

ARAB BANK GROUP

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2014
TOGETHER WITH REVIEW REPORT ON
INTERIM FINANCIAL INFORMATION**

ARAB BANK GROUP
JUNE 30, 2014

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Review Report on Interim Financial Information

AM/ 218

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Arab Bank Group as of June 30, 2014, and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

The fiscal year of the Group ends on December 31 of each year. However, the accompanying condensed consolidated interim financial statements have been prepared in accordance to the instructions of the Central Bank of Jordan, the Jordan Securities Commission, and Companies Control department only.

Amman – Jordan
July 16, 2014


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

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2014	December 31, 2013
		(Reviewed not Audited)	
		USD '000	USD '000
ASSETS			
Cash and balances with central banks	4	7 355 907	8 179 537
Balances with banks and financial institutions	5	3 351 972	3 491 694
Deposits with banks and financial institutions	6	133 779	67 496
Financial assets at fair value through profit or loss	7	1 002 169	934 370
Financial derivatives - positive fair value		31 156	33 807
Direct credit facilities at amortized cost	9	21 517 842	20 971 444
Financial assets at fair value through other comprehensive income	8	481 838	453 510
Other financial assets at amortized cost	10	9 009 372	8 530 104
Investments in associates		2 747 594	2 618 191
Fixed assets	11	496 333	499 593
Other assets	12	569 690	564 302
Deferred tax assets		55 793	55 573
Total Assets		46 753 445	46 399 621
LIABILITIES AND OWNERS' EQUITY			
Banks and financial institutions' deposits		3 214 096	3 028 613
Customer deposits	13	31 330 081	30 722 831
Cash margin		3 082 586	3 667 224
Financial derivatives - negative fair value		52 781	66 684
Borrowed funds	14	95 497	105 370
Provision for income tax	15	171 709	196 895
Other provisions		145 405	139 022
Other liabilities	16	724 029	697 202
Deferred tax liabilities		9 768	8 052
Total Liabilities		38 825 952	38 631 893
Share capital	17	826 223	776 027
Share premium	17	1 225 747	1 225 747
Statutory reserve	17	643 860	643 860
Voluntary reserve	17	977 315	977 315
General reserve		1 822 824	1 822 824
General banking risks reserve		363 458	363 458
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		43 976	61 715
Investment revaluation reserve		(209 719)	(228 393)
Retained earnings	18	559 271	437 933
Total Equity Attributable to Shareholders of the Bank		7 793 851	7 621 382
Non-controlling interests		133 642	146 346
Total Owners' Equity		7 927 493	7 767 728
Total Liabilities and Owners' Equity		46 753 445	46 399 621

Chairman of the Board of Directors

General Manager

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

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

	Note	For the Six-Months		For the Three-Months	
		Period Ended June 30,		Period Ended June 30,	
		2014	2013	2014	2013
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	19	928 422	891 782	465 027	448 294
<u>Less:</u> interest expense	20	<u>393 620</u>	<u>373 915</u>	<u>196 250</u>	<u>187 368</u>
Net Interest Income		534 802	517 867	268 777	260 926
Net commission income	21	<u>166 359</u>	<u>155 511</u>	<u>84 996</u>	<u>80 410</u>
Net Interest and Commission Income		701 161	673 378	353 773	341 336
Foreign exchange differences		23 049	25 975	14 565	15 319
Gain (loss) from financial assets at fair value through profit or loss	22	5 784	586	1 148	(1 939)
Dividends on financial assets at fair value through other comprehensive income	8	8159	3650	2965	3350
Group's share of profits of associates		182 062	173 370	95 240	89 140
Other revenue	23	<u>29 662</u>	<u>24 511</u>	<u>12 909</u>	<u>13 381</u>
Total Income		<u>949 877</u>	<u>901 470</u>	<u>480 600</u>	<u>460 587</u>
EXPENSES					
Employees' expenses		216 140	201 646	109 539	100 965
Other expenses		131 065	124 486	68 337	69 097
Depreciation and amortization		27 283	26 347	13 913	13 394
Provision for impairment - direct credit facilities at amortized cost	9	21 467	28 689	16 854	15 984
Provision for impairment - other financial assets at amortized cost	10	406	-	-	-
Other provisions		<u>8 639</u>	<u>9 470</u>	<u>4 454</u>	<u>7 181</u>
Total Expenses		<u>405 000</u>	<u>390 638</u>	<u>213 097</u>	<u>206 621</u>
Profit for the Period before Income Tax		544 877	510 832	267 503	253 966
<u>Less:</u> Income tax expense	15	<u>129 989</u>	<u>123 528</u>	<u>68 914</u>	<u>71 808</u>
Profit for the Period		<u>414 888</u>	<u>387 304</u>	<u>198 589</u>	<u>182 158</u>
Attributable to:					
- Bank shareholders		414 201	383 761	198 238	180 811
- Non-controlling interests		<u>687</u>	<u>3 543</u>	<u>351</u>	<u>1 347</u>
Total		<u>414 888</u>	<u>387 304</u>	<u>198 589</u>	<u>182 158</u>
Earnings per share attributable to Bank Shareholders					
- Basic and Diluted (US Dollars)	29	<u>0.73</u>	<u>0.67</u>		

