD 24.5 billion as at 31 December 2013 . Customer deposits over the year increased by over JOD 880 million to reach JOD 18.2 billion. Investment portfolio has reached JOD 5,1 billion . Credit facilities amounted to JOD 10.5 billion forming 43% of total assets while shareholder's equity reached JOD 4 billion.

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

In JOD (thousands)	2013	2012	Variance	%
<b>Assets</b>				
Cash and due from banks	7 249 444	7 631 126	( 381 682)	(5%)
Investment Portfolio	5 080 330	4 668 164	412 166	9%
Direct credit facilities at amortized cost	10 539 256	9 937 597	601 659	6%
other	1 669 342	1 675 529	( 6 187)	(0%)
<b>Total Assets</b>	<b>24 538 372</b>	<b>23 912 416</b>	<b>625 956</b>	<b>3%</b>
<b>Liabilities</b>				
Due to banks	1 754 200	2 172 535	( 418 335)	(19%)
Due to Customers	18 243 668	17 362 863	880 805	5%
Other	585 090	501 507	83 583	17%
Shareholders' equity	3 955 414	3 875 511	79 903	2%
<b>Total Liabilities and shareholders's equity</b>	<b>24 538 372</b>	<b>23 912 416</b>	<b>625 956</b>	<b>3%</b>

## CAPITAL ADEQUACY

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

The following table presents a summary of the capital adequacy calculations in accordance with Basel II requirements for 2013 and 2012:

### Arab Bank Group

In USD (thousands)	2013	2012
Risk weighted assets	31 275 340	30 599 266
Core Capital	5 689 357	5 344 567
Supplementary Capital	207 196	366 539
Deductable Items	1 157 623	1 094 666
Regulatory Capital	4 738 930	4 616 440
Core Capital / Risk Weighted assets	15.15%	15.09%
Regulatory Capital / Risk Weighted assets	15.15%	15.09%

### Arab Bank plc

In JOD (thousands)	2013	2012
Risk weighted assets	17 024 838	15 906 783
Core Capital	3 733 454	3 549 505
Supplementary Capital	21 797	115 185
Deductable Items	1 273 288	1 365 539
Regulatory Capital	2 481 963	2 299 151
Core Capital / Risk Weighted assets	14.58%	14.45%
Regulatory Capital / Risk Weighted assets	14.58%	14.45%

### Income Appropriation - Arab Bank plc

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

The Board of Directors recommends the distribution of cash dividends of 30% of the shares par value , equivalent to JOD 160.2 million and a bonus share for every fifteen shares or 35.6 million shares for the year 2013 compared to 30% or JOD 160.2 million for the year 2012, as shown in the table below:

In JOD (millions)	2013	2012
Income available for appropriation	346	261
Statutory Reserve	45.9	35.1
Voluntary Reseve	-	-
General Reserve	-	-
General banking risk reserve	-	-
Proposed Cash dividends	160.2	160.2
Proposed bonus shares	35.6	-
Retained earnings	104.3	65.7
<b>Total Appropriation</b>	<b>346</b>	<b>261</b>

**Financial ratios related to Arab Bank Group:**

	2013	2012
Owners' equity / Total Assets	16.7%	16.9%
Loans / Deposits	61.0%	62.3%
Liquidity Ratio (cash and cash equivalent)	46.7%	47.1%
Cost / Income	59.1%	66.2%
Cost / Income (excluding provision for doubtful debt)	43.3%	45.3%
Core Capital	15.15%	15.1%
Regulatory Capital	15.15%	15.1%
Return on Equity	6.5%	4.6%
Return on Assets	1.1%	0.8%
Net interest and commission income / total Assets	3.0%	2.9%
EPS (USD)	0.93	0.64

**Financial ratios related to Arab Bank plc:**

	2013	2012
Shareholders' equity / Total Assets	16.1%	16.2%
Loans / Deposits	57.8%	57.2%
Liquidity ratio ( cash and cash equivalent )	50.3%	51.4%
Cost / Income	47.9%	58.6%
Cost / income ( excluding provision for doubtful debt)	43.8%	43.6%
Core Capital	14.6%	14.5%
Regulatory Capital	14.6%	14.5%
Return on Equity	8.8%	6.7%
Return on Assets	1.4%	1.1%
Net interest and commission income / Total Assets	3.1%	2.9%



Our plans for 2014 and beyond have been developed whilst taking into consideration the prevailing and expected market conditions locally and internationally. Though we expect the global economy to recover slowly, we expect to still be indirectly affected along with the world's markets at large.

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

- **Liquidity:**

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

- **Capital Adequacy:**

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

- **Risk Management:**

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

- **Excellence:**

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

Our corporate objectives for 2014 focus on further strengthening our financial position in terms of capitalization and liquidity, improving our customer service and business processes in addition to further strengthening our credit policies and enhancing our risk management platform.



Arab Bank will continue to take a cautious approach to secure shareholders' equity and to face any other unexpected crisis in the Middle East and North Africa and in the world in general. Corporate and Institutional Banking (CIB) will continue to expand its client franchise, maintaining quality and ensuring diversification. CIB will also continue to focus on financing infrastructure projects and high growth areas such as green projects and industry.

CIB will continue expanding its client base and maintain the quality of its services and credit portfolio, focusing on diversification to reduce risks. The Bank enjoys a unique network in the Middle East and North Africa in addition to experience in local markets and historic relationships with customers.

Going forward, we expect the region to be impacted by large-scale investment programs that are in progress in many Middle Eastern countries. These investment programs will create substantial business opportunities for the corporate banking community both in-country and cross border trade. The CIB expertise in trade finance and construction finance will continue to drive the focus for the coming year. Our commitment to risk management has been reinforced by the economic turmoil of these past few years and will remain unchanged. Same goes for our commitment to meeting our clients' changing needs and supporting them in their expansion and development.

As for the Consumer Banking Group in 2014 we will focus on increasing awareness on our banking programs in different markets. We will also continue work on providing an added value to our customers in their respective local markets. As for the service channels, the Bank will continue to provide a more efficient banking experience for its customers through its branch network, ATMs, electronic channels and customer contact centers.

In terms of our banking channels, Arab Bank will continue to provide leading services and to promote the concept of a modern and comprehensive bank, a culture of relationship management and improved customer satisfaction levels. The Bank will also continue to promote the concept of regional solutions and cross-border banking. For example, "Arabi Online" will be developed to enable customers to access their accounts in various markets, including service inquiries and financial transactions. In addition, work is underway on transforming the Jordan customer contact center into a regional center to serve customers in Jordan, Palestine, UAE, Qatar, Bahrain and Yemen. The revamped customer contact center will be equipped with new systems designed to increase efficiency levels and overall capacity to ensure business continuity in the case of planned or unplanned interruptions, guaranteeing the provision of standardized banking services across the region.



The Bank will also introduce automated solutions as an alternative to branches to ensure greater efficiency and convenience to customers.

As part of the Bank's focus to improve customer satisfaction levels and provide superior banking solutions, bancassurance and investment services for Elite and Arabi Premium customers will be offered in the coming year. In addition, the Bank will introduce new credit card types to keep pace with the highest global standards and meet customers' banking and non-banking needs. The Bank will also be launching the Verified by Visa / MasterCard Secure Code, a service that provides extra protection for customers when shopping online.

In addition, the Arabi Rewards program will be further developed to provide more value to our customers.

A new system for ATMs will be implemented during the coming year which will enable us to increase the operational efficiency and strengthen our vision of a regional cross-border service provider. When it comes to cards, the Bank will continue to provide Smart Cards at the highest security standards and provide instant issuance service for cards in Egypt and Palestine which will increase customer service efficiency, similar to what we have done in Jordan.

As part of the Bank's continuous commitment toward environmental sustainability and efforts to reduce resources and paper consumption, Arab Bank in 2013 launched the eStatement service and will continue to expand this service across the network. Furthermore, the Bank will support energy saving through providing customers with the ability to finance energy efficient products with a focus on solar heaters and electricity saving devices.

As for the Treasury Division's future plans, it will continue to serve the Bank's customers and to protect the Bank. 2014 will be a year to further develop our products, services and capabilities, while ensuring that the Bank remains well positioned to serve our customers and generate high quality earnings.



In JOD Thousands	2013	2012
Fees for quarterly audits and reviews	1 276	1 160

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

	<b>Name</b>	<b>Position</b>
1.	Mr. Sabih Taher D. Al-Masri	Chairman
2.	H. E. Mr. Samir Farhan Kawar	Deputy Chairman
3.	Ministry of Finance and Economy, Saudi Arabia Represented by H. E. Mr. Saleh Saad Al-Muhanna	Member of the Board
4.	Mrs. Nazek Odah/ Al Hariri	Member of the Board
5.	Social Security Corporation Represented by H. E. Mr. Ibrahim Yusuf Izziddin	Member of the Board
6.	Mr. Riad Burhan Taher Kamal	Member of the Board
7.	Mr. Mohammed Hariri	Member of the Board
8.	Abdul Hameed Shoman Foundation Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Member of the Board
9.	Mr. Wahbe Abdallah Tamari	Member of the Board
10.	Dr. Omar Ahmad Munif AL Razzaz	Member of the Board
11.	Mr. Bassam Wael Rushdi Kanaan	Member of the Board

Nationality	Number of Shares		Holdings of Controlled Companies	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Jordanian	7017120	7017120	---	---
Jordanian	183300	183300	Middle East Insurance Co. 522975	Middle East Insurance Co. 522975
Saudi	24000000	24000000	---	---
Saudi	60120	60120	---	---
Jordanian	82770000	82770000	---	---
Jordanian	15000	15000	SKYBERRY ltd 2348490	Al Gazal Foun- dation 2041350
Lebanese/Canadian	68700	68700	---	---
Jordanian	15000000	13352415	---	---
Lebanese	15000	15000	---	---
Jordanian	10005	10005	---	---
Jordanian	41115	1080		

**Number of Arab Bank Shares Owned by Senior Executives :**

No.	Name	Position
1.	Mr. Nemeah Elyas Sabbagh	Chief Executive Officer
2.	Miss Randa El Sadek	Deputy Chief Executive Officer
3.	Mr. Ghassan Hanna Suleiman Tarazi	EVP – Secretary of the Board, Head of Secretariat Division, In- vestments and Investors Relations
4.	Mr. Marwan Nashat Ragheb Riyal	EVP - Head of Human Resources
5.	Mr. Mohamed Abdul Fattah Hamad Ghanameh	EVP - Chief Credit Officer
6.	Mr. George Fouad Georgy El Hage	EVP - Chief Risk Officer
7.	Mr. Michael Matossian	EVP - Head of Regulatory Compliance
8.	Mr. Naim Rasem Kamel Al Hussaini	EVP - Consumer Banking Head
9.	Mr. Fadi Zouein	EVP – Head of Audit
10.	Mr. Basem Ali Abdullah Al Emam	Head of Legal Affairs
11.	Mr. Antonio Mancuso Marcello	EVP - Head Of Treasury
12.	Mr. Dawod Mohammad Dawod Al Ghouh	EVP - Chief Financial Officer
13.	Mr. Mohamad Mousa Dawoud Mohamad Issa	EVP - Country Manager of Jordan
14.	Mrs. Eman Jamal Omar Al-Sahhar	Head of Secretariat Department
15.	Mr. Omar Ben Amor Bouhadiba	EVP - Head of Corporate & Institutional Banking

Nationality	Number of shares		Holding of controlled companies	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Lebanese	10005	10005	-----	-----
British	20010	-----	-----	-----
Jordanian	10005	10005	-----	-----
Jordanian	195	195	-----	-----
Jordanian	15000	15000	-----	-----
Canadian	-----	-----	-----	-----
American	1200	1200	-----	-----
Saudi	-----	-----	-----	-----
Lebanese	-----	-----	-----	-----
Jordanian	900	900	-----	-----
British	-----	-----	-----	-----
Jordanian	-----	-----	-----	-----
Jordanian	10005	10005	-----	-----
Jordanian	5250	5250	-----	-----
French	-----	-----	-----	-----

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

13No.	Name and Position	Relation-ship
1.	Mr. Sabih Taher Al-Masri Chairman	
		Spouse
	Mrs. Najwa Mohamad Abdul Rahman Madi	Minors
2.	H. E. Mr. Samir Farhan Kawar Deputy Chairman	
		Spouse
		Minors
3.	Ministry of Finance and Economy, Saudi Arabia Member of the Board	
	Represented by H. E. Mr. Saleh Saad Al-Muhanna	Spouse
		Minors
4.	Mrs. Nazek Asaad Oudeh/Al Hariri Member of the Board	
		- - -
		Minors
5.	Social Security Corporation Member of the Board	
	Represented by H. E. Mr. Ibrahim Yusuf Izziddin	Spouse
		Minors

Nationality	Number of shares		Holding of controlled companies	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Jordanian	3172800	3172800	---	---
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13No.	Name and Position	Relation-ship
6.	Mr. Riad Burhan Taher Kamal	Spouse
	Member of the Board	Minors
7.	Mr. Mohammed Hariri	Spouse
	Member of the Board	Minors
8.	Abdul Hameed Shoman Foundation	Spouse
	Member of the Board Represented by H. E. Mr. Khaled Anis Mohammad "Zand Al-Erani"	Minors
9.	Mr. Wahbe Abdullah Tamari	Spouse
	Member of the Board	Minors
10.	Dr. Omar Ahmad Munif AL Razzaz	Spouse
	Member of the Board	Minors
11.	Mr. Bassam Wael Rushdi Kanaan	Spouse
	Member of the Board	Minors



Nationality	Number of shares		Holding of controlled companies	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
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**Number Of Arab Bank Shares Owned by the Relatives of Senior Executives:**

No.	Name	Relationship	Nationality
1.	Mr. Nemeh Elyas Sabbagh	Spouse	Lebanese
		Moinors	
2.	Miss Randa El Sadek	-----	-----
3.	Mr. Mohamad Mousa Dawoud Mohamad Issa	Spouse	Jordanian
		Moinors	
4.	Mr. Ghassan Hanna Suleiman Tarazi	Spouse	Jordanian
	Mrs. Nawal Wafa Najib Tarazi		
	Dalya Ghassan Hanna Tarazi	Moinors	Jordanian
	Layan Ghassan Hanna Tarazi	Moinors	Jordanian
5.	Mr. Marwan Nashat Ragheb Riyal	Spouse	Jordanian
		Moinors	
6.	Mr. Mohamed Abdul Fattah Hamad Ghaname	Spouse	Jordanian
		Moinors	
7.	Mr. Naem Rasem Kamel Al Hussein	Spouse	Saudi
		Moinors	
8.	Mr. Michael Matossian	Spouse	American
		Moinors	
9.	Mr. George Fouad Georgy El Hage	Spouse	Jordanian
		Moinors	

Number of shares		Holding of controlled Companies	
31.12.2013	31.12.2012	31.12.2013	31.12.2012
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1005	1005	-----	-----
9510	9510	-----	-----
9510	9510	-----	-----
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No.	Name	Relationship	Nationality
10.	Mr. Fady Zouein	Spouse	Lebanese
		Moinors	
11.	Mr. Antonio Mancuso Marcello	Spouse	British
		Moinors	
12.	Mr. Dawod Mohammad Dawoud Al Ghoul Mrs. Niveen Amin Mohamad A'Dilah	Spouse	Jordanian
		Moinors	
13.	Mr. Basem Ali Abdullah Al Emam	Spouse	Jordanian
		Moinors	
14.	Mrs. Eman Jamal Omar Al-Sahhar Mr. «Jamal Abdelnaser» Mohamad Alhaj Ahmad	Spouse	Jordanian
		Moinors	
15.	Mr. Omar Ben Amor Bouhadiba	Spouse	French
		Moinors	

Number of shares		Holding of controlled Companies	
31.12.2013	31.12.2012	31.12.2013	31.12.2012
-----	-----	-----	
-----	-----	-----	
-----	-----	-----	
-----	-----	-----	
300	300	-----	
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2400	2400	-----	
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No.	Member Name	Title
1	Mr. Sabih Taher Darwish Al-Masri	Chairman
2	Mr. Samir Farhan Khalil Kawar	Deputy Chairman
3	Messrs. Ministry of Finance , Saudi Arabia Represented by Saleh Saad A. Al-Muhanna	Member
4	Mrs. Nazik Odah Al-Hariri	Member
5	Messrs. Social Security Corporation Represented by Ibrahim Yusuf Ibrahim Izziddin	Member
6	Mr. Riad Burhan Taher Kamal	Member
7	Mr. Mohammed Ahmad Mokhtar Hariri	Member
8	Mr. Wahbe Abdallah Wahbe Tamari	Member
9	Messrs. Abdul Hameed Shoman Foundation Represented by Khaled Anis Mohd (Zand Irani)	Member
10	Dr. Omar Ahmad Muneef Alrazzaz	Member
11	Mr. Bassam Wael Rushdi Kana'an	Member
Total		

(Jordanian Dinar)

	<b>Annual Transportation Allowance</b>	<b>Board Remuneration</b>	<b>Total</b>
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	24,000	5,000	29,000
	22,710	5,000	27,710
	262,710	55,000	317,710

**Executive Management Compensation and Benefits in 2013:**

	Name	Position
1.	Mr. Nemeh Elias Sabbagh	Chief Executive Officer
2.	Ms. Randa Muhammad Sadik	Deputy Chief Executive Officer
3.	Mr. Mohamed A. Hamad Ghanameh	EVP - Head of Credit
4.	Mr. Omar Bouhadiba	EVP - Head of Corporate and Institutional Banking (Since September 2nd 2013)
5.	Mr. Antonio Mancuso-Marcello ("Tony Marcello")	EVP - Head of Treasury
6.	Mr. Naim Rassem Kamel Al-Hussaini	EVP - Head of Consumer Banking
7.	Mr. Mohammad Musa Dawood "Moh'd Issa"	EVP - Jordan Country Manager
8.	Mr. Daoud M. Al-Goul	EVP- Chief Financial Officer
9.	Mr. Basem Ali Abdallah Alemam	Head of Legal Affairs
10.	Mr. Marwan Nasha'at R. Riyal	EVP - Head of Human Resources Division
11.	Mr. George Fouad El-Hage	EVP - Chief Risk Officer
12.	Mr. Michael Matossian	EVP - Head of Group Regulatory Compliance
13.	Mr. Fadi J. Zouein	EVP - Head of Internal Audit
14.	Mrs. Eman Al-Sahhar	VP - Head of Secretariat Department - Shareholders Unit

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

	Name	Position
1	Mr. Ghassan Hanna Suleiman Tarazi	EVP- Secretary of the Board Head of Secretariat Department and Investor Relations



(In JOD)

Annual Salary	Annual transportation allowance	Travel expenses (not include accommodation and tickets)	Total
432000	-	-	432000
400000	-	-	400000
236937	-	-	236937
102950	-	-	102950
438966	-	-	438966
267640	-	-	267640
239040	-	-	239040
370504	-	-	370504
221756	-	-	221756
254040	-	-	254040
123856	-	-	123856
357240	-	-	357240
254248	-	-	254248
93506	-	-	93506

(In CHF)

Annual Salary	Annual transportation allowance	Travel expenses (not include accommodation and tickets)	Total
324 480			324 480



Project / Entity	JOD
Abdul Hameed Shoman Foundation	10,708,052
Jordan River Foundation	635,323
King Hussein Cancer Foundation	513,521
The King Abdullah II Fund for Development (KAFD)/ The World Economic Forum 2013	177,250
Teaching employees children	88,490
Fuel Support for Employees	55,685
Tkiyet Um Ali	51,501
Jordan Football Association	50,000
The Jordanian Hashemite Fund For Human Development	50,000
Al Aman Fund For The Future Of The Orphans	37,865
Kings Accademy School	29,356
Jordan Charitable Foundation	15,854
Others	54,628
<b>Total</b>	<b>12,467,525</b>

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

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

	December 31, 2013				JD'000
	Deposits owed from Related Parties	Direct Credit Facilities at amortized cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Sister and Subsidiary companies	1 481 506	116 817	237 056	184 844	
Associates	83 884	-	33 211	3 537	
Major shareholders and Members of the Board of Directors	-	309 546	450 513	46 119	
<b>Total</b>	<b>1 565 390</b>	<b>426 363</b>	<b>720 780</b>	<b>234 500</b>	

	December 31, 2012				JD'000
	Deposits owed from Related Parties	Direct Credit Facilities at amortized cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Sister and Subsidiary companies	2 143 329	125 186	445 486	137 536	
Associates	260 097	-	129 988	14 031	
Major shareholders and Members of the Board of Directors	-	201 193	267 734	60 701	
<b>Total</b>	<b>2 403 426</b>	<b>326 379</b>	<b>843 208</b>	<b>212 268</b>	

JD '000

The details of transactions with related parties are as follows:

	2013	
	Interest Income	Interest Expense
Subsidiaries and Sister companies	9 556	6 654
Associates	280	104
	<b>9 836</b>	<b>6 758</b>

	2012	
	Interest Income	Interest Expense
Subsidiaries and Sister companies	12 720	9 418
Associates	256	248
	<b>12 976</b>	<b>9 666</b>

- Interest on facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Bank's key management personnel, inside and outside Jordan, amounted to JD 23.4 million in 2013 (JD 22.4 million in 2012).



Arab Bank believes that a clean and sustainable environment is essential for the welfare of future generations including employees, their families and society as a whole. Based on this conviction, the Bank participates actively in initiatives and activities aimed at protecting the environment, both internally and externally.

When it comes to internal environment protection initiatives, the Bank maintained its policy of adopting environment-friendly systems in new branches as well as the deployment of innovative solutions at existing branches where possible. The Bank is replacing lighting in all of its buildings to either LED units or more efficient power consumption systems, which contributed significantly to the reduction in energy consumption during the year.

In addition, the Bank has implemented a range of initiatives using solar energy to be announced in 2014 after the initial rollout which will contribute greatly to electric power consumption efficiency.

On the other hand, the Bank continued rationalizing fuel consumption to reduce harmful and toxic emissions. The Bank also adopted water saving units across its operations to decrease consumption of this scarce resource.

As part of the Bank's continuous commitment toward environmental sustainability and efforts to reduce natural resources and paper consumption, Arab Bank in 2013 launched the eStatement service in Qatar, Lebanon and Bahrain. Customers can now get their statements electronically for their accounts and credit cards rather than traditional paper statements in Jordan, Palestine, Egypt, UAE and Qatar, Bahrain and Lebanon.

In line with Arab Bank's environmental concerns and social responsibility, Arab Bank considered the renewable energy sector as one of its strategic targets. During 2013, Arab Bank participated in the financing of the (117) MW Tafilah Wind Farm Project under the umbrella of the International Finance Corporation. Arab Bank also undertook the roles of Onshore Account Bank and Onshore Security Agent for this prestigious financing. The Bank provided support letters to five of the international consortiums that submitted bids to the Ministry of Energy and Mineral Resources (MEMR) under the first phase for the purpose of building and operation of approximately 10-12 Photo Voltaic solar energy plants in the Ma'an Development area.



In addition Arab Bank agreed to partner with three international development Banks (EBRD, EIB and KFW) in a joint initiative to promote clean and sustainable energy use by Jordanian businesses. This initiative is called "Jordan Sustainable Energy Finance Facility" and it targets small to medium businesses that undertake projects to minimize the use of traditional energy sources or replace those sources with green energy. We expect to finalize the arrangements for this joint initiative soon and to start providing finance to eligible users in 2014.

Arab Bank has supported a number of initiatives that are concerned with protecting the environment in Jordan mainly through collaboration with the Royal Society for the Conservation of Nature (RSCN), one of the Together program NGOs. The Bank participated in "Community Development for Faqou Village" project in Al Mujeb Biosphere Reserve aiming to conserve the area by improving the livelihood of the local community in Faqou Village through reducing poverty levels. This will directly reflect on their dependence on the Reserve's scarce natural resources. A total of 21 employees participated in different activities inside the village in cooperation with RSCN team.

With the objective of raising the community's awareness on environmental pollution and conserving forests and natural resources, the Bank was the exclusive sponsor for the "Clean Up the World" campaign for the fourth consecutive year which was held in Al Yarmouk Reserve, whereby 16 employees participated.

The RSCN has also received donations from the Bank's channels through customers. These channels allow customers to donate directly to the non-profit organizations participating in the Together program.

Additionally, the Bank collaborated with the Al Shajarah NGO and adopted 10 acres of Asfour Forest in Jerash. The Bank participated in three activities including planting, cleaning, and helping in the irrigation process with the participation of 69 employees.

As part of the Bank's contributions to environmental protection in Palestine, the Bank collaborated with Al Diyar Group to set up Jannah Natural Reserve on Marer Mountain in Bethlehem, aiming to increase the green areas and to protect the environment there. The Bank's employees also participated in a volunteering activity in Kofor Kallel village in Nablus to plant 50 evergreen trees at the entrance of the village in collaboration with the village council.



The Bank also sponsored the “Environmental Summer Camp” held in Al Toorah Primary School for Girls in cooperation with the Environment Quality Authority - Jeneen Office and the Ministry of Education - School’s Health Department in Jeneen, aiming at conserving the environment and raising students’ awareness.



### Sustainability at Arab Bank

Arab Bank's sustainability journey began since its inception in 1930 and evolved over time based on the Bank's purpose, part of the Bank's name sake, to enable the Arab world to reach preeminence. The Bank, has, and continues to play a significant role in shaping the lives of people in the Arab world, developing the Arab economies and communities in which it operates. The Bank does this through supporting and financing strategic projects in the region in addition to pioneering its social responsibility toward developing and building the capacity of the Arab world, serving the communities' needs and priorities.

Within this context, the Bank established the Abdul Hameed Shoman Foundation in 1978 and launched a multi-dimensional Corporate Social Responsibility (CSR) program "Together" in 2009. In pursuit of achieving its vision and mission, emerging from the Bank's purpose, values and ambitions, the Bank has adopted a strategic approach to its social and economic responsibility beyond financial contributions following a clear plan to integrate sustainability concepts within daily banking operations and the Bank's main activities.

To catalyze the integration of sustainability concepts within the Bank's daily operations, in 2013, the Bank enhanced the "Sustainability Champions" program which includes employees from different departments based on their capabilities and competencies to represent their department in the implementation of the sustainability strategy through continuous coordination with the sustainability department and providing periodic reports of their achievements. Implementing this program at the Bank contributes to integrating sustainability concepts in all its operations and daily activities and developing a road map guiding the Bank toward achieving its strategic objectives of empowering communities and sustainable development.

The strategic approach followed by the Bank is multi-dimensional and revolves around five main strategic focus areas: Responsible financing, empowered employees, system optimization, transparent reporting and community cooperation, to achieve a sustainable future for the Bank through economic performance, environmental impact and community contributions.

In line with this approach, the Bank issued its third sustainability report during 2013 based on the "Global Reporting Initiative" (GRI) guidelines and was able to achieve level (A) of reporting to be the first bank in Jordan to publish such a specialized report. With this report the Bank aims to enhance transparency and engagement with stakeholders. The Bank has committed to publish this report on an annual basis since 2011.

The Bank also aims to integrate sustainability concepts within its community contributions by enhancing its CSR program beyond financial support to include the following aspects:





- Providing special products and services to enable customers to donate and support the community.
- Building the capacities of NGO's through providing training and development opportunities to ensure their sustainability.
- Involving employees in voluntary activities and initiatives to support their mission.

### **Corporate Social Responsibility Program: Together**

Together is a multi-dimensional Corporate Social Responsibility (CSR) program launched by Arab Bank in 2009 in collaboration with various non-governmental organizations (NGOs) and aims to support the community in four main areas: Health, poverty alleviation, environmental protection and education and orphan support.

The program aims to implement community initiatives in these areas to achieve sustainable development, creating a long-term positive impact on communities through collaboration with NGOs and engaging Arab Bank's employees and customers.

The Bank has made great strides in these areas through cooperating with various NGO's such as the King Hussein Cancer Foundation, Tkiyet Um Ali, the Royal Society for the Conservation of Nature and Al Aman Fund for the Future of Orphans. This is in addition to the participation of employees through voluntary work and customer engagement, providing them with the opportunity to donate for the benefit of the Together program's participants through the following service channels: Internet Banking Service (Arabi Online), Phone Banking Service (Hala Arabi), ATMs and the Bank's branches across the Kingdom. In addition, there is the Together Platinum credit card, which offers cardholders a unique mechanism that allows them to donate up to (0.5%) of the value of their purchases to the Together program's participants and in return, the Bank will match the amount in addition to donating 50% of the card's annual membership fee to these organizations

In 2013, 270 employees in Jordan volunteered in 34 volunteering activities, with 455 participations impacting more than 30,000 beneficiaries, which represent 125% increase since 2012.

The year 2013 witnessed a noticeable increase in customers' donations recording a 26%, growth compared to last year through the Bank's donation channels. The Bank's donation channels offer customers the opportunity to make direct donations to The Together program NGO's which reached approximately 135,955 Jordanian dinars.

In addition to involving employees and customers in the program, the Bank pays special attention to building the capacity of NGOs by providing training and development opportunities to enhance their employees' skills and capabilities to



ensure the sustainability of their operations. During 2013 the Bank conducted a number of courses to benefit the NGOs' employees participating in the Together program. The Bank's certified internal trainers provided courses to utilizing their skills and competencies to help develop NGOs through a range of courses that were identified based on the NGOs' needs and priorities. In 2013, the Bank conducted seven specialized courses, benefiting 64 participants from four NGOs with 320 training hours.

Based on the success of the Together program in Jordan and emerging from the Bank's commitment toward the development and empowerment of communities in which it operates, the Bank expanded the program in 2012 to include Palestine. The program was launched in Palestine to contribute to achieving social, economic and environmental development based on the same four areas covered by the program in Jordan: Health, poverty alleviation, environmental protection and education and orphan support.

The below are highlights of the Bank's community contributions under the umbrella of the Together program:

### Health

The Bank supported a number of health-related initiatives in collaboration with the King Hussein Cancer Foundation, one of the NGOs participating in the Together program. In 2013 the Bank held two blood donation drives, during which 88 blood units were donated for the benefit of patients of the King Hussein Cancer Center (KHCC). Moreover, eight volunteers from the Bank spent a recreational day with 19 child patients from KHCC that included sports activities.

The Bank is also keen on protecting the health of its employees, and therefore, a breast cancer awareness campaign was organized in collaboration with the KHCF and the Jordan Breast Cancer Program (JBPC) benefiting 54 female Bank employees.

Arab Bank demonstrated the importance of health issues through supporting several sports and social activities in Jordan. In 2013 the Bank was the diamond sponsor for the Prince Talal marathon pledge which involved the participation of his highness in the Dead Sea Ultra Marathon to raise support for six cancer patients currently being treated at the KHCC. The Bank also covered the participation cost for 629 employees, their family and friends in the Dead Sea Ultra Marathon. The Bank was also the gold sponsor for the Amman International Marathon for the fourth consecutive year, covering the cost for the participation of 836 employees and their family and friends. The Bank also continued to be the official bank for the Jordan Football Association and the Jordan National Football and youth leagues. Moreover, the Bank gave its employees the chance to support KHCF's "Friends" program, where by employees are able to provide financial support to cancer pa-



tients who are encountering financial difficulties and are unable to cover their expensive medication costs. A number of employees contributed on a monthly basis by creating standing orders through our Internet banking service.

The King Hussein Cancer Foundation has also received donations from the Bank's customers through channels. These channels allow customers to donate directly to the non-profit organizations participating in the Together program.

The Bank also held an activity with the elderly at the "Golden Age Home", where 14 employees visited the center and distributed gifts in addition to participating in a long term project aiming to beautify and rehabilitate the center.

Additionally, as part of its health sustainability strategy, the Bank also supported the Welfare Committee for Liver and Endocrine Disease through in-kind donation that included furnishing their offices with chairs, tables and computers.

As for health initiatives in Palestine, the Bank implemented a number of activities to the benefit of the local community such as supporting the rehabilitation and renovation of the emergency entrance of the Palestinian Medical Complex in Ramallah.

The Bank also provided a Vertigo Test Machine which is used for diagnosing the causes and different types of dizziness in children and adults.

As for combating cancer in Palestine, the Bank collaborated with Dunya Women's Cancer Clinic to educate women in marginalized areas on the importance of screening and early detection of breast cancer as well as covering the costs of screening expenses. As for protecting employees' health, the Bank held six awareness sessions for psychological support benefitting 60 female employees.

On the other hand, the Bank supported the Medical Technology Association in Palestine by refurbishing their offices where they hold sessions and workshops for their members.

To promote health and well-being among our employees, the Bank also implemented an awareness initiative on obesity highlighting important topics such as: How to avoid obesity medications, and how to maintain a healthy body.

In Egypt, the Bank was the bronze sponsor for the "57357" marathon for the third consecutive year. The profits of the marathon aim to benefit scientific researches at 57357 Hospital for child cancer patients. The Bank also covered the participation cost for a number of employees to participate in the marathon.

### Poverty Alleviation

The Bank continues its support to programs that aim at alleviating poverty pockets in the Kingdom through its ongoing initiatives with Tkiyet Um Ali (TUA), one of the Together program NGOs. The Bank continued supporting 17 under privileged families in Ruweished by providing them with monthly food packages



for one year. The Bank has also supported TUA's Ramadan campaign by preparing and packaging approximately 1,150 food packages with the participation of 51 employees in four volunteering activities to benefit more than 7,000 people. Furthermore, six volunteers were involved in the distribution of food packages to 50 underprivileged families in Irbid. The Bank also implemented five food serving activities where 37 volunteers served approximately 1,000 people.

Arab Bank was also the exclusive sponsor of the "Lamsit Dafa" campaign implemented by TUA to distribute blankets to underprivileged families and help them cope with the cold winter weather. Nine employees helped in distributing 1,074 blankets in poverty pockets in East Amman, Irbid, Ma'an and Tafleeh.

Tkiyet Um Ali has also received donations from the Bank's channels through customers.

Moreover, 22 employees participated in a volunteering activity with the Charity Clothing Bank (CCB) under the umbrella of the Jordanian Hashemite Charity Organization (JHCO) to provide underprivileged people with new and second hand clothing over the year.

### **Environmental Protection**

Arab Bank has supported a number of environmental protection initiatives in Jordan, mainly through collaboration with the Royal Society for the Conservation of Nature (RSCN), one of the Together program NGOs. The Bank participated in "Community Development for Faqou Village" project in Al Mujeb Biosphere Reserve aiming to conserve the Reserve by improving the livelihood of the local communities in Faqou Village and reducing poverty levels. The goal of the initiative is to decrease dependence on the Reserve's scarce natural resources. A total of 21 employees participated in different activities inside the village in cooperation with the RSCN team.

With the objective of raising the community's awareness on environmental pollution and conserving forests and natural resources, the Bank was the exclusive sponsor for the "Clean Up the World" campaign for the fourth consecutive year, which was held in Al Yarmouk Reserve whereby 16 employees participated.

The RSCN has also received donations from the Bank's channels through customers.

Additionally, the Bank collaborated with Al Shajarah NGO and adopted 10 acres of Asfour Forest in Jerash and implemented three activities including planting, cleaning, and helping in the irrigation process with the participation of 69 employees.



In Palestine, as part of the Bank's contribution to environmental protection, the Bank collaborated with Al Diyar Group to set up Jannah Natural Reserve on Mareer Mountain in Bethlehem, aiming to increase the green areas and to protect the natural environment there. The Bank's employees also participated in a volunteering activity in Kofor Kallel village in Nablus to plant 50 evergreen trees at the entrance of the village in collaboration with the village council.

The Bank also sponsored the "Environmental Summer Camp" held in Al Toorah Primary School for Girls in cooperation with the Environment Quality Authority - Jeneen Office and the Ministry of Education - School's Health Department in Jeneen, aiming at conserving the environment and raising student's awareness.

### **Education and Orphan Support**

The Bank collaborates with a number of organizations to empower youth through education and training, notably with Al Aman Fund for the Future of Orphans and INJAZ.

During 2013, the Bank supported several programs with Al Aman Fund for the Future of Orphans, one of the NGOs participating in the Together program. These programs include the completion of university education for eight students starting from the academic year 2013/2014 and expected to graduate at the end of the academic year in 2016/2017 the Bank also sponsored Al Aman Fund's vocational training program benefiting 32 orphans (eight vocational students every year for four years).

