ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010
TOGETHER WITH REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

ARAB BANK GROUP

30 JUNE 2010

CONTENTS

	Page
Review Report on Interim Financial Information	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Income	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Owners' Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Interim Financial Information	7 - 27

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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 financial position of Arab Bank Group as at 30 June 2010, and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the six-month 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 (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 inquires, 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 does not present fairly, in all material respects, the consolidated financial position of Arab Bank Group as of June 30, 2010, and its consolidated financial performance and consolidated cash flows for the six-month period then ended in accordance with International Accounting Standard (34) relating to interim financial reporting.

The fiscal year of the Group ends on 31 December of each year. However, the accompanying condensed consolidated interim financial statements have been prepared for the purposes of the Central Bank of Jordan and the Jordanian Securities Exchange Commission.

Amman – Jordan
July 29, 2010

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

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2010

	Note	(Reviewed not Audited) 30 June 2010	31 December 2009
ASSETS		USD '000	USD '000
Cash and balances with central banks	4	10 976 006	11 731 550
Balances with banks and financial institutions	5	3 527 308	4 200 505
Deposits with banks and financial institutions	6	425 177	309 534
Financial assets at fair value through P&L - held for trading		391 322	312 563
Financial assets at fair value through P&L - designated		168 405	169 947
Financial derivatives - positive fair value		192 076	179 458
Direct credit facilities	7	21 811 294	22 025 925
Financial assets - available for sale	8	6 512 580	6 414 381
Financial assets - held to maturity	9	1 464 343	1 890 733
Investments in associates		2 046 419	1 955 106
Fixed assets	10	619 492	577 667
Intangible assets	11	202 588	219 126
Other assets	12	485 858	503 876
Deferred tax assets		104 237	110 218
Total Assets		**48 927 105**	**50 600 589**
LIABILITIES AND OWNERS' EQUITY			
Banks' and financial institutions' deposits		4 588 314	5 684 355
Customer deposits	13	30 713 255	31 472 526
Cash margins		3 479 782	3 412 610
Financial derivatives - negative fair value		210 355	185 873
Borrowed funds	14	778 509	614 001
Provision for income tax	15	187 885	258 596
Other provisions		133 058	127 654
Other liabilities	16	732 520	726 692
Deferred tax liabilities		20 423	21 474
Total Liabilities		**40 844 101**	**42 503 781**
Share capital	17	776 027	776 027
Share premium	17	1 226 185	1 226 185
Treasury shares	17	(1 500)	(1 500)
Statutory reserve	17	451 702	451 702
Voluntary reserve	17	977 315	977 315
General reserve		1 822 824	1 823 321
General banking risks reserve		391 964	391 964
Reserves with associates		1 523 446	1 540 896
Foreign operations translation reserve		36 046	177 728
Available-for-sale financial assets revaluation reserve		12 694	(38 708)
Retained earnings	18	73 728	73 708
Proposed dividends	19	-	162 952
Profit for the period		281 049	-
Total Equity Attributable to Shareholders of the Bank		**7 571 480**	**7 561 590**
Non-controlling interests		511 524	535 218
Total Owners' Equity		**8 083 004**	**8 096 808**
Total Liabilities and Owners' Equity		**48 927 105**	**50 600 589**

Chairman of the Board of Directors

The accompanying notes from (1) to (32) are an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

(REVIEWED NOT AUDITED)