Chairman of the Board of Directors

General Manager

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

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Six-Months		For the Three-Months	
	Period Ended June 30,		Period Ended June 30,	
	2014	2013	2014	2013
	USD '000	USD '000	USD '000	USD '000
Profit for the period	414 888	387 304	198 589	182 158
<u>Add: Other comprehensive income items - after tax</u>				
<u>Items that will be subsequently transferred to the statement of Income</u>				
Exchange differences arising on the translation of foreign operations	(18 984)	(104 323)	(23 794)	(62 331)
<u>Items that will not be subsequently transferred to the statement of Income</u>				
Net change in fair value of financial assets at				
fair value through other comprehensive income	17 988	(16 657)	(4 243)	(14 601)
Total Other Comprehensive Income Items - after Tax	(996)	(120 980)	(28 037)	(76 932)
Total Comprehensive Income for the Period	413 892	266 324	170 552	105 226
Attributable to :				
- Bank's shareholders	414 788	274 520	175 605	111 690
- Non-controlling interests	(896)	(8 196)	(5 053)	(6 464)
Total	413 892	266 324	170 552	105 226

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

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

(REVIEWED, NOT AUDITED)

Note	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investment revaluation reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Total Owners' Equity
For the Six-Month Period Ended June 30, 2014													
	776 027	1 225 747	643 860	977 315	1 822 824	363 458	1 540 896	61 715	(228 393)	437 933	7 621 382	146 346	7 767 728
Balance at the beginning of the year	-	-	-	-	-	-	-	-	-	414 201	414 201	687	414 888
Profit for the period	-	-	-	-	-	-	-	(17 739)	18 326	-	587	(1 583)	(996)
Other comprehensive income for the period	-	-	-	-	-	-	-	(17 739)	18 326	414 201	414 788	(896)	413 892
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	-	348	(348)	-	-	-
Transferred from investment revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	-	(231 894)	(231 894)	(5 922)	(237 816)
Dividends paid	-	-	-	-	-	-	-	-	-	(10 425)	(10 425)	(5 886)	(16 311)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(50 196)	-	-	-
Increase in share capital (Stock Dividend)	50 196	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period	826 223	1 225 747	643 860	977 315	1 822 824	363 458	1 540 896	43 976	(209 719)	559 271	7 793 851	133 642	7 927 493
For the Six-Month Period Ended June 30, 2013													
	776 027	1 225 747	579 202	977 315	1 822 824	363 458	1 540 896	108 389	(110 983)	255 600	7 538 475	160 691	7 699 166
Balance at the beginning of the year	-	-	-	-	-	-	-	-	-	(11 210)	(11 210)	-	(11 210)
Effect of adoption of IAS 19	-	-	-	-	-	-	-	-	-	244 390	244 390	160 691	7 687 956
Balance at the Beginning of the Year (Adjusted)	-	-	-	-	-	-	-	-	-	383 761	383 761	3 343	387 304
Profit for the period	-	-	-	-	-	-	-	(92 466)	(16 775)	-	(109 241)	(11 739)	(120 980)
Other comprehensive income for the period	-	-	-	-	-	-	-	(92 466)	(16 755)	383 761	274 520	(8 196)	266 324
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	-	-	(231 721)	(231 721)	(5 844)	(237 565)
Paid dividends	-	-	-	-	-	-	-	-	-	(6 304)	(6 304)	(2 612)	(8 916)
Adjustments during the period	-	-	-	-	-	-	-	-	-	390 126	390 126	144 039	7 707 799
Balance at the End of the Period	776 027	1 225 747	579 202	977 315	1 822 824	363 458	1 540 896	15 923	(127 758)	390 126	7 563 760	144 039	7 707 799

- The retained earnings include restricted deferred tax assets in the amount of USD 55.8 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 3.7 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.4 million as of June 30, 2014.

- Retained earnings include an unrealized loss in the amount of USD (156.1) million due to the effect of the adoption of IFRS (9) as of June 30, 2014.

- 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 (209.7) million from retained earnings which represents the investment revaluation reserve negative balance is restricted according to the instructions of the Jordan Securities Commission as of June 30, 2014.

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

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

	Note	For the Six-Month Period Ended June 30,	
		2014 USD '000	2013 USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		544 877	510 832
Adjustments for:			
- Group's share from associates profits		(182 062)	(173 370)
- Depreciation and amortization		27 283	26 347
- Provision for impairment - direct credit facilities at amortized cost		21 467	28 689
- Net interest income		13 834	20 761
- Dividends on financial assets at fair value through other comprehensive income		(8 159)	(3 650)
- Loss from revaluation of financial assets at fair value through profit or loss		3 163	3 382
- Provision for impairment - other financial assets at amortized cost		406	-
- Other provisions		8 639	9 470
Total		429 448	422 461
<u>(Increase) Decrease in Assets:</u>			
Balances with central banks (maturing after 3 months)		2 983	(43 799)
Deposits with banks and financial institutions (maturing after 3 months)		(66 283)	(13 498)
Direct credit facilities at amortized cost		(567 865)	(345 046)
Financial assets at fair value through profit or loss		(70 962)	176 573
Other assets and financial derivatives		(2 957)	17 832
<u>Increase (Decrease) in Liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		(6 806)	(302 948)
Customer deposits		607 250	(245 135)
Cash margin		(584 638)	46 520
Other liabilities and financial derivatives		(38 292)	(4 578)
Net Cash Flows (Used in) Operating Activities before Income Tax		(298 122)	(291 618)
Income tax paid		(155 890)	(189 070)
Net Cash Flow (Used in) Operating Activities		(454 012)	(480 688)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(9 654)	(30 382)
(Purchase) of other financial asset at amortized cost		(479 674)	(831 165)
(Purchase) of investments in associates		(35 765)	(28 709)
Dividends received from associates		105 700	146 233
Dividends received from financial assets at fair value through other comprehensive income		8 159	3 650
(Increase) in fixed assets		(24 023)	(4 364)
Net Cash Flow (Used in) Investing Activities		(435 257)	(744 737)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase borrowed funds		(9 873)	(59 779)
Dividends paid to shareholders		(229 855)	(229 480)
Dividends paid to non-controlling interests		(5 922)	(5 844)
Net Cash Flow (Used in) Financing Activities		(245 650)	(295 103)
Net decrease in cash and cash equivalent		(1 134 919)	(1 520 528)
Exchange differences - change in foreign exchange rates		(17 739)	(89 110)
Cash and cash equivalent at the beginning of the year		8 701 700	9 124 542
Cash and Cash Equivalent at the End of the Period	30	7 549 042	7 514 904