The Bank was also the gold sponsor for Al Aman Fund Job Fair which provided career guidance for graduates. Job seekers and students had the chance to learn from different workshops in order to develop their personal skills and professional competencies.

The Bank also celebrated Mothers' Day by recognizing 27 mothers working in five orphans centers and honored their efforts in being caregivers. The event included discussion session to shed the light on the challenges facing caregivers at the centers.

Al Aman Fund also received donations from the Bank's channels through customers.

As part of the Bank's collaboration with INJAZ, the Bank adopted three schools in the area of Bayader Wadi Al-Seer in addition to one school for students with special needs in Jabal Al-Weibdeh. This collaboration aims to provide a better educational environment for approximately 3,793 students. The Bank's employees also participated, whereby 13 employees volunteered to deliver extra curricular programs in schools and universities and contributed in painting the walls of some of the adopted schools.

As part of supporting students and raising their environmental awareness, the Bank held an activity in collaboration with INJAZ to build recycled trash bins made from used tires and install them inside the adopted schools to reduce littering. The initiative also included beautifying the gardens of these schools through planting flowers.

Emerging from the Bank's belief to promote the concept of volunteerism among students, the Bank sponsored "Young Volunteers' Day", in which 5,939 students and 12 employees volunteered to implement the program in 40 schools across the kingdom.

The Bank was also the gold sponsor for the Career Wellness Program, benefiting more than 5,550 students from 15 universities covering all governorates. The program aims to prepare job seekers and build their capacities to become productive in the workplace and Jordanian society.

The Bank continued supporting the Traffic Department to enhance road safety awareness by sponsoring their awareness campaign. The Traffic Department distributed 100,000 booklets to students across the Kingdom.

In Palestine, as part of the Bank's continuous support for education, the Bank signed a memorandum of understanding with the Palestine Red Crescent Society (PRCS) – Nablus Branch to support students with special needs by buying a school bus to drive special needs students from and to the school. It is worth mentioning that PRCS provides students with health, physical and physiological care in addition to the academic education. Moreover, 11 employees participated in a recreational volunteering day with the students and distributed school bags as part of the "Back to School Campaign" implemented by PRCS.

#### **Other Initiatives:**

In order to promote economic development and investment, the Bank was the strategic sponsor for the second Euromoney Conference in Jordan, where business leaders and the Chambers of Commerce and Industry attended to discuss financing entrepreneurship projects in Jordan.

The Bank was also the strategic partner for the World Economic Forum held in May of 2013. The forum focused on creating job opportunities in the Middle East and gathered a number of political, economic and cultural leaders from all over the world to discuss issues facing the region. Moreover, delegates from the Bank attended the forum.

To support Culture initiatives in Jordan, the Bank sponsored the Amman Citadel Festival organized by Friends of Jordan Festivals. The Bank's financial support gave the chance for more than 1,700 underprivileged children to attend the festival.

To highlight the private sector's role and impact in developing the community, the Bank sponsored a dedicated CSR column in Al Ghad, a major daily Jordanian newspaper for the second consecutive year. Through weekly articles, the column focuses on raising awareness and building knowledge on the latest efforts by the private and public sector to engage on sustainability issues. This initiative also aims to encourage other entities to become active corporate citizens and to transparently communicate their achievements through this column and eventually their own sustainability reporting.



### **Abdul Hameed Shoman Foundation (AHSF)**

The Abdul Hameed Shoman Foundation was established 35 years ago by the Arab Bank, in what was then an innovative move by the private sector to contribute to the initiation of a beacon of knowledge and innovation in Jordan and the Arab world. Since establishment, the Foundation has played a positive role in enriching the Jordanian and Arab cultural and the development of the scientific scene through knowledge, research and dialogue. Currently, the Foundation is developing new programs focusing on creating job opportunities and encouraging entrepreneurship, aiming to reduce unemployment rates and achieving sustainable development for the youth and the general community

In 2013, the Foundation developed a new vision and mission that clarify its identity and objectives which are:

- Vision: For a society of culture and innovation.
- Mission: Investing in cultural and social innovation positively impacting the communities we serve through thought leadership, arts and literature and innovation and employment.

The year 2013 witnessed many achievements by the Foundation at both the local and Arab levels. The most prominent of which was the release of the Expanded Thesaurus (Maknaz)'s second edition and a web based version in cooperation with the Dubai Culture and Arts Authority and Juma Al Majid Heritage and Culture Center. The Expanded Thesaurus (Maknaz) is the largest Arabic trilingual thesaurus that covers all fields of knowledge. The Foundation has also launched the children's library "Knowledge Path" at its public library, which is described in details below.

Another main initiative that the Foundation adopted in the scientific research field is supporting regional researchers and scientists through the Abdul Hameed Shoman Fund for Scientific Research, which supported four projects in the fields of engineering, chemistry, agriculture and nutrition, and medical and assistant medical sciences. As for the Abdul Hameed Shoman Award for Arab Researchers, 12 researchers from 142 candidates were awarded, representing different Arab countries (Jordan, United Arab of Emirates, Saudi Arabia, Kuwait, Palestine, Syria and Egypt) covering several fields including: Physics and geology, mathematics and information technology, agricultural sciences, social sciences, medical sciences and engineering. In 2013, as a response to the changing needs for researchers in Jordan and the Arab region, the Foundation modified the award's criteria to include all ages and not only limit it to young people, and therefore it was renamed as the Abdul Hameed Shoman Award for Young Arab Researchers.

The Abdul Hameed Shoman Award for Children's Literature which aims at advancing literatur presented to children to better foster their creativity. In 2013,



the award was presented for the 2012 edition, in the “National and Social Chant” genre. The Award was shared by a Jordanian and a Tunisian. Moreover, the year witnessed many enhancements to the Abdul Hameed Shoman public library, ensuring to meet its visitors’ needs and expectations. The changes include:

- Offering its members and visitors free WiFi service.
- Extending opening hours from 9:00 am to 8:00 pm Saturday through Thursday. It has also started to open its doors on Fridays from 3:00 pm to 8:00 pm.
- Continuing to support sub-libraries in governorates through regularly providing them with new books and periodicals.
- Continuing to support libraries which amounted to approximately 40 libraries around the Kingdom.
- Continuing to exchange books with other libraries and information centers inside and outside the Kingdom
- Participating in several book fairs along with national and international conferences specialized for libraries and information centers.
- Offering capacity building and training to other librarians from across Jordan and the Arab region.
- Hosting various book club sessions.
- The Library was made more accessible and equipped to become special-needs friendly.
- The Library continued its cooperation with the Ministry of Culture in supporting the “Jordanian Family Library” project for the year 2013.
- Renewing the annual financial support for Haya Cultural Center’s mobile library and provided it with many children’s books and stories.

### **Knowledge Path Library**

The launch of the “Knowledge Path” library on October 6th, 2013 comes as part of the Abdul Hameed Shoman Foundation’s vision to develop an innovative and self-aware community. “Knowledge Path” with its central location at the heart of Amman, is not just a traditional library, it is an active open space for children of all ages and backgrounds to meet, discover and explore through reading, storytelling and creative activities that inspire innovative thinking.

Knowledge Path includes a Reading Hall that has over 10,000 selected Arabic and English books and stories of various subjects, a Children’s Corner that serves ages three to six years old along with one of their parents, a Computer Corner, in addition to a Creative Corner that holds various art, music, drama and theater activities that focus on books and book reading.



The Library aims at providing an enjoyable child friendly environment that contributes to nurturing a self-aware and capable generation through reading, storytelling and creative activities. Knowledge Path welcomes children from all age groups to read and participate in the interactive activities and initiatives. Children from age three to 16 years can subscribe to become members for a minimal fee to borrow books and enjoy the activities.

Since its launch in the beginning of October and until the end of November 2013, the Knowledge Path Library hosted around 2,500 visitors, including 30 schools, in addition to more than 500 subscriptions. Knowledge Path also hosted children's book club sessions and science shows coordinated with local and international parties.

#### **“The Children’s Talents Center” in Ajloun’s Urban Village**

In 2013 the Foundation established “The Children’s Talents Center”, which comprises a library and a kids club in the city of Ajloun. This step is in line with the Foundation’s strategy to promote knowledge and enable a culture of creativity and sustainable development across the Kingdom.

The Foundation’s team of experts offered capacity building training for the Children’s Talents Center’s staff. In addition to planning the Center’s activities, the Foundation has helped in furnishing and equipping the Center with its library needs such as books, periodicals and different educational materials. It also has provided different types of books which would also appeal to parents and educators.

#### **Cultural Forum**

The Abdul Hameed Shoman Cultural Forum has continued to host the most prominent Jordanian and Arab intellectuals and researchers in its weekly program, every Monday. A range of symposiums, lectures, discussions, exhibitions, debates, and book signings, in addition to hosting youth initiatives took a place in 2013.

The Forum covered emerging issues through a range of events and hosting a number of distinguished intellectuals, role models and dignitaries who gave lectures and completed debate sessions on various topics. Poetry readings were also held at the Forum for the following Arab poets: Abdul Razzaq Abdul Wahed from Iraq, Ibrahim Nasr Allah from Jordan and Shawqi Bazi’ from Lebanon. The Forum also hosted the “Philadelphia’s Second Festival for Young Poets” in cooperation with Philadelphia University.

Many books and publications were launched in different fields for Arab and Jordanian authors and experts including: Dr. Ayda Najjar and Dr. Zaid Hamza from Jordan and Dr. Hamid Jamili from Iraq. The Forum also hosted the launch of the book "Eyewitness" by the deceased author Mohammad Tumaleh on the fifth anniversary of his death. The event was attended by some of the most prominent satirists such as: Yousef Ghishan, Ahmad Hassan Al Zoubi and Nasser Jaffari.

Moreover, the Forum hosted the exhibition for the caricaturist Emad Hajjaj on the occasion of the character's "Abu Mahjoub" 20th anniversary, along with other symposiums shedding light on the fields of documentation and archiving, in addition to hosting many other Jordanian and Arab researchers and intellectuals during the year 2013.

### **Cinema**

The Foundation's Cinema Department has continued its screening of selected Arab and international films followed by discussions within its weekly program each Tuesday.

The Foundation organized two film festivals; the first was "The Lebanese Film Week" held in cooperation with the Royal Film Commission, and the second was "The Chinese Film Week" which was held in cooperation with the Ministry of Culture, the Embassy of the People's Republic of China and the Royal Film Commission. During that festival the Foundation received the first Chinese artistic delegation (Tchin Keh Jih) in his first visit to Jordan.

### **Other Events and Initiatives that were Supported During 2013**

- Support the awards and exhibit of the Children's Science Fair "Future Scientists" held by UNRWA's Educational Development Center.
- Amoun Theatre Festival 2013 organized by the Directorate of Arts & Theater under the Ministry of Culture.
- The Foundation has also extended its support to many scientific and creative conferences including the Scientific Day at the Energy Center, the Conference of "Literary Criticism" and the Conference of Renewable Energy.

**Arab Bank Group**

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		December 31,	
	Note	2013	2012
Cash and balances with central banks	6	8 179 537	7 749 111
Balances with banks and financial institutions	7	3 491 694	4 841 549
Deposits with banks and financial institutions	8	67 496	101 824
Financial assets at fair value through profit or loss	9	934 370	964 486
Financial derivatives - positive fair value	40	33 807	50 604
Direct credit facilities at amortized cost	11	20 971 444	20 480 414
Financial assets at fair value through other comprehensive income	10	453 510	553 760
Other financial assets at amortized cost	12	8 530 104	7 280 524
Investment in associates	13	2 618 191	2 426 449
Fixed assets	14	499 593	516 799
Other assets	15	564 302	637 114
Deferred tax assets	16	55 573	43 890
<b>TOTAL ASSETS</b>		<b>46 399 621</b>	<b>45 646 524</b>
Banks and financial institutions' deposits	17	3 028 613	3 836 388
Customer deposits	18	30 722 831	29 352 384
Cash margin	19	3 667 224	3 533 721
Financial derivatives - negative fair value	40	66 684	76 316
Borrowed funds	20	105 370	156 512
Provision for income tax	21	196 895	218 692
Other provisions	22	139 022	120 773
Other liabilities	23	697 202	643 070
Deferred tax liabilities	24	8 052	9 502
<b>Total Liabilities</b>		<b>38 631 893</b>	<b>37 947 358</b>
Share capital	25	776 027	776 027
Share premium	25	1 225 747	1 225 747
Statutory reserve	26	643 860	579 202
Voluntary reserve	27	977 315	977 315
General reserve	28	1 822 824	1 822 824
General banking risks reserve	29	363 458	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve	30	61 715	108 389
Investment revaluation reserve	31	( 228 393)	( 110 983)
Retained earnings	32	437 933	255 600
<b>Total Equity Attributable to Shareholders of the Bank</b>		<b>7 621 382</b>	<b>7 538 475</b>
Non-controlling interests		146 346	160 691
<b>Total Owners' Equity</b>		<b>7 767 728</b>	<b>7 699 166</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>46 399 621</b>	<b>45 646 524</b>

The accompanying notes from (1) to (57) are an integral part of these consolidated financial statements and should be read with them and with the accompanying audit report.

ASSETS

LIABILITIES AND OWNERS' EQUITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## ARAB BANK GROUP

USD'000

	Note	2013	2012	
REVENUE	Interest income	33	1 837 756	1 765 242
	Less: interest expense	34	773 403	753 763
	<b>Net interest income</b>		<b>1 064 353</b>	<b>1 011 479</b>
	Net commissions income	35	317 919	301 778
	<b>Net interest and commissions income</b>		<b>1 382 272</b>	<b>1 313 257</b>
	Foreign exchange differences		44 451	72 874
	Gain (loss) from financial assets at fair value through profit or loss	36	12 491	(61 315)
	Dividends on financial assets at fair value through other comprehensive income	10	9 174	8 855
	Group's share of profits of associates	13	310 094	294 497
	Other revenue	37	52 347	36 808
<b>TOTAL INCOME</b>		<b>1 810 829</b>	<b>1 664 976</b>	
EXPENSES	Employees' expenses	38	412 593	401 633
	Other expenses	39	276 330	285 071
	Depreciation and amortization	14	53 819	51 375
	Provision for impairment - direct credit facilities at amortized cost	11	285 875	347 500
	Provision for impairment - other financial assets at amortized cost	12	23 412	7 256
	Other provisions	22	17 394	9 236
	<b>TOTAL EXPENSES</b>		<b>1 069 423</b>	<b>1 102 071</b>
PROFIT FOR THE YEAR	<b>Profit before Income Tax</b>		<b>741 406</b>	<b>562 905</b>
	Less: Income tax expense	21	239 550	210 855
	<b>Profit for the Year</b>		<b>501 856</b>	<b>352 050</b>
	Attributable to :			
	Bank shareholders		497 021	344 064
	Non-controlling interests		4 835	7 986
<b>Total</b>		<b>501 856</b>	<b>352 050</b>	
Earnings per share attributable to Bank Shareholders				
	- Basic and Diluted (US Dollars)	52	0.93	0.64

The accompanying notes from (1) to (57) are an integral part of these consolidated financial statements and should be read with them and with the accompanying audit report.

## ARAB BANK GROUP

	USD'000	
	2013	2012
<b>Profit for the Year</b>	<b>501 856</b>	<b>352 050</b>
Add: Other comprehensive income items - after tax		
Exchange differences arising on the translation of foreign operations	( 57 025)	( 12 284)
Net change in fair value of financial assets at fair value through other comprehensive income	( 118 576)	( 83 956)
<b>Total other comprehensive income items - after tax</b>	<b>( 175 601)</b>	<b>( 96 240)</b>
<b>Total Comprehensive Income for the Year</b>	<b>326 255</b>	<b>255 810</b>
Attributable to :		
- Bank shareholders	332 144	259 298
- Non-controlling interests	( 5 889)	( 3 488)
<b>Total</b>	<b>326 255</b>	<b>255 810</b>

The accompanying notes from (1) to (57) are an integral part of these consolidated financial statements and should be read with them and with the accompanying audit report.

## ARAB BANK GROUP

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Notes	Share Capital	Share Pre- mium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve
2013	Balance at the beginning of the year	776 027	1 225 747	579 202	977 315	1 822 824	363 458
	Effect of the adoption of the adjustment of IFRS 19	-	-	-	-	-	-
	<b>Balance at the Beginning of the Year (Adjusted)</b>	<b>776 027</b>	<b>1 225 747</b>	<b>579 202</b>	<b>977 315</b>	<b>1 822 824</b>	<b>363 458</b>
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	64 658	-	-	-
	Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-
	Paid dividends	32	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
<b>Balance at the End of the Year</b>		<b>776 027</b>	<b>1 225 747</b>	<b>643 860</b>	<b>977 315</b>	<b>1 822 824</b>	<b>363 458</b>
2012	<b>Balance at the beginning of the year</b>	<b>776 027</b>	<b>1 225 747</b>	<b>529 652</b>	<b>977 315</b>	<b>1 822 824</b>	<b>363 458</b>
	Profit for the year	-	-	-	-	-	-
	Other comprehensive income for the year	-	-	-	-	-	-
	<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	-
	Transferred to statutory reserve	-	-	49 550	-	-	-
	Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-
	Paid dividends	-	-	-	-	-	-
	Adjustments during the year	-	-	-	-	-	-
<b>Balance at the End of the Year</b>		<b>776 027</b>	<b>1 225 747</b>	<b>579 202</b>	<b>977 315</b>	<b>1 822 824</b>	<b>363 458</b>

- \* The retained earnings include restricted deferred tax assets in the amount of USD 55.6 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 6.3 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Financial Reporting Standards, amounted to USD 2.4 million as of December 31, 2013.
- \* Retained earnings include an unrealized loss in the amount of USD (151) million due to the effect of the adoption of IFRS 9 as of December 31, 2013.
- \* The use of the General Banking Risk Reserve is restricted and requires prior approval from the Central Bank of Jordan.
- \* The use of an amount of USD (228.4) million as of December 31, 2013 which represents the negative investment revaluation reserve balance is restricted according to the Jordanian Securities Exchange Commission instructions.

The accompanying notes from (1) to (57) are an integral part of these consolidated financial statements and should be read with them and with the accompanying audit report.



USD '000

Reserves with Associates	Foreign Currency Translation Reserve	Investment Re-valuation Reserve	Retained Earnings	Total Equity Attributable to Shareholders of the Bank	Non-Control-ling Interests	Total
1 540 896	108 389	( 110 983)	255 600	7 538 475	160 691	7 699 166
-	-	-	( 11 210)	( 11 210)	-	( 11 210)
<b>1 540 896</b>	<b>108 389</b>	<b>( 110 983)</b>	<b>244 390</b>	<b>7 527 265</b>	<b>160 691</b>	<b>7 687 956</b>
-	-	-	497 021	497 021	4 835	501 856
-	( 46 674)	( 118 203)	-	( 164 877)	( 10 724)	( 175 601)
-	<b>( 46 674)</b>	<b>( 118 203)</b>	<b>497 021</b>	<b>332 144</b>	<b>( 5 889)</b>	<b>326 255</b>
-	-	-	( 64 658)	-	-	-
-	-	793	( 793)	-	-	-
-	-	-	( 231 721)	( 231 721)	( 5 844)	( 237 565)
-	-	-	( 6 306)	( 6 306)	( 2 612)	( 8 918)
<b>1 540 896</b>	<b>61 715</b>	<b>( 228 393)</b>	<b>437 933</b>	<b>7 621 382</b>	<b>146 346</b>	<b>7 767 728</b>
<b>1 540 896</b>	<b>120 182</b>	<b>( 39 002)</b>	<b>165 330</b>	<b>7 482 429</b>	<b>174 319</b>	<b>7 656 748</b>
-	-	-	344 064	344 064	7 986	352 050
-	( 11 793)	( 72 973)	-	( 84 766)	( 11 474)	( 96 240)
-	<b>( 11 793)</b>	<b>( 72 973)</b>	<b>344 064</b>	<b>259 298</b>	<b>( 3 488)</b>	<b>255 810</b>
-	-	-	( 49 550)	-	-	-
-	-	992	( 992)	-	-	-
-	-	-	( 193 900)	( 193 900)	( 5 320)	( 199 220)
-	-	-	<b>( 9 352)</b>	<b>( 9 352)</b>	<b>( 4 820)</b>	<b>( 14 172)</b>
<b>1 540 896</b>	<b>108 389</b>	<b>( 110 983)</b>	<b>255 600</b>	<b>7 538 475</b>	<b>160 691</b>	<b>7 699 166</b>

## CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

## ARAB BANK GROUP

USD '000

	Note	2013	2012
<b>Profit for the year before tax</b>		<b>741 406</b>	<b>562 905</b>
Adjustments for:			
- Group's share from associates profits		( 310 094)	( 294 497)
- Depreciation and amortization		53 819	51 375
- Provision for impairment - direct credit facilities at amortized cost		285 875	347 500
- Net interest income		16 449	2 662
- (Gain) Loss from sale of fixed assets		( 477)	714
- Dividends on financial assets at fair value through other comprehensive income		( 9 174)	( 8 855)
- (Gain) loss from revaluation of financial assets at fair value through profit or loss		( 6 311)	68 430
- Provision for impairment- other financial assets at amortized cost		23 412	7 256
- Other provisions		17 394	9 236
<b>Total</b>		<b>812 299</b>	<b>746 726</b>
<b>(Increase) decrease in assets:</b>			
Balances with central banks (maturing after 3 months)		80 450	( 81 877)
Deposits with banks and financial institutions (maturing after 3 months)		34 328	73 969
Direct credit facilities at amortized cost		( 776 905)	126 719
Financial assets at fair value through profit or loss		36 427	( 80 371)
Other assets and financial derivatives		77 926	( 22 553)
<b>Increase (decrease) in liabilities:</b>			
Bank and financial institutions deposits (maturing after 3 months)		( 391 638)	62 628
Customer deposits		1 370 447	607 772
Cash margin		133 503	558 332
Other liabilities and financial derivatives		11 579	( 82 296)
<b>Net Cash Generated by Operating Activities before Income Tax</b>		<b>1 388 416</b>	<b>1 909 049</b>
Income tax paid		( 278 120)	( 187 050)
<b>Net Cash Generated by Operating Activities</b>		<b>1 110 296</b>	<b>1 721 999</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase) of financial assets at fair value through other comprehensive income		( 17 160)	( 3 741)
(Purchase) Sale of other financial assets at amortized cost		(1 272 992)	247 588
(Purchase) of investments in associates		( 54 807)	( 16 464)
Dividends received from associates		149 215	152 678
Dividends received from financial assets at fair value through other comprehensive income		9 174	8 855
(Increase) in fixed assets		( 39 817)	( 79 486)
Proceeds from sale of fixed assets		3 681	41 233
<b>Net Cash Generated by (Used in) Investing Activities</b>		<b>(1 222 706)</b>	<b>350 663</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Paid) borrowed funds		( 51 142)	( 653 900)
Dividends paid to shareholders		( 230 716)	( 192 474)
Dividends paid to non-controlling interests		( 5 844)	( 5 320)
<b>Net Cash (Used in) Financing Activities</b>		<b>( 287 702)</b>	<b>( 851 694)</b>
Net (Decrease) Increase in Cash and Cash Equivalents		( 400 112)	1 220 968
Exchange differences - change in foreign exchange rates		( 22 730)	( 35 196)
Cash and cash equivalent at the beginning of the year		9 124 542	7 938 770
<b>Cash and Cash Equivalent at the End of the Year</b>	<b>54</b>	<b>8 701 700</b>	<b>9 124 542</b>

The accompanying notes from (1) to (57) are an integral part of these consolidated financial statements and should be read with them and with the accompanying audit report.

## ARAB BANK GROUP

### 1. General

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman, Jordan, and the Bank operates worldwide through its branches, 76 branch in Jordan and 104 branch abroad, subsidiaries and sister company and Arab Bank (Switzerland) Limited.
- Arab Bank shares are traded on Amman Stock Exchange.
- The accompanying consolidated financial statements were approved by the Board of Directors in its meeting Number (1) on January 23, 2014 and are subject to the approval of the General Assembly of Shareholders.

### 2. Basis of Consolidation

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

Company Name	Percentage of Ownership (%)		Date of Acquisition	Principal Activity	Place of Incorporation	Paid-up Capital
	2013	2012				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€ 610m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 62.5m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Company for Leasing of Equipment L.L.C.	100.00	100.00	1996	Financial Leasing	Jordan	JD 25m
Al-Arabi Investment Group L.L.C.	100.00	100.00	1996	Brokerage and Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Arab Investment Bank S.A.L.	100.00	100.00	1998	Banking	Lebanon	LBP 15b
Al Arabi Investment Group	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 plc	50.00	50.00	2006	Insurance	Jordan	JD 10m

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

### **3. Adoption of new and revised International Financial Reporting Standards (IFRSs)**

- a. **New and revised IFRSs and interpretation applied with no material effect on the consolidated financial statements:**
  - The following new and revised IFRSs and interpretation have been adopted in the preparation of the consolidated financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements; however, they may affect the accounting for future transactions and arrangements, except for the amendments to IFRS 19 (Employee Benefits) which has been implemented, as a result of the implementation, Europe Arab Bank has adjusted its retained earnings by USD (11.2) million. In addition to, IFRS 12 and 13 disclosures.

<ul style="list-style-type: none"> <li>• IFRS 10 Consolidated Financial Statements.</li> </ul>	<p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.</p>
<ul style="list-style-type: none"> <li>• IFRS 11 Joint Arrangements.</li> </ul>	<p>Replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.</p>
<ul style="list-style-type: none"> <li>• IFRS 12 Disclosure of Interests in Other Entities.</li> </ul>	<p>Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. Has disclosed this information in its annual report.</p>
<ul style="list-style-type: none"> <li>• IFRS 13 Fair Value Measurement</li> </ul>	<p>Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.</p>
<ul style="list-style-type: none"> <li>• IAS 19 Employee Benefits (2011)</li> </ul>	<p>An amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.</p>

<ul style="list-style-type: none"> <li>• IAS 27 Separate Financial Statements (2011)</li> </ul>	<p>Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.</p>
<ul style="list-style-type: none"> <li>• IAS 28 Investments in Associates and Joint Ventures (2011)</li> </ul>	<p>This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.</p>
<ul style="list-style-type: none"> <li>• Amendments to IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities</li> </ul>	<p>Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.</p>
<ul style="list-style-type: none"> <li>• Annual Improvements IFRSs 2009-2011 Cycle</li> </ul>	<p>IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34.</p>
<ul style="list-style-type: none"> <li>• Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</li> </ul>	<p>Provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.</p>

**b. New and revised IFRSs and interpretation issued but not yet effective**

The Bank has not applied the following new and revised IFRSs and interpretation that are available for early application but are not effective yet:

	<b>Effective for Annual Periods Beginning On or After</b>
Amendments to IAS 32 presentation Financial instruments - presentation / Offsetting Financial Assets and Liabilities.	1 January 2014.
Amendments to IFRS 10, IFRS 12 and IAS 27 separate financial statements.	1 January 2014.
Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014.
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.	1 January 2014.
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions.	1 July 2014.
IFRIC 21 Levies	1 January 2014.

The Banks' management anticipates that each of the above standards and interpretations will be adopted in the consolidated financial statements by its date mentioned above without having any material impact on the Bank's consolidated financial statements.

#### 4. Significant Accounting Policies

##### Basis of preparation of the consolidated financial statement

- The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Group operates and the instructions of the Central Bank of Jordan.
- The consolidated financial statements are prepared using the historical cost principle, except for some of the financial assets and financial liabilities which are stated at fair value as of the date of the consolidated financial statements.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2012 except for what is stated in note (3 - a) to the consolidated financial statements.

##### A. Revenue Recognition

###### Interest Income and Expenses

- Interest income and expenses for all interest bearing financial instruments are recognized in the consolidated statement of income using the effective interest rate method except for interest and commissions on non performing credit facilities, which are recorded as interest and commission in a suspense account.
- The effective interest rate method is a method of calculating the amortized cost of financial assets or financial liabilities and allocating the interest income and expenses over the relevant period. The effective interest rate method is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability, or where appropriate a shorter period to the net carrying of the financial asset or the financial liability. The Group estimates the cash flow considering all contractual terms of the financial instruments but does not consider future credit losses.
- Commission income in general is recognized on accrual basis arises. Loan recoveries are recorded upon receipt.

###### Dividends income

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

###### Insurance Contract Revenue

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



#### Leasing Contracts Revenue

- The Group's policy relating to leasing contracts is illustrated in note (4.C) below.

#### B. Direct Credit Facilities

- The provision for the impairment of direct credit facilities is recognized when it is obvious that the amounts due to the Group cannot be recovered or when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities and the impairment amount can be estimated. The provision is recorded in the consolidated statement of income.
- Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and the applicable laws in the countries where the Bank's subsidiaries and branches operate.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets and after the proper approval of the management. Any surplus in the provision are recorded in the consolidated statement of income, while debts recoveries are recorded in income.
- Non-performing direct credit facilities which are completely covered with provisions and suspended interest, are transferred to items off the consolidated statement of financial position, In accordance with the Bank's internal policies, after the proper approval of the management.

#### C. Leasing contracts

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

##### 1. The Group as a lessor:

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

##### 2. The Group as a lessee:

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

#### E. Foreign currencies

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

#### E. Fixed assets

- Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.
- Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets
- Land and assets under construction are not depreciated.
- Assets under construction is carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.
- Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.
- The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the consolidated statement of income in the year that the assets were disposed.

## F. Intangible Assets

### 1- Goodwill

- Goodwill is recorded at cost, and represents the excess amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an associated company constitutes part of the investment in that company. The cost of goodwill is subsequently reduced by and decline in the value of the investment.
- Goodwill is distributed over the cash generating units for the purpose of testing the impairment in its value.
- The value of goodwill is tested for impairment on the date of the consolidated financial statements. Good will value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating units is less than book value. The decline in the values is recoded in the consolidated statement of income as impairment loss.

### 2- Other Intangible Assets

- Other intangible assets acquired through merging are stated at fair value at the date of acquisition, while other intangible assets (not acquired through merging) are recorded at cost.
- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method in the statement of income for a period not more than 5 years from the acquisition date and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed in the consolidated statement of financial position for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.
- Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the consolidated statement of income in the same period.
- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

## G. Repurchase and Resale Agreements

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

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

#### H. Capital

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

#### I. Investments in Associates

- Associates are those in which the Group exerts significant influence over the financial and operating policy decisions, and in which the Group holds between 20% and 50% of the voting rights.
- Investments in associated companies are accounted for according to the equity method.
- Transactions and balances between the Group and the associates are eliminated to the extent of the Group's ownership in the associate.

#### J. Income Taxes

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

## K. Financial Assets

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

### Financial Assets Classification

#### Financial assets at amortized cost

- Debt instruments, including direct credit facilities, treasury bills and bonds, are measured at amortized cost only if:
  - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are recorded at fair value upon purchase plus acquisition expenses (except debt instruments at fair value through profit and loss). Moreover, the issue premium \ discount is amortized using the effective interest rate method, and recorded to interest or in its account. Any allocations resulting from the decline in value of these investments leading to the inability to recover the investment or part thereof are recorded, and any impairment is registered in the consolidated statement of income.
- In case the business model objective changed to contradict with amortized cost conditions, the Group should reclassify its financial instrument classified as amortized cost to be at fair value through profit or loss.
- The Group might choose to classify debt instruments that meet the amortized cost criteria to designate such financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments that do not meet the amortized cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVTPL by the Group are measured at FVTPL.
- In case the business model objectives changes and contractual cash flows meets the amortized cost criteria, the Group should reclassify the debt instrument held at FVTPL to amortized cost. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.
- Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.
- Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the consolidated statement of income.

- Dividend income on investments in equity instruments at FVTPL is recognized in the consolidated statement of income when the Group's right to receive the dividends is established (upon the general assembly resolution).
- Financial assets at fair value through other comprehensive income (FVTOCI)
- At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

#### A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.
- Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to consolidated income statement, but is reclassified to retained earnings.
- Dividends on these investments in equity instruments are recognized in the consolidated income statement when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### L. Fair value

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

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

## M. Financial derivatives

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

### 1. Financial derivatives held for hedge purposes

- **Fair value hedge:** Represents hedging for changes in the fair value of the Group's assets and liabilities. When the conditions for an effective fair value hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income. Changes in the fair value of the hedged assets or liabilities are also recognized in the consolidated statement of income.
- **Cash flow hedge:** Represents hedging for changes in the current and expected cash flows of the Group's assets and liabilities that affects the consolidated statement of income. When the conditions for an effective cash flow hedge are met, gains or losses from changes in the fair value of financial derivatives are recognized in other comprehensive income and are reclassified to the consolidated statement of income in the period in which the hedge transaction has an impact on the consolidated statement of income.
- When the conditions for an effective hedge are not met, gains or losses from changes in the fair value of financial derivatives are recognized in the consolidated statement of income.
- The ineffective portion is recognized in the consolidated statement of income.
- Hedge for net investment in foreign entities when the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of comprehensive income and recorded in the consolidated statement of income when the investment in foreign entities is sold. The ineffective portion is recognized in the consolidated statement of income.
- When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income.

### 2. Financial derivatives for trading

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

#### N. Foreclosed assets

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

#### O. Provisions

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

#### P. Fiduciary Deposits

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

#### Q. Offsetting

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

#### R. Cash and cash equivalents

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

### 5. Accounting Estimates

- Preparation of the consolidated financial statements and the application of the accounting policies require the Group's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, fair value reserve and to disclose contingent liabilities.



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

- Management believes that the assessments adopted in the consolidated financial statements are reasonable. The details are as follows:
  - A provision for non-performing loans is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, through which the Bank branches and subsidiary companies operate. Moreover, the strictest outcome that conforms with the (IFRSs) is used.
  - Impairment loss for foreclosed assets is booked after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
  - Management estimates the impairment in value when the market prices reach a limit that indicates the impairment loss provided that this does not contradict the instructions of the regulatory authorities or International Financial Reporting Standards.
  - The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.
  - Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.
  - A provision is set for lawsuits raised against the Group. This provision is based to an adequate legal study prepared by the Group's legal advisor. Moreover, the study highlights potential risks that the Group may encounter in the future. Such legal assessments are reviewed periodically.
  - Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the consolidated statement of income for the year.
- Fair value hierarchy
 

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

**6. Cash and Balances with Central Banks**

The details of this item are as follows:

USD '000

	December 31,	
	2013	2012
Cash in vaults	470 344	463 813
Balances with central banks:		
- Current accounts	1 663 677	903 543
- Time and notice	4 120 224	4 864 327
- Mandatory cash reserve	1 467 994	1 137 431
- Certificates of deposit	457 298	379 997
<b>Total</b>	<b>8 179 537</b>	<b>7 749 111</b>

- Except for the mandatory cash reserve, there are no restricted balances at Central Bank.
- Balances and certificates of deposit maturing after three months amounted to USD 163.6 million as of December 31, 2013 (USD 244.1 million as of December 31, 2012).

**7. Balances with Banks and Financial Institutions**

The details of this item are as follows:

USD '000

Local banks and financial institutions	December 31,	
	2013	2012
Time deposits maturing within 3 months	74 025	138 243
<b>Total</b>	<b>74 025</b>	<b>138 243</b>
<b>Foreign banks and financial institutions</b>	USD '000	
	December 31,	
	2013	2012
Current accounts	941 445	880 679
Time deposits maturing within 3 months	2 476 224	3 822 627
Certificates of deposit	-	-
<b>Total</b>	<b>3 417 669</b>	<b>4 703 306</b>
<b>Total balances with banks and financial institutions (Local and Foreign)</b>	<b>3 491 694</b>	<b>4 841 549</b>

## 8. Deposits with Banks and Financial Institutions

The details of this item are as follows:

USD '000

	December 31,	
	2013	2012
<b>Deposit with foreign banks and financial institutions</b>		
Time deposits maturing after 3 months and before 6 months	26 316	74 917
Time deposits maturing after 6 months and before 9 months	6 469	21 759
Time deposits maturing after 9 months and before a year	33 188	1 926
Time deposits maturing after one year	1 523	3 222
<b>Total</b>	<b>67 496</b>	<b>101 824</b>

- There are no restricted balances as of December 31, 2013 and 2012.

- There are no restricted balances or non interest bearing deposits as of December 31, 2013 and 2012.

- There are no deposits with local banks as of December 31, 2013 and 2012.