		For the Six Months Ended 30 June		For the Three Months Ended 30 June	
	Note	**2010**	**2009**	**2010**	**2009**
		USD '000	**USD '000**	**USD '000**	**USD '000**
REVENUE					
Interest income	20	789 564	950 787	390 171	469 297
Less: interest expense	21	299 294	429 864	148 439	197 371
Net Interest Income		**490 270**	**520 923**	**241 732**	**271 926**
Net commission income		155 160	135 901	79 175	72 012
Net Interest and Commission Income		**645 430**	**656 824**	**320 907**	**343 938**
Foreign exchange differences		35 598	42 268	20 920	22 086
(Loss) gain from financial assets at fair value through P&L - held for trading	22	(2 127)	4 219	(1 187)	4 975
Gain (loss) from financial assets at fair value through P&L - designated	23	1 088	(13 283)	(752)	(13 700)
Gain from financial assets - available for sale	24	38 586	10 665	13 196	8 618
Group's share of profits of associates		156 301	174 080	78 786	90 027
Other revenue		29 833	24 057	13 123	9 145
Net Revenue		**904 709**	**898 830**	**444 993**	**465 089**
EXPENSES					
Employees' expenses		208 705	211 803	100 583	98 578
Other expenses		133 598	149 635	71 991	82 677
Depreciation and amortization		27 185	23 260	13 804	12 466
Provision for impairment - direct credit facilities	7	124 115	56 347	79 271	34 859
Surplus in provision for impairment - held-to-maturity financial assets	9	(4 886)	-	(4 886)	-
Other provisions		5 918	5 776	2 760	237
Total Expenses		**494 635**	**446 821**	**263 523**	**228 817**
Profit for the Period before Tax		**410 074**	**452 009**	**181 470**	**236 272**
Less: Income tax expense	15	106 813	108 260	51 549	61 137
Profit for the Period		**303 261**	**343 749**	**129 921**	**175 135**
Attributable to :					
- Bank shareholders		281 049	320 845	121 127	162 349
- Non-controlling interests		22 212	22 904	8 794	12 786
Total		**303 261**	**343 749**	**129 921**	**175 135**
Earnings per share attributable to Bank Shareholders					
- Basic and Diluted (US Dollars)	**29**	**0.53**	**0.60**		

Chairman of the Board of Directors

The accompanying notes from (1) to (32) are an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

(REVIEWED NOT AUDITED)

	For the Six Months Ended 30 June		For the Three Months Ended 30 June	
	2010	2009	2010	2009
	USD '000	USD '000	USD '000	USD '000
Profit for the period	**303 261**	**343 749**	**129 921**	**175 135**
Add: Other comprehensive income items - after tax				
Exchange difference arising on translation of foreign operations	(180 042)	33 900	(99 929)	94 282
Net change in fair value of available-for-sale financial assets	49 286	45 509	24 297	81 094
Total Other Comprehensive Income Items - After Tax	**(130 756)**	**79 409**	**(75 632)**	**175 376**
Total Comprehensive Income for the Period	**172 505**	**423 158**	**54 289**	**350 511**
Attributable to :				
- Bank shareholders	190 769	400 254	68 524	337 725
- Non-controlling interests	(18 264)	22 904	(14 235)	12 786
Total	**172 505**	**423 158**	**54 289**	**350 511**

The accompanying notes from (1) to (32) are an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report

ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

(REVIEWED NOT AUDITED)