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

ARAB BANK GROUP
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
(REVIEWED NOT AUDITED)

1. GENERAL INFORMATION

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman – Shemesani - Shaker bin Zaid street - Hashemite Kingdom of Jordan, and the Bank operates worldwide through its 76 branches in Jordan and 112 branches abroad. Also operates through its subsidiaries and its sister company Arab Bank (Switzerland) limited.
- Arab Bank plc General Assembly in its extraordinary meeting held on March 27, 2014, approved to increase the Banks' capital by USD 50.2 million, to become USD 826.2 million. The Bank has completed the legal procedures with the Ministry of Industry and Trade on April 1, 2014, and Jordan Securities Commission on April 8, 2014.
- Arab Bank shares are traded on Amman Stock Exchange.
- The accompanying condensed consolidated interim financial information was approved by the Board of Directors in its meeting Number (5) on July 16, 2014.

2. BASIS OF CONSOLIDATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Company Name	Percentage of ownership%		Date of acquisition	Principal Activity	Place of Incorporation	Paid up capital
	June 30, 2014	December 31, 2013				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€610 m
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 Leasing Company LLC	100.00	100.00	1996	Financial Leasing	Jordan	JD 25m
Al-Arabi Investment Group LLC	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 Company	50.00	50.00	2006	Insurance	Jordan	JD 10m

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the Condensed Consolidated Interim Financial Information

- The accompanying condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting", as well as, the effective local regulations and Central Bank of Jordan (CBJ) instructions.
- The condensed consolidated interim financial information are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the condensed consolidated interim financial information.
- The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and must be read with the consolidated financial statements of the Group as of December 31, 2013. In addition, the results of the Group's operations for the six months ended June 30, 2014 do not necessarily represent indications of the expected results for the year ending December 31, 2014, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those adopted for the year ended December 31, 2013 except for:
 - Amendments to IAS 32 Financial Statements Offsetting Financial Assets and Liabilities.
 - Amendments to IFRS 10, IFRS 12 and IAS 27 Separate Investment Entities.
 - Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
 - Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.
 - IFRIC 21 Levies

The standards above did not have any material impact on the amounts and disclosures of the condensed consolidated interim financial information.

4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Cash in vaults	420 276	470 344
Balances with central banks:		
- Current accounts	1 502 931	1 663 677
- Time and notice	3 249 672	4 120 224
- Mandatory cash reserve	1 687 622	1 467 994
- Certificates of deposit	495 406	457 298
Total	7 355 907	8 179 537

- 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 USD 160.6 million as of June 30, 2014
(USD 163.6 million as of December 31, 2013).

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Time deposits maturing within 3 months	21 150	74 025
Total	21 150	74 025

Foreign banks and financial institutions

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Current accounts	1 327 206	941 445
Time deposits maturing within 3 months	2 003 616	2 476 224
Certificates of deposit	-	-
Total	3 330 822	3 417 669
Total balances with banks and financial institutions Local and Foreign	3 351 972	3 491 694

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Deposits with Foreign Banks and Financial Institutions:		
Time deposits maturing after 3 months and before 6 months	66 721	26 316
Time deposits maturing after 6 months and before 9 months	48 368	6 469
Time deposits maturing after 9 months and before a year	18 690	33 188
Time deposits maturing after one year	-	1 523
Total	133 779	67 496

- There are no restricted balances and deposits as of June 30, 2014 and December 31, 2013.

- There are no non-interest bearing balances and deposits as of June 30, 2014 and December 31, 2013.

- There are no deposits with local banks as of June 30, 2014 and December 31, 2013.

7- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Treasury bills and Governmental bonds	488 240	464 171
Corporate bonds	438 237	395 552
Loans and advances	24 485	26 488
Corporate shares	19 796	20 487
Mutual funds	31 411	27 672
Total	1 002 169	934 370

8- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Quoted shares	249 038	249 103
Un-quoted shares	232 800	204 407
Total	481 838	453 510

- Cash dividends from investments above amounted to USD 8.2 million for the six month period ended June 30, 2014 (USD 3.7 million for the six months period ended June 30, 2013).

9- DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	June 30, 2014					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	93 406	158 634	428 352	254 997	5 319	940 708
Overdrafts *	108 248	905 745	3 302 265	3 722	249 983	4 569 963
Loans and advances *	2 415 391	1 498 543	11 418 186	90 465	733 218	16 155 803
Real-estate loans	1 740 611	134 772	28 803	-	-	1 904 186
Credit cards	108 589	-	-	-	-	108 589
Total	4 466 245	2 697 694	15 177 606	349 184	988 520	23 679 249
<u>Less:</u> Interest and commission in suspense	60 414	98 216	213 915	3 319	-	375 864
Provision for impairment - direct credit facilities at amortized cost	168 062	147 290	1 466 531	1 256	2 404	1 785 543
Total	228 476	245 506	1 680 446	4 575	2 404	2 161 407
Net Direct Credit Facilities At Amortized Cost	4 237 769	2 452 188	13 497 160	344 609	986 116	21 517 842

* Net of interest and commission received in advance, amounted to USD 102.1 million as of June 30, 2014.