## 9- Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

USD '000

	December 31,	
	2013	2012
Treasury bills and bonds	464 171	572 945
Corporate bonds	395 552	226 056
Loans and advances	26 488	28 340
Corporate shares	20 487	113 116
Mutual funds	27 672	24 029
<b>Total</b>	<b>934 370</b>	<b>964 486</b>

## 10 - Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

USD '000

	December 31,	
	2013	2012
Quoted shares	249 103	368 949
Unquoted shares	204 407	184 811
<b>Total</b>	<b>453 510</b>	<b>553 760</b>

\* Cash dividends from investments above amounted to USD 9.2 million for the year ended December 31, 2013 (USD 8.9 million as of December 31, 2012).

## 11. Direct Credit Facilities at Amortized Cost

The details of this item are as follows:

	December 31, 2013					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills *	85 697	142 712	561 380	77 855	18 504	886 148
Overdrafts *	121 838	759 754	2 975 052	5 330	256 520	4 118 494
Loans and advances *	2 081 682	1 272 705	11 884 244	81 226	779 488	16 099 345
Real-estate loans	1 625 345	168 514	86 922	-	-	1 880 781
Credit cards	101 054	-	-	-	-	101 054
<b>Total</b>	<b>4 015 616</b>	<b>2 343 685</b>	<b>15 507 598</b>	<b>164 411</b>	<b>1 054 512</b>	<b>23 085 822</b>
Less: Interest and commission in suspense	57 773	96 314	192 890	2 962	-	349 939
Provision for impairment - direct credit facilities at amortized cost	163 270	154 389	1 442 504	1 256	3 020	1 764 439
<b>Total</b>	<b>221 043</b>	<b>250 703</b>	<b>1 635 394</b>	<b>4 218</b>	<b>3 020</b>	<b>2 114 378</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>3 794 573</b>	<b>2 092 982</b>	<b>13 872 204</b>	<b>160 193</b>	<b>1 051 492</b>	<b>20 971 444</b>

\* Net of interest and commission received in advance, which amounted to USD 100.5 million as of December 31, 2013.

- Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2013 amounted to USD 88.6 million, or 0.4% of total direct credit facilities.
- Non-performing direct credit facilities as of December 31, 2013 amounted to USD 1619.4 million, or 7% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2013 amounted to USD 1269.4 million, or 5.6% of net direct credit facilities less interest in suspense, after deducting interest and commission in suspense.

	December 31, 2012					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Discounted bills *	70 414	140 916	476 642	234 946	31 889	954 807
Overdrafts *	112 903	728 165	2 992 456	916	412 123	4 246 563
Loans and advances *	1 921 937	1 175 424	11 401 292	140 853	771 420	15 410 926
Real-estate loans	1 530 239	179 010	95 381	-	-	1 804 630
Credit cards	91 030	-	-	-	-	91 030
<b>Total</b>	<b>3 726 523</b>	<b>2 223 515</b>	<b>14 965 771</b>	<b>376 715</b>	<b>1 215 432</b>	<b>22 507 956</b>
Less: Interest and commission in suspense	53 583	101 672	156 802	2 273	-	314 330
Provision for impairment - direct credit facilities at amortized cost	166 819	158 344	1 379 391	6 473	2 185	1 713 212
<b>Total</b>	<b>220 402</b>	<b>260 016</b>	<b>1 536 193</b>	<b>8 746</b>	<b>2 185</b>	<b>2 027 542</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>3 506 121</b>	<b>1 963 499</b>	<b>13 429 578</b>	<b>367 969</b>	<b>1 213 247</b>	<b>20 480 414</b>

\* Net of interest and commission received in advance, which amounted to USD 94.5 million as of December 31, 2012.

- Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2012 amounted to USD 122.9 million, or 0.5% of total direct credit facilities.
- Non-performing direct credit facilities as of December 31, 2012 amounted to USD 1816.3 million, or 8.1% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2012 amounted to USD 1502 million, or 6.8% of net direct credit facilities less interest in suspense, after deducting interest and commission in suspense.

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

	2013						USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
		Small and Medium	Large				
Balance at the beginning of the year	166 819	158 344	1 379 391	6 473	2 185	1 713 212	
Impairment losses charged to income	18 280	22 714	287 162	3 686	-	331 842	
Used from provision (written off or transferred to off consolidated statement of financial position) *	( 1 818)	( 9 473)	( 219 019)	-	-	( 230 310)	
Surplus in provision transferred to consolidated statement of income	( 6 052)	( 11 069)	( 28 355)	( 179)	(312)	( 45 967)	
Adjustments during the year	( 10 371)	( 4 549)	35 562	( 8 724)	1 290	13 208	
Translation adjustments	( 3 588)	( 1 578)	( 12 237)	-	( 143)	( 17 546)	
<b>Balance at the End of the Year</b>	<b>163 270</b>	<b>154 389</b>	<b>1 442 504</b>	<b>1 256</b>	<b>3 020</b>	<b>1 764 439</b>	

	2012						USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
		Small and Medium	Large				
Balance at the beginning of the year	148 014	148 098	1 070 924	3 290	2 436	1 372 762	
Impairment losses charged to income	27 451	45 243	343 180	3 184	202	419 260	
Used from provision (written off)	( 700)	( 19 599)	( 1 757)	-	-	( 22 056)	
Surplus in provision transferred to consolidated statement of income	( 8 699)	( 21 127)	( 41 541)	-	( 393)	( 71 760)	
Adjustments during the year	2 696	2 268	8 110	-	-	13 074	
Translation adjustments	( 1 943)	3 461	475	(1)	( 60)	1 932	
<b>Balance at the End of the Year</b>	<b>166 819</b>	<b>158 344</b>	<b>1 379 391</b>	<b>6 473</b>	<b>2 185</b>	<b>1 713 212</b>	

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of December 31, 2013 and 2012.
- Impairment is assessed based on individual customer accounts.
- Provision for real-estate loans amounted to USD 20.7 million as of December 31, 2013 (USD 12.6 million as of December 31, 2012).

\* Non-performing direct credit facilities transferred to off consolidated of statement of financial position as of December 31, 2013 amounted to USD 243.8 million, noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

	2013					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	53 583	101 672	156 802	2 273	-	314 330
Interest and commission suspended during the year	12 869	11 792	57 999	897	-	83 557
Interest and commission in suspense settled (written off or transferred to off consolidated statement of financial position)	( 814)	( 15 446)	( 13 625)	-	-	( 29 885)
Recoveries	( 6 341)	( 2 117)	( 3 109)	-	-	( 11 567)
Adjustments during the year	( 996)	1 140	( 237)	(207)	-	( 300)
Translation adjustments	( 528)	( 727)	( 4 940)	(1)	-	( 6 196)
<b>Balance at the End of the Year</b>	<b>57 773</b>	<b>96 314</b>	<b>192 890</b>	<b>2 962</b>	<b>-</b>	<b>349 939</b>

	2012					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	37 770	92 821	105 755	1 519	-	237 865
Interest and commission suspended during the year	19 123	12 625	54 826	754	-	87 328
Interest and commission in suspense settled (written off)	( 537)	( 3 636)	( 288)	-	-	( 4 461)
Recoveries	( 4 224)	( 2 203)	( 3 621)	-	-	( 10 048)
Adjustments during the year	1 718	2 340	1 276	-	-	5 334
Translation adjustments	( 267)	( 275)	( 1 146)	-	-	( 1 688)
<b>Balance at the End of the Year</b>	<b>53 583</b>	<b>101 672</b>	<b>156 802</b>	<b>2 273</b>	<b>-</b>	<b>314 330</b>

- Suspended interest on real-estate loans amounted to USD 15.3 million as of December 31, 2013 (USD 10.4 million as of December 31, 2012).

**12- Other financial assets at amortized cost**

USD '000

The details of this item are as follows:

	December 31,	
	2013	2012
Treasury bills and bonds	5 383 142	4 728 724
Government bonds	1 420 787	1 134 708
Corporate bonds	1 754 364	1 432 421
Less: Provision for impairment	( 28 189)	( 15 329)
<b>Total</b>	<b>8 530 104</b>	<b>7 280 524</b>

**Analysis of bonds based on interest nature:**

USD '000

	December 31,	
	2013	2012
Floating interest rate	732 054	792 384
Fixed interest rate	7 798 050	6 488 140
<b>Total</b>	<b>8 530 104</b>	<b>7 280 524</b>

**Analysis of financial assets based on market quotation:**

USD '000

	December 31,	
<b>Financial assets quoted in the market:</b>	2013	2012
Treasury bills and bonds	1 090 844	1 122 140
Government bonds	726 442	257 857
Corporate bonds	1 458 641	1 183 288
<b>Total</b>	<b>3 275 927</b>	<b>2 563 285</b>

**Financial assets unquoted in the market:**USD '000  
December 31,

	2013	2012
Treasury bills and bonds	4 292 298	3 606 584
Government bonds	694 345	876 851
Corporate bonds	267 534	233 804
<b>Total</b>	<b>5 254 177</b>	<b>4 717 239</b>

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

USD '000

	2013	2012
Balance at the beginning of the year	15 329	8 007
Impairment losses charged to income	23 412	7 256
Used from provision (written off)	-	-
Adjustments during the year	( 11 031)	-
Translation adjustments	479	66
<b>Balance at the End of the year</b>	<b>28 189</b>	<b>15 329</b>

During the year ended December 31, 2013 certain financial assets at amortized cost amounted to USD 215.1 million were sold.



### 13. Investment in Associates

The details of this item are as follows:

	December 31,					
	2013		2012		Place of Incorporation	Principal Activity
	Ownership	Investment Value	Ownership	Investment Value		
%	USD '000	%	USD '000			
Turkland Bank A.Ş.	50.00	218 108	50.00	194 441	Turkey	Banking
Oman Arab Bank S.A.O.	49.00	252 930	49.00	234 296	Oman	Banking
Arab National Bank	40.00	2 079 499	40.00	1 942 619	Saudi Arabia	Banking
Arabia Insurance Company	37.42	49 691	36.79	38 624	Lebanon	Insurance
Other	Various	17 963	Various	16 469	Various	Various
<b>Total</b>		<b>2 618 191</b>		<b>2 426 449</b>		

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

	USD '000	
	2013	2012
Balance at the beginning of the year	2 426 449	2 244 764
Purchase of additional investments	54 807	16 464
Group's share of profits for the year	310 094	294 497
Dividends received	( 149 215)	( 152 678)
Group's share of other changes in equity	( 23 944)	23 402
<b>Balance at the end of the Year</b>	<b>2 618 191</b>	<b>2 426 449</b>

\* The closing price of the Arab National Bank's share as of December 31, 2013 was Saudi Riyal 30.8 as quoted on Saudi Arabia Stock Exchange (Saudi Riyal 26.4 as of December 31, 2012). However, due to matters relating to the ownership concentrations of the Arab National Bank, the closing price of the share may not necessarily represent its fair value.

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

	USD '000	
	2013	2012
Total Assets	17 667 846	17 188 252
Total Liabilities	15 138 543	14 850 637
Total Revenue	670 543	630 503

**14. Fixed Assets**

The details of this item are as follows:

USD '000

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Communication Equipment	Motor Vehicles	Leasehold Improvements	Total
<b>Historical Cost:</b>							
<b>Balance as of January 1, 2012</b>	<b>67 159</b>	<b>399 135</b>	<b>171 898</b>	<b>113 013</b>	<b>14 883</b>	<b>103 187</b>	<b>869 275</b>
Additions	19 585	18 094	28 852	10 179	1 313	17 037	95 060
Disposals	( 6 616)	( 28 430)	( 6 585)	( 4 842)	( 1 180)	( 14 836)	( 62 489)
Adjustments during the year	( 1 281)	( 6 547)	( 104)	( 144)	7	859	( 7 210)
Translation Adjustments	-	( 3 096)	( 442)	2 865	( 509)	( 3 488)	( 4 670)
<b>Balance as of December 31, 2012</b>	<b>78 847</b>	<b>379 156</b>	<b>193 619</b>	<b>121 071</b>	<b>14 514</b>	<b>102 759</b>	<b>889 966</b>
Additions	7 394	11 901	8 272	10 927	2 022	15 611	56 127
Disposals	( 62)	( 4 352)	( 5 156)	( 2 936)	( 1 727)	( 11 275)	( 25 508)
Adjustments during the year	-	( 950)	87	( 6 311)	3	30	( 7 141)
Translation Adjustments	( 3 241)	( 2 326)	( 2 824)	( 1 512)	( 324)	( 1 762)	( 11 989)
<b>Balance as of December 31, 2013</b>	<b>82 938</b>	<b>383 429</b>	<b>193 998</b>	<b>121 239</b>	<b>14 488</b>	<b>105 363</b>	<b>901 455</b>
<b>Accumulated Depreciation :</b>							
<b>Balance as of January 1, 2012</b>	<b>-</b>	<b>83 557</b>	<b>110 042</b>	<b>87 887</b>	<b>10 927</b>	<b>46 227</b>	<b>338 640</b>
Depreciation charge for the year	-	12 124	17 103	9 869	1 576	10 703	51 375
Disposals	-	( 162)	( 4 664)	( 4 536)	( 983)	( 10 197)	( 20 542)
Adjustments during the year	-	116	( 167)	( 234)	7	( 172)	( 450)
Translation adjustments	-	198	355	3 816	( 291)	66	4 144
<b>Balance as of December 31, 2012</b>	<b>-</b>	<b>95 833</b>	<b>122 669</b>	<b>96 802</b>	<b>11 236</b>	<b>46 627</b>	<b>373 167</b>
Depreciation charge for the year	-	11 962	18 469	5 948	1 499	15 941	53 819
Disposals	-	( 292)	( 4 961)	( 2 906)	( 1 720)	( 7 459)	( 17 338)
Adjustments during the year	-	946	( 776)	( 2 367)	-	( 1 243)	( 3 440)
Translation adjustments	-	415	( 2 124)	( 1 212)	( 197)	( 1 228)	( 4 346)
<b>Balance as of December 31, 2013</b>	<b>-</b>	<b>108 864</b>	<b>133 277</b>	<b>96 265</b>	<b>10 818</b>	<b>52 638</b>	<b>401 862</b>
<b>Net Book Value as of December 31, 2013</b>	<b>82 938</b>	<b>274 565</b>	<b>60 721</b>	<b>24 974</b>	<b>3 670</b>	<b>52 725</b>	<b>499 593</b>
<b>Net Book Value as of December 31, 2012</b>	<b>78 847</b>	<b>283 323</b>	<b>70 950</b>	<b>24 269</b>	<b>3 278</b>	<b>56 132</b>	<b>516 799</b>

**15. Other Assets**

USD '000

The details of this item are as follows:

	December 31,	
	2013	2012
Accrued interest receivable	217 634	218 721
Prepaid expenses	149 709	131 459
Foreclosed assets *	89 000	78 781
Items in transit	4 135	10 554
Miscellaneous assets	103 824	197 599
<b>Total</b>	<b>564 302</b>	<b>637 114</b>

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

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

	2013			USD '000
	Land	Buildings	Other	Total
Balance at the beginning of the year	27 128	39 397	12 256	78 781
Additions	10 486	3 211	7 215	20 912
Disposals	( 907)	( 9 405)	-	( 10 312)
Impairment losses charged to income	(192)	(48)	-	( 240)
Impairment loss - returned to profit	-	3	-	3
Translation adjustments	-	(144)	-	( 144)
<b>Balance at the End of the Year</b>	<b>36 515</b>	<b>33 014</b>	<b>19 471</b>	<b>89 000</b>

	2012			USD '000
	Land	Buildings	Other	Total
Balance at the beginning of the year	4 855	42 591	-	47 446
Additions	22 254	2 985	-	25 239
Disposals	( 63)	( 6 102)	-	( 6 165)
Impairment losses charged to income	-	(4)	-	( 4)
Impairment loss - returned to profit	( 85)	( 21)	-	( 106)
Adjustments during the year	-	-	12 256	12 256
Translation adjustments	167	( 52)	-	115
<b>Balance at the End of the Year</b>	<b>27 128</b>	<b>39 397</b>	<b>12 256</b>	<b>78 781</b>

## 16. Deferred Tax Assets

Items attributable to deferred tax assets are as follows:

	2013				USD '000
	Balance at the Beginning of the Year	Adjustments During the Year and Translation	Amounts Added	Amounts Released	Balance at the End of the Year
Provision for impairment - direct credit facilities at amortized cost	48 144	7 756	49 757	(1 816)	103 841
End-of-Service indemnity	52 381	1	5 892	(1 951)	56 323
Interest in suspense	5 801	1	7 360	(878)	12 284
Other provisions	59 730	(16 798)	9 595	(12 110)	40 417
<b>Total</b>	<b>166 056</b>	<b>(9 040)</b>	<b>72 604</b>	<b>(16 755)</b>	<b>212 865</b>

	2012				USD '000
	Balance at the Beginning of the Year	Adjustments During the Year and Translation	Amounts Added	Amounts Released	Balance at the End of the Year
Provision for impairment - direct credit facilities at amortized cost	44 317	1 969	28 240	(26 382)	48 144
End-of-Service indemnity	52 197	(419)	3 925	(3 322)	52 381
Interest in suspense	8 592	6	1 785	(4 582)	5 801
Other provisions	36 853	1 312	34 390	(12 825)	59 730
<b>Total</b>	<b>141 959</b>	<b>2 868</b>	<b>68 340</b>	<b>(47 111)</b>	<b>166 056</b>

Deferred tax assets balances are as follows:	USD '000	
	December 31,	
	2013	2012
Provision for impairment - direct credit facilities at amortized cost	25 719	11 913
End-of-Service indemnity	17 201	15 755
Interest in suspense	2 784	1 224
Other provisions	9 869	14 998
<b>Total</b>	<b>55 573</b>	<b>43 890</b>

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

The details of movements on deferred tax assets are as follows:	USD '000	
	2013	2012
Balance at the beginning of the year	43 890	38 387
Additions during the year	18 428	17 392
Amortized during the year	(4 742)	(17 410)
Adjustments and translation adjustments during the year	(2 003)	5 521
<b>Balance at the End of the Year</b>	<b>55 573</b>	<b>43 890</b>

## 17. Banks and Financial Institutions Deposits

The details of this item are as follows:

USD '000

	December 31, 2013			December 31, 2012		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	-	264 167	264 167	-	396 208	396 208
Time deposits	34 989	2 729 457	2 764 446	51 376	3 388 804	3 440 180
<b>Total</b>	<b>34 989</b>	<b>2 993 624</b>	<b>3 028 613</b>	<b>51 376</b>	<b>3 785 012</b>	<b>3 836 388</b>

## 18. Customer Deposits

The details of this item are as follows:

USD '000

	December 31, 2013				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	6 651 578	1 911 028	2 176 821	538 837	11 278 264
Savings	2 586 930	55 566	11 423	56	2 653 975
Time and notice	7 897 481	1 162 185	3 995 471	2 835 537	15 890 674
Certificates of deposit	470 661	19 738	202 939	206 580	899 918
<b>Total</b>	<b>17 606 650</b>	<b>3 148 517</b>	<b>6 386 654</b>	<b>3 581 010</b>	<b>30 722 831</b>

- The government of Jordan and Jordanian public sector deposits amounted to USD 554.7 million, or 1.8% of total customer deposits as of December 31, 2013.
- Non-interest bearing deposits amounted to USD 10060.7 million, or 32.8% of total customer deposits as of December 31, 2013.
- Blocked deposits amounted to USD 492.4 million, or 1.6% of total customer deposits as of December 31, 2013.
- Dormant deposits amounted to USD 464.4 million, or 1.5% of total customer deposits as of December 31, 2013.

The details of this item are as follows:

USD '000

	December 31, 2012				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small and Medium	Large		
Current and demand	6 066 609	1 869 765	2 157 065	367 348	10 460 787
Savings	2 483 012	54 923	26 681	432	2 565 048
Time and notice	7 842 036	1 106 323	3 698 104	2 637 339	15 283 802
Certificates of deposit	482 848	32 864	118 865	408 170	1 042 747
<b>Total</b>	<b>16 874 505</b>	<b>3 063 875</b>	<b>6 000 715</b>	<b>3 413 289</b>	<b>29 352 384</b>

- The Government of Jordan and Jordanian public sector deposits amounted to USD 443.8 million, or 1.5% of total customer deposits as of December 31, 2012.
- Non-interest bearing deposits amounted to USD 8748.4 million, or 29.8% of total customer deposits at December 31, 2012.
- Blocked deposits amounted to USD 478 million, or 1.6% of total customer' deposits as of December 31, 2012.
- Dormant deposits amounted to USD 437.2 million, or 1.5% of total customer deposits as of December 31, 2012.

**19. Cash Margin**

USD '000

The details of this item are as follows:

	December 31,	
	2013	2012
Against direct credit facilities at amortized cost	3 052 334	3 000 777
Against indirect credit facilities	608 489	523 554
Against margin trading	3 276	4 102
Other cash margins	3 125	5 288
<b>Total</b>	<b>3 667 224</b>	<b>3 533 721</b>

**20. Borrowed Funds**

USD '000

The details of this item are as follows:

	December 31,	
	2013	2012
From Central Banks *	2 115	-
From banks and financial institutions **	103 255	156 512
<b>Total</b>	<b>105 370</b>	<b>156 512</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 with an interest rate of 2.5% for 2013 and (6 months LIBOR +1.8%) thereafter. The agreement aims to support SME. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2013 amounted to USD 2.1 million .

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

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

	December 31,	
	2013	2012
Floating rate	105 370	156 512
Fixed rate	-	-
<b>Total</b>	<b>105 370</b>	<b>156 512</b>

**21. Provision for Income Tax**

The details of this item are as follows:

USD '000

	2013	2012
Balance at the beginning of the year	218 692	197 905
Income tax expense	256 323	207 837
Income tax paid	( 278 120)	( 187 050)
<b>Balance at the End of the Year</b>	<b>196 895</b>	<b>218 692</b>

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

USD '000

	2013	2012
Income tax expense for the year	256 323	207 837
Effect of deferred tax assets	( 16 773)	3 018
<b>Total</b>	<b>239 550</b>	<b>210 855</b>

The banking sector income tax rate in Jordan is 30%, while, the tax rate in the countries where the Group has branches and subsidiaries is ranging between 0 to 37%.

**22. Other Provisions**

The details of this item are as follows:

2013

USD '000

	Balance at the Beginning of the Year	Addition during the Year	Utilized during the Year or transferred	Returned to Income	Adjustments during the Year	Balance at the End of the Year
End-of-service indemnity	100 679	14 560	( 5 016)	( 377)	( 41)	109 805
Legal cases	4 978	4 592	( 1 399)	( 2 032)	( 53)	6 086
Other	15 116	1 378	( 5 385)	( 727)	12 749	23 131
<b>Total</b>	<b>120 773</b>	<b>20 530</b>	<b>( 11 800)</b>	<b>( 3 136)</b>	<b>12 655</b>	<b>139 022</b>

2012

USD '000

	Balance at the Beginning of the Year	Addition during the Year	Utilized during the Year or transferred	Returned to Income	Adjustments during the Year	Balance at the End of the Year
End-of-service indemnity	98 100	12 226	( 8 769)	( 883)	5	100 679
Legal cases	7 921	1 215	( 4)	( 4 131)	( 23)	4 978
Other	25 349	2 458	( 13 933)	( 1 649)	2 891	15 116
<b>Total</b>	<b>131 370</b>	<b>15 899</b>	<b>( 22 706)</b>	<b>( 6 663)</b>	<b>2 873</b>	<b>120 773</b>

**23. Other Liabilities**

The details of this item are as follows:

December 31,

USD '000

	2013	2012
Accrued interest payable	147 264	131 902
Notes payable	154 273	101 699
Interest and commission received in advance	107 388	140 861
Accrued expenses	80 700	69 134
Other miscellaneous liabilities	207 577	199 474
<b>Total</b>	<b>697 202</b>	<b>643 070</b>



## 24. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

USD '000

	2013				Balance at the End of the Year
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation	
Investment revaluation reserve	14 855	11 191	( 6 346)	2 457	22 157
Retained earnings	10 069	1 875	( 279)	( 1 498)	10 167
Other	13 739	-	( 12 946)	( 793)	-
<b>Total</b>	<b>38 663</b>	<b>13 066</b>	<b>( 19 571)</b>	<b>166</b>	<b>32 324</b>

	2012				Balance at the End of the Year
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments during the Year and Translation	
Investment revaluation reserve	45 178	4 654	( 34 985)	8	14 855
Retained earnings	8 366	3 413	( 1 539)	( 171)	10 069
Other	870	12 901	-	( 32)	13 739
<b>Total</b>	<b>54 414</b>	<b>20 968</b>	<b>( 36 524)</b>	<b>( 195)</b>	<b>38 663</b>

The balance of deferred tax liabilities is as follows:

USD '000

	December 31,	
	2013	2012
Investment revaluation reserve	6 004	4 457
Retained earnings	2 048	1 958
Other	-	3 087
<b>Total</b>	<b>8 052</b>	<b>9 502</b>

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

USD '000

	2013	2012
Balance at the beginning of the year	9 502	15 099
Additions during the year	3 524	5 310
Amortized during the year	( 4 974)	( 10 907)
<b>Balance at the End of the Year</b>	<b>8 052</b>	<b>9 502</b>

**25. Share Capital**

- A. The subscribed and paid-up capital amounted to USD 776 million as of December 31, 2013 and 2012.
- B. Share premium amounted to USD 1225.7 million as of December 31, 2013 and 2012.

**26. Statutory Reserve**

- Statutory reserve amounted to USD 643.9 million as of December 31, 2013 (USD 579.2 million as of December 31, 2012) and cannot be distributed to shareholders

**27. Voluntary Reserve**

- The voluntary reserve amounted to USD 977.3 million as of December 31, 2013 and 2012. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

**28. General Reserve**

- The general reserve amounted to USD 1822.8 million as of December 31, 2013 and 2012. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

**29. General Banking Risks Reserve**

- The general banking risk reserve amounted to USD 363.5 million as of December 31, 2013 and 2012. It is available for use in accordance with certain procedures, including the approval of the Central Bank of Jordan, only when the amount of that reserve exceeds the minimum amount set or required according to the instructions of the relevant banking authorities.

**30. Foreign currency translation reserve**

	USD '000	
	December 31,	
	<b>2013</b>	<b>2012</b>
Balance at the beginning of the year	108 389	120 182
Addition (disposal) during the year transferred to other comprehensive income for the year	( 46 674)	( 11 793)
<b>Balance at the end of the year</b>	<b>61 715</b>	<b>108 389</b>

**31. Investment Revaluation Reserve**

	USD '000	
	December 31,	
	<b>2013</b>	<b>2012</b>
Balance at the beginning of the year	( 110 983)	( 39 002)
Change in fair value during the year	( 118 203)	( 72 973)
Net realized loss transferred to retained earning	793	992
<b>Balance at the End of the Year</b>	<b>( 228 393)</b>	<b>( 110 983)</b>

\* Investment revaluation reserve is stated net of deferred tax liabilities in the amount of USD 6 million as of December 31, 2013 (USD 4.5 million as of December 31, 2012).

**32. Retained Earnings**

	USD '000	
	December 31,	
	<b>2013</b>	<b>2012</b>
<b>Balance at the beginning of the year</b>	<b>255 600</b>	<b>165 330</b>
Profit for the year Attributable to Shareholders of the Bank	497 021	344 064
Investments revaluation reserve transferred to retained earnings	( 793)	( 992)
Paid dividends	( 231 721)	( 193 900)
Transferred to statutory reserve	( 64 658)	( 49 550)
Adjustments during the year	( 6 306)	( 9 352)
Effect of adoption of IAS 19	( 11 210)	-
<b>Balance at the End of the Year *</b>	<b>437 933</b>	<b>255 600</b>

\* Arab Bank plc Board of Directors recommended a 30% of par value as cash dividend, equivalent to USD 225.9 million, and a bonus share for every fifteen shares amounting to 35.6 million shares, for year ended 2013 This proposal is subject to the approval of the General Assembly of shareholders (USD 225.9 million for the year 2012 equivalent to 30% of par value).

\* The retained earnings include restricted deferred tax assets in the amount of USD 55.6 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of USD 6.3 million. retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Financial Reporting Standards, amounted to USD 2.4 million as of December 31, 2013.

\* Retained earnings include an unrealized loss in the amount of USD (151) million due to the effect of the adoption of IFRS 9 as of December 31, 2013.  
The negative balance of the investments revaluation reserve in the amount of USD (228.4) million as of December 31, 2013 is restricted according to the Jordanian Securities Exchange Commission instructions.

**33. Interest Income**

The details of this item are as follows:

USD '000

	2013	2012
Direct credit facilities at amortized cost *	1 110 183	1 092 180
Central banks	123 619	88 273
Banks and financial institutions	39 198	47 545
Financial assets at fair value through profit or loss	28 637	32 937
Other financial assets at amortized cost	536 119	504 307
<b>Total</b>	<b>1 837 756</b>	<b>1 765 242</b>

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

USD '000

	2013					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills	5 377	16 115	21 031	2 254	1 523	46 300
Overdrafts	9 098	55 323	181 862	666	22 847	269 796
Loans and advances	159 781	66 620	399 389	4 138	32 317	662 245
Real estate loans	102 230	7 390	6 228	-	-	115 848
Credit cards	15 994	-	-	-	-	15 994
<b>Total</b>	<b>292 480</b>	<b>145 448</b>	<b>608 510</b>	<b>7 058</b>	<b>56 687</b>	<b>1 110 183</b>

USD '000

	2012					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills	3 890	9 680	22 363	3 610	2 016	41 559
Overdrafts	6 701	43 807	177 336	-	19 792	247 636
Loans and advances	144 281	61 327	425 243	6 457	33 095	670 403
Real estate loans	99 546	8 697	8 578	-	-	116 821
Credit cards	15 761	-	-	-	-	15 761
<b>Total</b>	<b>270 179</b>	<b>123 511</b>	<b>633 520</b>	<b>10 067</b>	<b>54 903</b>	<b>1 092 180</b>

**34. Interest Expense**

USD'000

The details of this item are as follows:

	<b>2013</b>	<b>2012</b>
Customer deposits *	627 673	593 012
Banks and financial institutions	59 346	71 888
Cash margins	65 857	56 209
Borrowed funds	5 351	15 053
Deposit insurance fees	15 176	17 601
<b>Total</b>	<b>773 403</b>	<b>753 763</b>

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

	<b>2013</b>				USD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	10 464	3 359	11 697	1 979	27 499
Savings	41 925	1 408	242	-	43 575
Time and notice	264 725	47 699	108 560	68 540	489 524
Certificates of deposit	43 873	1 213	10 921	11 068	67 075
<b>Total</b>	<b>360 987</b>	<b>53 679</b>	<b>131 420</b>	<b>81 587</b>	<b>627 673</b>

	<b>2012</b>				USD'000
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
Current and demand	6 541	2 445	11 438	1 171	21 595
Savings	43 094	1 820	563	-	45 477
Time and notice	255 122	48 929	91 976	74 492	470 519
Certificates of deposit	44 119	557	3 670	7 075	55 421
<b>Total</b>	<b>348 876</b>	<b>53 751</b>	<b>107 647</b>	<b>82 738</b>	<b>593 012</b>

USD '000

**35. Net Commission Income**

The details of this item are as follows:

	2013	2012
Commission income:		
- Direct credit facilities at amortized cost	82 131	78 602
- Indirect credit facilities	161 978	150 155
- Fiduciary deposits	17 269	16 575
- Other	80 692	77 634
Less: commission expense	( 24 151)	( 21 188)
<b>Net Commission Income</b>	<b>317 919</b>	<b>301 778</b>

**36. Gain (Loss) from Financial Assets at Fair Value Through Profit or Loss**

The details of this item are as follows:

USD '000

	2013			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
Treasury bills and bonds	3 435	( 1 667)	-	1 768
Companies shares	1 249	6 234	1 496	8 979
Mutual funds	-	1 744	-	1 744
<b>Total</b>	<b>4 684</b>	<b>6 311</b>	<b>1 496</b>	<b>12 491</b>

USD '000

	2012			
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total
Treasury bills and bonds	3 200	( 75 337)	-	( 72 137)
Companies shares	2 580	8 250	1 335	12 165
Mutual funds	-	( 1 343)	-	( 1 343)
<b>Total</b>	<b>5 780</b>	<b>( 68 430)</b>	<b>1 335</b>	<b>( 61 315)</b>

**37. Other Revenue**

USD '000

The details of this item are as follows:

	2013	2012
Revenue from customer services	20 410	18 770
Safe box rent	1 374	2 287
Gains from derivatives	2 693	565
Miscellaneous revenue	27 870	15 186
<b>Total</b>	<b>52 347</b>	<b>36 808</b>

**38. Employees' Expenses**

USD '000

The details of this item are as follows:

	2013	2012
Salaries and benefits	304 094	296 282
Social security	27 684	24 930
Savings fund	4 588	4 668
Indemnity compensation	3 908	10 264
Medical	10 020	9 559
Training	2 305	2 349
Allowances	44 452	37 512
Other	15 542	16 069
<b>Total</b>	<b>412 593</b>	<b>401 633</b>

**39. Other Expenses**

USD '000

The details of this item are as follows:

	2013	2012
Occupancy	61 485	62 667
Office	64 967	61 907
Services	63 637	73 244
Fees	12 291	12 459
Information technology	30 656	29 295
Other administrative expenses	43 294	45 499
<b>Total</b>	<b>276 330</b>	<b>285 071</b>

**40. Financial Derivatives**

The details of this item are as follows:

USD '000

December 31,

	2013	2012
Forward contracts	539 575	217 433
Interest rate swaps	2 160 821	1 876 227
Foreign currency forward contracts	6 368 718	9 029 519
<b>Total</b>	<b>9 069 114</b>	<b>11 123 179</b>

The details of financial derivatives are as follows:

USD '000

December 31, 2013

	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years
Forward contracts	4 654	3 590	539 575	387 677	61 793	90 105	-
Interest rate swaps	11 439	18 045	1 517 845	502	169 949	797 758	549 636
Foreign currency forward contracts	7 825	23 587	6 086 751	5 064 276	1 022 475	-	-
<b>Derivatives held for trading</b>	<b>23 918</b>	<b>45 222</b>	<b>8 144 171</b>	<b>5 452 455</b>	<b>1 254 217</b>	<b>887 863</b>	<b>549 636</b>
Forward contracts	-	-	-	-	-	-	-
Interest rate swaps	8 190	17 680	520 450	9 992	15 023	289 475	205 960
Foreign currency forward contracts	-	-	77 211	29 097	48 114	-	-
<b>Derivatives held for fair value hedge</b>	<b>8 190</b>	<b>17 680</b>	<b>597 661</b>	<b>39 089</b>	<b>63 137</b>	<b>289 475</b>	<b>205 960</b>
Interest rate swaps	117	2 246	122 526	-	41 498	13 402	67 626
Foreign currency forward contracts	1 582	1 536	204 756	204 756	-	-	-
<b>Derivatives held for cash flow hedge</b>	<b>1 699</b>	<b>3 782</b>	<b>327 282</b>	<b>204 756</b>	<b>41 498</b>	<b>13 402</b>	<b>67 626</b>
<b>Total</b>	<b>33 807</b>	<b>66 684</b>	<b>9 069 114</b>	<b>5 696 300</b>	<b>1 358 852</b>	<b>1 190 740</b>	<b>823 222</b>

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



USD '000

December 31, 2012

	Positive Fair Value	Negative Fair Value	Total Notional Amount	Notional amounts by maturity			
				Within 3 Months	From 3 Months to 1 Year	From 1 Year to 3 Years	More than 3 Years
Forward contracts	3 823	4 668	192 070	128 642	14 236	17 773	31 419
Interest rate swaps	20 130	35 779	1 612 423	125 071	852 764	303 767	330 821
Foreign currency forward contracts	13 727	13 908	8 591 708	4 333 139	4 258 569	-	-
<b>Derivatives held for trading</b>	<b>37 680</b>	<b>54 355</b>	<b>10 396 201</b>	<b>4 586 852</b>	<b>5 125 569</b>	<b>321 540</b>	<b>362 240</b>
Forward contracts	-	-	25 363	-	-	25 363	-
Interest rate swaps	8 185	12 592	110 784	-	75 765	-	35 019
Foreign currency forward contracts	-	-	125 468	75 432	50 036	-	-
<b>Derivatives held for fair value hedge</b>	<b>8 185</b>	<b>12 592</b>	<b>261 615</b>	<b>75 432</b>	<b>125 801</b>	<b>25 363</b>	<b>35 019</b>
Interest rate swaps	-	4 910	153 020	10 380	20 761	39 543	82 336
Foreign currency forward contracts	4 739	4 459	312 343	312 343	-	-	-
<b>Derivatives held for cash flow hedge</b>	<b>4 739</b>	<b>9 369</b>	<b>465 363</b>	<b>322 723</b>	<b>20 761</b>	<b>39 543</b>	<b>82 336</b>
<b>Total</b>	<b>50 604</b>	<b>76 316</b>	<b>11 123 179</b>	<b>4 985 007</b>	<b>5 272 131</b>	<b>386 446</b>	<b>479 595</b>