	Share Capital	Share Premium	Treasury Shares	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Operations Translation Reserve	Available-for-Sale Financial Assets Revaluation Reserve	Retained Earnings	Proposed Dividends	Profit for the Period	Total Equity Attributable to Shareholders of the Bank	Non-Controlling Interests	Total Owners' Equity
For the Six Months Ended 30 June 2010	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
Balance at the beginning of the period	**776 027**	**1 226 185**	**(1 500)**	**451 702**	**977 315**	**1 823 321**	**391 964**	**1 540 896**	**177 728**	**(38 708)**	**73 708**	**162 952**	**-**	**7 561 590**	**535 218**	**8 096 808**
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	281 049	**281 049**	22 212	303 261
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	(141 682)	-	-	-	-	**(141 682)**	(38 360)	(180 042)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	51 402	-	-	-	**51 402**	(2 116)	49 286
Total Comprehensive Income for the Period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(141 682)**	**51 402**	**-**	**-**	**281 049**	**190 769**	**(18 264)**	**172 505**
Paid dividends	-	-	-	-	-	-	-	-	-	-	20	(162 952)	-	(162 932)	-	(162 932)
Effect of increase in ownership in subsidiary	-	-	-	-	-	(497)	-	-	-	-	-	-	-	(497)	(5 430)	(5 927)
Adjustments during the period	-	-	-	-	-	-	-	(17 450)	-	-	-	-	-	(17 450)	-	(17 450)
Balance at the End of the Period	**776 027**	**1 226 185**	**(1 500)**	**451 702**	**977 315**	**1 822 824**	**391 964**	**1 523 446**	**36 046**	**12 694**	**73 728**	**-**	**281 049**	**7 571 480**	**511 524**	**8 083 004**
For the Six Months Ended 30 June 2009																
Balance at the beginning of the period	776 027	1 226 205	(3 346)	403 305	882 179	1 811 065	327 039	1 357 120	107 448	(172 862)	112 088	213 645	-	7 039 913	468 465	7 508 378
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	320 845	320 845	22 904	343 749
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	33 900	-	-	-	-	33 900	-	33 900
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	45 509	-	-	-	45 509	-	45 509
Total Comprehensive Income for the Period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33 900**	**45 509**	**-**	**-**	**320 845**	**400 254**	**22 904**	**423 158**
Sale of treasury shares	-	(20)	1 846	-	-	-	-	-	-	-	-	-	-	1 826	-	1 826
Paid dividends	-	-	-	-	-	-	-	-	-	-	-	(213 645)	-	(213 645)	-	(213 645)
Adjustments during the period	-	-	-	-	-	-	(1 965)	(20 876)	-	-	-	-	-	(22 841)	32 082	9 241
Balance at the End of the Period	**776 027**	**1 226 185**	**(1 500)**	**403 305**	**882 179**	**1 811 065**	**325 074**	**1 336 244**	**141 348**	**(127 353)**	**112 088**	**-**	**320 845**	**6 805 253**	**523 451**	**7 728 958**

* The reserves, retained earnings and profit for the period include restricted deferred tax assets of USD 104.2 million, as well as cost of treasury shares of USD (1.5) million as of 30 June 2010.

The accompanying notes from (1) to (32) are an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2010
(REVIEWED NOT AUDITED)

	Note	For the Six-Month Period Ended 30 June 2010	2009
		USD '000	USD '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before tax		410 074	452 009
Adjustments for:			
- Depreciation and amortization		27 185	23 260
- Provision for impairment - direct credit facilities		124 115	56 347
- Loss (Gain) from revaluation of financial assets at fair value through P&L - held for trading		4 547	(3 049)
- (Gain) loss from revaluation of financial assets at fair value through P&L- designated		(1 036)	19 212
- (Surplus) in provision for impairment - held-to-maturity financial assets		(4 886)	-
- Other provisions		5 918	5 776
Total		**565 917**	**553 555**
(Increase) Decrease in Assets:			
Balances with central banks (maturing after 3 months)		(10 960)	266 920
Deposits with banks and financial institutions (maturing after 3 months)		(115 643)	347 972
Direct credit facilities		163 328	171 306
Financial assets at fair value through P&L - held for trading		(83 306)	(62 987)
Financial assets at fair value through P&L - designated		2 578	79 059
Other assets		27 919	26 089
Increase (Decrease) in Liabilities:			
Banks' and financial institutions' deposits (maturing after 3 months)		(27 483)	387 086
Customer deposits		(759 271)	1 467 611
Cash margins		67 172	22 871
Other liabilities		(117 195)	(22 818)
Net Cash (used in) generated by Operations before Income Tax		**(286 944)**	**3 236 664**
Income tax paid		(171 201)	(185 411)
Net Cash (used in) generated by Operations		**(458 145)**	**3 051 253**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets - available for sale		(46 797)	(1 116 969)
Maturity (purchase) of financial assets - held to maturity		431 276	(68 472)
(Payments) for investment in associates		(16 785)	(65 207)
(Purchase) of fixed assets		(69 010)	(37 233)
Net Cash generated by (used in) Investing Activities		**298 684**	**(1 287 881)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in borrowed funds		164 508	(35 250)
Dividends paid to Shareholders		(159 980)	(213 645)
Proceeds from Sale of Treasury Shares		-	1 826
Net Cash generated by (used in) Financing Activities		**4 528**	**(247 069)**
Foreign operations translation differences (change in exchange rates)		(216 210)	51 772
Net (decrease) increase in cash and cash equivalent		(371 143)	1 568 075
Cash and cash equivalents at the beginning of the period		10 618 736	7 282 912
Cash and Cash Equivalents at the End of the Period	30	**10 247 593**	**8 850 987**

The accompanying notes from (1) to (32) are an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review 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 83 branches in Jordan and 103 abroad in addition to its subsidiaries and the sister company, Arab Bank (Switzerland) Limited.
- Arab Bank shares are traded on Amman Stock Exchange.
- The accompanying condensed consolidated interim financial statements were approved by the Board of Directors of Arab Bank on 29 July 2010.