- Rescheduled loans during the six month period ended June 30, 2014 amounted to USD 95.4 million .

- Restructured loans (transferred from non performing to watch list loans) during the six month period ended June 30, 2014 amounted to USD 24.4 million .

- Direct credit facilities granted to and guaranteed by the Government of Jordan as of June 30, 2014 amounted to USD 108.7 million, or 0.46% of total direct credit facilities.

- Non-performing direct credit facilities as of June 30, 2014 amounted to USD 1604.3 million, or 6.8% of total direct credit facilities.

- Non-performing direct credit facilities net of interest and commission in suspense as of June 30, 2014 amounted to USD 1241.2 million, or 5.3 % of net direct credit facilities after deducting interest and commission in suspense.

	December 31, 2013					Total
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	85 697	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
Total	4 015 616	2 343 685	15 507 598	164 411	1 054 512	23 085 822
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
Total	221 043	250 703	1 635 394	4 218	3 020	2 114 378
Net Direct Credit Facilities at Amortized Cost	3 794 573	2 092 982	13 872 204	160 193	1 051 492	20 971 444

* Net of interest and commission received in advance, 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 1279.2 million, or 5.6% of net direct credit facilities after deducting interest and commission in suspense.

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

	June 30, 2014					Total	The Total includes movement on the real-estate loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	163 270	154 389	1 442 504	1 256	3 020	1 764 439	22 673
Impairment losses charged to income	5 265	5 600	77 452	42	138	88 497	2 145
Used from provision (written off or transferred off the condensed consolidated interim statement of financial position)	(1 635)	(1 231)	(7 965)	-	-	(10 831)	(581)
Surplus in provision transferred to condensed consolidated interim statement of income	(4 895)	(8 713)	(52 914)	(3)	(505)	(67 030)	(5 753)
Adjustments during the period	7 069	(455)	10 582	-	(191)	17 005	321
Translation adjustments	(1 012)	(2 300)	(3 128)	(39)	(58)	(6 537)	(7)
Balance at the End of the Period	168 062	147 290	1 466 531	1 256	2 404	1 785 543	18 798

	December 31, 2013					Total	The Total includes movement on the real-estate loans provision as follows:
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector		
		Small and Medium	Large				
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	166 819	158 344	1 379 391	6 473	2 185	1 713 212	16 594
Impairment losses charged to income	18 280	22 714	287 162	3 686	-	331 842	7 055
Used from provision (written off or transferred off the consolidated statement of financial position)	(1 818)	(9 473)	(219 019)	-	-	(230 310)	(16)
Surplus in provision transferred to consolidated statement of income	(6 052)	(11 069)	(28 355)	(179)	(312)	(45 967)	(2 205)
Adjustments during the year	(10 371)	(4 549)	35 562	(8 724)	1 290	13 208	1 245
Translation adjustments	(3 588)	(1 578)	(12 237)	-	(143)	(17 546)	-
Balance at the End of the Year	163 270	154 389	1 442 504	1 256	3 020	1 764 439	22 673

- There are no provisions no longer required as a result of settlement or repayment, transferred to non-performing direct credit facilities as of June 30, 2014 and December 31, 2013.

- Impairment is assessed based on individual customer accounts.

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

		June 30, 2014					
		Corporates					
	Consumer Banking	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total includes interest and commission in suspense movement on real-estate loans as follows:
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	57 773	96 314	192 890	2 962	-	349 939	15 325
Interest and commissions suspended during the period	4 641	5 471	30 668	357	-	41 137	1 866
Interest and commissions in suspense settled / written off or transferred off the condensed consolidated interim statement of financial position	(238)	(2 134)	(6 937)	-	-	(9 309)	(4 079)
Recoveries	(3 013)	(624)	(1 895)	-	-	(5 532)	(1 032)
Adjustments during the period	1 422	(576)	1 048	-	-	1 894	9
Translation adjustments	(171)	(235)	(1 859)	-	-	(2 265)	8
Balance at the End of the Period	60 414	98 216	213 915	3 319	-	375 864	12 097

		December 31, 2013					
		Corporates					
	Consumer Banking	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total includes interest and commission in suspense movement on real-estate loans as follows:
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	53 583	101 672	156 802	2 273	-	314 330	11 087
Interest and commissions suspended during the year	12 869	11 792	57 999	897	-	83 557	4 786
Interest and commissions in suspense settled / written off or transferred off consolidated statement of financial position	(814)	(15 446)	(13 625)	-	-	(29 885)	(219)
Recoveries	(6 341)	(2 117)	(3 109)	-	-	(11 567)	(1 425)
Adjustment during the year	(996)	1 140	(237)	(207)	-	(300)	1 096
Translation adjustments	(528)	(727)	(4 940)	(1)	-	(6 196)	-
Balance at the End of the Year	57 773	96 314	192 890	2 962	-	349 939	15 325

10- OTHER FINANCIAL ASSETS AT AMOTIZED COST

The details of this item are as follows:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
Treasury bills	2 922 819	2 672 770
Governmental bonds and bonds guaranteed by the government	4 156 066	4 131 159
Corporate bonds	1 954 508	1 754 364
<u>Less: Provision for impairment</u>	<u>(24 021)</u>	<u>(28 189)</u>
Total	<u>9 009 372</u>	<u>8 530 104</u>