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

## 41 - Business Segments

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

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

### 1. Corporate and Institutional Banking

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

### 2. Treasury Group

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

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

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

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

### 3. Consumer Banking

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

## Information about the Group's Business Segments

	2013					USD '000
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
Total income	752 043	695 232	(126 763)	159 804	330 513	1 810 829
Net inter-segment interest income	(44 947)	(346 724)	229 596	162 075	-	-
Provision for impairment - direct credit facilities at amortized cost	275 097	-	182	10 596	-	285 875
Other provisions	30 041	2 581	785	5 930	1 469	40 806
Direct administrative expenses	111 916	20 879	25 798	147 490	752	306 835
<b>Result of operations of segments</b>	<b>290 042</b>	<b>325 048</b>	<b>76 068</b>	<b>157 863</b>	<b>328 292</b>	<b>1 177 313</b>
Indirect expenses on segments	191 136	61 252	37 638	143 231	2 650	435 907
<b>Profit for the year before income tax</b>	<b>98 906</b>	<b>263 796</b>	<b>38 430</b>	<b>14 632</b>	<b>325 642</b>	<b>741 406</b>
Income tax expense	45 503	59 795	15 345	4 039	114 868	239 550
<b>Profit for the Year</b>	<b>53 403</b>	<b>204 001</b>	<b>23 085</b>	<b>10 593</b>	<b>210 774</b>	<b>501 856</b>
Depreciation and amortization	17 879	5 209	2 589	28 142	-	53 819
<b>Other information</b>						
Segment assets	17 912 114	20 332 200	750 267	3 623 351	1 163 498	43 781 430
Inter-segment assets	-	-	10 130 610	4 403 436	4 545 049	-
Investment in associates	-	-	-	-	2 618 191	2 618 191
<b>TOTAL ASSETS</b>	<b>17 912 114</b>	<b>20 332 200</b>	<b>10 880 877</b>	<b>8 026 787</b>	<b>8 326 738</b>	<b>46 399 621</b>
Segment liabilities	17 218 006	1 947 213	10 880 877	8 026 787	559 010	38 631 893
Owners equity	-	-	-	-	7 767 728	7 767 728
Inter-segment liabilities	694 108	18 384 987	-	-	-	-
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>17 912 114</b>	<b>20 332 200</b>	<b>10 880 877</b>	<b>8 026 787</b>	<b>8 326 738</b>	<b>46 399 621</b>

## Information about the Group's Business Segments

	2012					USD '000
	Corporate and institutional Banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail Banking		
Total income	670 477	645 149	(122 624)	143 005	328 969	1 664 976
Net inter-segment interest income	(111 859)	(269 874)	218 555	163 178	-	-
Provision for impairment - direct credit facilities at amortized cost	328 062	-	138	19 300	-	347 500
Other provisions	5 514	1 130	319	5 661	3 868	16 492
Direct administrative expenses	106 674	22 364	25 056	139 962	2 861	296 917
<b>Result of operations of segments</b>	<b>118 368</b>	<b>351 781</b>	<b>70 418</b>	<b>141 260</b>	<b>322 240</b>	<b>1 004 067</b>
Indirect expenses on segments	181 064	72 209	38 075	144 218	5 596	441 162
<b>Profit for the year before income tax</b>	<b>(62 696)</b>	<b>279 572</b>	<b>32 343</b>	<b>(2 958)</b>	<b>316 644</b>	<b>562 905</b>
Income tax expense	21 818	65 416	16 235	(3 994)	(111 380)	210 855
<b>Profit(Loss) for the Year</b>	<b>(84 514)</b>	<b>214 156</b>	<b>16 108</b>	<b>1 036</b>	<b>205 264</b>	<b>352 050</b>
Depreciation and amortization	13 934	4 684	1 718	31 039	-	51 375
<b>Other information</b>						
Segment assets	17 435 821	20 078 705	722 621	3 756 677	1 226 251	43 220 075
Inter-segment assets	-	-	9 478 677	4 346 374	4 686 307	-
Investment in associates	-	-	-	-	2 426 449	2 426 449
<b>TOTAL ASSETS</b>	<b>17 435 821</b>	<b>20 078 705</b>	<b>10 201 298</b>	<b>8 103 051</b>	<b>8 339 007</b>	<b>45 646 524</b>
Segment liabilities	17 326 408	1 676 760	10 201 298	8 103 051	639 841	37 947 358
Owners equity	-	-	-	-	7 699 166	7 699 166
Inter-segment liabilities	109 413	18 401 945	-	-	-	-
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>17 435 821</b>	<b>20 078 705</b>	<b>10 201 298</b>	<b>8 103 051</b>	<b>8 339 007</b>	<b>45 646 524</b>

## 42 - Banking Risk Management

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

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

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

### a. Credit Risk Management

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

### b. Geographic Concentration Risk

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

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

### c. Liquidity Risk

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

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

#### d. Market Risk

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

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

##### 1) Interest Rate Risk:

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

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

##### 2) Capital Market Exposures:

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

##### 3) Foreign Exchange Risk

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

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

#### e. Operational Risk

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

### 43. Concentration of Assets and Revenues According to the Geographical Distribution

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

USD '000		
December 31,		
Assets	2013	2012
Inside Jordan	11 654 499	10 614 311
Outside Jordan	34 745 122	35 032 213
<b>Total</b>	<b>46 399 621</b>	<b>45 646 524</b>
Revenues	2013	2012
Inside Jordan	454 397	417 914
Outside Jordan	1 356 432	1 247 062
<b>Total</b>	<b>1 810 829</b>	<b>1 664 976</b>

### 44. Credit Risk

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

USD '000		
December 31,		
Credit risk exposures relating to assets:	2013	2012
Balances with central banks	7 709 193	7 285 298
Balances with banks and financial institutions	3 491 694	4 841 549
Deposits with banks and financial institutions	67 496	101 824
Financial assets at fair value through profit or loss	886 211	827 341
<b>Direct credit facilities at amortized cost</b>	<b>20 971 444</b>	<b>20 480 414</b>
Consumer Banking	3 794 573	3 506 121
Small and medium	2 092 982	1 963 499
Large	13 872 204	13 429 578
Banking and financial institutions	160 193	367 969
Government and public sector	1 051 492	1 213 247
Other financial assets at amortized cost	8 530 104	7 280 524
Other assets and financial derivatives - positive fair value	401 150	400 784
<b>Credit risk exposures relating to items off the consolidated statement of the financial position:</b>		
Letters of credit	1 860 890	2 153 631
Acceptances	814 170	837 932
Letters of guarantees	13 374 469	13 111 217
Unused credit facilities	4 118 859	3 332 293
<b>Total</b>	<b>62 225 680</b>	<b>60 652 807</b>

**B. Classification of direct credit facilities at amortized cost based on credit risk:**

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

USD '000

	December 31, 2013					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
<b>Low risk</b>	<b>1 213 666</b>	<b>945 898</b>	<b>1 675 426</b>	<b>14 623</b>	<b>800 447</b>	<b>4 650 060</b>
<b>Acceptable risk</b>	<b>2 558 500</b>	<b>1 070 242</b>	<b>12 379 817</b>	<b>118 058</b>	<b>252 174</b>	<b>16 378 791</b>
Due:	39 069	10 294	303 554	-	-	352 917
- Up to 30 days	27 949	6 253	84 739	-	-	118 941
- 31 - 60 days	11 120	4 041	218 815	-	-	233 976
<b>Watch list</b>	<b>26 759</b>	<b>44 574</b>	<b>365 524</b>	<b>-</b>	<b>732</b>	<b>437 589</b>
<b>Non-performing:</b>	<b>216 691</b>	<b>282 971</b>	<b>1 086 831</b>	<b>31 730</b>	<b>1 159</b>	<b>1 619 382</b>
- Substandard	26 956	16 164	11 276	-	-	54 396
- Doubtful	18 905	23 635	540 499	30 780	-	613 819
- Problematic	170 830	243 172	535 056	950	1 159	951 167
<b>Total</b>	<b>4 015 616</b>	<b>2 343 685</b>	<b>15 507 598</b>	<b>164 411</b>	<b>1 054 512</b>	<b>23 085 822</b>
Less: interest and commission in suspense	57 773	96 314	192 890	2 962	-	349 939
Less: provision for impair- ment direct credit facilities at amortized cost	163 270	154 389	1 442 504	1 256	3 020	1 764 439
<b>Net direct credit facilities at amortized cost</b>	<b>3 794 573</b>	<b>2 092 982</b>	<b>13 872 204</b>	<b>160 193</b>	<b>1 051 492</b>	<b>20 971 444</b>



USD '000

December 31, 2012

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
<b>Low risk</b>	<b>1 167 470</b>	<b>1 090 398</b>	<b>1 848 629</b>	<b>9 798</b>	<b>956 178</b>	<b>5 072 473</b>
<b>Acceptable risk</b>	<b>2 299 513</b>	<b>683 079</b>	<b>11 432 240</b>	<b>326 464</b>	<b>257 120</b>	<b>14 998 416</b>
Due:	36 149	50 427	160 033	376	276	247 261
- Up to 30 days	21 571	43 505	136 057	376	-	201 509
- 31 - 60 days	14 578	6 922	23 976	-	276	45 752
<b>Watch list</b>	<b>29 475</b>	<b>91 647</b>	<b>485 810</b>	<b>12 945</b>	<b>844</b>	<b>620 721</b>
<b>Non-performing:</b>	<b>230 065</b>	<b>358 391</b>	<b>1 199 092</b>	<b>27 508</b>	<b>1 290</b>	<b>1 816 346</b>
- Substandard	32 347	51 497	26 017	-	-	109 861
- Doubtful	29 729	54 430	635 256	27 508	-	746 923
- Problematic	167 989	252 464	537 819	-	1 290	959 562
<b>Total</b>	<b>3 726 523</b>	<b>2 223 515</b>	<b>14 965 771</b>	<b>376 715</b>	<b>1 215 432</b>	<b>22 507 956</b>
Less: interest and commission in suspense	53 583	101 672	156 802	2 273	-	314 330
Less: provision for impair- ment direct credit facilities at amortized cost	166 819	158 344	1 379 391	6 473	2 185	1 713 212
<b>Net direct credit facilities at amortized cost</b>	<b>3 506 121</b>	<b>1 963 499</b>	<b>13 429 578</b>	<b>367 969</b>	<b>1 213 247</b>	<b>20 480 414</b>

**C. Fair value of collaterals obtained against direct credit facilities at amortized cost:**

	December 31, 2013					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
<b>Collaterals against direct credit facilities of:</b>						
<b>Low risk</b>	<b>425 211</b>	<b>811 769</b>	<b>1 391 248</b>	<b>13 515</b>	<b>250 092</b>	<b>2 891 835</b>
<b>Acceptable risk</b>	<b>936 328</b>	<b>624 764</b>	<b>7 024 187</b>	<b>2 979</b>	<b>155</b>	<b>8 588 413</b>
Past due	8 961	21 210	232 151	-	-	262 322
<b>Watch list</b>	<b>12 316</b>	<b>22 359</b>	<b>144 158</b>	<b>-</b>	<b>-</b>	<b>178 833</b>
<b>Non-performing:</b>	<b>58 118</b>	<b>72 296</b>	<b>194 467</b>	<b>-</b>	<b>12</b>	<b>324 893</b>
- Substandard	17 761	5 528	10 152	-	-	33 441
- Doubtful	9 146	13 823	54 116	-	-	77 085
- Problematic	31 211	52 945	130 199	-	12	214 367
<b>Total</b>	<b>1 440 934</b>	<b>1 552 398</b>	<b>8 986 211</b>	<b>16 494</b>	<b>250 259</b>	<b>12 246 296</b>
<b>Of which:</b>						
Cash margin	265 325	336 265	2 511 339	-	42 676	3 155 605
Accepted Banks letters of guarantees	11 706	79 441	1 461 163	-	46 396	1 598 706
Real estate properties	195 453	475 307	2 437 929	4 773	72 583	3 186 045
Listed securities	58 854	103 715	263 745	276	-	426 590
Vehicles and equipment	67 996	22 893	459 828	-	-	550 717
Other	841 600	534 777	1 852 207	11 445	88 604	3 328 633
<b>Total</b>	<b>1 440 934</b>	<b>1 552 398</b>	<b>8 986 211</b>	<b>16 494</b>	<b>250 259</b>	<b>12 246 296</b>

	December 31, 2012					USD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
<b>Collaterals against direct credit facilities of:</b>						
<b>Low risk</b>	<b>961 243</b>	<b>429 654</b>	<b>1 162 275</b>	<b>-</b>	<b>184 412</b>	<b>2 737 584</b>
<b>Acceptable risk</b>	<b>935 367</b>	<b>705 895</b>	<b>6 821 076</b>	<b>2 580</b>	<b>172</b>	<b>8 465 090</b>
Past due	16 615	30 260	-	-	-	46 875
<b>Watch list</b>	<b>19 744</b>	<b>48 189</b>	<b>263 030</b>	<b>-</b>	<b>-</b>	<b>330 963</b>
<b>Non-performing:</b>	<b>50 924</b>	<b>125 468</b>	<b>179 948</b>	<b>-</b>	<b>14</b>	<b>356 354</b>
- Substandard	17 639	37 885	8 780	-	-	64 304
- Doubtful	16 208	40 328	50 490	-	-	107 026
- Problematic	17 077	47 255	120 678	-	14	185 024
<b>Total</b>	<b>1 983 893</b>	<b>1 339 466</b>	<b>8 426 329</b>	<b>2 580</b>	<b>184 598</b>	<b>11 936 866</b>
<b>Of which:</b>						
Cash margin	367 648	314 088	2 386 059	-	61 621	3 129 416
Accepted Banks letters of guarantees	115 142	51 508	919 663	313	-	1 086 626
Real estate properties	118 155	720 790	2 215 465	2 267	-	3 056 677
Listed securities	285 717	11 049	318 108	-	71	614 945
Vehicles and equipment	64 470	22 779	456 099	-	-	543 348
Other	1 032 761	219 252	2 130 935	-	122 906	3 505 854
<b>Total</b>	<b>1 983 893</b>	<b>1 339 466</b>	<b>8 426 329</b>	<b>2 580</b>	<b>184 598</b>	<b>11 936 866</b>

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

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

Credit rating	December 31, 2013		USD '000
	Financial Assets at Fair Value through P&L	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	395 552	1 162 740	1 558 292
BBB+ to B-	-	442 553	442 553
Below B-	-	9 380	9 380
Unrated	26 488	111 502	137 990
Governments and public sector	464 171	6 803 929	7 268 100
<b>Total</b>	<b>886 211</b>	<b>8 530 104</b>	<b>9 416 315</b>

Credit rating	December 31, 2012		USD '000
	Financial Assets at Fair Value through P&L	Other Financial Assets at Amortized Cost	Total
Private sector:			
AAA to A-	203 785	963 332	1 167 117
BBB+ to B-	20 113	294 531	314 644
Below B-	2 158	8 215	10 373
Unrated	28 340	151 014	179 354
Governments and public sector	572 945	5 863 432	6 436 377
<b>Total</b>	<b>827 341</b>	<b>7 280 524</b>	<b>8 107 865</b>

**E. Credit exposure categorized by geographical region:**

	December 31, 2013						USD '000
	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	3 727 036	2 323 858	6 337	1 647 185	-	4 777	7 709 193
Balances and deposits with banks and financial institutions	98 985	1 460 848	278 404	1 204 038	440 076	76 839	3 559 190
Financial assets at fair value through profit or loss	17 570	291 074	56 665	511 250	-	9 652	886 211
Direct credit facilities at amortized cost	5 057 286	13 634 067	266 289	1 308 613	30 626	674 563	20 971 444
Other financial assets at amortized cost	2 533 952	4 532 362	35 726	655 426	469 296	303 342	8 530 104
Other assets and financial derivatives - positive fair value	54 277	290 594	3 227	46 518	389	6 145	401 150
<b>Total</b>	<b>11 489 106</b>	<b>22 532 803</b>	<b>646 648</b>	<b>5 373 030</b>	<b>940 387</b>	<b>1 075 318</b>	<b>42 057 292</b>

	December 31, 2012						USD '000
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the World	Total
Balances with central banks	2 568 043	2 164 605	14 071	2 521 274	-	17 305	7 285 298
Balances and deposits with banks and financial institutions	164 574	1 832 811	284 435	2 053 573	501 486	106 494	4 943 373
Financial assets at fair value through profit or loss	16 986	461 451	-	311 307	1 728	35 869	827 341
Direct credit facilities at amortized cost	4 824 884	12 420 378	499 537	1 717 978	135 126	882 511	20 480 414
Other financial assets at amortized cost	2 273 624	3 652 466	17 390	487 137	437 120	412 787	7 280 524
Other assets and financial derivatives - positive fair value	44 827	303 502	5 035	41 146	182	6 092	400 784
<b>Total</b>	<b>9 892 938</b>	<b>20 835 213</b>	<b>820 468</b>	<b>7 132 415</b>	<b>1 075 642</b>	<b>1 461 058</b>	<b>41 217 734</b>

\* Excluding Arab Countries.

**F. CREDIT EXPOSURE CATEGORIZED BY ECONOMIC SECTOR**

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real Estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	7 030	-	-	-
Direct credit facilities at amortized cost	3 794 573	4 398 686	1 396 913	1 893 666	4 081 950
Other financial assets at amortized cost	-	34 984	-	14 234	21 054
Other assets and financial derivatives - positive fair value	16 309	14 975	4 352	7 604	17 303
<b>Total</b>	<b>3 810 882</b>	<b>4 455 675</b>	<b>1 401 265</b>	<b>1 915 504</b>	<b>4 120 307</b>

	Consumer Banking	Corporates			
		Industry and Mining	Constructions	Real Estate	Trade
Balances with Central Banks	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	-	20 340	-	-	1 851
Direct credit facilities at amortized cost	3 506 121	4 579 103	1 309 887	1 756 246	3 466 449
Other financial assets at amortized cost	-	67 979	10 865	22 071	1 149
Other assets and financial derivatives - positive fair value	15 918	21 481	4 927	6 521	16 669
<b>Total</b>	<b>3 522 039</b>	<b>4 688 903</b>	<b>1 325 679</b>	<b>1 784 838</b>	<b>3 486 118</b>

USD '000

December 31, 2013

Corporates				Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	General Services			
-	-	-	-	7 709 193	-	7 709 193
-	-	-	-	3 559 190	-	3 559 190
-	-	26 488	-	388 525	464 168	886 211
164 724	658 781	866 296	2 504 170	160 193	1 051 492	20 971 444
-	-	-	99 865	1 556 038	6 803 929	8 530 104
545	2 576	7 782	29 424	80 927	219 353	401 150
<b>165 269</b>	<b>661 357</b>	<b>900 566</b>	<b>2 633 459</b>	<b>13 454 066</b>	<b>8 538 942</b>	<b>42 057 292</b>

USD '000

December 31, 2012

Corporates				Banks and Financial Institutions	Government and Public Sector	Total
Agriculture	Tourism and Hotels	Transportation	General Services			
-	-	-	-	7 285 298	-	7 285 298
-	-	-	-	4 943 373	-	4 943 373
-	-	28 216	2 158	201 831	572 945	827 341
217 324	733 621	1 013 640	2 316 807	367 969	1 213 247	20 480 414
-	-	1 229	94 161	1 219 638	5 863 432	7 280 524
999	2 468	13 660	48 549	144 708	124 884	400 784
<b>218 323</b>	<b>736 089</b>	<b>1 056 745</b>	<b>2 461 675</b>	<b>14 162 817</b>	<b>7 774 508</b>	<b>41 217 734</b>

## 45. Market Risk

### Market Risk sensitivity

Assuming market prices as of December 31, 2013 and 2012 change by 5%, the impact on the consolidated statement of income and owners' equity will be as follows:

USD '000

	December 31, 2013			December 31, 2012		
	Consolidated Statement of Income	Owners' Equity	Total	Consolidated Statement of Income	Owners' Equity	Total
Interest rate sensitivity	34 897	-	34 897	36 236	-	36 236
Foreign exchange rate sensitivity	8 036	5 658	13 694	18 431	3 626	22 057
Equity instruments prices sensitivity	2 408	27 688	30 096	6 857	27 688	34 545
<b>Total</b>	<b>45 341</b>	<b>33 346</b>	<b>78 687</b>	<b>61 524</b>	<b>31 314</b>	<b>92 838</b>



#### 46. Interest Rate Risk

A - Exposure to interest rate volatility as of December 31, 2013 (classification is based on interest rate repricing or maturity date, whichever is closer).

USD '000

	Within 3 Months	More than 3 Months and up to 6 Months	More than 6 Months and up to 1 Year	More than 1 Year and up to 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
<b>ASSETS</b>							
Cash at vaults	-	-	-	-	-	470 344	470 344
Mandatory cash reserve	-	-	-	-	-	1 467 994	1 467 994
Balances with central banks	4 413 915	49 283	114 324	-	-	1 663 677	6 241 199
Balances and deposits with banks and financial institutions	2 550 249	27 529	39 967	-	-	941 445	3 559 190
Financial assets at fair value through profit or loss	425 292	143 933	276 460	17 810	22 716	48 159	934 370
Direct credit facilities at amortized cost	13 197 622	2 559 804	1 060 980	1 547 572	2 605 466	-	20 971 444
Financial assets at fair value through OCI	-	-	-	-	-	453 510	453 510
Other financial assets at amortized cost	2 515 421	1 051 261	1 428 393	2 097 335	1 437 694	-	8 530 104
Investment in associates	-	-	-	-	-	2 618 191	2 618 191
Fixed assets	-	-	-	-	-	499 593	499 593
Other assets and financial derivatives - positive fair value	51 410	25 693	1 596	3 188	122	516 100	598 109
Deferred tax assets	-	-	-	-	-	55 573	55 573
<b>TOTAL ASSETS</b>	<b>23 153 909</b>	<b>3 857 503</b>	<b>2 921 720</b>	<b>3 665 905</b>	<b>4 065 998</b>	<b>8 734 586</b>	<b>46 399 621</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>							
Banks and financial institutions' deposits	2 541 757	200 455	22 234	-	-	264 167	3 028 613
Customer deposits	14 274 001	2 845 666	2 831 487	665 549	45 463	10 060 665	30 722 831
Cash margin	2 608 739	416 328	148 580	5 466	-	488 111	3 667 224
Borrowed funds	99 277	-	-	1 016	5 077	-	105 370
Provision for income tax	-	-	-	-	-	196 895	196 895
Other provisions	-	-	-	-	-	139 022	139 022
Other liabilities and financial derivatives - negative fair value	-	-	-	-	-	763 886	763 886
Deferred tax liabilities	-	-	-	-	-	8 052	8 052
Total owners' equity	-	-	-	-	-	7 767 728	7 767 728
<b>Total liabilities and owners' equity</b>	<b>19 523 774</b>	<b>3 462 449</b>	<b>3 002 301</b>	<b>672 031</b>	<b>50 540</b>	<b>19 688 526</b>	<b>46 399 621</b>
Gap	3 630 135	395 054	(80 581)	2 993 874	4 015 458	(10 953 940)	-
<b>Accumulated gap</b>	<b>3 630 135</b>	<b>4 025 189</b>	<b>3 944 608</b>	<b>6 938 482</b>	<b>10 953 940</b>	-	-

**B - Exposure to interest rate volatility as of December 31, 2012 (classification is based on interest rate repricing or maturity date, whichever is closer).**

USD'000

	Within 3 Months	More than 3 Months and up to 6 Months	More than 6 Months and up to 1 Year	More than 1 Year and up to 3 Years	More than 3 Years	Not Tied to Interest Rate Risk	Total
<b>ASSETS</b>							
Cash at vaults	-	-	-	-	-	463 813	463 813
Mandatory cash reserve	-	-	-	-	-	1 137 431	1 137 431
Balances with central banks	5 000 267	32 262	81 660	30 005	100 130	903 543	6 147 867
Balances and deposits with banks and financial institutions	3 960 870	92 939	8 885	-	-	880 679	4 943 373
Financial assets at fair value through profit or loss	269 942	184 217	346 527	6 963	19 692	137 145	964 486
Direct credit facilities at amortized cost	13 483 846	2 303 498	668 431	1 352 174	2 672 465	-	20 480 414
Financial assets at fair value through OCI	-	-	-	-	-	553 760	553 760
Other financial assets at amortized cost	2 310 553	821 028	1 257 262	1 960 076	931 605	-	7 280 524
Investment in associates	-	-	-	-	-	2 426 449	2 426 449
Fixed assets	-	-	-	-	-	516 799	516 799
Other assets and financial derivatives - positive fair value	59 940	24 129	1 959	-	-	601 690	687 718
Deferred tax assets	-	-	-	-	-	43 890	43 890
<b>TOTAL ASSETS</b>	<b>25 085 418</b>	<b>3 458 073</b>	<b>2 364 724</b>	<b>3 349 218</b>	<b>3 723 892</b>	<b>7 665 199</b>	<b>45 646 524</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>							
Banks and financial institutions' deposits	2 825 853	327 551	266 777	19 999	-	396 208	3 836 388
Customer deposits	14 641 048	2 535 973	2 188 894	1 012 845	225 259	8 748 365	29 352 384
Cash margin	1 860 332	1 289 399	102 410	5 682	353	275 545	3 533 721
Borrowed funds	110 289	1 841	2 615	11 486	30 281	-	156 512
Provision for income tax	-	-	-	-	-	218 692	218 692
Other provisions	-	-	-	-	-	120 773	120 773
Other liabilities and financial derivatives - negative fair value	-	-	-	-	-	719 386	719 386
Deferred tax liabilities	-	-	-	-	-	9 502	9 502
Total owners' equity	-	-	-	-	-	7 699 166	7 699 166
<b>Total liabilities and owners' equity</b>	<b>19 437 522</b>	<b>4 154 764</b>	<b>2 560 696</b>	<b>1 050 012</b>	<b>255 893</b>	<b>18 187 637</b>	<b>45 646 524</b>
Gap	5 647 896	( 696 691)	( 195 972)	2 299 206	3 467 999	(10 522 438)	-
<b>Accumulated gap</b>	<b>5 647 896</b>	<b>4 951 205</b>	<b>4 755 233</b>	<b>7 054 439</b>	<b>10 522 438</b>	-	-

## 47. Liquidity Risk

### A. The details of the maturity of assets and liabilities as of December 31, 2013:

USD '000

	Within 1 Months	After 1 Month and before 3 Months	After 3 Months and before 6 Months	After 6 Months and before One Year	After One Year and before 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
<b>ASSETS</b>								
Cash at vaults	-	-	-	-	-	-	470 344	470 344
Mandatory cash reserve	-	-	-	-	-	-	1 467 994	1 467 994
Balances with central banks	4 381 752	32 163	49 283	114 324	-	-	1 663 677	6 241 199
Balances and deposits with banks and financial institu- tions	504 666	2 045 583	26 316	39 657	1 523	-	941 445	3 559 190
Financial assets at fair value through profit or loss	1 809	4 955	84 374	152 606	535 257	107 210	48 159	934 370
Direct credit facilities at amortized cost	4 767 671	3 882 698	1 771 274	1 418 877	2 977 249	6 153 675	-	20 971 444
Financial assets at fair value through OCI	-	-	-	-	-	-	453 510	453 510
Other financial assets at amortized cost	686 617	1 018 202	889 962	1 429 504	2 793 564	1 712 255	-	8 530 104
Investment in associates	-	-	-	-	-	-	2 618 191	2 618 191
Fixed assets	-	-	-	-	-	-	499 593	499 593
Other assets and financial derivatives - positive fair value	21 820	20 581	139 206	1 506	4 152	10 840	400 004	598 109
Deferred tax assets	-	-	-	-	-	-	55 573	55 573
<b>TOTAL ASSETS</b>	<b>10 364 335</b>	<b>7 004 182</b>	<b>2 960 415</b>	<b>3 156 474</b>	<b>6 311 745</b>	<b>7 983 980</b>	<b>8 618 490</b>	<b>46 399 621</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>								
Banks and financial institu- tions' deposits	2 402 193	139 564	200 455	22 234	-	-	264 167	3 028 613
Customer deposits	8 686 655	4 099 860	2 930 173	2 991 309	689 090	47 480	11 278 264	30 722 831
Cash margin	1 982 301	522 235	511 658	155 825	7 094	-	488 111	3 667 224
Borrowed funds	592	86	7 164	3 323	23 068	71 137	-	105 370
Provision for income tax	-	196 895	-	-	-	-	-	196 895
Other Provisions	-	-	-	-	-	-	139 022	139 022
Other liabilities and financial derivatives - negative fair value	75 819	57 369	60 122	18 185	23 330	11 665	517 396	763 886
Deferred tax liabilities	-	-	-	-	-	-	8 052	8 052
Total owners' equity	-	-	-	-	-	-	7 767 728	7 767 728
<b>Total liabilities and owners' equity</b>	<b>13 147 560</b>	<b>5 016 009</b>	<b>3 709 572</b>	<b>3 190 876</b>	<b>742 582</b>	<b>130 282</b>	<b>20 462 740</b>	<b>46 399 621</b>
Gap	(2 783 225)	1 988 173	(749 157)	(34 402)	5 569 163	7 853 698	(11 844 250)	-
<b>Accumulated gap</b>	<b>(2 783 225)</b>	<b>(795 052)</b>	<b>(1 544 209)</b>	<b>(1 578 611)</b>	<b>3 990 552</b>	<b>11 844 250</b>	<b>-</b>	<b>-</b>

**B. The details of the maturity of assets and liabilities as of December 31, 2012:**

USD '000

	Within 1 Months	After 1 Month and before 3 Months	After 3 Months and before 6 Months	After 6 Months and before One Year	After One Year and before 3 Years	After 3 Years	Not Tied to a Specific Maturity	Total
<b>ASSETS</b>								
Cash at vaults	-	-	-	-	-	-	463 813	463 813
Mandatory cash reserve	-	-	-	-	-	-	1 137 431	1 137 431
Balances with central banks	4 600 154	400 113	32 262	81 660	30 005	100 130	903 543	6 147 867
Balances and deposits with banks and financial institu- tions	666 335	3 294 535	74 917	23 685	3 222	-	880 679	4 943 373
Financial assets at fair value through profit or loss	57 085	47 548	106 482	275 527	193 888	146 811	137 145	964 486
Direct credit facilities at amortized cost	5 319 931	2 990 745	1 787 952	865 778	2 654 361	6 861 647	-	20 480 414
Financial assets at fair value through OCI	-	-	-	-	-	-	553 760	553 760
Other financial assets at amortized cost	521 870	1 342 433	811 021	1 321 824	2 270 404	1 012 972	-	7 280 524
Investment in associates	-	-	-	-	-	-	2 426 449	2 426 449
Fixed assets	-	-	-	-	-	-	516 799	516 799
Other assets and financial derivatives - positive fair value	21 031	21 883	114 768	4 287	566	13 498	511 685	687 718
Deferred tax assets	-	-	-	-	-	-	43 890	43 890
<b>TOTAL ASSETS</b>	<b>11 186 406</b>	<b>8 097 257</b>	<b>2 927 402</b>	<b>2 572 761</b>	<b>5 152 446</b>	<b>8 135 058</b>	<b>7 575 194</b>	<b>45 646 524</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>								
Banks and financial institu- tions' deposits	2 520 351	305 502	327 551	266 777	19 999	-	396 208	3 836 388
Customer deposits	8 550 566	4 398 529	2 481 557	2 144 634	999 702	91 185	10 686 211	29 352 384
Cash margin	1 066 971	608 768	1 386 895	75 805	57 633	353	337 296	3 533 721
Borrowed funds	372	62 572	6 681	2 615	21 169	63 103	-	156 512
Provision for income tax	-	218 692	-	-	-	-	-	218 692
Other Provisions	-	-	-	-	-	-	120 773	120 773
Other liabilities and financial derivatives - negative fair value	122 657	39 994	46 115	5 238	10 683	24 414	470 285	719 386
Deferred tax liabilities	-	-	-	-	-	-	9 502	9 502
Total owners' equity	-	-	-	-	-	-	7 699 166	7 699 166
<b>Total liabilities and owners' equity</b>	<b>12 260 917</b>	<b>5 634 057</b>	<b>4 248 799</b>	<b>2 495 069</b>	<b>1 109 186</b>	<b>179 055</b>	<b>19 719 441</b>	<b>45 646 524</b>
Gap	(1 074 511)	2 463 200	(1 321 397)	77 692	4 043 260	7 956 003	(12 144 247)	-
<b>Accumulated gap</b>	<b>(1 074 511)</b>	<b>1 388 689</b>	<b>67 292</b>	<b>144 984</b>	<b>4 188 244</b>	<b>12 144 247</b>	<b>-</b>	<b>-</b>

#### 48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31,			
	2013		2012	
	Base cur- rency in thousands	Equivalent in thousand US Dollars	Base currency in thousands	Equivalent in thousand US Dollars
USD	( 14 675)	( 14 675)	( 465 989)	( 465 989)
GBP	( 64 992)	( 107 093)	( 8 517)	( 13 755)
EUR	( 34 263)	( 47 246)	21 360	28 178
JPY	(2 284 529)	( 21 743)	3 454 619	40 088
CHF	( 97)	( 109)	( 2 633)	( 2 879)
Other currencies *		30 144		45 745
<b>Total</b>		<b>( 160 722)</b>		<b>( 368 612)</b>

\* Various foreign currencies translated to US Dollars.

## 49. Fair Value Hierarchy

### A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis.

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

USD '000

Financial assets / Financial Liabilities	Fair Value as at December 31,		Fair Value Hierarchy	Valuation tech- niques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2013	2012				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Government Bonds and bills	464 171	572 945	Level 1	Quoted	Not Applicable	Not Applicable
Corporate bonds	395 552	226 056	Level 1	Quoted	Not Applicable	Not Applicable
Loans and advances	26 488	28 340	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
Shares and mutual funds	48 159	137 145	Level 1	Quoted	Not Applicable	Not Applicable
<b>Total</b>	<b>934 370</b>	<b>964 486</b>				
Financial derivatives - positive fair value	33 807	50 604	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	249 103	368 949	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	204 407	184 811	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
<b>Total</b>	<b>453 510</b>	<b>553 760</b>				
<b>Total Financial Assets at Fair Value</b>	<b>1 421 687</b>	<b>1 568 850</b>				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	66 684	76 316	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>66 684</b>	<b>76 316</b>				

There were no transfers between Level 1 and 2 during 2013 and 2012.

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

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:

	December 31, 2013		USD '000
	Book value	Fair value	Fair value Hierarchy
<b>Financial assets not calculated at fair value</b>			
Mandatory reserve	1 467 994	1 468 270	Level 2
Deposits with central banks	4 120 224	4 120 620	Level 2
Certificates of deposit with central banks	457 298	457 684	Level 2
Balances and Deposits with banks and financial institutions	3 559 190	3 564 210	Level 2
Direct credit facilities at amortized cost	20 971 444	21 039 890	Level 2
Other Financial assets at amortized cost	8 530 104	8 569 915	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>39 106 254</b>	<b>39 220 590</b>	
<b>Financial liabilities not calculated at fair value</b>			
Banks' and financial institutions' deposits	3 028 613	3 034 435	Level 2
Customer deposits	30 722 831	30 840 161	Level 2
Cash margin	3 667 224	3 685 589	Level 2
Borrowed funds	105 370	107 596	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>37 524 038</b>	<b>37 667 781</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 that discount rate that reflects the credit risk of counterparties.

## 50. Contractual Maturity of the Contingent Accounts

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

	December 31, 2013			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	1 804 500	56 390	-	1 860 890
Acceptances	811 950	2 194	26	814 170
Letters of guarantee:				
- Payment guarantees	958 873	90 422	5 292	1 054 587
- Performance guarantees	2 639 943	2 381 287	338 020	5 359 250
- Other guarantees	4 475 528	1 755 678	729 426	6 960 632
Unutilized credit facilities	3 652 835	462 005	4 019	4 118 859
<b>Total</b>	<b>14 343 629</b>	<b>4 747 976</b>	<b>1 076 783</b>	<b>20 168 388</b>
Constructions projects contracts	557	-	-	557
Procurement contracts	3 226	3 116	-	6 342
Operating lease contracts	3 899	14 760	7 967	26 626
<b>Total</b>	<b>7 682</b>	<b>17 876</b>	<b>7 967</b>	<b>33 525</b>

	December 31, 2012			USD '000
	Within 1 Year	More than 1 Year and up to 5 Years	More than 5 Years	Total
Letters of credit	2 107 134	46 497	-	2 153 631
Acceptances	776 812	61 120	-	837 932
Letters of guarantee:				
- Payment guarantees	1 338 574	115 038	4 584	1 458 196
- Performance guarantees	2 431 240	2 445 500	266 686	5 143 426
- Other guarantees	4 394 834	1 962 406	152 355	6 509 595
Unutilized credit facilities	2 739 858	572 117	20 318	3 332 293
<b>Total</b>	<b>13 788 452</b>	<b>5 202 678</b>	<b>443 943</b>	<b>19 435 073</b>
Constructions projects contracts	-	-	-	-
Procurement contracts	4 240	-	199	4 439
Operating lease contracts	3 936	9 707	15 416	29 059
<b>Total</b>	<b>8 176</b>	<b>9 707</b>	<b>15 615</b>	<b>33 498</b>



## 51. Capital Management

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

	USD '000	
	December 31,	
	2013	2012
<b>A- CORE CAPITAL</b>		
Share capital	776 027	776 027
Statutory reserve	643 860	579 202
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 225 747
General reserve	1 822 824	1 822 824
Retained earnings *	148 337	( 22 005)
Intangible assets	( 1 835)	( 3 154)
Foreclosed assets	( 5 783)	( 11 389)
Non-controlling interests	102 865	-
<b>Total core capital</b>	<b>5 689 357</b>	<b>5 344 567</b>
<b>B- SUPPLEMENTARY CAPITAL</b>		
Foreign currency translation reserve	61 715	108 389
Investments revaluation reserve	( 228 393)	( 110 983)
Subordinated loans	24 055	28 285
General banking risk reserve	349 819	340 848
<b>Total supplementary capital</b>	<b>207 196</b>	<b>366 539</b>
<b>C- Deductible Items</b>	<b>1 157 623</b>	<b>1 094 666</b>
<b>Regulatory capital (A+B-C)</b>	<b>4 738 930</b>	<b>4 616 440</b>
<b>Risk-weighted assets (RWA)</b>	<b>31 275 340</b>	<b>30 599 266</b>
Regulatory capital / risk-weighted assets	15.15%	15.09%
Core capital / risk-weighted assets	15.15%	15.09%

\* Net after deducting deferred tax assets

- The Board of Directors performs an overall review of the capital structure of the Group on a quarterly basis.

As part of such review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.

- The minimum level of the capital adequacy ratio as defined by the Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. Capital adequacy ratio amounted to 15.15% as of December 31, 2013 (15.09% as of December 31, 2012).

## 52. Earnings Per Share

The details of this item are as follows:

	USD '000	
	December 31,	
	2013	2012
Profit for the year attributable to Shareholders of the Bank	497 021	344 064
	Thousand Shares	
Average number of shares	534 000	534 000
	USD / Share	
Earnings Per Share	0.93	0.64

### 53. Fiduciary Deposits

Fiduciary deposits as of December 31, 2013 amounted to USD 2992 million (USD 3352 million as of December 31, 2012). These deposits are not included in the Group consolidated financial statements.

### 54. Cash and Cash Equivalent

USD '000

The details of this item are as follows:

	December 31,	
	2013	2012
Cash and balances with central banks maturing within 3 months	8 015 930	7 505 054
Add: balances with banks and financial institutions maturing within 3 months	3 491 694	4 841 549
Less: banks and financial institutions deposits maturing within 3 months	2 805 924	3 222 061
<b>Total</b>	<b>8 701 700</b>	<b>9 124 542</b>

### 55. Transactions and Balance with Related Parties

The details of this item are as follows:

	December 31, 2013				USD '000
	Deposits Owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits Owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Associates	132 210	-	57 678	40 895	
Major Shareholders and Members of the Board of Directors	-	436 992	638 087	114 509	
<b>Total</b>	<b>132 210</b>	<b>436 992</b>	<b>695 765</b>	<b>155 404</b>	

	December 31, 2012				USD '000
	Deposits Owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits Owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Associates	367 059	-	217 595	55 636	
Major Shareholders and Members of the Board of Directors	-	328 830	385 589	149 203	
<b>Total</b>	<b>367 059</b>	<b>328 830</b>	<b>603 184</b>	<b>204 839</b>	

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

The details of transactions with related parties are as follows:

USD '000

	2013	
	Interest Income	Interest Expense
Associates	404	214

	2012	
	Interest Income	Interest Expense
Associates	464	533

- Interest on credit facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Group's key management personnel, inside and outside Jordan, amounted to USD 51.2 million for the year ended on December 31, 2013 (USD 48.5 million for the year ended on December 31, 2012).

## 56. Legal Cases

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

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

In 2005, the Bank in New York has 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 US Federal Banking Act. It was also agreed that the Federal Agency shall be allowed to maintain financial assets in the amount of USD 420 million.

- There are other lawsuits filed against the Group totaling USD 83.8 million as of December 31, 2013 (USD 77.1 million as of December 31, 2012).

In the opinion of the management and the lawyers representing the Bank in the litigation at issue, the Bank will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling USD 4.8 million as of December 31, 2013 ( USD 4.6 million as of December 31, 2012).

## 57. Comparative Figures

Some of the comparative figures for the year 2012 have been reclassified to correspond with the year 2013 presentation and it didn't cause change in the last years operating results.

## INDEPENDENT AUDITOR'S REPORT

AM / 218

To the Shareholders  
Arab Bank plc  
Amman – Jordan

We have audited the accompanying consolidated financial statements of Arab Bank Group, which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

# Deloitte.

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

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

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Bank Group as of December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan  
January 23, 2014

  
Deloitte & Touche (M.E.) – Jordan

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



	Note	December 31,			
		2013	2012		
Cash and balances with central banks	5	4 331 096	3 354 402	<b>ASSETS</b>	
Balances with banks and financial institutions	6	2 676 405	4 044 307		
Deposits with banks and financial institutions	7	241 943	232 417		
Financial assets at fair value through profit or loss	8	176 900	322 742		
Financial derivatives - positive fair value	40	8 369	14 499		
Direct credit facilities at amortized cost	10	10 539 256	9 937 597		
Financial assets at fair value through other comprehensive income	9	205 461	288 252		
Other financial assets at amortized cost	11	4 697 969	4 057 170		
Investments in subsidiaries and associates	12	1 123 719	1 119 506		
Fixed assets	13	200 619	206 860		
Other assets	14	313 149	316 906		
Deferred tax assets	15	23 486	17 758		
<b>TOTAL ASSETS</b>		<b>24 538 372</b>	<b>23 912 416</b>		
Banks' and financial institutions' deposits	16	1 752 700	2 172 535		<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>
Customer deposits	17	15 794 047	15 015 865		
Cash margin	18	2 449 621	2 346 998		
Financial derivatives - negative fair value	40	10 012	19 011		
Borrowed funds	19	1 500	-		
Provision for income tax	20	123 121	95 935		
Other provisions	21	80 266	74 281		
Other liabilities	22	366 258	307 798		
Deferred tax liabilities	23	5 433	4 482		
<b>Total Liabilities</b>		<b>20 582 958</b>	<b>20 036 905</b>		
Share capital	24	534 000	534 000	<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
Share premium	24	859 626	859 626		
Statutory reserve	25	421 741	375 885		
Voluntary reserve	26	614 920	614 920		
General reserve	27	1 066 674	1 066 674		
General banking risks reserve	28	200 468	200 468		
Foreign currency translation reserve	29	14 371	36 393		
Investment revaluation reserve	30	( 182 357)	( 98 490)		
Retained earnings	31	425 971	286 035		
<b>Total Shareholders' Equity</b>		<b>3 955 414</b>	<b>3 875 511</b>		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>24 538 372</b>	<b>23 912 416</b>		

The accompanying notes from (1) to (55) are an integral part of these financial statements and should be read with them and with the accompanying audit report.

## ARAB BANK Plc

JD '000

	Note	2013	2012	
<b>REVENUE</b>	Interest income	32	1 027 810	954 607
	Less: interest expense	33	438 103	408 676
	<b>Net interest income</b>		<b>589 707</b>	<b>545 931</b>
	Net commission income	34	162 846	151 231
	<b>Net interest and commission income</b>		<b>752 553</b>	<b>697 162</b>
	Foreign exchange differences		17 704	37 705
	Gain from financial assets at fair value through profit or loss	35	5 445	5 845
	Dividends from financial assets at fair value through other comprehensive income	9	6 370	6 037
	Dividends from subsidiaries and associates	36	73 350	76 001
	Other revenue	37	23 961	25 376
<b>Total Income</b>		<b>879 383</b>	<b>848 126</b>	
<b>EXPENSES</b>	Employees expenses	38	191 729	184 624
	Other expenses	39	152 605	155 655
	Depreciation and amortization	13	27 246	25 306
	Provision for impairment - direct credit facilities at amortized cost	10	36 059	126 668
	Provision for impairment - other financial assets at amortized cost	11	2 913	-
	Other provisions	21	10 268	4 460
	<b>Total Expenses</b>		<b>420 820</b>	<b>496 713</b>
<b>PROFIT FOR THE YEAR</b>	<b>Profit before Income Tax</b>		<b>458 563</b>	<b>351 413</b>
	Less: Income tax expense	20	112 337	90 072
	<b>Profit for the Year</b>		<b>346 226</b>	<b>261 341</b>

The accompanying notes from (1) to (55) are an integral part of these financial statements and should be read with them and with the accompanying audit report.



## ARAB BANK Plc

		JD'000	
	Note	2013	2012
<b>Profit for the year</b>		<b>346 226</b>	<b>261 341</b>
Add: Other comprehensive income items - after tax			
Exchange differences arising on the translation of foreign operations	29	( 22 022)	( 6 083)
Net change in fair value of financial assets at fair value through other comprehensive income	30	( 84 101)	( 59 771)
<b>Total Other Comprehensive Income Items - After Tax</b>		<b>( 106 123)</b>	<b>( 65 854)</b>
<b>Total Comprehensive Income for the Year</b>		<b>240 103</b>	<b>195 487</b>

The accompanying notes from (1) to (55) are an integral part of these financial statements and should be read with them and with the accompanying audit report.

## ARAB BANK Plc

	Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve
2013	Balance at the beginning of the year	534 000	859 626	375 885	614 920
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	<b>Total Comprehensive Income for the Year</b>	-	-	-	-
	Investment revaluation reserve transferred to retained earnings	-	-	-	-
	Transferred to statutory reserve	-	-	45 856	-
	Paid dividends	31	-	-	-
	<b>Balance at the End of the Year</b>		<b>534 000</b>	<b>859 626</b>	<b>421 741</b>
2012	Balance at the beginning of the year	534 000	859 626	340 744	614 920
	Profit for the year	-	-	-	-
	Other comprehensive income for the year	-	-	-	-
	<b>Total comprehensive income for the year</b>	-	-	-	-
	Investment revaluation reserve transferred to retained earnings	-	-	-	-
	Transferred to statutory reserve	-	-	35 141	-
	Paid dividends	31	-	-	-
	<b>Balance at the end of the year</b>		<b>534 000</b>	<b>859 626</b>	<b>375 885</b>

\* Retained earnings include restricted deferred tax assets of JD 23.5 million, as well as unrealized gain from financial assets at fair value through profit or loss in the amount of JD 3.4 million. Restricted retained earnings that cannot be distributed or otherwise utilized except under certain circumstances amounted to JD 1.7 million as of December 31, 2013.

\* The retained earnings include unrealized loss of JD (44.8) million as a result of the adoption of IFRS (9) as of December 31, 2013.

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

\* The use of an amount of USD (182.4) million as of December 31, 2013 which represents the negative investment revaluation reserve balance is restricted according to the Jordanian Securities Exchange Commission.

The accompanying notes from (1) to (55) are an integral part of these financial statements and should be read with them and with the accompanying audit report.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

JD'000

General Reserve	General Banking Risk Reserve	Foreign Currency Translation Reserve	Investment revaluation reserve	Retained Earnings	Total Shareholders Equity
1 066 674	200 468	36 393	( 98 490)	286 035	3 875 511
-	-	-	-	346 226	346 226
-	-	( 22 022)	( 84 101)	-	( 106 123)
-	-	( 22 022)	( 84 101)	346 226	240 103
-	-	-	234	(234)	-
-	-	-	-	( 45 856)	-
-	-	-	-	( 160 200)	( 160 200)
1 066 674	200 468	14 371	( 182 357)	425 971	3 955 414
1 066 674	200 468	42 476	( 39 397)	194 013	3 813 524
-	-	-	-	261 341	261 341
-	-	( 6 083)	( 59 771)	-	( 65 854)
-	-	( 6 083)	( 59 771)	261 341	195 487
-	-	-	678	( 678)	-
-	-	-	-	( 35 141)	-
-	-	-	-	( 133 500)	( 133 500)
1 066 674	200 468	36 393	( 98 490)	286 035	3 875 511

## STATEMENT OF CASH FLOWS

	Note	2013	2012
<b>Profit for the year before tax</b>		<b>458 563</b>	<b>351 413</b>
Adjustments for:			
- Depreciation and amortization	13	27 246	25 306
- Provision for impairment - direct credit facilities at amortized cost	10	36 059	126 668
- Net interest income		19 137	( 5 759)
- (Gain) from sale of fixed assets		( 338)	( 2 477)
- (Gain) from revaluation of financial assets at fair value through profit or loss	35	( 3 400)	( 1 998)
- Provision for impairment- other financial assets at amortized cost	11	2 913	-
- Dividends from subsidiaries and associates	36	( 73 350)	( 76 001)
- Dividends from financial assets at fair value through other comprehensive income		( 6 370)	( 6 037)
- Other provisions	21	10 268	4 460
<b>Total</b>		<b>470 728</b>	<b>415 575</b>
<b>(Increase) Decrease in assets</b>			
Balances with central banks (maturing after 3 months)		55 204	( 54 570)
Deposits with banks and financial institutions (maturing after 3 months)		( 9 526)	129 073
Direct credit facilities at amortized cost		( 637 718)	( 60 711)
Financial assets at fair value through profit or loss		149 242	( 96 936)
Other assets and financial derivatives		9 600	( 48 975)
<b>(Decrease) Increase in liabilities:</b>			
Banks and financial institutions deposits (maturing after 3 months)		( 193 355)	95 306
Customer deposits		778 182	333 839
Cash margin		102 623	325 306
Other liabilities and financial derivatives		26 100	( 34 310)
<b>Net Cash Generated by Operating Activities before Income Tax</b>		<b>751 080</b>	<b>1 003 597</b>
Income tax paid		( 90 647)	( 88 844)
<b>Net Cash Generated by Operating Activities</b>		<b>660 433</b>	<b>914 753</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase) sale of financial assets at fair value through other comprehensive income		( 1 076)	3 703
(Purchase) of financial assets at amortized cost		( 643 712)	( 24 297)
(Increase) of investments in subsidiaries and associates		( 21 651)	( 64 215)
(Purchase) of fixed assets - Net		( 24 415)	( 48 367)
Proceeds from selling fixed assets		3 748	29 315
Dividends from subsidiaries and associates	36	73 350	76 001
Dividends from financial assets at fair value through other comprehensive income		6 370	6 037
<b>Net Cash (used in) Investing Activities</b>		<b>( 607 386)</b>	<b>( 21 823)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to shareholders		( 159 487)	( 132 488)
Increase (paid) borrowed funds		1 500	( 358 155)
<b>Net Cash (used in) Financing Activities</b>		<b>( 157 987)</b>	<b>( 490 643)</b>
Net (Decrease) Increase in Cash and Cash Equivalent		( 104 940)	402 287
Exchange differences - change in foreign exchange rates		( 4 584)	( 3 594)
Cash and cash equivalent at the beginning of the year		5 340 921	4 942 228
<b>Cash and Cash Equivalent at the End of the Year</b>	<b>53</b>	<b>5 231 397</b>	<b>5 340 921</b>

The accompanying notes from (1) to (55) are an integral part of these financial statements and should be read with them and with the accompanying audit report.

## 1. GENERAL

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Jordan, and the Bank operates worldwide through its 76 branches in Jordan and 104 abroad.
- Arab Bank shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of the Group except for the sister company, Arab Bank (Switzerland) Limited shares that are stapled with Arab Bank shares and traded at the same time.
- The accompanying financial statements were approved by the Board of Directors in its meeting No. (1) on January 23, 2014 and are subject to the approval of the General Assembly of Shareholders.

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

- a. New and revised IFRSs applied with no material effect on the financial statements:
  - The following new and revised IFRSs have been adopted in the preparation of the financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements; however, they may affect the accounting for future transactions and arrangements, except for IFRS 13 disclosure:

<ul style="list-style-type: none"> <li>IFRS 10 Consolidated Financial Statements.</li> </ul>	<p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.</p>
<ul style="list-style-type: none"> <li>IFRS 11 Joint Arrangements.</li> </ul>	<p>Replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.</p>
<ul style="list-style-type: none"> <li>IFRS 12 Disclosure of Interests in Other Entities.</li> </ul>	<p>Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.</p>
<ul style="list-style-type: none"> <li>IFRS 13 Fair Value Measurement</li> </ul>	<p>Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.</p>
<ul style="list-style-type: none"> <li>IAS 19 Employee Benefits (2011)</li> </ul>	<p>An amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.</p>

<ul style="list-style-type: none"> <li>• IAS 27 Separate Financial Statements (2011)</li> </ul>	<p>Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.</p>
<ul style="list-style-type: none"> <li>• IAS 28 Investments in Associates and Joint Ventures (2011)</li> </ul>	<p>This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.</p>
<ul style="list-style-type: none"> <li>• Amendments to IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities</li> </ul>	<p>Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.</p>
<ul style="list-style-type: none"> <li>• Annual Improvements IFRSs 2009-2011 Cycle</li> </ul>	<p>IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34.</p>
<ul style="list-style-type: none"> <li>• Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</li> </ul>	<p>Provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.</p>

**b. New and revised IFRSs and interpretations issued but not yet effective**

The following new and revised IFRSs have been issued but are not effective yet:

- The Bank has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

	<b>Effective for Annual Periods Beginning On or After</b>
Amendments to IAS 32 Financial instruments - presentation/ Offsetting Financial Assets and Liabilities.	1 January 2014.
Amendments to IFRS 10, IFRS 12 and IAS 27 separate financial statements.	1 January 2014.
Amendments to IAS 36 impairment of assets - Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014.
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.	1 January 2014.
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions.	1 July 2014.
IFRIC 21 Levies	1 January 2014.

- The Bank's management anticipates that each of the above standards and interpretations will be adopted in the financial statements by its date mentioned above without having any material impact on the Bank's financial statements.

**3 - SIGNIFICANT ACCOUNTING POLICIES****Basis of Presentation**

- The accompanying financial statements include the financial statements of the Bank's branches in Jordan and abroad after eliminating inter-branch balances. Transactions in transit at year end are presented among other assets or other liabilities, as appropriate. The financial statements of the Bank's branches operating outside the Kingdom of Jordan are translated to Jordanian Dinars using the exchange rates prevailing as at the date of the financial statements.



- The Bank issues consolidated financial statements for the Bank and its subsidiaries, including the financial statements of its sister company, Arab Bank (Switzerland) Limited, to reflect the consolidated financial position and results of operations at the level of the consolidated economic ownership of the Group.

#### Basis of Preparation

- The accompanying financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Interpretations issued by the International Financial Reporting Interpretations Committee, the prevailing rules in the countries where the Bank operates and the instructions of the Central Bank of Jordan.
- The financial statements are prepared using the historical cost principle, except for some of the financial assets and financial liabilities which are stated at fair value as of the date of the financial statements.
- The reporting currency is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2012 except for what is stated in note (2 - a) to the financial statements.

#### A. Revenue Recognition

##### Interest Income and Expenses

- Interest income and expenses for all interest bearing financial instruments are recognized in the statement of income using the effective interest rate method except for interest and commissions on non performing credit facilities, which are recorded as interest and commission in a suspense account.
- The effective interest rate method is a method of calculating the amortized cost of financial assets or financial liabilities and of allocating the interest income and expenses over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability, or where appropriate a shorter period to the net carrying of the financial asset or the financial liability. The Bank estimates the cash flow considering all contractual terms of the financial instrument but does not consider future credit losses.
- Commission income in general is recognized on accrual basis arises and loan recoveries is recorded upon receipt.

##### Dividends income

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

#### Leasing Contracts Revenue

- The Bank's policy relating to leasing contract is illustrated in note (3.C) below.

#### B. Direct Credit Facilities

- The provision for the impairment of direct credit facilities is recognized when it is obvious that the amounts due to the Bank cannot be recovered or when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities and the impairment amount can be estimated. The provision is recorded in the statement of income.
- Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and the applicable laws in the countries where the Bank's branches operate.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets and after the proper approval of the management. Any surplus in the provision are recorded in the statement of income, while debts recoveries are recorded in income.
- Non-performing direct credit facilities which are completely covered with provisions and suspended interest, are transferred to items off the statement of financial position, In accordance with the Bank's internal policies, after the proper approval of the management.

#### C. Leasing Contracts

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

##### 1.The Bank as a lessor:

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

##### 2.The Bank as a lessee:

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

statement of income.

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

#### D. Foreign Currencies

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

#### E. Fixed Assets

- Fixed assets are stated at historical cost, net of accumulated depreciation and any accumulated impairment in value. Such cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.
- Depreciation is charged so as to allocate the cost of assets using the straight-line method, using the useful lives of the respective assets
- Land and assets under construction are not depreciated.
- Assets under construction are carried at cost, less any accumulated impairment losses and is depreciated when the assets are ready for intended use using the same depreciation rate of the related category with fixed assets.
- Fixed assets are derecognized when disposed of or when no future benefits are expected from their use or disposal.
- The gain or loss arising on the disposal of an item (the difference between the net realizable value and the carrying amount of the asset) is recognized in the statement of income in the year that the assets were disposed.

#### F. Intangible Assets

- Intangible assets acquired through mergers are stated at fair value at the date of acquisition, while intangible assets purchased otherwise (not acquired through merging) are recorded at cost.
- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight line method in the statement of income for the a period not exceeding 5 years from the acquisition date. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is recorded in the statement of income.
- Intangible assets resulting from the Bank's operations are not capitalized. They are rather recorded in the statement of income.
- Any indications of impairment in the value of intangible assets as of the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

#### G. Repurchase and Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.
- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and financial institutes or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

#### H. Capital

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

### I. Investments in Associates

- Associates are those in which the Bank exerts significant influence over the financial and operating policy decisions, and in which the Bank holds between 20% and 50% of the voting rights.
- Investments in associated companies are accounted for according to the cost method.

### J. Investments in Subsidiaries

- Subsidiaries are those the Bank controls, in which the Bank controls the financial and operating policies of the subsidiaries as to obtain benefits for its activities, subsidiaries investments are shown at cost when preparing the financial statements of Arab Bank plc.
- Distributed profits are recognized by the approval of the General Assembly.

### K. Income Taxes

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

### L. Financial Assets

- Financial assets transactions are measured at the trade date (the date the Bank's commitment to buy or sell financial assets) at fair value net of direct transaction cost except for costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of income after that, all financial assets are measured either at amortized cost or at fair value.

- All financial assets are measured at amortized cost or fair value as follows:

#### Financial Assets at Amortized Cost

- Debt instruments, including direct credit facilities, treasury bills and bonds, are measured at amortized cost only if:
  - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortized cost are measured at fair value upon purchase plus acquisition expenses (except debt instruments at fair value through profit and loss). Moreover, the issuing premium \ discount is amortized using the effective interest rate method, and recorded to interest or in its account. Any allocations resulting from the decline in value of these investments leading to the inability to recover the investment or part thereof are recorded, and any impairment is registered in the statement of income.
- In case the business model objective changed to contradict with amortized cost conditions, the Bank should reclassify its financial instruments that were classified as amortized cost to be at fair value through profit or loss.
- The Bank might choose to classify debt instruments that meets the amortized cost criteria to designate such financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Financial Assets at Fair Value Through Profit or Loss (FVTPL)

- Debt instruments that do not meet the amortized cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVTPL by the Bank are measured at FVTPL.
- In case the business model objectives change and contractual cash flows meet the amortized cost criteria, the Bank should reclassify the debt instrument held at FVTPL to amortized cost. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.
- Investments in equity instruments are classified as at FVTPL, unless the Bank designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.
- Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the statement of income.

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

#### Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

- At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.
- Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to statement of income, but is reclassified to retained earnings.
- Dividends on these investments in equity instruments are recognized in the statement of income when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery part of the cost of the investment.

#### M. Fair Value

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

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

#### N. Impairment in the Value of the Financial Assets

- The Bank reviews the values of the amortized cost on the date of the financial statements in order to determine if there are any indications of impairment in their value, individually or in the form of a portfolio. Financial assets are considered to be impaired where there is objective evidence of that, as a result of one or more events that occurred after the initial recognition of the financial asset.
- The impairment in the financial assets measured at amortized cost is the difference between the book value and the present value of the future cash flows discounted at the original interest rate.
- The carrying amount of the financial asset at amortized cost is reduced by the impairment loss through the impairment provision expense. Changes in the carrying amount of the impairment provision are recognised in the statement of income.

#### O. Financial Derivatives

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

##### a) Financial Derivatives Held for Hedge Purposes

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



- Hedge for net investment in foreign entities: When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the statement of comprehensive income and recorded in the statement of income when the investment in foreign entities is sold. The ineffective portion is recognized in the statement of income.
- When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the statement of income.

#### b) Financial Derivatives for Trading

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

#### P. Foreclosed assets

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

#### Q. Provisions

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

#### R. Fiduciary deposits

- Fiduciary deposits resulting from holding or placing of assets on behalf of customers. These assets and the income arising from them are excluded from the financial statements of the Bank. Commission and fees income for managing these accounts are recognized in the statement of income.

- Provision for the decline in fair value of the capital guaranteed portfolio managed on behalf of its clients is recognized only when the fair value declines below the amount of guaranteed capital.

#### S. Offsetting

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

#### T. Cash and cash equivalents

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

### 4. Accounting Estimates

- Preparation of the financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.
- Management believes that the assessments adopted in the financial statements are reasonable. The details are as follows:
  - A provision for non-performing loans is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these basis and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, through which the Bank branches and subsidiary companies operate. Moreover, the strictest outcome that conforms with the (IFRSs) is used.
  - Impairment loss is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.

- Management estimates the impairment in value when the market prices reach a limit that indicates the impairment loss, provided that this does not contradict the instructions of the regulatory authorities or International Financial Reporting Standards.
- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the statement of income.
- A provision is set for lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the statement of income for the year.
- Fair value hierarchy  
The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorised entirely, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

**5. Cash and Balances with Central Banks**

JD '000

The details of this item are as follows:

	December 31,	
	2013	2012
Cash in vaults	291 456	271 180
Balances with central banks:		
- Current accounts	215 707	139 619
- Time and notice	2 559 996	1 978 765
- Mandatory cash reserve	939 613	695 337
Certificates of deposit	324 324	269 501
<b>Total</b>	<b>4 331 096</b>	<b>3 354 402</b>

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

- Balances and certificates of deposit maturing after three months amounted to JD 113.9 million as of December 31, 2013 (JD 169.1 million as of December 31, 2012).

**6. Balances with Banks and Financial Institutions**

The details of this item are as follows:

JD '000

	December 31,	
	2013	2012
Local Banks and Financial Institutions		
Current accounts	310	-
Time deposits maturing within 3 months	52 500	98 045
<b>Total</b>	<b>52 810</b>	<b>98 045</b>

Foreign banks and financial institutions

JD '000

	December 31,	
	2013	2012
Current accounts	590 279	1 265 096
Time deposits maturing within 3 months	2 033 316	2 681 166
Certificates of deposit	-	-
<b>Total</b>	<b>2 623 595</b>	<b>3 946 262</b>
<b>Total balances with banks and financial institutions (Local and Foreign)</b>	<b>2 676 405</b>	<b>4 044 307</b>

**7. Deposits with Banks and Financial Institutions**

JD'000

The details of this item are as follows:

<b>Deposits with foreign banks and financial institutions</b>	December 31,	
	<b>2013</b>	<b>2012</b>
Time deposits maturing after 3 months and before 6 months	109 998	97 747
Time deposits maturing after 6 months and before 9 months	63 787	60 747
Time deposits maturing after 9 months and before one year	68 158	59 089
Time deposits maturing after one year	-	14 834
<b>Total</b>	<b>241 943</b>	<b>232 417</b>

There are no restricted balances and deposits as of December 31, 2013 and 2012.

There are no balances and deposits that do not earn interests as of December 31, 2013 and 2012.

There are no deposits with local banks as of December 31, 2013 and 2012.

**8. Financial Assets at Fair Value Through Profit or Loss**

JD'000

The details of this item are as follows:

	December 31,	
	<b>2013</b>	<b>2012</b>
Treasury bills and bonds	156 731	295 974
Loans and advances	18 786	18 786
Corporate shares	1 383	7 982
<b>Total</b>	<b>176 900</b>	<b>322 742</b>

**9. Financial Assets at Fair Value Through Other Comprehensive Income**

JD'000

The details of this item are as follows:

	December 31,	
	<b>2013</b>	<b>2012</b>
Quoted shares	161 648	242 487
Unquoted shares	43 813	45 765
<b>Total</b>	<b>205 461</b>	<b>288 252</b>

\* Cash dividends on the investments above amounted to JD 6.37 million for the year ended December 31, 2013 ( JD 6.04 million for the year ended December 31, 2012)

**10. Direct Credit Facilities At Amortized Cost**

The details of this item are as follows:

JD '000

	December 31, 2013					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	55 143	52 740	307 531	19 512	-	434 926
Overdrafts *	31 158	406 587	2 011 458	674	171 085	2 620 962
Loans and advances *	845 589	387 356	5 663 231	174 424	455 928	7 526 528
Real-estate loans	716 440	2 005	4 177	-	-	722 622
Credit cards	70 151	-	-	-	-	70 151
<b>Total</b>	<b>1 718 481</b>	<b>848 688</b>	<b>7 986 397</b>	<b>194 610</b>	<b>627 013</b>	<b>11 375 189</b>
Less: Interest and commission in suspense	34 523	57 885	121 452	2 101	-	215 961
Provision for impairment - direct credit facilities at amortized cost	85 526	53 171	479 346	674	1 255	619 972
<b>Total</b>	<b>120 049</b>	<b>111 056</b>	<b>600 798</b>	<b>2 775</b>	<b>1 255</b>	<b>835 933</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>1 598 432</b>	<b>737 632</b>	<b>7 385 599</b>	<b>191 835</b>	<b>625 758</b>	<b>10 539 256</b>

\* Net of interest and commission received in advance, which amounted to JD 21.9 million as at December 31, 2013.

- Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2013 amounted to JD 62.8 million or 0.6% of total direct credit facilities.
- Non-performing direct credit facilities as of December 31, 2013 amounted to JD 850.1 million or 7.5% of total direct credit facilities.
- Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2013 amounted to JD 634.1 million or 5.7 % of net direct credit facilities. After deducting interest and commission in suspense.

The details of this item are as follows:

JD'000

	December 31, 2012					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
Discounted bills *	49 479	55 832	254 781	85 926	-	446 018
Overdrafts *	23 680	365 054	1 999 767	383	286 701	2 675 585
Loans and advances *	809 630	273 470	5 280 938	222 765	419 388	7 006 191
Real-estate loans	641 876	1 157	570	-	-	643 603
Credit cards	64 356	-	-	-	-	64 356
<b>Total</b>	<b>1 589 021</b>	<b>695 513</b>	<b>7 536 056</b>	<b>309 074</b>	<b>706 089</b>	<b>10 835 753</b>
Less: Interest and commission in suspense	31 042	62 691	99 247	1 612	-	194 592
Provision for impairment - direct credit facilities at amortized cost	82 341	62 904	552 179	4 591	1 549	703 564
<b>Total</b>	<b>113 383</b>	<b>125 595</b>	<b>651 426</b>	<b>6 203</b>	<b>1 549</b>	<b>898 156</b>
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>1 475 638</b>	<b>569 918</b>	<b>6 884 630</b>	<b>302 871</b>	<b>704 540</b>	<b>9 937 597</b>

- \* Net of interest and commission received in advance, which amounted to JD 20.1 million as of December 31, 2012.
- Direct credit facilities granted to and guaranteed by government of Jordan as of December 31, 2012 amounted to JD 87.2 million or 0.8% of total direct credit facilities.
  - Non-performing direct credit facilities as of December 31, 2012 amounted to JD 923.5 million or 8.5% of total direct credit facilities.
  - Non-performing direct credit facilities, net of interest and commission in suspense, as of December 31, 2012 amounted to JD 728.9 million or 6.8% of net direct credit facilities after deducting interest and commission in suspense.

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

	2013					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	82 341	62 904	552 179	4 591	1 549	703 564
Impairment losses charged to income	9 098	11 840	33 584	2 270	-	56 792
Used from provision (written off or transferred to off statement of financial position) *	( 956)	( 6 662)	( 110 200)	-	-	( 117 818)
Surplus in provision transferred to statement of income	( 4 010)	( 7 698)	( 8 804)	-	( 221)	( 20 733)
Adjustments during the year	-	( 9 261)	15 448	( 6 187)	-	-
Translation adjustments	( 947)	2 048	( 2 861)	-	( 73)	( 1 833)
<b>Balance at the end of the Year</b>	<b>85 526</b>	<b>53 171</b>	<b>479 346</b>	<b>674</b>	<b>1 255</b>	<b>619 972</b>

	2012					JD '000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	71 169	54 285	449 178	2 333	1 728	578 693
Impairment losses charged to income	17 030	22 217	118 417	2 258	143	160 065
Used from provision (written off)	( 470)	( 924)	( 168)	-	-	( 1 562)
Surplus in provision transferred to statement of income	( 5 160)	( 14 940)	( 13 018)	-	( 279)	( 33 397)
Adjustments during the year	-	-	-	-	-	-
Translation adjustments	( 228)	2 266	( 2 230)	-	( 43)	( 235)
<b>Balance at the end of the Year</b>	<b>82 341</b>	<b>62 904</b>	<b>552 179</b>	<b>4 591</b>	<b>1 549</b>	<b>703 564</b>

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of December 31, 2013 and 2012.
  - Impairment is assessed based on individual customer accounts.
  - Provision for impairment for real-estate loans amounted to JD 12.9 million as of December 31, 2013 (JD 7.1 million as of December 31, 2012).
- \* Non-performing direct credit facilities transferred to off statement of financial position as of December 31, 2013 amounted to JD 129.6 million, noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.



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

	2013					JD'000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	31 042	62 691	99 247	1 612	-	194 592
Interest and commission suspended during the year	8 446	7 641	31 830	636	-	48 553
Interest and commission in suspense (written off or transferred to off statement of financial position)	( 577)	( 10 937)	( 9 663)	-	-	( 21 177)
Recoveries	( 4 388)	( 1 327)	( 229)	-	-	( 5 944)
Adjustments during the year	-	( 200)	347	( 147)	-	-
Translation adjustments	-	17	( 80)	-	-	( 63)
<b>Balance at the end of the Year</b>	<b>34 523</b>	<b>57 885</b>	<b>121 452</b>	<b>2 101</b>	<b>-</b>	<b>215 961</b>

	2012					JD'000
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
Balance at the beginning of the year	21 539	58 721	69 077	1 077	-	150 414
Interest and commission suspended during the year	12 841	7 850	31 858	535	-	53 084
Interest and commission in suspense (written off or transferred to off statement of financial position)	( 381)	( 2 579)	( 204)	-	-	( 3 164)
Recoveries	( 2 957)	( 1 374)	( 1 401)	-	-	( 5 732)
Translation adjustments	-	73	( 83)	-	-	( 10)
<b>Balance at the end of the Year</b>	<b>31 042</b>	<b>62 691</b>	<b>99 247</b>	<b>1 612</b>	<b>-</b>	<b>194 592</b>

- Interest in suspense on real-estate loans amounted to JD 10.4 million as of December 31, 2013 (JD 6.3 million as of December 31, 2012).