Analysis of bonds based on interest nature:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
Floating interest rate	714 337	732 054
Fixed interest rate	8 295 035	7 798 050
Total	<u>9 009 372</u>	<u>8 530 104</u>

Analysis of financial assets based on market quotation:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
Financial assets quoted in the market:		
Treasury bills	567 623	554 715
Governmental bonds and bonds guaranteed by the government	1 337 981	1 262 571
Corporate bonds	1 635 711	1 458 641
Total	<u>3 541 315</u>	<u>3 275 927</u>
Financial assets unquoted in the market:		
Treasury bills	2 355 196	2 118 055
Government bonds and bonds guaranteed by the government	2 818 085	2 868 588
Corporate bonds	294 776	267 534
Total	<u>5 468 057</u>	<u>5 254 177</u>
Grand Total	<u>9 009 372</u>	<u>8 530 104</u>

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

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
Balance at the beginning of the year	28 189	15 329
Impairment losses charged to income	406	23 412
Used from provision (written off)	(4 514)	-
Adjustments during the period/year	-	(11 031)
Translation adjustments	(60)	479
Balance at the End of the Period/Year	<u>24 021</u>	<u>28 189</u>

During the six month period ended June 30, 2014 the Group has sold certain financial assets at amortized cost in the amount of USD 639.5 million.

11- **FIXED ASSETS**

The additions to and disposals of fixed assets during the six month period ended June 30, 2014 amounted to USD 28.8 million and USD 15.4 million, respectively (USD 22.5 million and USD 5.2 million for the six month period ended June 30, 2013).

Fully depreciated assets amounted to USD 141.9 million as of June 30, 2014.

12- **OTHER ASSETS**

The details of this item are as follows:

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Accrued interest receivable	202 824	217 634
Prepaid expenses	187 270	149 709
Foreclosed assets *	79 597	89 000
Items in transit	2 749	4 135
Other miscellaneous assets	97 250	103 824
Total	569 690	564 302

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

13- CUSTOMER DEPOSITS

The details of this item are as follows:

	June 30, 2014				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	7 002 981	2 005 550	2 097 894	488 651	11 595 076
Savings	2 714 822	122 564	23 504	74	2 860 964
Time and notice	8 104 563	998 045	4 235 418	2 682 941	16 020 967
Certificates of deposit	460 903	27 062	98 194	266 915	853 074
Total	18 283 269	3 153 221	6 455 010	3 438 581	31 330 081

	December 31, 2013				Total
	Consumer Banking	Corporates		Government and Public Sector	
		Small & Medium	Large		
	USD '000	USD '000	USD '000	USD '000	USD '000
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
Total	17 606 650	3 148 517	6 386 654	3 581 010	30 722 831

- The Government of Jordan and Jordanian public sector deposits amounted to USD 592 million, or 1.9 % of total customer deposits as of June 30, 2014 (USD 554.7 million, or 1.8% of total customer deposits as of December 31, 2013).

- Non-interest bearing deposits amounted to USD 10318.2 million, or 32.9 % of total customer deposits as of June 30, 2014 (USD 10060.7 million, or 32.8% of total customer deposits as of December 31, 2013).

- Blocked deposits amounted to USD 422.2 million, or 1.3 % of total customer deposits as of June 30, 2014 (USD 492.4 million or 1.6% of total customer deposits as of December 31, 2013).

- Dormant deposits amounted to USD 470.5 million, or 1.5 % of total customer deposits as of June 30, 2014 (USD 464.4 million, or 1.5% of total customer deposits as of December 31, 2013).

14- BORROWED FUNDS

The details of this item are as follows:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
From Central Banks *	4 230	2 115
From banks and financial institutions **	91 267	103 255
Total	95 497	105 370

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

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
Floating interest rate	95 497	105 370
Fixed interest rate	-	-
Total	95 497	105 370

* During the year 2013, Arab Bank (Jordan Branches) signed a loan agreement with the Central Bank of Jordan in the amount of USD 5.6 million, for 15 years with an interest rate of 2.5% for 2013 and (6 months LIBOR +1.8%) thereafter. The agreement aims to support SMEs. The loan is repaid semi-annually, with installments due in March and September of each year. The balance of the loan as of June 30, 2014 amounted to USD 4.2 million .

** The Group borrowed amounts from banks and financial institutions, as well as issued syndicated term loans through Arab Tunisian Bank the balance amounted to as of June 30, 2014 in approximate amount of USD 91.3 million (USD 103.3 million as of December 31, 2013) whereas the lowest interest rate is (0.25%) and the highest (6.7%) at a maturity date May 19, 2032 as per the following table:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
Loans maturing within the year	12 639	15 678
Loans maturing after 1 year and less than 3 years	22 471	23 130
Loans maturing after 3 years	56 157	64 447
Total	91 267	103 255

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	USD '000	USD '000
Balance at the beginning of the period / year	196 895	218 692
Income tax expense	130 704	256 323
Income tax paid	(155 890)	(278 120)
Balance at the End of the Period / Year	171 709	196 895

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
	USD '000	USD '000
Income tax expense for the period	130 704	126 749
Effect of deferred tax	(715)	(3 221)
Total	129 989	123 528

- The banking sector income tax rate in Jordan is 30% while the income tax rate in the countries where the Group has investments and branches ranges from zero to 37%.
- The branches of Arab Bank Group have reached recent tax settlements ranging between 2006 for Arab Bank Egypt and 2012 for Arab Bank United Arab Emirates.