**11. Other Financial Assets at Amortized Cost**

The details of this item are as follows:

JD '000

	December 31,	
	2013	2012
Treasury bills and bonds	3 797 047	3 353 705
Government bonds	468 862	356 220
Corporate bonds	437 805	350 077
Less: Provision for impairment	( 5 745)	( 2 832)
<b>Total</b>	<b>4 697 969</b>	<b>4 057 170</b>

**Analysis of bonds based on interest nature:**

JD '000

	December 31,	
	2013	2012
Floating interest rate	156 721	137 275
Fixed interest rate	4 541 248	3 919 895
<b>Total</b>	<b>4 697 969</b>	<b>4 057 170</b>

**Analysis of financial assets based on market quotation:**

JD '000

<b>Financial assets quoted in the market:</b>	December 31,	
	2013	2012
Treasury bills and bonds	773 648	795 844
Government bonds	434 016	127 409
Corporate bonds	307 069	225 663
<b>Total</b>	<b>1 514 733</b>	<b>1 148 916</b>

**Financial assets unquoted in the market:**

December 31, JD '000

	December 31,	
	2013	2012
Treasury bills and bonds	3 023 399	2 557 861
Government bonds	34 846	228 811
Corporate bonds	124 991	121 582
<b>Total</b>	<b>3 183 236</b>	<b>2 908 254</b>

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

JD '000

	2013	2012
Balance at the beginning of the year	2 832	2 832
Impairment losses charged to income	2 913	-
<b>Total</b>	<b>5 745</b>	<b>2 832</b>

During the year ended December 31, 2013 certain financial assets at amortized cost amounted to JD 25.2 million were sold.

## 12. Investment in Subsidiaries and Associates

The details of this item are as follows:

JD '000

	December 31, 2013		December 31, 2012		Place of incorporation	Principal activity
	Ownership %	Cost	Ownership %	Cost		
<b>The Bank's investments in subsidiaries:</b>						
Europe Arab Bank plc	100.00	596 553	100.00	570 716	U.K.	Banking
Arab Bank Australia Limited	100.00	39 604	100.00	46 012	Australia	Banking
Islamic International Arab Bank	100.00	73 500	100.00	73 500	Jordan	Banking
Arab National Leasing Company Ltd	100.00	15 000	100.00	15 000	Jordan	Finance leasing
Al-Arabi Investment Group Ltd	100.00	8 900	100.00	8 900	Jordan	Financial services
Arab Sudanese Bank Limited	100.00	13 982	100.00	13 928	Sudan	Banking
Al Arabi Investment Group Limited - Palestine	100.00	1 600	100.00	1 600	Palestine	Financial services
Arab Investment Bank S.A.L	66.68	5 129	66.68	5 129	Lebanon	Banking
Arab Tunisian Bank	64.24	62 432	64.24	66 010	Tunisia	Banking
Arab Bank Syria	51.29	15 743	51.29	31 754	Syria	Banking
Al-Nisr Al Arabi plc	50.00	11 250	50.00	11 250	Jordan	Insurance
Other		8 895		8 895		Various
<b>Total</b>		<b>852 588</b>		<b>852 694</b>		
<b>The Bank's investments in associates</b>						
Turkland Bank A.Ş	28.33	101 355	28.33	97 613	Turkey	Banking
Oman Arab Bank	49.00	65 874	49.00	65 874	Oman	Banking
Arab National Bank	40.00	102 870	40.00	102 870	Saudi Arabia	Banking
Arabia Insurance Company S.A.L	37.42	652	36.79	75	Lebanon	Insurance
Commercial Building Company S.A.L	35.24	380	35.24	380	Lebanon	Real estate operating leasing
<b>Total</b>		<b>271 131</b>		<b>266 812</b>		
<b>Grand Total</b>		<b>1 123 719</b>		<b>1 119 506</b>		

### 13. Fixed Assets

The details of this item are as follows:

JD '000

	Land	Buildings	Furniture, Fixtures and Equipment	Computers and Com- munication Equipment	Motor Vehicles	Leasehold Improve- ments	Total
<b>Historical Cost :</b>							
Balance at January 1, 2012	32 337	166 963	96 373	42 425	6 360	29 232	373 690
Additions	8 251	11 690	18 184	3 002	837	6 696	48 660
Disposals	( 3 504)	( 20 060)	( 2 565)	( 2 066)	( 543)	( 8 909)	( 37 647)
Adjustments during the year	1 385	( 1 385)	( 74)	( 160)	5	-	( 229)
Translation adjustments	-	( 1 038)	( 71)	( 121)	( 6)	( 12)	( 1 248)
<b>Balance at December 31, 2012</b>	<b>38 469</b>	<b>156 170</b>	<b>111 847</b>	<b>43 080</b>	<b>6 653</b>	<b>27 007</b>	<b>383 226</b>
Additions	4 714	5 779	3 443	5 125	540	4 579	24 180
Disposals	-	( 2 807)	( 3 367)	( 1 747)	( 1 211)	( 5 797)	( 14 929)
Adjustments during the year	-	( 609)	-	-	-	609	-
Translation adjustments	9	290	96	156	2	( 27)	526
<b>Balance at December 31, 2013</b>	<b>43 192</b>	<b>158 823</b>	<b>112 019</b>	<b>46 614</b>	<b>5 984</b>	<b>26 371</b>	<b>393 003</b>
<b>Accumulated Depreciation :</b>							
Balance at January 1, 2012	-	48 645	61 862	35 368	5 299	11 879	163 053
Depreciation charge for the year	-	5 679	9 720	2 691	596	6 620	25 306
Disposals	-	( 12)	( 1 232)	( 1 912)	( 441)	( 7 212)	( 10 809)
Adjustments during the year	-	82	( 118)	( 166)	5	( 122)	( 319)
Translation adjustments	-	( 92)	( 40)	( 102)	( 4)	( 627)	( 865)
<b>Balance at December 31, 2012</b>	<b>-</b>	<b>54 302</b>	<b>70 192</b>	<b>35 879</b>	<b>5 455</b>	<b>10 538</b>	<b>176 366</b>
Depreciation charge for the year	-	5 698	10 759	3 002	574	7 213	27 246
Disposals	-	( 118)	( 3 322)	( 1 737)	( 1 211)	( 5 131)	( 11 519)
Adjustments during the year	-	671	( 550)	-	-	( 121)	-
Translation adjustments	-	114	56	120	1	-	291
<b>Balance at December 31, 2013</b>	<b>-</b>	<b>60 667</b>	<b>77 135</b>	<b>37 264</b>	<b>4 819</b>	<b>12 499</b>	<b>192 384</b>
<b>Net Book Value as of Decem- ber 31, 2013</b>	<b>43 192</b>	<b>98 156</b>	<b>34 884</b>	<b>9 350</b>	<b>1 165</b>	<b>13 872</b>	<b>200 619</b>
Net Book Value as of December 31, 2012	38 469	101 868	41 655	7 201	1 198	16 469	206 860

#### 14. Other Assets

The details of this item are as follows:

JD'000

	December 31,	
	2013	2012
Accrued interest receivable	107 208	108 556
Prepaid expenses	93 973	83 726
Foreclosed assets *	61 582	53 991
Other miscellaneous assets	50 386	70 633
<b>Total</b>	<b>313 149</b>	<b>316 906</b>

\* The central bank of Jordan instructions require disposal of these assets during a maximum period of two years from the date of foreclosure

The details of movement on foreclosed assets are as follows:

JD'000

	2013			Total
	Land	Buildings	Other	
Balance at the beginning of the year	19 240	26 059	8 692	53 991
Additions	7 304	2 250	5 117	14 671
Disposals	( 643)	( 6 269)	-	( 6 912)
Impairment loss charged to income	( 136)	( 34)	-	( 170)
Impairment loss - returned to profit	-	2	-	2
<b>Balance at the End of the Year</b>	<b>25 765</b>	<b>22 008</b>	<b>13 809</b>	<b>61 582</b>

	2012			Total
	Land	Buildings	Other	
Balance at the beginning of the year	3 442	28 419	-	31 861
Additions	15 783	1 520	-	17 303
Disposals	( 45)	( 3 892)	-	( 3 937)
Impairment loss charged to income	-	( 3)	-	( 3)
Impairment loss - returned to profit	60	15	-	75
Adjustments	-	-	8 692	8 692
<b>Balance at the End of the Year</b>	<b>19 240</b>	<b>26 059</b>	<b>8 692</b>	<b>53 991</b>

**15. Deferred Tax Assets**

Items attributable to deferred tax assets are as follows:

JD '000

	2013					Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	
Provision for impairment - direct credit facilities at amortized cost	19 292	15 530	( 915)	-	33 907	7 914
End-of-Service indemnity	35 330	3 665	( 1 196)	-	37 799	11 556
Interest in suspense	4 115	5 220	( 623)	-	8 712	1 975
Other provisions	7 408	4 766	( 4 919)	19	7 274	2 041
<b>Total</b>	<b>66 145</b>	<b>29 181</b>	<b>( 7 653)</b>	<b>19</b>	<b>87 692</b>	<b>23 486</b>

	2012					Deferred Tax
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Translation Adjustments	Balance at the End of the Year	
Provision for impairment - direct credit facilities at amortized cost	13 116	11 911	( 5 735)	-	19 292	4 294
End-of-Service indemnity	35 225	2 460	( 2 355)	-	35 330	10 628
Interest in suspense	6 099	1 266	( 3 250)	-	4 115	868
Other provisions	13 316	1 793	( 7 707)	6	7 408	1 968
<b>Total</b>	<b>67 756</b>	<b>17 430</b>	<b>( 19 047)</b>	<b>6</b>	<b>66 145</b>	<b>17 758</b>

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

JD '000

	2013	2012
	Balance at the beginning of the year	17 758
Additions during the year	7 717	4 181
Amortized during the year	( 2 276)	( 6 492)
Adjustments during the year	287	1 827
<b>Balance at the End of the Year</b>	<b>23 486</b>	<b>17 758</b>

**16. Banks' and Financial Institutions' Deposits**

JD '000

The details of this item are as follows:

	December 31, 2013			December 31, 2012		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
Current and demand	5 546	129 989	135 535	-	133 593	133 593
Time Deposits	24 815	1 592 350	1 617 165	36 437	2 002 505	2 038 942
<b>Total</b>	<b>30 361</b>	<b>1 722 339</b>	<b>1 752 700</b>	<b>36 437</b>	<b>2 136 098</b>	<b>2 172 535</b>

**17. Customer Deposits**

The details of this item are as follows:

JD '000

	December 31, 2013				
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 189 257	947 039	1 150 658	292 488	5 579 442
Savings	1 312 396	14 275	3 082	23	1 329 776
Time and notice	4 093 329	665 684	2 208 093	1 590 726	8 557 832
Certificates of deposit	323 360	2 978	659	-	326 997
<b>Total</b>	<b>8 918 342</b>	<b>1 629 976</b>	<b>3 362 492</b>	<b>1 883 237</b>	<b>15 794 047</b>

- Deposits for the Government of Jordan and Jordanian Public Sector amounted to JD 366.5 million, or 2.3% of total customer deposits as of December 31, 2013 (JD 293.7 million, or 2% of total customer deposits as of December 31, 2012).
- Non-interest bearing deposits amounted to JD 4945.5 million, or 31.3% of total customer deposits as of December 31, 2013 (JD 4577.5 million, or 30.5% of total customer deposits as of December 31, 2012).
- Blocked deposits amounted to JD 30.5 million, or 0.19% of total customer deposits as of December 31, 2013 ( JD 34.2 million, or 0.23% of total customer deposits as of December 31, 2012).
- Dormant deposits amounted to JD 91.8 million, or 0.58% of total customer deposits as of December 31, 2013 (JD 101.3 million, or 0.67% of total customer deposits as of December 31, 2012).

	December 31, 2012				JD '000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	2 943 096	928 504	1 155 728	216 805	5 244 133
Savings	1 246 211	9 514	9 044	295	1 265 064
Time and notice	4 022 831	555 886	2 102 811	1 491 012	8 172 540
Certificates of deposit	330 476	2 745	907	-	334 128
<b>Total</b>	<b>8 542 614</b>	<b>1 496 649</b>	<b>3 268 490</b>	<b>1 708 112</b>	<b>15 015 865</b>



## 18. Cash Margin

The details of this item are as follows:

	JD '000	
	December 31,	
	2013	2012
Against direct credit facilities at amortized cost	2 055 129	2 013 568
Against indirect credit facilities	391 355	329 664
Against margin trading	1 984	1 985
Other cash margins	1 153	1 781
<b>Total</b>	<b>2 449 621</b>	<b>2 346 998</b>

## 19. Borrowed Funds

The details of this item are as follows:

	JD '000	
	December 31,	
	2013	2012
From Central Banks	1 500	-
From local banks and financial institutions	-	-
<b>Total</b>	<b>1 500</b>	<b>-</b>

- During 2013, Arab Bank (Jordan branches) signed a loan agreement with the Central Bank of Jordan amounting to JD 4 million, for the duration of 15 years with an interest rate of 2.5% for 2013 and (6 months LIBOR +1.8%) thereafter. The agreement aims to support SME. The loan is repaid semi-annually, with installments in March and September of each year. The Balance of the loan as of December 31, 2013 amounted to JD 1.5 million .

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

	JD '000	
	December 31,	
	2013	2012
Floating interest rate	1 500	-
Fixed interest rate	-	-
<b>Total</b>	<b>1 500</b>	<b>-</b>

**20. Provision for Income Tax**

The details of this item are as follows:

JD '000

	2013	2012
Balance at the beginning of the year	95 935	97 607
Income tax expense	117 833	87 172
Income tax paid	(90 647)	(88 844)
<b>Balance at the end of the year</b>	<b>123 121</b>	<b>95 935</b>

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

JD '000

	2013	2012
Income tax expense for the year	117 833	87 172
Effect of deferred tax	(5 496)	2 900
<b>Total</b>	<b>112 337</b>	<b>90 072</b>

The banking sector income tax rate in Jordan is 30%, while, the income tax rate in the countries where the bank has branches ranging between 0 to 37%.

**21. Other Provisions**

The details of this item are as follows:

JD '000

	2013					Balance at the end of the year
	Balance at the beginning of the year	Additions	Utilized / Transferred	Returned to income	Translation adjustments	
End-of-service indemnity	67 875	9 450	(3 036)	(262)	4	74 031
Legal cases	2 661	2 761	(987)	(1 414)	1	3 022
Other	3 745	186	(281)	(453)	16	3 213
<b>Total</b>	<b>74 281</b>	<b>12 397</b>	<b>(4 304)</b>	<b>(2 129)</b>	<b>21</b>	<b>80 266</b>

	2012					Balance at the end of the year
	Balance at the beginning of the year	Additions	Utilized / Transferred	Returned to income	Translation adjustments	
End-of-service indemnity	66 436	7 848	(5 783)	(626)	-	67 875
Legal cases	5 162	431	(2)	(2 930)	-	2 661
Other	4 014	21	-	(284)	(6)	3 745
<b>Total</b>	<b>75 612</b>	<b>8 300</b>	<b>(5 785)</b>	<b>(3 840)</b>	<b>(6)</b>	<b>74 281</b>

## 22. Other Liabilities

The details of this item are as follows:

JD'000

	December 31,	
	2013	2012
Accrued interest payable	84 927	67 138
Notes payable	92 810	69 740
Interest and commission received in advance	71 979	86 565
Accrued expenses	21 872	20 045
Other miscellaneous liabilities	94 670	64 310
<b>Total</b>	<b>366 258</b>	<b>307 798</b>

## 23. Deferred Tax Liabilities

Items attributable to deferred tax liabilities are as follows:

JD'000

	2013				
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Balance at the End of the Year	Deferred Tax
Investment revaluation reserve	10 530	7 854	( 4 501)	13 883	4 167
Other	5 289	-	( 221)	5 068	1 266
<b>Total</b>	<b>15 819</b>	<b>7 854</b>	<b>( 4 722)</b>	<b>18 951</b>	<b>5 433</b>

	2012				
	Balance at the Beginning of the Year	Amounts Added	Amounts Released	Balance at the End of the Year	Deferred Tax
Investment revaluation reserve	31 847	3 301	( 24 618)	10 530	3 161
Other	2 934	2 413	( 58)	5 289	1 321
<b>Total</b>	<b>34 781</b>	<b>5 714</b>	<b>( 24 676)</b>	<b>15 819</b>	<b>4 482</b>

- The details of movement on deferred tax liabilities are as follows: JD '000

	2013	2012
Balance at the beginning of the year	4 482	10 288
Additions during the year	2 356	1 594
Amortized during the year	( 1 405)	( 7 400)
<b>Balance at the end of the year</b>	<b>5 433</b>	<b>4 482</b>

#### 24. Share Capital

- A. The subscribed and paid-up capital amounted to JD 534 million as at December 31, 2013 and 2012, divided into 534 million shares, at a nominal value of JD 1 each.
- B. Share premium amounted to JD 859.6 million as at December 31, 2013 and 2012.

#### 25. Statutory Reserve

- The statutory reserve amounted to JD 421.7 million as at December 31, 2013 (JD 375.9 million as at December 31, 2012). This reserve cannot be distributed to shareholders

#### 26. Voluntary Reserve

- The voluntary reserve amounted to JD 614.9 million as at December 31, 2013 and 2012. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

#### 27. General Reserve

- The general reserve amounted to JD 1066.7 million as of December 31, 2013 and 2012. This reserve is used for purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or part thereof to shareholders as dividends.

#### 28. General Banking Risk Reserve

- The general banking risk reserve amounted to JD 200.5 million as at December 31, 2013 and 2012, and it is available for use in accordance with certain procedures, including the approval of the Central Bank of Jordan, only when the amount of that reserve exceeds the minimum amount set or required according to the instructions of the relevant banking authorities.

**29. Foreign currency translation reserve**

The details of this item are as follows:

JD '000

	2013	2012
Balance at the beginning of the year	36 393	42 476
Additions and (disposals) during the year transferred to other comprehensive income	( 22 022)	( 6 083)
<b>Balance at the end of the year</b>	<b>14 371</b>	<b>36 393</b>

**30. Investment Revaluation Reserve**

The details of this item are as follows:

JD '000

	2013	2012
Balance at the beginning of the year	( 98 490)	( 39 397)
Change in fair value during the year	( 84 101)	( 59 771)
Net realized losses transferred to retained earnings	234	678
<b>Balance at the end of the year *</b>	<b>( 182 357)</b>	<b>( 98 490)</b>

\* Investments revaluation reserve is stated net of deferred taxes in the amount of JD 4.2 million as of December 31, 2013 (JD 3.2 million as of December 31,2012)

**31. Retained Earnings**

The movement of this item is as follows:

JD '000

	2013	2012
Balance at the beginning of the year	286 035	194 013
Profit for the year	346 226	261 341
Transferred from investment revaluation reserve to retained earnings	( 234)	( 678)
Dividends paid *	( 160 200)	( 133 500)
Statutory reserve	( 45 856)	( 35 141)
<b>Balance at the end of the year **</b>	<b>425 971</b>	<b>286 035</b>

\* Arab Bank plc Board of Directors recommended a 30% of par value as cash dividend, equivalent to JD 160.2 million, and a bonus share for every fifteen shares amounting to 35.6 million shares, for year ended 2013. This proposal is subject to the approval of the General Assembly of shareholders (JD 160.2 million for the year 2012 equivalent to 30% of par value).

\*\* The retained earnings include restricted deferred tax assets in the amount of JD 23.5 million, as well as unrealized gains from financial assets at fair value through profit or loss in the amount of JD 3.4 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances, as a result of the adoption of certain International Financial Reporting Standards, amounted to JD 1.7 million as of December 31, 2013

\*\* Retained earnings include an unrealized loss in the amount of JD (44.8) million due to the effect of the adoption of IFRS 9 as of December 31, 2013.

\*\* The negative balance of the investments revaluation reserve in the amount of JD (182.4) million as of December 31, 2013 is restricted according to the Jordanian Securities Exchange Commission instructions.

**32. Interest Income**

The details of this item are as follows:

JD '000

	2013	2012
Direct credit facilities at amortized cost *	569 641	543 095
Central Banks	87 336	59 600
Banks and financial institutions	17 562	27 951
Financial assets at fair value through profit or loss	13 531	13 881
Other financial assets at amortized cost	339 740	310 080
<b>Total</b>	<b>1 027 810</b>	<b>954 607</b>

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

	2013					JD '000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Discounted bills	3 350	7 447	8 787	735	-	20 319
Overdrafts	3 000	31 924	121 409	16	16 042	172 391
Loans and advances	74 775	26 264	201 178	2 935	19 538	324 690
Real estate loans	40 868	40	18	-	-	40 926
Credit cards	11 315	-	-	-	-	11 315
<b>Total</b>	<b>133 308</b>	<b>65 675</b>	<b>331 392</b>	<b>3 686</b>	<b>35 580</b>	<b>569 641</b>

	2012					JD '000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
Discounted bills	2 730	4 068	10 214	1 370	-	18 382
Overdrafts	2 543	24 456	117 267	-	13 638	157 904
Loans and advances	71 842	19 948	203 282	4 218	18 663	317 953
Real estate loans	37 547	125	36	-	-	37 708
Credit cards	11 148	-	-	-	-	11 148
<b>Total</b>	<b>125 810</b>	<b>48 597</b>	<b>330 799</b>	<b>5 588</b>	<b>32 301</b>	<b>543 095</b>

### 33. Interest Expense

The details of this item are as follows:

	JD'000	
	2013	2012
Customer deposits *	351 184	320 185
Banks and financial institutions	30 082	36 168
Cash margins	46 131	38 840
Borrowed funds	23	1 058
Deposit insurance fees	10 683	12 425
<b>Total</b>	<b>438 103</b>	<b>408 676</b>

\* Interest expense on customer deposits is as follows:

	2013				JD'000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	4 604	669	6 597	632	12 502
Savings	16 158	168	14	-	16 340
Time and notice	153 765	26 551	68 059	42 946	291 321
Certificates of deposit	30 682	270	69	-	31 021
<b>Total</b>	<b>205 209</b>	<b>27 658</b>	<b>74 739</b>	<b>43 578</b>	<b>351 184</b>

	2012				JD'000
	Consumer Banking	Corporates		Government and public sector	Total
		Small and medium	Large		
Current and demand	3 395	761	6 069	727	10 952
Savings	17 829	138	14	-	17 981
Time and notice	140 901	24 642	55 240	38 366	259 149
Certificates of deposit	30 973	227	177	726	32 103
<b>Total</b>	<b>193 098</b>	<b>25 768</b>	<b>61 500</b>	<b>39 819</b>	<b>320 185</b>

**34. Net Commission Income**

The details of this item are as follows:

	JD '000	
	2013	2012
Commission income:		
Direct credit facilities at amortized cost	49 044	41 326
Indirect credit facilities	87 109	83 736
Other	38 794	36 804
Less: commission expense	( 12 101)	( 10 635)
<b>Net Commission Income</b>	<b>162 846</b>	<b>151 231</b>

**35. Gain from Financial Assets at Fair Value Through Profit or Loss**

The details of this item are as follows:

	2013				JD '000
	Realized gains	Unrealized gains	Dividends	Total	
Treasury bills and bonds	998	256	-	1 254	
Corporate shares	886	3 144	161	4 191	
<b>Total</b>	<b>1 884</b>	<b>3 400</b>	<b>161</b>	<b>5 445</b>	

	2012				JD '000
	Realized gains	Unrealized gains (losses)	Dividends	Total	
Treasury bills and bonds	1 870	( 3 124)	-	( 1 254)	
Corporate shares	1 830	5 122	147	7 099	
<b>Total</b>	<b>3 700</b>	<b>1 998</b>	<b>147</b>	<b>5 845</b>	

**36. Dividends from Subsidiaries and Associates**

The details of this item are as follows:

	JD '000	
	2013	2012
Dividends from subsidiaries	8 303	9 165
Dividends from associates	65 047	66 836
<b>Total</b>	<b>73 350</b>	<b>76 001</b>



**37. Other Revenue**

The details of this item are as follows:

	JD '000	
	2013	2012
Revenue from customer services	10 280	11 081
Safe box rent	900	1 034
Gain from derivatives	1 898	728
Miscellaneous revenue	10 883	12 533
<b>Total</b>	<b>23 961</b>	<b>25 376</b>

**38. Employees' Expenses**

The details of this item are as follows:

	JD '000	
	2013	2012
Salaries and benefits	146 402	139 963
Social security	7 622	6 680
Savings fund	1 437	1 477
Indemnity compensation	2 717	7 266
Medical	5 271	4 954
Training	649	640
Allowances	22 628	19 490
Other	5 003	4 154
<b>Total</b>	<b>191 729</b>	<b>184 624</b>

**39. Other Expenses**

The details of this item are as follows:

	JD '000	
	2013	2012
Occupancy	33 700	31 032
Office	32 779	29 459
Services	42 904	52 128
Fees	5 223	5 029
Information technology	14 659	12 939
Other administrative expenses	23 340	25 068
<b>Total</b>	<b>152 605</b>	<b>155 655</b>

**40. Financial Derivatives**

JD '000

The details of this item are as follows:

	December 31,	
	2013	2012
Interest rate swaps	856 125	599 050
Foreign currency forward contracts	3 707 424	4 798 966
<b>Total</b>	<b>4 563 549</b>	<b>5 398 016</b>

- The details of financial derivatives are as follows:

	December 31, 2013							JD '000
	Positive fair value	Negative fair value	Total nominal amount	Notional amounts by maturity				
				Within 3 months	From 3 months to 1 year	From 1 year to 3 years	More than 3 years	
Interest rate swaps	282	172	656 621	355	3 545	422 884	229 837	
Foreign currency forward contracts	1 475	1 740	3 427 462	2 219 813	1 207 649	-	-	
<b>Derivatives held for trading</b>	<b>1 757</b>	<b>1 912</b>	<b>4 084 083</b>	<b>2 220 168</b>	<b>1 211 194</b>	<b>422 884</b>	<b>229 837</b>	
Interest rate swaps	5 490	7 011	169 372	7 087	-	141 837	20 448	
Foreign currency forward contracts	-	-	-	-	-	-	-	
<b>Derivatives held for fair value hedge</b>	<b>5 490</b>	<b>7 011</b>	<b>169 372</b>	<b>7 087</b>	<b>-</b>	<b>141 837</b>	<b>20 448</b>	
Interest rate swaps	-	-	30 132	-	-	-	30 132	
Foreign currency forward contracts	1 122	1 089	279 962	279 962	-	-	-	
<b>Derivatives held for cash flow hedge</b>	<b>1 122</b>	<b>1 089</b>	<b>310 094</b>	<b>279 962</b>	<b>-</b>	<b>-</b>	<b>30 132</b>	
<b>Total</b>	<b>8 369</b>	<b>10 012</b>	<b>4 563 549</b>	<b>2 507 217</b>	<b>1 211 194</b>	<b>564 721</b>	<b>280 417</b>	

	December 31, 2012			JD '000			
	Positive fair value	Negative fair value	Total notional amount	Notional amounts by maturity			
				Within 3 months	From 3 months to 1 year	From 1 year to 3 years	More than 3 years
Interest rate swaps	1 974	2 425	509 867	-	449 772	21 100	38 995
Foreign currency forward contracts	3 359	4 493	4 577 446	1 545 889	3 003 759	9 060	18 738
<b>Derivatives held for trading</b>	<b>5 333</b>	<b>6 918</b>	<b>5 087 313</b>	<b>1 545 889</b>	<b>3 453 531</b>	<b>30 160</b>	<b>57 733</b>
Interest rate swaps	5 805	8 930	53 734	-	53 734	-	-
Foreign currency forward contracts	-	-	-	-	-	-	-
<b>Derivatives held for fair value hedge</b>	<b>5 805</b>	<b>8 930</b>	<b>53 734</b>	<b>-</b>	<b>53 734</b>	<b>-</b>	<b>-</b>
Interest rate swaps	-	-	35 449	-	-	-	35 449
Foreign currency forward contracts	3 361	3 163	221 520	221 520	-	-	-
<b>Derivatives held for cash flow hedge</b>	<b>3 361</b>	<b>3 163</b>	<b>256 969</b>	<b>221 520</b>	<b>-</b>	<b>-</b>	<b>35 449</b>
<b>Total</b>	<b>14 499</b>	<b>19 011</b>	<b>5 398 016</b>	<b>1 767 409</b>	<b>3 507 265</b>	<b>30 160</b>	<b>93 182</b>

#### 41 . Geographical Distribution of Assets and Revenue

The table below shows the geographical distribution of assets and revenue inside and outside the Hashemite Kingdom of Jordan:

	December 31,		JD '000
	2013	2012	
<b>Assets</b>			
Inside Jordan	7 371 023	6 243 206	
Outside Jordan	17 167 349	17 669 210	
<b>Total</b>	<b>24 538 372</b>	<b>23 912 416</b>	

	December 31,		JD '000
	2013	2012	
<b>Revenue</b>			
Inside Jordan	257 083	245 942	
Outside Jordan	622 300	602 184	
<b>Total</b>	<b>879 383</b>	<b>848 126</b>	

## 42 - Business Segments

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

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

### 1. Corporate and Institutional Banking

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

### 2. Treasury Group

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

Moreover, this group is responsible for the management of the Bank'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 Bank's departments, in addition to being a central unit for the financial organization and main dealing in the following:

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

### 3. Consumer Banking

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

## Information about the Bank's Business Segments

JD '000

	2013					
	Corporate and institutional banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail banking		
Total income	395 215	437 666	( 101 831)	66 585	81 748	879 383
Net inter-segment interest income	( 12 631)	( 240 468)	156 392	96 707	-	-
Provision for impairment - direct credit facilities at amortized cost	31 282	-	120	4 657	-	36 059
Other provisions	7 235	1 801	512	3 633	-	13 181
Direct administrative expenses	57 342	9 994	8 096	78 205	-	153 637
<b>Result of operations of segment</b>	<b>286 725</b>	<b>185 403</b>	<b>45 833</b>	<b>76 797</b>	<b>81 748</b>	<b>676 506</b>
Indirect expenses on segments	95 950	31 122	11 307	77 651	1 913	217 943
<b>Profit for the year before income tax</b>	<b>190 775</b>	<b>154 281</b>	<b>34 526</b>	<b>( 854)</b>	<b>79 835</b>	<b>458 563</b>
Income tax expense	32 771	38 422	9 771	( 430)	31 803	112 337
<b>Profit (loss) for the year</b>	<b>158 004</b>	<b>115 859</b>	<b>24 755</b>	<b>( 424)</b>	<b>48 032</b>	<b>346 226</b>
Depreciation and amortization	7 773	2 078	744	16 651	-	27 246
<b>Other Information</b>						
Segment assets	9 354 679	11 746 537	301 993	1 577 381	434 063	23 414 653
Inter-segment assets	-	171 806	5 475 931	1 928 761	2 694 569	-
Investments in associates and subsidiaries	-	-	-	-	1 123 719	1 123 719
<b>Total Assets</b>	<b>9 354 679</b>	<b>11 918 343</b>	<b>5 777 924</b>	<b>3 506 142</b>	<b>4 252 351</b>	<b>24 538 372</b>
Segment liabilities	9 182 873	1 819 082	5 777 924	3 506 142	296 937	20 582 958
Shareholders' equity	-	-	-	-	3 955 414	3 955 414
Inter-segment liabilities	171 806	10 099 261	-	-	-	-
<b>Total Liabilities and shareholders' equity</b>	<b>9 354 679</b>	<b>11 918 343</b>	<b>5 777 924</b>	<b>3 506 142</b>	<b>4 252 351</b>	<b>24 538 372</b>

## Information about the Bank's Business Segments

JD '000

	2012					
	Corporate and institutional banking	Treasury	Consumer Banking		Other	Total
			Elite	Retail banking		
Total income	380 988	413 176	(95 833)	60 914	88 881	848 126
Net inter-segment interest income	(47 965)	(195 618)	146 835	96 748	-	-
Provision for impairment - direct credit facilities at amortized cost	114 666	-	48	11 954	-	126 668
Other provisions	(1 133)	731	195	3 117	1 550	4 460
Direct administrative expenses	54 184	9 647	7 652	71 154	-	142 637
<b>Result of operations of segment</b>	<b>165 306</b>	<b>207 180</b>	<b>43 107</b>	<b>71 437</b>	<b>87 331</b>	<b>574 361</b>
Indirect expenses on segments	91 231	37 183	11 479	79 414	3 641	222 948
<b>Profit for the year before income tax</b>	<b>74 075</b>	<b>169 997</b>	<b>31 628</b>	<b>(7 977)</b>	<b>83 690</b>	<b>351 413</b>
Income tax expense	15 293	42 148	10 741	(7 543)	29 433	90 072
<b>Profit (loss) for the year</b>	<b>58 782</b>	<b>127 849</b>	<b>20 887</b>	<b>(434)</b>	<b>54 257</b>	<b>261 341</b>
Depreciation and amortization	6 200	2 028	738	16 340	-	25 306

**Other Information**

Segment assets	8 782 774	11 852 664	248 126	1 481 275	428 071	22 792 910
Inter-segment assets	-	101 903	5 030 095	2 106 018	2 556 211	-
Investments in associates and subsidiaries	-	-	-	-	1 119 506	1 119 506
<b>Total Assets</b>	<b>8 782 774</b>	<b>11 954 567</b>	<b>5 278 221</b>	<b>3 587 293</b>	<b>4 103 788</b>	<b>23 912 416</b>
Segment liabilities	8 680 871	2 262 243	5 278 221	3 587 293	228 277	20 036 905
Shareholders' equity	-	-	-	-	3 875 511	3 875 511
Inter-segment liabilities	101 903	9 692 324	-	-	-	-
<b>Total Liabilities and shareholders' equity</b>	<b>8 782 774</b>	<b>11 954 567</b>	<b>5 278 221</b>	<b>3 587 293</b>	<b>4 103 788</b>	<b>23 912 416</b>

### 43. Banking Risk Management

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

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

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

#### a. Credit Risk Management

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

#### b. Geographic Concentration Risk

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

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

#### c. Liquidity Risk

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

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

#### d. Market Risk

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

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

##### 1) Interest Rate Risk:

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

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

##### 2) Capital Market Exposures:

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

##### 3) Foreign Exchange Risk

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

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

#### e. Operational Risk

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



#### 44 - Credit Risk

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

	JD '000	
	December 31,	
	2013	2012
<b>Credit risk exposures relating to assets:</b>		
Balances with central banks	4 039 640	3 083 222
Balances with banks and financial institutions	2 676 405	4 044 307
Deposits with banks and financial institutions	241 943	232 417
Financial assets at fair value through profit or loss	175 517	314 760
<b>Direct credit facilities at amortized cost</b>	<b>10 539 256</b>	<b>9 937 597</b>
Consumer Banking	1 598 432	1 475 638
Corporate medium and small	737 632	569 918
Corporate large	7 385 599	6 884 630
Banks and financial institutions	191 835	302 871
Government and public sector	625 758	704 540
Other Financial assets at amortized cost	4 697 969	4 057 170
Other assets and financial derivatives - positive fair value	209 550	206 781
<b>Credit risk exposures relating to items off the statement of financial position:</b>		
Letters of credit	1 078 525	1 229 774
Acceptances	540 036	480 808
Letters of guarantee	8 494 057	8 051 990
Unutilized credit facilities	2 516 170	1 897 843
<b>Total</b>	<b>35 209 068</b>	<b>33 536 669</b>

**B. Classification of direct credit facilities at amortized cost based on credit risk**

The table below shows the amount of direct credit facilities at amortized cost for each internal credit scoring:

	December 31, 2013					JD '000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
<b>Performing / low risk</b>	<b>318 030</b>	<b>90 912</b>	<b>416 677</b>	<b>117 498</b>	<b>447 966</b>	<b>1 391 083</b>
<b>Performing / acceptable risk</b>	<b>1 291 213</b>	<b>617 913</b>	<b>6 848 644</b>	<b>54 825</b>	<b>178 847</b>	<b>8 991 442</b>
Due:	18 167	5 541	205 866	-	-	229 574
- Up to 30 days	16 736	3 750	51 692	-	-	72 178
- 31- 60 days	1 431	1 791	154 174	-	-	157 396
<b>Watch list</b>	<b>6 921</b>	<b>18 462</b>	<b>117 173</b>	<b>-</b>	<b>-</b>	<b>142 556</b>
<b>Non-performing:</b>	<b>102 317</b>	<b>121 401</b>	<b>603 903</b>	<b>22 287</b>	<b>200</b>	<b>850 108</b>
- Substandard	11 458	3 742	5 085	-	-	20 285
- Doubtful	6 563	6 885	325 949	21 613	-	361 010
- Problematic	84 296	110 774	272 869	674	200	468 813
<b>Total</b>	<b>1 718 481</b>	<b>848 688</b>	<b>7 986 397</b>	<b>194 610</b>	<b>627 013</b>	<b>11 375 189</b>
Less: interest and commission in suspense	34 523	57 885	121 452	2 101	-	215 961
Less: provision for impairment - direct credit facilities at amortized cost	85 526	53 171	479 346	674	1 255	619 972
<b>Net Direct Credit facilities at amortized cost</b>	<b>1 598 432</b>	<b>737 632</b>	<b>7 385 599</b>	<b>191 835</b>	<b>625 758</b>	<b>10 539 256</b>

	December 31, 2012					JD'000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
<b>Performing / low risk</b>	<b>357 242</b>	<b>124 811</b>	<b>902 057</b>	<b>119 610</b>	<b>523 942</b>	<b>2 027 662</b>
<b>Performing / acceptable risk</b>	<b>1 126 776</b>	<b>420 461</b>	<b>5 821 659</b>	<b>160 774</b>	<b>181 892</b>	<b>7 711 562</b>
Due:	4 986	8 472	110 933	-	196	124 587
- Up to 30 days	3 512	6 395	95 983	-	-	105 890
- 31- 60 days	1 474	2 077	14 950	-	196	18 697
<b>Watch list</b>	<b>7 855</b>	<b>12 768</b>	<b>143 220</b>	<b>9 181</b>	<b>-</b>	<b>173 024</b>
<b>Non-performing:</b>	<b>97 148</b>	<b>137 473</b>	<b>669 120</b>	<b>19 509</b>	<b>255</b>	<b>923 505</b>
- Substandard	12 366	2 805	575	-	-	15 746
- Doubtful	7 858	11 641	411 892	19 509	-	450 900
- Problematic	76 924	123 027	256 653	-	255	456 859
<b>Total</b>	<b>1 589 021</b>	<b>695 513</b>	<b>7 536 056</b>	<b>309 074</b>	<b>706 089</b>	<b>10 835 753</b>
Less: interest and commission in suspense	31 042	62 691	99 247	1 612	-	194 592
Less: provision for impairment - direct credit Facilities at amortized cost	82 341	62 904	552 179	4 591	1 549	703 564
<b>Net Direct Credit facilities at amortized cost</b>	<b>1 475 638</b>	<b>569 918</b>	<b>6 884 630</b>	<b>302 871</b>	<b>704 540</b>	<b>9 937 597</b>

## C. Fair Value of Collaterals Obtained Against Credit Facilities at amortized cost :

JD '000

December 31, 2013

	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
<b>Collaterals against credit facilities of</b>						
Performing / Low risk	106 464	176 635	613 134	-	144 451	1 040 684
Performing / Acceptable risk	482 221	370 275	3 913 545	-	110	4 766 151
Watch list	4 530	14 018	37 962	-	-	56 510
<b>Non-performing:</b>	<b>18 163</b>	<b>32 756</b>	<b>77 560</b>	<b>-</b>	<b>9</b>	<b>128 488</b>
- Substandard	7 270	1 699	5 084	-	-	14 053
- Doubtful	2 087	8 499	10 364	-	-	20 950
- Problematic	8 806	22 558	62 112	-	9	93 485
<b>Total</b>	<b>611 378</b>	<b>593 684</b>	<b>4 642 201</b>	<b>-</b>	<b>144 570</b>	<b>5 991 833</b>
<b>Of which :</b>						
Cash margin	110 632	210 720	1 717 544	-	30 252	2 069 148
Banks accepted letters of guarantees	1 220	25 292	196 468	-	-	222 980
Real estate properties	46 341	231 818	1 224 222	-	51 478	1 553 859
Listed securities	441	2 460	93 350	-	-	96 251
Vehicles and equipment	1 594	14 208	322 202	-	-	338 004
Other	451 150	109 186	1 088 415	-	62 840	1 711 591
<b>Total</b>	<b>611 378</b>	<b>593 684</b>	<b>4 642 201</b>	<b>-</b>	<b>144 570</b>	<b>5 991 833</b>

	December 31, 2012					JD'000
	Consumer Banking	Corporates		Banks and financial institutions	Government and public sector	Total
		Small and medium	Large			
<b>Collaterals against credit facilities of</b>						
Performing / Low risk	112 474	162 992	686 192	-	130 739	1 092 397
Performing / Acceptable risk	448 193	270 860	3 730 946	-	122	4 450 121
Watch list	7 839	13 222	82 844	-	-	103 905
<b>Non-performing:</b>	<b>20 653</b>	<b>32 021</b>	<b>66 265</b>	<b>-</b>	<b>10</b>	<b>118 949</b>
- Substandard	7 850	3 223	-	-	-	11 073
- Doubtful	3 636	4 110	6 107	-	-	13 853
- Problematic	9 167	24 688	60 158	-	10	94 023
<b>Total</b>	<b>589 159</b>	<b>479 095</b>	<b>4 566 247</b>	<b>-</b>	<b>130 871</b>	<b>5 765 372</b>
<b>Of which :</b>						
Cash margin	123 154	179 359	1 641 057	-	43 703	1 987 273
Banks accepted letters of guarantees	1 169	32 829	124 514	-	-	158 512
Real estate properties	38 591	127 328	1 187 646	-	-	1 353 565
Listed securities	19 377	7 766	102 045	-	-	129 188
Vehicles and equipment	8 614	8 876	315 829	-	-	333 319
Other	398 254	122 937	1 195 156	-	87 168	1 803 515
<b>Total</b>	<b>589 159</b>	<b>479 095</b>	<b>4 566 247</b>	<b>-</b>	<b>130 871</b>	<b>5 765 372</b>

**D. Classification of debt securities based on credit risk**

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

Credit rating	December 31, 2013		JD '000
	Financial assets at fair value through profit or loss	Other financial assets at amortized cost	Total
Private sector:			
AAA to A-	-	205 770	205 770
BBB+ to B-	-	194 536	194 536
Below B-	-	-	-
Unrated	18 786	31 754	50 540
Government and public sector	156 731	4 265 909	4 422 640
<b>Total</b>	<b>175 517</b>	<b>4 697 969</b>	<b>4 873 486</b>

Credit rating	December 31, 2012		JD '000
	Financial assets at fair value through profit or loss	Other financial assets at amortized cost	Total
Private sector:			
AAA to A-	-	152 957	152 957
BBB+ to B-	-	143 915	143 915
Below B-	-	5 826	5 826
Unrated	18 786	44 547	63 333
Government and public sector	295 974	3 709 925	4 005 899
<b>Total</b>	<b>314 760</b>	<b>4 057 170</b>	<b>4 371 930</b>

## E. Credit exposure categorized by geographical region

	December 31, 2013						JD'000
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the world	Total
Balances with central banks	2 574 074	1 461 072	4 494	-	-	-	4 039 640
Balances and deposits with banks and financial institutions	61 870	915 512	116 191	1 639 640	175 649	9 486	2 918 348
Financial assets at fair value through profit or loss	-	175 517	-	-	-	-	175 517
Direct credit facilities at amortized cost	2 794 473	7 376 138	181 215	150 209	168	37 053	10 539 256
Other Financial assets at amortized cost	1 769 467	2 590 248	5 039	31 833	301 382	-	4 697 969
Other assets and financial derivatives - positive fair value	32 664	170 892	2 280	2 278	49	1 387	209 550
<b>Total</b>	<b>7 232 548</b>	<b>12 689 379</b>	<b>309 219</b>	<b>1 823 960</b>	<b>477 248</b>	<b>47 926</b>	<b>22 580 280</b>

	December 31, 2012						JD'000
	Jordan	Other Arab countries	Asia *	Europe	America	Rest of the world	Total
Balances with central banks	1 774 310	1 298 933	9 979	-	-	-	3 083 222
Balances and deposits with banks and financial institutions	107 998	1 146 960	135 592	2 684 626	188 311	13 237	4 276 724
Financial assets at fair value through profit or loss	-	314 760	-	-	-	-	314 760
Direct credit facilities at amortized cost	2 575 394	6 738 199	331 231	219 431	212	73 130	9 937 597
Other Financial assets at amortized cost	1 587 704	2 118 603	5 357	44 125	301 381	-	4 057 170
Other assets and financial derivatives - positive fair value	24 080	175 384	3 566	3 706	40	5	206 781
<b>Total</b>	<b>6 069 486</b>	<b>11 792 839</b>	<b>485 725</b>	<b>2 951 888</b>	<b>489 944</b>	<b>86 372</b>	<b>21 876 254</b>

\* Excluding Arab Countries.

## F. Credit exposure categorized by economic sector

	Corporates			
	Consumer Banking	Industry and mining	Constructions	Real - estate
Balances with Central Banks	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-
Direct credit facilities at amortized cost	1 598 432	2 468 986	860 516	793 271
Other financial assets at amortized cost	-	21 270	-	8 389
Other assets and financial derivatives - positive fair value	8 162	5 810	2 531	2 705
<b>Total</b>	<b>1 606 594</b>	<b>2 496 066</b>	<b>863 047</b>	<b>804 365</b>

	Corporates			
	Consumer Banking	Industry and mining	Constructions	Real - estate
Balances with Central Banks	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-
Direct credit facilities at amortized cost	1 475 641	2 446 735	778 128	676 586
Other financial assets at amortized cost	-	44 673	7 706	13 326
Other assets and financial derivatives - positive fair value	7 424	9 412	2 803	2 762
<b>Total</b>	<b>1 483 065</b>	<b>2 500 820</b>	<b>788 637</b>	<b>692 674</b>



JD '000  
December 31, 2013

Corporates					Banks and financial institutions	Government and public sector	Total
Trade	Agriculture	Tourism and hotels	Transportation	General Services			
-	-	-	-	-	4 039 640	-	4 039 640
-	-	-	-	-	2 918 348	-	2 918 348
-	-	-	18 786	-	-	156 731	175 517
1 956 759	67 092	201 318	376 588	1 398 701	191 835	625 758	10 539 256
14 118	-	-	-	10 969	377 314	4 265 909	4 697 969
7 562	130	440	855	9 786	35 911	135 658	209 550
<b>1 978 439</b>	<b>67 222</b>	<b>201 758</b>	<b>396 229</b>	<b>1 419 456</b>	<b>7 563 048</b>	<b>5 184 056</b>	<b>22 580 280</b>

JD '000  
December 31, 2012

Corporates					Banks and financial institutions	Government and public sector	Total
Trade	Agriculture	Tourism and hotels	Transportation	General Services			
-	-	-	-	-	3 083 222	-	3 083 222
-	-	-	-	-	4 276 724	-	4 276 724
-	-	-	18 786	-	-	295 974	314 760
1 606 090	103 820	238 443	405 408	1 199 335	302 871	704 540	9 937 597
-	-	-	-	6 820	274 720	3 709 925	4 057 170
9 346	315	1 008	1 079	15 628	81 143	75 861	206 781
<b>1 615 436</b>	<b>104 135</b>	<b>239 451</b>	<b>425 273</b>	<b>1 221 783</b>	<b>8 018 680</b>	<b>4 786 300</b>	<b>21 876 254</b>

#### 45. Market Risk

##### Market Risk Sensitivity

Assuming market prices as at December 31, 2013 and 2012 change by 5%, the impact on statement of income and shareholders equity will be as follows:

	JD '000					
	December 31, 2013			December 31, 2012		
	Statement of income	Shareholders' equity	Total	Statement of income	Shareholders' equity	Total
Interest rate sensitivity	22 295	-	22 295	17 434	-	17 434
Foreign exchange rate sensitivities	7 676	37 247	44 923	17 832	36 697	54 529
Equity instruments price sensitivity	69	10 273	10 342	399	14 413	14 812
<b>Total</b>	<b>30 040</b>	<b>47 520</b>	<b>77 560</b>	<b>35 665</b>	<b>51 110</b>	<b>86 775</b>

## 46. Interest Rate Risk

A. Exposure to interest rate volatility as of December 31, 2013  
(classification is based on interest rate repricing or maturity date, whichever is closer).

JD '000

Assets	Within 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not tied to interest rate risk	Total
Cash at vaults	-	-	-	-	-	291 456	291 456
Mandatory cash reserve	-	-	-	-	-	939 613	939 613
Balances with central banks	2 770 418	32 821	81 081	-	-	215 707	3 100 027
Balances and deposits with banks and financial institutions	2 085 816	109 998	131 945	-	-	590 589	2 918 348
Financial assets at fair value through profit or loss	4 796	36 918	105 062	12 631	16 110	1 383	176 900
Direct credit facilities at amortized cost	5 552 560	1 328 583	961 517	881 629	1 814 967	-	10 539 256
Financial assets at fair value through other comprehensive income	-	-	-	-	-	205 461	205 461
Other financial assets at amortized cost	1 290 134	596 960	897 522	1 179 052	734 301	-	4 697 969
Investment in subsidiaries and associates	-	-	-	-	-	1 123 719	1 123 719
Fixed assets	-	-	-	-	-	200 619	200 619
Other assets and financial derivatives - positive fair value	20 113	17 671	-	-	-	283 734	321 518
Deferred tax assets	-	-	-	-	-	23 486	23 486
<b>Total assets</b>	<b>11 723 837</b>	<b>2 122 951</b>	<b>2 177 127</b>	<b>2 073 312</b>	<b>2 565 378</b>	<b>3 875 767</b>	<b>24 538 372</b>
<b>Liabilities and shareholders' equity</b>							
Banks' and financial institutions' deposits	1 526 666	46 258	26 617	17 624	-	135 535	1 752 700
Customer deposits	7 728 236	1 351 136	1 389 850	358 874	20 466	4 945 485	15 794 047
Cash margin	1 823 657	291 550	104 107	934	-	229 373	2 449 621
Borrowed funds	1 500	-	-	-	-	-	1 500
Other Provisions	-	-	-	-	-	80 266	80 266
Provision for income tax	-	-	-	-	-	123 121	123 121
Other liabilities and financial derivatives - negative fair value	40 668	25 052	839	-	279	309 432	376 270
Deferred tax liabilities	-	-	-	-	-	5 433	5 433
Shareholders' equity	-	-	-	-	-	3 955 414	3 955 414
<b>Total liabilities and shareholders' equity</b>	<b>11 120 727</b>	<b>1 713 996</b>	<b>1 521 413</b>	<b>377 432</b>	<b>20 745</b>	<b>9 784 059</b>	<b>24 538 372</b>
Gap	603 110	408 955	655 714	1 695 880	2 544 633	(5 908 292)	-
<b>Accumulated gap</b>	<b>603 110</b>	<b>1 012 065</b>	<b>1 667 779</b>	<b>3 363 659</b>	<b>5 908 292</b>	<b>-</b>	<b>-</b>

B. Exposure to interest rate volatility as of December 31, 2012  
(classification is based on interest rate repricing or maturity date, whichever is closer).

							JD '000	
Assets	Within 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not tied to interest rate risk	Total	
Cash at vaults	-	-	-	-	-	271 180	271 180	
Mandatory cash reserve	-	-	-	-	-	695 337	695 337	
Balances with central banks	2 079 157	18 900	57 915	21 280	71 014	139 619	2 387 885	
Balances and deposits with banks and financial institutions	2 779 211	97 747	119 836	14 834	-	1 265 096	4 276 724	
Financial assets at fair value through profit or loss	47 157	49 889	198 810	4 938	13 966	7 982	322 742	
Direct credit facilities at amortized cost	5 729 557	1 071 305	678 751	726 281	1 731 703	-	9 937 597	
Financial assets at fair value through other comprehensive income	-	-	-	-	-	288 252	288 252	
Other financial assets at amortized cost	1 093 860	488 697	837 101	1 170 921	466 591	-	4 057 170	
Investment in subsidiaries and associates	-	-	-	-	-	1 119 506	1 119 506	
Fixed assets	-	-	-	-	-	206 860	206 860	
Other assets and financial derivatives - positive fair value	19 809	12 223	1 342	-	-	298 031	331 405	
Deferred tax assets	-	-	-	-	-	17 758	17 758	
<b>Total assets</b>	<b>11 748 751</b>	<b>1 738 761</b>	<b>1 893 755</b>	<b>1 938 254</b>	<b>2 283 274</b>	<b>4 309 621</b>	<b>23 912 416</b>	
<b>Liabilities and shareholders' equity</b>								
Banks' and financial institutions' deposits	1 755 088	98 871	170 799	14 184	-	133 593	2 172 535	
Customer deposits	7 238 124	1 705 768	1 098 106	371 276	25 091	4 577 500	15 015 865	
Cash margin	1 294 897	909 684	69 026	946	250	72 195	2 346 998	
Borrowed funds	-	-	-	-	-	-	-	
Other Provisions	-	-	-	-	-	74 281	74 281	
Provision for income tax	-	-	-	-	-	95 935	95 935	
Other liabilities and financial derivatives - negative fair value	66 326	19 456	2 001	-	622	238 404	326 809	
Deferred tax liabilities	-	-	-	-	-	4 482	4 482	
Shareholders' equity	-	-	-	-	-	3 875 511	3 875 511	
<b>Total liabilities and shareholders' equity</b>	<b>10 354 435</b>	<b>2 733 779</b>	<b>1 339 932</b>	<b>386 406</b>	<b>25 963</b>	<b>9 071 901</b>	<b>23 912 416</b>	
Gap	1 394 316	(995 018)	553 823	1 551 848	2 257 311	(4 762 280)	-	
<b>Accumulated gap</b>	<b>1 394 316</b>	<b>399 298</b>	<b>953 121</b>	<b>2 504 969</b>	<b>4 762 280</b>	<b>-</b>	<b>-</b>	

## 47. Liquidity Risk

The details of this item are as follows:

### A. The details of the Maturity of Assets and Liabilities as of December 31, 2013:

JD '000

Assets	Within 1 month	After 1 month and before 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not Tied to a Specific Maturity	Total
Cash at vaults	-	-	-	-	-	-	291 456	291 456
Mandatory cash reserve	-	-	-	-	-	-	939 613	939 613
Balances with central banks	2 751 152	19 266	32 821	81 081	-	-	215 707	3 100 027
Balances and deposits with banks and financial institutions	1 328 789	757 027	109 998	131 945	-	-	590 589	2 918 348
Financial assets at fair value through profit or loss	1 283	3 514	27 000	105 062	12 631	26 027	1 383	176 900
Direct credit facilities at amortized cost	2 448 824	1 702 967	1 008 629	1 045 547	1 342 498	2 990 791	-	10 539 256
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	205 461	205 461
Other financial assets at amortized cost	433 401	688 203	528 601	872 520	1 397 175	778 069	-	4 697 969
Investment in subsidiaries and associates	-	-	-	-	-	-	1 123 719	1 123 719
Fixed assets	-	-	-	-	-	-	200 619	200 619
Other assets and financial derivatives - positive fair value	8 144	13 402	98 570	-	-	-	201 402	321 518
Deferred tax assets	-	-	-	-	-	-	23 486	23 486
<b>Total assets</b>	<b>6 971 593</b>	<b>3 184 379</b>	<b>1 805 619</b>	<b>2 236 155</b>	<b>2 752 304</b>	<b>3 794 887</b>	<b>3 793 435</b>	<b>24 538 372</b>
<b>Liabilities and shareholders' equity</b>								
Banks' and financial institutions' deposits	1 477 577	49 089	46 258	26 617	17 624	-	135 535	1 752 700
Customer deposits	5 161 461	1 857 207	1 398 744	1 402 036	374 211	20 946	5 579 442	15 794 047
Cash margin	1 384 700	365 055	359 160	109 245	2 088	-	229 373	2 449 621
Borrowed funds	-	-	-	-	-	1 500	-	1 500
Other Provisions	-	-	-	-	-	-	80 266	80 266
Provision for income tax	-	123 121	-	-	-	-	-	123 121
Other liabilities and financial derivatives - negative fair value	30 633	31 119	35 594	11 381	6 492	279	260 772	376 270
Deferred tax liabilities	-	-	-	-	-	-	5 433	5 433
Shareholders' equity	-	-	-	-	-	-	3 955 414	3 955 414
<b>Total liabilities and shareholders' equity</b>	<b>8 054 371</b>	<b>2 425 591</b>	<b>1 839 756</b>	<b>1 549 279</b>	<b>400 415</b>	<b>22 725</b>	<b>10 246 235</b>	<b>24 538 372</b>
Gap	(1 082 778)	758 788	(34 137)	686 876	2 351 889	3 772 162	(6 452 800)	-
<b>Accumulated gap</b>	<b>(1 082 778)</b>	<b>(323 990)</b>	<b>(358 127)</b>	<b>328 749</b>	<b>2 680 638</b>	<b>6 452 800</b>	<b>-</b>	<b>-</b>

B. The details of the Maturity of Assets and Liabilities as of December 31, 2012:

JD '000

<b>Assets</b>	Within 1 month	After 1 month and before 3 months	After 3 months and before 6 months	After 6 months and before 1 year	After 1 year and before 3 years	After 3 years	Not Tied to a Specific Maturity	Total
Cash at vaults	-	-	-	-	-	-	271 180	271 180
Mandatory cash reserve	-	-	-	-	-	-	695 337	695 337
Balances with central banks	1 800 384	278 773	18 900	57 915	21 280	71 014	139 619	2 387 885
Balances and deposits with banks and financial institutions	1 783 753	995 458	97 747	119 836	14 834	-	1 265 096	4 276 724
Financial assets at fair value through profit or loss	21 426	32 496	51 816	190 118	4 938	13 966	7 982	322 742
Direct credit facilities at amortized cost	2 283 869	1 675 757	942 942	699 727	1 074 542	3 260 760	-	9 937 597
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	288 252	288 252
Other financial assets at amortized cost	263 457	789 836	488 171	843 472	1 203 484	468 750	-	4 057 170
Investment in subsidiaries and associates	-	-	-	-	-	-	1 119 506	1 119 506
Fixed assets	-	-	-	-	-	-	206 860	206 860
Other assets and financial derivatives - positive fair value	6 763	13 410	77 094	1 342	-	-	232 796	331 405
Deferred tax assets	-	-	-	-	-	-	17 758	17 758
<b>Total assets</b>	<b>6 159 652</b>	<b>3 785 730</b>	<b>1 676 670</b>	<b>1 912 410</b>	<b>2 319 078</b>	<b>3 814 490</b>	<b>4 244 386</b>	<b>23 912 416</b>
<b>Liabilities and shareholders' equity</b>								
Banks' and financial institutions' deposits	1 286 466	468 622	98 871	170 799	14 184	-	133 593	2 172 535
Customer deposits	4 792 071	2 349 367	1 095 492	1 110 642	398 459	25 699	5 244 135	15 015 865
Cash margin	738 312	425 668	978 830	50 157	37 791	250	115 990	2 346 998
Borrowed funds	-	-	-	-	-	-	-	-
Other Provisions	-	-	-	-	-	-	74 281	74 281
Provision for income tax	-	95 935	-	-	-	-	-	95 935
Other liabilities and financial derivatives - negative fair value	66 371	27 061	28 491	2 001	-	622	202 263	326 809
Deferred tax liabilities	-	-	-	-	-	-	4 482	4 482
Shareholders' equity	-	-	-	-	-	-	3 875 511	3 875 511
<b>Total liabilities and shareholders' equity</b>	<b>6 883 220</b>	<b>3 366 653</b>	<b>2 201 684</b>	<b>1 333 599</b>	<b>450 434</b>	<b>26 571</b>	<b>9 650 255</b>	<b>23 912 416</b>
Gap	(723 568)	419 077	(525 014)	578 811	1 868 644	3 787 919	(5 405 869)	-
<b>Accumulated gap</b>	<b>(723 568)</b>	<b>(304 491)</b>	<b>(829 505)</b>	<b>(250 694)</b>	<b>1 617 950</b>	<b>5 405 869</b>	<b>-</b>	<b>-</b>

## 48. Net Foreign Currency Positions

The details of this item are as follows:

	December 31, 2013		December 31, 2012	
	Base Cur- rency in Thousand	Equivalent in JD'000	Base Cur- rency in Thousand	Equiva- lent in JD '000
USD	( 58 497)	( 41 487)	( 507 600)	( 360 000)
GBP	( 68 851)	( 79 691)	( 8 683)	( 9 946)
EUR	( 33 333)	( 32 598)	( 17 546)	( 16 416)
JPY	(2 620 000)	( 17 685)	2 673 074	21 999
Other currencies *		17 945		7 715
<b>Total</b>		<b>( 153 516)</b>		<b>( 356 648)</b>

\* Various foreign currencies translated to Jordanian Dinars.

## 49. Fair Value Hierarchy

### A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis.

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

Financial assets / Finan- cial liabilities	Fair Value as at		Fair Value Hierarchy	Valuation tech- niques and key inputs	Significant unob- servable inputs	Relationship of unobservable inputs to fair value
	December 31,					
	2013	2012				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Treasury bills and Bonds	156 731	295 974	Level 1	Quoted Shares	Not Applicable	Not Applicable
Loans and advances	18 786	18 786	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
Shares and mutual funds	1 383	7 982	Level 1	Quoted Shares	Not Applicable	Not Applicable
<b>Total</b>	<b>176 900</b>	<b>322 742</b>				
Financial derivatives - positive fair value	8 369	14 499	Level 2	Through Com- parison of similar financial instru- ments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	161 648	242 487	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	43 813	45 765	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
<b>Total</b>	<b>205 461</b>	<b>288 252</b>				
<b>Total Financial Assets at Fair Value</b>	<b>390 730</b>	<b>625 493</b>				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	10 012	19 011	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>10 012</b>	<b>19 011</b>				

There were no transfers between Level 1 and 2 in the period, during 2013 & 2012.

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

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:

	December 31, 2013		JD '000
	Book value	Fair value	Fair value Hierarchy
<b>Financial assets not calculated at fair value</b>			
Mandatory reserve	939 613	939 809	Level 2
Deposits with Central Banks	2 559 996	2 560 270	Level 2
Certificates of deposit with central banks	324 324	324 588	Level 1 & 2
Balances and Deposits with banks and financial institutions	2 918 348	2 919 991	Level 2
Direct credit facilities at amortized cost	10 539 256	10 566 771	Level 2
Other Financial assets at amortized cost	4 697 969	4 746 562	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>21 979 506</b>	<b>22 057 991</b>	
<b>Financial liabilities not calculated at fair value</b>			
Banks' and financial institutions' deposits	1 752 700	1 753 816	Level 2
Customer deposits	15 794 047	15 862 573	Level 2
Cash margin	2 449 621	2 462 460	Level 2
Borrowed funds	1 500	1 511	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>19 997 868</b>	<b>20 080 360</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.



## 50. Contractual Maturity of the Contingent Accounts

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

	December 31, 2013			JD '000
	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 038 882	39 643	-	1 078 525
Acceptances	538 462	1 556	18	540 036
Letters of guarantee:				
- Payment guarantees	1 346 649	49 680	3 556	1 399 885
- Performance guarantees	1 187 307	1 152 218	53 714	2 393 239
- Other guarantees	3 041 249	1 193 318	466 366	4 700 933
Unutilized credit facilities	2 292 751	220 569	2 850	2 516 170
<b>Total</b>	<b>9 445 300</b>	<b>2 656 984</b>	<b>526 504</b>	<b>12 628 788</b>
Constructions projects contracts	395	-	-	395
Procurement contracts	2 288	2 210	-	4 498
Operating lease contracts	46	3 907	2 722	6 675
<b>Total</b>	<b>2 729</b>	<b>6 117</b>	<b>2 722</b>	<b>11 568</b>

JD '000

December 31, 2012

	Within 1 year	After 1 year and before 5 years	After 5 years	Total
Letters of credit	1 221 758	8 016	-	1 229 774
Acceptances	437 965	42 843	-	480 808
Letters of guarantee:				
- Payment guarantees	1 419 319	62 023	3 183	1 484 525
- Performance guarantees	1 009 678	1 238 413	29 138	2 277 229
- Other guarantees	2 901 880	1 354 450	33 906	4 290 236
Unutilized credit facilities	1 726 220	157 213	14 410	1 897 843
<b>Total</b>	<b>8 716 820</b>	<b>2 862 958</b>	<b>80 637</b>	<b>11 660 415</b>
Constructions projects contracts	-	-	-	-
Procurement contracts	3 007	-	141	3 148
Operating lease contracts	3	64	7 136	7 203
<b>Total</b>	<b>3 010</b>	<b>64</b>	<b>7 277</b>	<b>10 351</b>

## 51. Capital Management

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

	JD'000	
	December 31,	
	2013	2012
<b>A- CORE CAPITAL</b>		
Share capital	534 000	534 000
Statutory reserve	421 741	375 885
Voluntary reserve	614 920	614 920
Share premium	859 626	859 626
General reserve	1 066 674	1 066 674
Retained earnings*	240 594	106 477
Foreclosed properties	( 4 101)	( 8 077)
<b>Total core capital</b>	<b>3 733 454</b>	<b>3 549 505</b>
<b>B- SUPPLEMENTARY CAPITAL</b>		
Foreign currency translation reserve	14 371	36 393
Investment revaluation reserve	( 182 357)	( 98 490)
General banking risk reserve	189 783	177 282
<b>Total supplementary capital</b>	<b>21 797</b>	<b>115 185</b>
<b>C. DEDUCTABLE ITEMS</b>	<b>1 273 288</b>	<b>1 365 539</b>
<b>Regulatory capital (A+B-C)</b>	<b>2 481 963</b>	<b>2 299 151</b>
<b>Risk-weighted assets</b>	<b>17 024 838</b>	<b>15 906 783</b>
Regulatory capital / risk-weighted assets	14.58%	14.45%
Core capital / risk-weighted assets	14.58%	14.45%

\* Net after deducting deferred tax assets.

- The Board of Directors performs an overall review of the capital structure of the Bank on quarterly basis. As part of such review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividend policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by Basel Committee is 8% and 12% as per the instructions of the Central Bank of Jordan. The capital adequacy ratio of the Bank as of December 31, 2013 was 14.58% (14.45% as of December 31, 2012).

## 52. Transactions with Related Parties

The details of this item are as follows:

	December 31, 2013				JD '000
	Deposits owed from Related Parties	Direct Credit Facilities at amortized cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Sister and Subsidiary companies	1 481 506	116 817	237 056	184 844	
Associates	83 884	-	33 211	3 537	
Major shareholders and Members of the Board of Directors	-	309 546	450 513	46 119	
<b>Total</b>	<b>1 565 390</b>	<b>426 363</b>	<b>720 780</b>	<b>234 500</b>	

	December 31, 2012				JD '000
	Deposits owed from Related Parties	Direct Credit Facilities at amortized cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances	
Sister and Subsidiary companies	2 143 329	125 186	445 486	137 536	
Associates	260 097	-	129 988	14 031	
Major shareholders and Members of the Board of Directors	-	201 193	267 734	60 701	
<b>Total</b>	<b>2 403 426</b>	<b>326 379</b>	<b>843 208</b>	<b>212 268</b>	

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

### The details of transactions with related parties are as follows:

	2013		JD '000
	Interest Income	Interest Expense	
Subsidiaries and Sister companies	9 556	6 654	
Associates	280	104	
	<b>9 836</b>	<b>6 758</b>	

	2012		JD '000
	Interest Income	Interest Expense	
Subsidiaries and Sister companies	12 720	9 418	
Associates	256	248	
	<b>12 976</b>	<b>9 666</b>	

- Interest on facilities granted to major shareholders and members of the Board of Directors is recorded at arm's length.
- The salaries and other fringe benefits of the Bank's key management personnel, inside and outside Jordan, amounted to JD 23.4 million in 2013 (JD 22.4 million in 2012).

### 53. CASH AND CASH EQUIVALENT

The details of this item are as follows:

	JD '000	
	December 31,	
	2013	2012
Cash and balances with central banks maturing within 3 months	4 217 193	3 185 295
Add: Balances with banks and financial institutions maturing within 3 months	2 676 405	4 044 307
Less: Banks and financial institutions deposits maturing within 3 months	1 662 201	1 888 681
<b>Total</b>	<b>5 231 397</b>	<b>5 340 921</b>

### 54. Legal Cases

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

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

In 2005, The Bank in New York has 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 US Federal Banking Act. It was also agreed that the Federal Agency shall be allowed to maintain financial assets in the amount of USD 420 million.

- b. There are other lawsuits filed against the Bank totaling JD 42.6 million as of December 31, 2013 (JD 45.5 million as of 31 December 2012).

In the opinion of the management and the lawyers representing the Bank in the litigation at issue, the Bank will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling JD 2.9 million as of December 31, 2013 in comparison to JD 2.7 million as of December 31, 2012.

### 55. Comparative Figures

Some of the comparative figures for the year 2012 have been reclassified to correspond with the year 2013 presentation and didn't cause change in last year's operating results.



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## INDEPENDENT AUDITOR'S REPORT

AM / 218

To the Shareholders  
Arab Bank plc  
Amman – Jordan

We have audited the accompanying financial statements of Arab Bank plc (a Public Shareholding Company), which comprise the statement of financial position as of December 31, 2013, and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

# Deloitte.

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

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arab Bank plc as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Report on other Legal and Regulatory Requirements

The Bank maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial statements presented in the Board of Directors' report. We recommend that the General Assembly of Shareholders to approve these financial statements.

Amman – Jordan  
January 23, 2014

  
Deloitte & Touche (M.E.) – Jordan

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

The Board of Directors confirms that there are no significant issues that may affect the continued operations of the Bank during the financial year 2014.



**Sabih Taher D. Masri**  
Chairman



**Samir Farhan K. Kawar**  
Deputy Chairman



**Saleh Bin Saad A. Al-Muhanna**  
Representing  
The Ministry of Finance  
Saudi Arabia



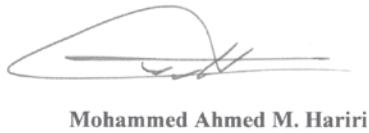
**Nazik Assad Odah/Al-Hariri**



**Riad Burhan T. Kamal**



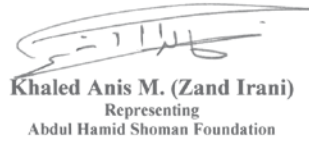
**Ibrahim Yousof I. Izziddin**  
Representing  
The Social Security Corporation



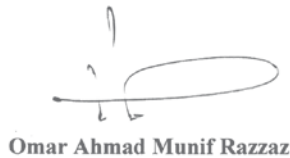
**Mohammed Ahmed M. Hariri**



**Wahbe Abdullah W. Tamari**



**Khaled Anis M. (Zand Irani)**  
Representing  
Abdul Hamid Shoman Foundation



**Omar Ahmad Munif Razzaz**



**Bassam Wael Rushdi Kanaan**




The Board of Directors confirms its responsibility for the preparation of the financial statements, and for implementing an effective internal control system in line with international standards.

  
**Sabih Faher D. Masri**  
 Chairman

  
**Samir Farhan K. Kwar**  
 Deputy Chairman

  
**Saleh Bin Saad A. Al-Muhanna**  
 Representing  
 The Ministry of Finance  
 Saudi Arabia


  
**Nazik Assad Odah/Al-Hariri**

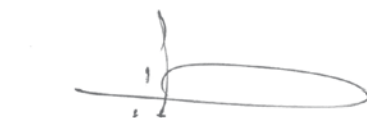
  
**Riad Burhan T. Kamal**

  
**Ibrahim Yousouf I. Izziddin**  
 Representing  
 The Social Security Corporation

  
**Mohammed Ahmed M. Hariri**

  
**Wahbe Abdullah W. Tamari**

  
**Khaled Anis M. (Zand Irani)**  
 Representing  
 Abdul Hamid Shoman Foundation

  
**Omar Ahmad Munif Razzaz**

  
**Bassam Wael Rushdi Kanaan**

The Chairman, the Chief Executive Officer and the Group Chief Financial Officer attest to the accuracy and completeness of the financial statements and the financial information of this report as at 31 December 2013.