16- OTHER LIABILITIES

The details of this item are as follows:

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Accrued interest payable	146 288	147 264
Notes payable	193 489	154 273
Interest and commission received in advance	113 225	107 388
Accrued expenses	69 290	80 700
Other miscellaneous liabilities	201 737	207 577
Total	724 029	697 202

17- SHARE CAPITAL AND RESERVES

- A. Arab Bank plc General Assembly in its extraordinary meeting held on March 27, 2014, approved to increase the Banks' capital by USD 50.2 million, to become USD 826.2 million for the Group. The Bank has completed the legal procedures with the Ministry of Industry and Trade on April 1, 2014, and Jordan Securities Commission on April 8, 2014. (USD 776 million as of December 31, 2013).
- B. Share premium amounted to USD 1225.7 million as of June 30, 2014 and December 31, 2013.
- C. The Bank did not make any appropriation to the legal reserves, in accordance with companies law, in the interim financial information as such appropriations are performed at year end.

18- RETAINED EARNINGS

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

	June 30, 2014	December 31, 2013
	USD '000	USD '000
Balance at the beginning of the year	437 933	255 600
Profit for the period/year attributable to shareholders of the bank	414 201	497 021
Transferred from investment revaluation reserve to retained earnings	(348)	(793)
Dividends paid	(231 894)	(231 721)
Appropriation to statutory reserve	-	(64 658)
Adjustment during the period/ year	(10 425)	(6 306)
Effect of adoption of IFRS (19)	-	(11 210)
Increase in share capital (Stock Dividend)	(50 196)	-
Balance at the End of the Period/Year **	559 271	437 933

- The General Assembly of the Arab Bank plc in its extraordinary meeting held on March 27, 2014 approved the recommendation of the Bank's Board of Directors to distribute 30% of par value as cash dividends for the year 2013, equivalent to USD 225.9 million, and a bonus share for every fifteen shares amounting to 35.6 million shares (USD 225.9 million for the year 2012 equivalent to 30% of par value as cash dividends). The General Assembly approved to distribute 20% of par value as cash dividends for Arab Bank Switzerland equivalent to USD 6 million (USD 5.8 million for the year 2012 equivalent to 20% of par value).
- * The retained earnings include restricted deferred tax assets in the amount of USD 55.8 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 3.2 million. Restricted retained earning that cannot be distributed or otherwise utilized except only under certain circumstances caused by the adoption of certain Accounting Standards amounted to USD 2.4 million as of June 30, 2014.
- * Retained earnings include an unrealized loss in the amount of USD (156.1) million due to the effect of the adoption of IFRS (9) as of June 30, 2014.
- * The negative balance of the investments revaluation reserve in the amount of USD (209.7) million as of June 30, 2014 is restricted according to the Jordan Securities Commission instructions.

19- **INTEREST INCOME**

The details of this item are as follows:

	June 30, 2014	June 30, 2013
	USD '000	USD '000
Direct credit facilities at amortized cost *		
Central banks	572 729	536 824
Banks and financial institutions	46 152	66 748
Financial assets at fair value through profit or loss	9 664	21 546
Other financial assets at amortized cost	17 132	14 182
Total	282 745	252 482
	928 422	891 782

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

June 30, 2014						
Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
	Small & Medium	Large				
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Discounted bills	2 689	8 090	12 391	1 108	229	24 507
Overdrafts	4 332	27 276	95 534	323	10 438	137 903
Loans and advances	89 844	36 604	201 314	2 117	16 602	346 481
Real-estate loans	51 901	2 645	1 153	-	-	55 699
Credit cards	8 139	-	-	-	-	8 139
Total	156 905	74 615	310 392	3 548	27 269	572 729

June 30, 2013						
Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total	
	Small & Medium	Large				
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Discounted bills	2 586	7 381	9 927	1 384	389	21 667
Overdrafts	4 121	25 122	88 513	346	11 461	129 563
Loans and advances	76 846	27 396	195 803	2 279	17 718	320 042
Real-estate loans	50 282	4 246	3 219	-	-	57 747
Credit cards	7 805	-	-	-	-	7 805
Total	141 640	64 145	297 462	4 009	29 568	536 824

20- **INTEREST EXPENSE**

The details of this item are as follows:

	June 30, 2014	June 30, 2013
	USD '000	USD '000
Customer deposits *	331 789	301 713
Banks and financial institutions deposits	20 290	29 724
Cash margins	28 495	32 012
Borrowed funds	2 122	2 998
Deposit insurance fees	10 924	7 468
Total	393 620	373 915

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

	June 30, 2014				
	Consumer Banking	Corporates		Government and Public Sector	Total
	USD '000	Small & Medium USD '000	Large Corporates USD '000	USD '000	USD '000
Current and demand	5 021	1 137	3 578	2 202	11 938
Savings	20 321	1 596	148	-	22 065
Time and notice	139 214	20 726	62 170	39 342	261 452
Certificates of deposit	23 364	934	3 184	8 852	36 334
Total	187 920	24 393	69 080	50 396	331 789

	June 30, 2013				
	Consumer Banking	Corporates		Government and Public Sector	Total
	USD '000	Small & Medium USD '000	Large Corporates USD '000	USD '000	USD '000
Current and demand	3 408	1 149	6 814	2 624	13 995
Savings	20 682	882	250	-	21 814
Time and notice	127 043	23 670	49 717	32 168	232 598
Certificates of deposit	21 251	781	3 542	7 732	33 306
Total	172 384	26 482	60 323	42 524	301 713

21- **NET COMMISSION INCOME**

The details of this item are as follows:

	June 30, 2014	June 30, 2013
	USD '000	USD '000
Commission income:		
- Direct credit facilities at amortized cost	47 409	40 035
- Indirect credit facilities	80 383	80 541
- Fiduciary deposits	8 615	8 638
- Other	43 290	37 798
Less: commission expense	(13 338)	(11 501)
Total	166 359	155 511

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

The details of this item are as follows:

	June 30, 2014			June 30, 2013
	Realized Gains (losses)	Unrealized Gains	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	1 083	1 597	-	(3 137)
Corporate shares	(30)	682	1 568	3 072
Mutual funds	-	884	-	651
Total	1 053	3 163	1 568	5 784

23- OTHER REVENUE

The details of this item are as follows:

	June 30, 2014	June 30, 2013
	USD '000	USD '000
Revenue from customer services	10 010	12 078
Safe box rent	825	703
Gains from derivatives	868	2 070
Miscellaneous revenue	17 959	9 660
Total	29 662	24 511

24. **BUSINESS SEGMENTS**

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

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

1. **Corporate and Institutional Banking**

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

2. **Treasury**

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

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

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

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

3. **Consumer Banking**

This group provides banking services to individuals and high-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, ATMs, the internet and text messaging via cellular phones.

Information about the Group's Business Segments

	June 30, 2014					June 30, 2013	
	Corporate and Institutional Banking	Treasury	Consumer Banking			Total	Total
			Elite	Retail Banking	Other		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	379 343	352 654	(61 293)	81 772	197 401	949 877	901 470
Net inter-segment interest income	(9 140)	(191 463)	112 163	88 440	-	-	-
Provision for impairment - direct credit facilities at amortized cost	20 616	-	226	625	-	21 467	28 689
Other provisions	3 369	1 422	713	2 169	1 372	9 045	9 470
Direct administrative expenses	61 469	9 415	13 062	72 683	1 012	157 641	146 006
Result of Operations of Segments	284 749	150 354	36 869	94 735	195 017	761 724	717 305
Indirect expenses on segments	93 157	32 394	20 051	69 996	1 249	216 847	206 473
Profit for the period before Income Tax	191 592	117 960	16 818	24 739	193 768	544 877	510 832
Income tax expense	33 750	33 294	6 879	9 126	46 940	129 989	123 528
Profit for the Period	157 842	84 666	9 939	15 613	146 828	414 888	387 304
Depreciation and Amortization	9 579	2 824	1 203	13 677	-	27 283	26 347

Other Information	June 30, 2014					December 31, 2013	
	Corporate and Institutional Banking	Treasury	Consumer Banking			Total	Total
			Elite	Retail Banking	Other		
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Segment assets	18 174 648	19 955 420	962 241	3 599 441	1 314 101	44 005 851	43 781 430
Inter-segment assets	-	-	10 310 929	4 779 662	4 442 755	-	-
Investments in associates	-	-	-	-	2 747 594	2 747 594	2 618 191
Total Assets	18 174 648	19 955 420	11 273 170	8 379 103	8 504 450	46 753 445	46 399 621
Segment liabilities	15 806 391	2 790 331	11 273 170	8 379 103	576 957	38 825 952	38 631 893
Owner's equity	-	-	-	-	7 927 493	7 927 493	7 767 728
Inter-segment liabilities	2 368 257	17 165 089	-	-	-	-	-
Total Liabilities and Owners' Equity	18 174 648	19 955 420	11 273 170	8 379 103	8 504 450	46 753 445	46 399 621

25- CONTRACTUAL MATURITY OF THE CONTINGENT ACCOUNTS

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

June 30, 2014

	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	2 800 307	25 828	-	2 826 135
Acceptances	956 097	8 131	-	964 228
Letters of guarantees:				
- Payment guarantees	918 111	102 452	4 980	1 025 543
- Performance guarantees	3 008 848	2 554 937	285 830	5 849 615
- Other guarantees	4 335 520	1 816 914	94 002	6 246 436
Unutilized credit facilities	4 340 240	288 435	4 018	4 632 693
Total	16 359 123	4 796 697	388 830	21 544 650
Constructions projects contracts	328	8 950	-	9 278
Procurement contracts	1 831	4 153	-	5 984
Operating lease contracts	3 448	14 418	7 278	25 144
Total	5 607	27 521	7 278	40 406

December 31, 2013

	Within 1 Year	From 1 Year and up to 5 Years	More than 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	1 804 500	56 390	-	1 860 890
Acceptances	811 950	2 194	26	814 170
Letters of guarantees:				
- 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
Total	14 343 629	4 747 976	1 076 783	20 168 388
Constructions projects contracts	557	-	-	557
Procurement contracts	3 226	3 116	-	6 342
Operating lease contracts	3 899	14 760	7 967	26 626
Total	7 682	17 876	7 967	33 525

26. CREDIT EXPOSURE CATEGORIZED BY GEOGRAPHICAL REGION:

The details for this items are as follows:

June 30, 2014

	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	3 757 615	2 503 203	15	672 384	-	2 414	6 935 631
Balances and deposits with banks and financial institutions	74 670	925 465	377 939	1 530 332	520 657	56 688	3 485 751
Financial assets at fair value through profit or loss	17 527	303 845	76 095	543 702	-	9 793	950 962
Direct credit facilities at amortized cost	5 360 452	13 601 552	309 616	1 288 068	33 087	925 067	21 517 842
Other financial assets at amortized cost	2 683 452	4 843 046	43 080	686 726	491 478	261 590	9 009 372
Other assets and financial derivatives - positive fair value	68 561	297 859	3 289	43 279	1 106	7 156	421 250
Total	11 962 277	22 474 970	810 034	4 764 491	1 046 328	1 262 708	42 320 808

December 31, 2013

	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	3 727 036	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
Total	11 489 106	22 532 803	646 648	5 373 030	940 387	1 075 318	42 057 292

* Excluding Arab Countries.