**Sabih Taher D. Masri**  
Chairman

**Nemeh Elyas Sabbagh**  
Chief Executive Officer

**Dawod Al-Ghoul**  
Group Chief Financial Officer

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## Introduction

Arab Bank attaches considerable importance to the good corporate governance practices and is committed to applying the highest standards of professional competence in all its activities. The Bank follows the guidelines of the Central Bank of Jordan, which are based on Basel Committee recommendations on corporate governance. It also observes the regulatory requirements of other countries in which it operates.

Arab Bank pioneered corporate governance practices in the Middle East. In early 1996 the Audit Committee was established, and in 2002, a special committee for corporate governance was created. In 2006, the Selection and Remuneration Committee was formed, and in year 2007 the Risk Management Committee and the Corporate Strategy Committee were established. The Board, with all its members in attendance, holds regular and extraordinary meetings to discuss the strategic direction of the Bank and the changes in the key indicators affecting the general strategy of the Bank.

This Corporate Governance of the Bank is based on the Code of Corporate Governance for Banks in Jordan issued by the Central Bank of Jordan. It is in alignment with the current Jordanian Banking Law, the current Jordanian Corporations Law and the Articles of Association and Memorandum of Association of the Bank.

This Code will be kept under review, and will be developed and amended as required from time to time to meet the changing needs and expectations of the Bank and the marketplace.

## The Pillars of the Code:

### 1) Commitment to Corporate Governance

The Bank has a well established framework for good corporate governance which provides a solid basis for an effective relationship between the Bank, its Board of Directors, its shareholders and other interest groups. The general framework for corporate governance ensures equitable treatment for all shareholders, and recognizes the established legal rights of both minority and foreign shareholders. It also guarantees the availability of timely and precise information in all material matters concerning the Bank along with the accountability of the Board to the Bank and the shareholders.

The Bank has prepared this Code in compliance with the requirements of the Code of Corporate Governance for Banks in Jordan issued by the Central Bank of Jordan. This Code also reflects the needs and policies of the Bank. This Code has been approved by the Board in its meeting on 30/12/2007 and an up-to-date version of the Code is available to the public on request and is also posted on the Bank's website.

The Bank publicly reports its compliance with the Code on an annual basis, where necessary detailing how each provision of the Code has been implemented and, where relevant, where and why the Bank's executive management has adopted procedures that are different from those recommended by the Code.

## 2) The Board of Directors

### a) General principles

- i) The primary responsibility of the Board is to protect and maximize the interests of the shareholders in the long term. For this purpose the Board bears the full responsibility for corporate governance, including setting the strategy of the Bank and the goals of the executive management and overseeing the implementation to achieve those goals.
- ii) The Board of Directors has overall responsibility for the operations and the financial soundness of the Bank. It aims to ensure that the interests of shareholders, depositors, creditors, employees, and other stakeholders, including the Central Bank of Jordan, are met. The Board ensures that the Bank is managed prudently, within the framework of laws and regulations and the Bank's own policies.

The Bank affirms that the obligations of each Director are owed to the Bank as a whole, and not to any particular shareholder.

- iv) The Board sets the Bank's strategic goals, as well as overseeing the executive management of the Bank. The day-to-day operations of the Bank are the responsibility of executive management, but the Board as a whole ensures and certifies that internal control systems are effective and that the Bank's activities comply with strategy, policies and procedures approved by the Board or as required by law or regulation. As a critical element of these internal controls, the Board ensures that all dimensions of the Bank's risk are managed properly.

### b) The Chairman / General Manager

- i) The position of Chairman of the Board is separated from that of General Manager. In addition, there is no family relationship up to the third degree between the Chairman and the General Manager. The division of responsibilities is to be set in writing and to be approved by the Board and is subject to review and from time to time as necessary.
- ii) If the Chairman is also an executive, then the Bank will consider appointing an independent member of the Board as a Deputy Chairman to act as an independent resource and conduit for shareholders. The Chairman is an executive if he is a full-time employee and has an operational position in the Bank.
- iii) The status of the Chairman (whether executive or non-executive) should be publicly disclosed.

### c) The role of the Chairman of the Board

- i) The Chairman promotes a constructive relationship between the Board and the Bank's executive management, and between the executive Directors and the non-executive Directors.

- ii) The Chairman promotes a culture in the boardroom that encourages constructive criticism and presentation of alternative views on certain issues under consideration, and encourages discussion and voting on those issues.
- iii) The Chairman ensures that both Directors and the Bank's shareholders receive adequate and timely information.
- iv) The Chairman ensures high standards of corporate governance by the Bank.

**d) Composition of the Board**

- i) The Board shall be comprised of eleven members. It shall be elected by the Annual General Assembly for a term of four years. The Chairman shall be elected by the members of the Board.
- ii) The composition of the Board should attempt to obtain the optimal mix of skills and experience that enable each of them to participate in the Board discussions with full independence. The Board shall include the General Manager and non-executive members (members who do not occupy operational position in the Bank).
- iii) To foster the Board's independence, the Bank's policy is that the Board should have at least three independent Directors.
- iv) An 'independent' Director (whether a natural person or representing legal entity) is one whose directorship constitutes his/her only connection to the Bank, and whose judgment is therefore unlikely to be influenced by external considerations. Minimum standards for an 'independent' Director include:
  - (1) A person who has not been employed by the Bank for the preceding three years;
  - (2) Is not a relative (up to the second degree) of an executive of the Bank;
  - (3) Is not receiving payment or compensation from the Bank (other than as a Director);
  - (4) Is not a director or owner of a company with which the Bank does business (other than business relationships made in the ordinary course of business of the Bank and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties);
  - (5) Is not, nor in the past three years has been, affiliated with or employed by a present or former external auditor of the Bank; and
  - (6) Is neither a shareholder with an effective interest in the capital of the Bank nor affiliated with one.

**e) Board practices**

- i) In order to ensure that a full range of topics is considered, the Bank's Board meetings take place at least six times a year.
- ii) The executive management is to schedule a specific topic(s) to be highlighted at each meeting.

The topics at each meeting shall be discussed comprehensively.

- iv) The Bank's policy is that the Board should include independent element in order that it can exercise objective judgment and to maintain a level of checks and balances to balance the influence of all parties, including executive management and significant shareholders, and ensures that decisions are taken in the Bank's best interest.
- v) The Bank should provide adequate information to Directors sufficiently in advance of meetings to enable them to reach informed decisions.
- vi) The Board Secretary shall record the discussions at all Board meetings.

The responsibilities of the Board are clearly identified in accordance with relevant legislation. Each Director of the Bank is provided with a formal appointment letter upon his/her election, in which he/she is advised about his/her rights, responsibilities and duties.

- viii) All banking transactions that require Board approval are clearly defined in writing, including:

The authority of the Board to approve loans larger than a set amount.

The authority of the Board to deal with related parties.

- ix) Directors will keep themselves informed of developments within the Bank, and in the banking industry as a whole, both local and international. The Bank shall provide the Directors with appropriate briefings regarding its activities.
- x) Communication between Directors and committees of the Board with executive management should be facilitated.
- xi) The Bank has drawn up an organizational chart, showing lines of reporting and authority including Board committees and executive management. The portion of the chart showing the more senior levels is made public.
- xii) In addition to the arrangement of Board meetings and the taking of meeting minutes, the Board Secretary shall ensure that Board procedures are followed, and that information is conveyed between the members of the Board, the members of the Board Committees, and the executive management. The function and duties of the Board Secretary are formally defined in writing and, in accordance with this level of responsibility, and the Board Secretary's appointment as well as his/her removal is taken by the unanimous decision of the Board.

**f) Board activities: appointments, succession and development**

- i) The Board's policy is to appoint a General Manager with proven integrity, technical competence, and experience in banking.

- ii) The Board is required to approve the appointment of some senior executives such as the Chief Financial Officer and the Head of Internal Audit, and to ensure that they have the requisite skills.
- iii) The Board shall, with respect to appointment, succession and development, ensure:
  - The existence of a regulation for occupational levels and grading and another for salary and benefit based on classification and evaluation methodology.
  - The existence of career path plans, succession plan, performance management plan, and succession plans for executive managers, which list requirements and competences.
  - That the Bank regularly reviews the staff regulations, instruction and benefits, to ensure maximizing the competitiveness of the Bank in response to the latest global trends in Human Resource for the purpose of attracting and retaining high effective personnel.
  - That the Bank focuses on providing high level professional qualification programs in areas of expertise needed by the Bank, especially in the fields of compliance, risk management, information security systems and bank secrecy, and that it offers employees the opportunity to gain those qualifications.

**g) Board activities: self-assessment and the General Manager performance appraisal**

- i) The Board assesses, at least once a year, its own performance as a Board, as well as the standards of accuracy and fairness of the financial statements of the Bank and the extent of compliance with the regulations, using specific and approved evaluation methods. The evaluation method shall be objective and comparable to those used by other similar banks and financial institutions.
- ii) There should be a formal annual evaluation of the General Manager by the Board.

**h) Board activities: planning, controls, code of conduct, conflict of interest policy**

- i) The Board establishes the Bank's business objectives, and draws up and approves the business strategy for achieving those objectives. Through a planning process, involving input from the Bank's various departments, the executive management draws up business plans that are consistent with these strategies. The Board is required to approve the strategy, and the business plans, and review the Bank's performance against the plan, ensuring that corrective action is taken as needed. The Bank's budgeting process is part of the short-term planning and performance measurement.



- ii) The Board ensures that the Bank maintains a high degree of integrity in its operations. Formal policies, including a code of conduct, and definitions and controls on conflicts of interest and insider dealing, have been established and published. All employees and Directors are required to give their assent to these. The policies include the following:
  - (1) Rules and procedures for related party transactions between the Bank and its employees or Directors or their companies, or other related parties, including lending and share trading transactions. Furthermore bank loans extended to Directors and/or their companies are made at market rates and not on preferential terms and the Directors involved in any such transaction do not participate in discussions, nor vote on them. Related party transactions are subject to individual approval by those Directors of the Bank who are unrelated to the transaction, and they are disclosed in the Bank's annual report. The Bank's internal controls ensure that all related party transactions are handled in accordance with this policy.
  - (2) Clear controls preventing Directors or employees benefiting from the use of insider information are in place.
- iii) The Bank has written policies covering all significant bank activities. Such policies are regularly reviewed to ensure that they conform to any changes in laws and regulations, the economic environment and other circumstances affecting the Bank.
- iv) The Bank as part of its lending and credit approval process, assesses the quality of corporate governance in its corporate borrowers, especially public shareholding companies, including the strength or weakness of their corporate governance practice.

### 3) Board Committees

#### a) General principles

- i) The Board is ultimately responsible for the conduct of the Bank's affairs, but for greater efficiency, Board Committees have been set up with formally delegated objectives, authorities, responsibilities and tenure. The Board Committees regularly report to the full Board and do not substitute for the Board and its' responsibilities.
- ii) There is a formal and transparent process for appointments to the Board Committees. The membership of Board Committees, together with summaries of their responsibilities and duties, are disclosed in the Bank's annual report.
- iii) The Board may decide to combine the functions of several Committees if appropriate or if administratively more convenient.

**b) The Corporate Governance Committee**

- i) The corporate governance committee consists of the Chairman and three non-executive members.
- ii) The committee oversees corporate governance practices within the Bank and ensures that all aspects of corporate governance are complied with.
- iii) The Committee assumes the responsibility of updating and implementation of this Code.

**c) The Audit Committee**

- i) The Bank has an Audit Committee that comprises at least three non-executive Directors. Membership of the Audit Committee is disclosed in the Bank's annual report.
- ii) The Bank's policy is that at least two members of the Audit Committee should have relevant financial management qualifications and/or expertise and at least two members of the Audit Committee are independent Directors.
- iii) The Audit Committee has all the duties and responsibilities required by the Banking Law and other relevant laws and regulations, including the duties to review:
  - (1) the scope, results and adequacy of the Bank's internal and external audits,
  - (2) the accounting judgments that are intrinsic to the financial statements; and
  - (3) the Bank's internal controls.
- iv) The Audit Committee recommends to the Board the appointment or the removal, the remuneration, and other contractual terms of the external auditors, in addition to assessing the objectivity of the external auditors, including the consideration of any other non-audit work performed by the external auditors.
- v) The Audit Committee has the ability to obtain any information from executive management, and the ability to call any executive or Director to attend its meetings.
- vi) The Audit Committee meets each of the Bank's external auditors, its internal auditors and its compliance officers, without the presence of the executive management, at least once a year.
- vii) The Bank recognizes that the Audit Committee does not substitute for the responsibilities of the Board or the Bank's executive management for the supervision and adequacy of the Bank's internal control systems.
- viii) The Audit Committee approves the annual audit plan and oversees its implementation. It also reviews audit reports and is responsible to oversee the Internal Audit Department.

**d) The Selection and Remuneration Committee**

- i) The Selection and Remuneration Committee consists of a minimum of three non-executive Directors, the majority of which (including the Committee chairman) are independent.
- ii) The Committee determines whether a Director is 'independent' based on the minimum standards for independence set out in this Code.

- iii) It is responsible for providing background briefing material for Directors as requested, as well as ensuring that they are kept up to date on relevant banking topics. The Bank encourages Directors to attend seminars and events that allow them meet local and international organizations, entities and companies.
- iv) The Committee agrees to the remuneration of the key members of the executive management at the Bank, and recommends to the Board of Directors the appointment of the following positions:
  1. Chief Executive Officer
  2. Deputy Chief Executive Officer
  3. Chief Financial Officer
  4. Head of Risk Management Division
  5. Head of Internal Audit Division
  6. Head of Compliance Officer
  7. Head of Legal Affairs Division
- v) The Committee ensures that the Bank has a remuneration policy, which is sufficient to attract and retain qualified individuals, and is in line with the Bank's peers in the market.
- vi) A summary of the Bank's remuneration policy is disclosed in the Annual Report. In particular, the remuneration of individual Directors and the highest paid non-Director executives is disclosed, including salary and benefits in kind.
- vii) Nothing prevents the Selection and Remuneration Committee from nominating members of the Board for a new term according to the Companies Law, taking into consideration their attendance, quality and extent of their participation in the Board meetings. In accordance with the Companies Law, the tenure of the Board expires every four years from the date of election, and each Director may submit himself/herself for re-election at the Annual General Assembly.

#### **e) The Risk Management Committee**

- i) The Risk Management Committee is comprised of three Board Members in addition to the Chief Executive Officer and the Head of Risk Management.
- ii) The Board reviews and approves the risk management strategies and policies of the Bank. Executive management is responsible for implementing the strategies that have been approved by the Board, and for developing the policies and procedures for managing the various types of risks.
- iii) The structure and development of a coherent and comprehensive risk management department within the Bank is to be proposed by executive management, reviewed by the Risk Management Committee, and approved by the Board.
- iv) The Bank considers that, owing to the rapid development and increasing complexity of risk management, the Risk Management Committee should keep itself fully informed of developments in the Bank's risk management. Accordingly, the Committee makes regular reports of this to the Board.

- v) The Board ensures that the Bank has an effective control system and is responsible to oversee its effectiveness. The Board also approves risk management policies and defines their framework.

#### **F) The Corporate Strategy Committee**

- i) The Corporate Strategy Committee is comprised of three Board Members in addition to the Chairman; the Chief Executive Officer and the Deputy Chief Executive Officer.
- ii) The Corporate Strategy Committee has the following duties:
  - (1) Oversees all issues related to the Strategy of the Bank and formulates general policies to effectively implement that strategies.
  - (2) Approves strategic decisions and oversees the work of the executive management and management team with regard to;
    - Strategy and business plans
    - Corporate actions
  - (3) Reviews and approves any new investments, acquisitions, mergers and expansion in new markets, and selling of assets of the Bank or of its subsidiary or affiliate companies.

#### **4) Control Environment**

##### **a) Internal controls**

- i) The Bank's structure of internal controls is reviewed at least once a year by internal and external auditors.
- ii) The Board provides a statement in each annual report on the adequacy of the Bank's internal controls on its financial reporting, it contains:
  - (1) A statement of executive management's responsibility for establishing and maintaining adequate internal control over financial reporting for the Bank;
  - (2) A statement identifying the framework used by executive management to evaluate the effectiveness of the Bank's internal controls;
  - (3) The executive management's assessment of the effectiveness of internal control up to the date of the financial statements included in the annual report;
  - (4) Disclosure of any material weaknesses in the internal controls (i.e. a significant deficiency or combination of significant deficiencies that result in the possibility that a material misstatement will not be prevented or detected);
  - (5) A statement that the Bank's external auditor has issued an attestation on the executive management's assessment of the effectiveness of internal controls.

- iii) The Bank has established arrangements that allow staff to confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up. Such arrangements are overseen and monitored by the Audit Committee.

**b) Internal audit**

- i) The Bank's policy requires the Internal Audit function of the Bank to be adequately resourced, trained and remunerated. It is to be provided full access to Bank records and staff members and should be given sufficient standing and authority within the Bank to adequately carry out its task. The functions, powers and responsibilities of Internal Audit are documented within the Internal Audit Charter which is approved by the Board and published within the Bank.
- ii) Internal Audit function reports primarily to the Chairman of the Audit Committee. To promote independence, internal audit staff do not also have operational responsibilities. The internal audit function is responsible for proposing the structure and scope of the audit schedule, and any potential conflicts of interest are to be reported to the Audit Committee.
- iv) The internal audit function's reports may be discussed with the departments and operational units being reviewed, but it is allowed to operate and make a full and honest report without outside influence or interference.
- v) The primary responsibility of the internal audit function and for conducting risk focused audits, is at least the review of:
  - (1) The Bank's financial reporting, ensuring that significant financial, managerial, and operating information is accurate, reliable and timely; and
  - (2) Compliance with internal policies, international standards and procedures, and applicable laws and regulations.

**c) External audit**

- i) The Bank requires the regular rotation of the external audit between auditing firms. Should this no longer be practical, then the Bank will at a minimum require the regular rotation of the principal partner in charge of the external audit.
- ii) The external auditors' report is submitted to both the Audit Committee and the Annual General Assembly. The external auditors meet with the Audit Committee, without executive management present, at least once a year.

**d) Risk Management**

- i) The Risk Management department within the Bank reports to the Risk Management Committee of the Board, and on a day-to-day operational basis it reports to the General Manager.

- ii) The responsibilities of the Bank's Risk Management department include:
  - (1) Analysis of all risks including credit risk, market risk, liquidity risk and operational risk;
  - (2) Development of methodologies for the measurement and control of each risk;
  - (3) Recommendation of limits to Risk Management Committee, and the approval, reporting and recording of exceptions to policy;
  - (4) Provision of information on risk metrics and on the Bank's risk profile to senior management and to the Board which reviews the risk statistics of the Bank, both qualitative and quantitative, at each regular Board meeting; and
  - (5) Provision of risk information for use in the Bank's public statements and reporting.
- iii) The functions of the Risk Management department are assisted by a network of properly constituted, authorized, and documented committees such as credit committees, assets and liabilities/treasury committees, and operational risk committees.
- iv) The structure, operation, and ongoing development of the Bank's Risk Management Department are discussed and explained in the Bank's public documents, primarily in its annual report.

#### **e) Compliance**

- i) The Bank's policy is that it has an independent compliance function which is adequately resourced, trained and remunerated in accordance with the Central Bank's instructions in this regard.
- ii) The compliance function establishes effective mechanisms to ensure that the Bank complies with all applicable laws and regulations, and any non-statutory guidelines and codes. The powers and responsibilities of the compliance function are documented and published within the Bank.
- iii) The compliance function is responsible for developing the compliance policy of the Bank and ensuring its implementation throughout the Bank. The Board is responsible for approving the compliance policy and overseeing its implementation.
- iv) The compliance function reports on operational compliance within the Bank to the Chairman or a committee of the Board, copying the General Manager on each report, in accordance with the Central Bank's instructions in this regard.

### **5) Treatment of Shareholders**

- i) The Bank takes proactive steps to encourage shareholders, in particular minority shareholders, to participate in the Annual General Assembly, and also to vote either in person or in their absence by proxy.
- ii) The Bank's policy is that the chairmen of all Board Committees should be present at the Annual General Assembly, and are invited to address relevant questions from shareholders.

- iii) Representatives from the external auditors are present at the Annual General Assembly to answer questions about the audit and their auditors' report.
- iv) The Bank's policy requires voting on each separate issue that is raised at the Annual General Assembly.
- v) As required by the Companies Law, Directors submit themselves for election or re-election at the Annual General Assembly, as provided by the Memorandum of Association of the Bank, and the Bank's external auditors are elected at the Annual General Assembly.
- vi) Notes, minutes, and a report of the proceedings of the Annual General Assembly, including the results of voting, and the questions from shareholders and executive management's responses, are prepared and made available to shareholders after the Annual General Assembly.

## 6) Transparency and Disclosure

- i) The Bank is required to disclose in accordance with the International Financial Reporting Standards (IFRS), the Banking Law and instructions issued pursuant thereto, and other relevant legislation. Furthermore, the Bank acknowledges that financial reporting practices and the level of transparency required of financial institutions is changing rapidly. The Bank's executive management reports on these developments to the Board, and makes recommendations for the regular enhancement of the Bank's own disclosure practices, beyond those required by the Central Bank of Jordan.
- ii) The Bank recognizes its obligation to provide meaningful information on its activities to shareholders, depositors, financial market counterparts, regulators and the public in general. It also has a duty to address shareholder concerns. The Bank's disclosure of such information on a timely basis should be available to all.
- iii) The Board accepts responsibility for the Bank's financial statements and the contents of the Annual Report, for their accuracy, and for their completeness.
- iv) The Bank commits to maintaining the following information channels with its shareholders, depositors, financial market counterparts, regulators and the public in general:
  - (1) A professionally-staffed investor relations function that provides comprehensive, objective, and up-to-date information on the Bank, its financial condition and performance, and its activities;
  - (2) The Annual Report, produced after the end of the financial year;
  - (3) Quarterly reports, providing quarterly financial information and the Board's report on the Bank's stocks trading and financial condition during the year;
  - (4) Regular meetings between senior executives of the Bank and investors and shareholders;
  - (5) Regular briefings by senior executives of the Bank, especially the General Manager and the Chief Financial Officer, for shareholders, financial market analysts, and financial journalists; and

- (6) Information provided through the Bank's annual report, or its quarterly reports, and the text of any public presentations given by executives, is made available to interested parties both in writing through the Bank's investor relations function, and in a timely manner on the Bank's website, in both Arabic and English.
- v) In its annual reports and quarterly reports, the Bank's executive management includes 'Management Discussion and Analysis' (MD&A) which enables investors to understand current and future operating results and the financial condition of the Bank, including the possible impacts of known trends and events and uncertainties. The Bank commits to ensuring that such commentary is reliable, complete, fair and balanced, and understandable, and is grounded in the Bank's financial statements as reported.
- vi) As part of its commitment to transparency and full disclosure, the Bank includes the following information in its annual report:
  - (1) Its Corporate Governance Code, and annual details of its compliance,
  - (2) Information on each individual Director: qualifications and experience, shareholding in the Bank, whether an independent, non-executive, or executive Director, the membership of Board Committees, dates of appointment to the Board, other directorships, attendance at Board and Board Committee meetings, remuneration, loans from the Bank and other transactions between the Bank and the Director or his companies or other related parties;
  - (3) Summary organization chart;
  - (4) Summaries of the terms of reference of Board Committees, and any authorities delegated by the Board to Board Committees;
  - (5) The frequency of Board and Board Committee meetings;
  - (6) Summary of the remuneration policy including remuneration of highest paid members of the executive management;
  - (7) Statement by the Board of the adequacy of internal controls;
  - (8) A description of the structure and activities of the risk management department;
  - (9) A list of the largest shareholders of the Bank (for example, individual or related parties holding or controlling more than 10% of shares), identifying the ultimate beneficiaries of such interests, if this is needed for explanation.



The Arab Bank confirms its commitment to the application of the provisions and terms contained in the Guide to Corporate Governance adopted by the Board of Directors on 30/12/2007.

Disclose the extent of obligation to apply the guidelines of the Corporate Governance Guide for listed companies in the Amman Stock Exchange.

**Company name** : **Arab Bank**  
**Fiscal year** : **2013**  
**Chairman of the Board of Directors** : **Sabih Taher Darwish Masri**  
**Chief Executive Officer** : **Nemeh Sabbagh**

The company is committed to all the rules, as it is committed to the rules guiding in line with the nature and type of activity / business banking and in accordance with the provisions and laws in force and applicable, and that the rules guiding the company fails it is set out, consequently, and pointing towards them justification for non-compliance by: -

No.	Rule	Cause
1-	Members of the board will be elected in accordance with the cumulative method of voting by the company's general assembly and in secret ballot.  <b>(Indicative Rule)</b>	What is happening to the Companies Control Department and in accordance with the provisions of the Companies Act is the election to all candidates or for some candidates or to one not exceeding the number of the company's board In accordance with the article of the association of the company.
2-	Board of Directors sends invitations to each shareholder to attend the meeting of the General assembly by e-mail, before 21 days of the due date for the meeting, to be set up arrangements and appropriate procedures for the convening of the meeting, including choosing the place and time. <b>(Indicative Rule)</b>	The company is committed to send the invitations to the shareholders to attend the meeting of the General Assembly in accordance with the provisions of Article (144) of the Companies law.
3-	The date and venue of the General Assembly meeting will be announced in three local daily newspapers and at least twice on the company's website. <b>(Indicative Rule)</b>	The company commits to announce the date and venue of the meeting of the General Assembly in accordance with the provisions of Article (145) of the Companies law.
4-	Distribute the annual dividends of the company within thirty days after the decision has been taken in the general assembly meeting <b>(Indicative &amp; Obligated Rule)</b>	The company commits to distribute dividends within 45 days from the date of issuance of the decision, and distributed in accordance with the provisions of the Article (191 / c) of the Companies Act.

**Agenda of the 84rd Ordinary General Assembly:**

1. Reciting the minutes of the previous ordinary meeting of the 83nd General Assembly.
2. Discussion and approval of the report of the Board of Directors for the fiscal year 2013 and the future business plan of the company for 2014.
3. Discussion of the auditors' report on the financial statements of the Bank for the fiscal year 2013.
4. Discussion and approval of the financial statements and balance sheet of the Bank for the fiscal year 2013, and adoption of the recommendation of the Board of Directors to pay dividends to shareholders at the rate of JOD 0.300 per share, i.e. 30% of the nominal value of the share being JOD 1.00.
5. Release of the members of the Board of Directors from liability for the fiscal year 2013.
6. Election of the new Board of Directors of Arab Bank plc for the next term of four years as of the date of the elections.
7. Election of the Bank's auditors for the fiscal year 2014 and determining their remuneration.
8. Approval of the General Assembly to the Board of Directors' resolution adopted on 23.01.2014 regarding renewing the appointment of Messrs Deloitte & Touche (Middle East) to the functions of the audit of Arab Bank plc branches working in Lebanon for a period of three years from the date 0.1.01.2014 according to the provisions of Article (189) read along with Article No (186) of the Lebanese Law of Money and Credit.
9. Other matters which the General Assembly proposes to include in the agenda and are within the work scope of the General Assembly in its ordinary meeting provided that such proposal is approved by shareholders representing not less than 10% of the shares represented in the meeting.

**Agenda of the Extraordinary General Assembly:**

- 1 The issuance of 35.6 million bonus shares to be distributed to the shareholders as at the end of the fifteenth day of the registration date of the securities with the Jordan Securities Commission by one bonus share for every fifteen shares.
- 2 The amendment of Article (6) of the Memorandum of Association of the company (Bank) to read as follows:
  - "The capital of the Company shall be 569 600 000 (Five hundred Sixty Nine Million and Six Hundred Thousand Jordanian dinars) divided into 569 600 000 (Five hundred Sixty Nine Million and Six Hundred Thousand) shares, each share with a nominal value of one Jordanian Dinar."
  - Approval of the General Assembly to the above decision is subject to the approval of the Central Bank of Jordan, the Ministry of Industry and Trade and the Jordan Securities Commission.
- 3 Arab Bank plc trading unit shall be 16 shares in Arab Bank plc versus one share in Arab Bank/Switzerland.

## Main Head Office Address and Address of Each Branch

Country	Address	
	General Management PO BOX 950545 Amman 11195 Jordan	Tel. 00962 (6) 5600000 00962 (6) 5660140 Fax. 00962 (6) 5606793 00962 (6) 5606830
<b>Jordan</b>	Amman PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 4638161/9 Fax. 00962 (6) 4637082
	Shmeisani PO Box 144186 Amman 11814 Jordan	Tel. 00962 (6) 5000013 Fax. 00962 (6) 5670564
<b>Palestine</b>	PO Box 1476, Grand Park Hotel Street Al Masyoon - Ramallah Palestine	Tel. 00970 (2) 2978100 Fax. 00970 (2) 2982444
<b>Bahrain</b>	PO Box 813, Building 540, Road 1706 - Block 317, Diplomatic Area Kingdom of Bahrain	Tel. 00973 17549000 Fax. 00973 17541116
<b>United Arab Emirates</b>	Abu Dhabi: PO Box 875 Naser St. SH. Tahnoon Bin Moh'd Bldg.	Tel. 00971 (2) 6392225 Fax. 00971 (2) 6212370
	Dubai: PO Box 11364 Al-Ittihad St. Port Saeed Area	Tel. 00971 (4) 2950845 Fax. 00971 (4) 2955974
<b>Lebanon</b>	PO Box 11-1015 Riad El Solh Banks Street Commercial Buildings Co. Bldg. Beirut -Lebanon	Tel. 00961 (1) 980246/9 Fax. 00961 (1) 980299 00961 (1) 980803

Country	Address	
<b>Egypt</b>	46 Gamet El Dowal El Arabia St. Mohandessein- Al Giza	Tel. 00 202 3332 8500 Fax. 00 202 333 88618
<b>Yemen</b>	PO Box 475 & 1301 Zubairi Sana'a	Tel. 00967 (1) 276585/93 Fax. 00967 (1) 276583
<b>Morocco</b>	PO Box 13810 174 BD MED Casablanca	Tel. 00212 (5) 2222 3152 Fax. 00 212 (5) 22220233
<b>Qatar</b>	PO Box 172 Grand Hammed Area Avenue no. 119 Doha – Qatar	Tel. 00974 44387777 Fax. 00 974 44387677
<b>Algeria</b>	15 Boulevard du bonheur residence Chaabani Val D'Hydra Alger - Algeria	Tel: ++ 213 (21) 60 87 25 Fax: ++213 (21) 60 87 08
<b>Singapore</b>	80 Raffles Place UOB Plaza 2 # 32-20 Singapore 048624	Tel. 0065 65330055 Fax. 0065 65322150
<b>United States of America (New York Agency)</b>	Federal Agency- New York 150 East 52nd Street New York , NY 10022-4213	Tel.: +1 (212) 7159700 Fax.: +1 (212) 5934632
<b>China (Representative Office)</b>	Unit 1803, Shanghai Trade Square 188 Si Ping Road, Shanghai 200086, China	Tel. 0086 (21) 65077737/38 Fax. 0086 (21) 65072776
<b>South Korea (Representative Office)</b>	Samwha Bldg., 4th Floor 21 Sogong-Dong, Chung-ku Seoul 100-070 Korea	Tel. 0082 (2) 775 4290 Fax. 0082 (2) 775 4294
<b>Europe Arab Bank plc United Kingdom</b>	13-15 Moorgate, EC2R 6AD London	Tel. 0044 (20) 7315 8500 Fax. 0044 (20) 7600 7620
<b>France</b>	PO Box 319 75365 Paris Cedex 08 26 Avenue des Champs Elysees 75008 Paris	Tel. 0033 (1) 4561 6000 Fax. 0033 (1) 4289 0978

Country	Address	
<b>Italy</b>	Corso Matteotti 1A 20121 Milan	Tel. 0039 (2) 7639 8521 Fax. 0039 (2) 78 2172
<b>Spain</b>	Paseo de la Castellana 31, planta baja, 28046 Madrid	Tel. 0034 (91) 308 4290 Fax. 0034 (91) 308 6484
<b>Germany</b>	Bockenheimer Landstrasse 24 60323 Frankfurt am Main	Tel. 0049 (69) 242 590 Fax. 0049 (69) 235 471
<b>Austria</b>	Mahlerstrasse 7 Top 15+16 1010 Vienna	Tel. 00431 513 4240 Fax. 00431 5134 2409
<b>Arab Bank Australia Ltd.</b>	PO Box N 645 Grosvenor Place NSW 1220 Level 9, 200 George Street Sydney NSW 2000	Tel. 0061 (2) 9377 8900 Fax. 0061 (2) 9221 5428
<b>Turkland Bank A.S</b>	19 Mayıs Mah. 19 Mayıs Cad. Sisli Plaza, A Block No. 7 Sisli 34360 Istanbul – Turkey	Tel. 0090 (212) 368 3434 Fax. 0090 (212) 368 3535
<b>Arab Bank (Switzerland)Ltd.</b>	Zurich Bahnhofstrasse 46 PO Box 2023 CH – 8022 Zurich	Tel. 0041 (44) 2657111 Fax. 0041 (44) 2657330
	Geneva Place Longemalle 10-12 PO Box 3575 CH – 1211 Geneva 3	Tel . 0041 (22) 7151211 Fax. 0041 (22) 7151311
<b>Finance Accountancy Mohassaba</b>	24 Rue Neuve - du - Molard PO Box 3155 CH – 1211 Geneva 3	Tel . 0041 (22) 9083000 Fax. 0041 (22) 7387229
<b>Al Nisr Al Arabi Insurance Co.</b>	PO Box 9194 Amman 11191 Amman Commercial Center Abdali / Amman - Jordan	Tel. 00962 (6) 5685171 Fax. 00962 (6) 5685890
<b>Arab Bank - Syria</b>	Al Mahdi Bin Barka St. Abu Rummana / Damascus – Syria	Tel. 00963 (11) 9421 Fax. .00963 (11) 334 9844

Country	Address	
<b>Islamic International Arab Bank plc.</b>	Wasfi Al-Tal st.(Gardens) PO Box 925802 Amman 11190 Jordan	Tel. 00962 (6) 5694901 Fax. 00962 (6) 5694914
<b>Arab Investment Bank S.A.L</b>	PO Box 11 -7000 Riad El- Solh - Banks St. Commercial Buildings Co. Bldg. Beirut-Lebanon	Tel./Fax. 00961 (1) 985111 00961 (1) 985222 00961 (1) 987333
<b>Al- Arabi Investment Group Co.</b>	PO Box 143156 11814 Al- Rabia Sharif Naser Bin Jamil, Bldg No (1) Amman – Jordan	Tel. 00962 (6) 5522239 Fax. 00962 (6) 5519064
<b>Arab Tunisian Bank</b>	P.O. Box 520 Tunis 1001	Tel.: 00216 (71) 351155 Fax: 00216 (71) 347270
<b>Oman Arab Bank S.A.O</b>	P.O. Box 2010 Ruwi MBD Area Postal Code No. 112 Sultanate Of Oman	Tel : 00968 24706265 Fax : 00968 24797736
<b>Arab National Bank</b>	P.O. Box 56921 King Faisal Street Riyadh 11564	Tel. : 00966 (1) 4029000 Fax.: 00966 (1) 4027747
<b>Arabia Insurance Co.</b>	P.O. Box 11-2172 Phiniqia Street Beirut - Lebanon	Tel: 00966 (1) 363610 Fax: 00966 (1) 363659
<b>Arab Sudanese Bank</b>	PO Box955 Baladiyah St. Khartoum-Sudan	Tel: 00249 156550001 Fax: 00249 156550003
<b>Al Arabi Investment Group Co / .Palestine</b>	PO Box1476 Ramallah ,Palestine	Tel : 00970 (2) 2980240 Fax : 00970 (2) 2980249