21. CREDIT EXPOSURE CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

June 30, 2014

	Corporations										Banks and Financial Institutions	Government and Public Sector	Total										
	Consumer Banking	Industry and Mining		Constructions		Real Estate		Trade		Agriculture				Tourism and Hotels		Transportation		Shares		General Services			
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000				USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6 935 631	-	6 935 631	
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 485 751	-	3 485 751	
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24 485	-	-	-	-	438 237	488 240	950 962	
Direct credit facilities at amortized cost	4 237 769	4 430 078	1 617 717	1 618 294	3 833 965	166 180	664 822	925 564	92 655	2 600 073	344 609	986 116	21 517 842										
Other financial assets at amortized cost	-	49 537	22 412	22 490	46 234	-	-	-	-	175 541	1 614 273	7 078 885	9 009 372										
Other assets and financial derivatives - positive fair value	22 509	19 350	5 271	5 897	13 102	787	2 904	8 464	-	39 429	73 193	230 344	421 250										
Total	4 260 278	4 498 965	1 645 400	1 646 681	3 893 301	166 967	667 726	958 513	92 655	2 815 043	12 891 694	8 783 585	42 320 808										

December 31, 2013

	Corporations										Banks and Financial Institutions	Government and Public Sector	Total										
	Consumer Banking	Industry and Mining		Constructions		Real Estate		Trade		Agriculture				Tourism and Hotels		Transportation		Shares		General Services			
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000				USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 709 193	-	7 709 193	
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 559 190	-	3 559 190	
Financial assets at fair value through profit or loss	-	7 030	-	-	-	-	-	-	-	-	-	-	-	-	26 488	-	-	-	-	388 525	464 168	886 211	
Direct credit facilities at amortized cost	3 794 573	4 398 686	1 396 913	1 893 666	4 081 950	164 724	658 781	866 296	118 141	2 386 029	160 193	1 051 492	20 971 444										
Other financial assets at amortized cost	-	34 984	-	14 234	21 054	-	-	-	-	99 865	1 556 038	6 803 929	8 530 104										
Other assets and financial derivatives - positive fair value	16 309	14 975	4 352	7 604	17 303	545	2 576	7 782	-	29 424	80 927	219 353	401 150										
Total	3 810 882	4 455 675	1 401 265	1 915 504	4 120 307	165 269	661 357	900 566	118 141	2 515 318	13 454 066	8 538 942	42 057 292										

28- CAPITAL MANAGEMENT

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

	June 30, 2014	December 31, 2013
	USD '000	USD '000
A- CORE CAPITAL		
Share capital	826 223	776 027
Statutory reserve	643 860	643 860
Voluntary reserve	977 315	977 315
Share premium	1 225 747	1 225 747
General reserve	1 822 824	1 822 824
Retained earnings*	87 205	148 337
Intangible assets	(1 699)	(1 835)
Foreclosed assets	(7 928)	(5 783)
Non controlling interest	102 427	102 865
Total Core Capital	5 675 974	5 689 357
B- SUPPLEMENTARY CAPITAL		
Foreign currency translation reserve	43 976	61 715
Investments revaluation reserve	(209 719)	(228 393)
Subordinated loans	19 950	24 055
General banking risk reserve	363 458	349 819
Total Supplementary Capital	217 665	207 196
C- DEDUCTABLE ITEMS	1 288 103	1 157 623
Regulatory capital (A+B-C)	4 605 536	4 738 930
Risk-Weighted Assets (RWA)	32 552 617	31 275 340
Regulatory Capital / Risk-Weighted Assets	14.15%	15.15%
Core Capital / Risk-Weighted Assets	14.15%	15.15%

* Net after deducting deferred tax assets

- The Board of Directors performs an overall review of the capital structure of the Group on quarterly basis. As part of such review, the Board takes into consideration matters such as cost and risks of capital as integral factors in managing capital through setting dividends policies and capitalization of reserves.
- The minimum level of the capital adequacy ratio as defined by Basel Committee is 8% and 12% as per the Central Bank of Jordan's instructions, while this ratio amounted to 14.15 % as of June 30, 2014 (15.15% as of December 31, 2013).

29- EARNINGS PER SHARE

The details of this item are as follows:

	June 30, 2014	June 30, 2013
	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	414 201	383 761
	Thousand / Shares	
Average number of shares for Arab Bank plc	569 600	569 600
	USD / Share	
Earnings Per Share for the period (Basic and diluted)	0.73	0.67

- The average number of share, was calculated on the basis of 569.6 million shares, instead of 534 million shares for the six months ended June 30, 2013, taking into consideration the increase in shares as a result of the stock dividends.

30- CASH AND CASH EQUIVALENT

The details of this item are as follows:

	June 30, 2014	June 30, 2013
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	7 195 283	7 023 385
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	3 351 972	4 304 518
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	2 998 213	3 812 999
Total	7 549 042	7 514 904