2. BASIS OF CONSOLIDATION

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

	Percentage of Ownership	Principal Activity	Place of Incorporation
	%		
Europe Arab Bank plc	100.00	Banking	United Kingdom
Arab Bank Australia Limited	100.00	Banking	Australia
Islamic International Arab Bank plc	100.00	Banking	Jordan
Arab Investment Bank S.A.L.	100.00	Banking	Lebanon
Arab Sudanese Bank Limited	100.00	Banking	Sudan
Arab Tunisian Bank	64.24	Banking	Tunisia
Arab Bank Syria plc	49.00	Banking	Syria
Al Wahda Bank *	19.00	Banking	Libya
Al-Arabi Investment Group Limited	100.00	Brokerage and Financial Services	Jordan
Al Arabi Capital Limited	100.00	Brokerage and Financial Services	U.A.E
Al Arabi Group for Investment	99.00	Brokerage and Financial Services	Palestine
Al Nisr Al Arabi Insurance	50.00	Insurance	Jordan
Arab National Leasing Company Limited	100.00	Financial Leasing	Jordan

* Although Arab Bank plc owns only 19% of the share capital of Al Wahda Bank in Libya, the financial statements of Al Wahda Bank are consolidated within the consolidated financial statements of the Group, as Arab Bank plc controls the strategic operating and financial policies of Al Wahda Bank through the control of key management personnel and the majority of voting power of the Board of Directors.

- Subsidiaries are entities 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 condensed consolidated interim financial statements 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 statements of subsidiaries are prepared using the same accounting policies used by other members of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.
- The results of operations of the 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, intra-group transactions and balances among Arab Bank plc, the sister company, Arab Bank (Switzerland) Limited and other subsidiaries are eliminated in full. Items in transit are presented within other assets or other liabilities, as appropriate. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are presented separately within owners' equity in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting".
- The condensed consolidated interim financial statements 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 consolidated financial statements.
- The accompanying condensed consolidated interim financial statements do not include all the information and notes to the annual consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards and accordingly, should be read with the consolidated financial statements for the Group as of 31 December 2009. Furthermore, the results of operations for the six months ended 30 June 2010 do not necessarily indicate the expected results for the year ending 31 December 2010.
- The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those adopted for the year ended 31 December 2009 except for not appropriating the profit of the current period, which is performed at year end, as well as for the effect of the adoption of the below standard:

IAS 27 (2008) Consolidated and Separate Financial Statements:

During the period, IAS 27 (2008) has been adopted. The adoption has led to changing the Group's policy regarding changes in ownership interests in existing subsidiaries that do not result in change in control.

In prior periods, the increase in the Group's interests in subsidiaries was treated as if it were a new acquisition. Goodwill is recorded in assets or as negative goodwill in the consolidated statement of income, as appropriate.

As for the decrease in the Group's participation in subsidiaries which does not result in loss of control, the difference between the sale value and book value of the net assets disposed of was calculated as gain or loss recorded in the consolidated statement of income.

Under IAS 27 (2008), all changes in the participation in subsidiaries are dealt with in equity, with no impact on goodwill or profit for the period.

During the period, the Group acquired the non-controlling interest in Al Arabi Capital Limited so that the Group's participation in the subsidiary became 100% as at the date of the condensed consolidated interim financial statements. The excess in the consideration paid for the non-controlling interest over the fair value of net assets acquired of USD 497 thousand has been recorded directly in equity.

4. CASH AND BALANCES WITH CENTRAL BANKS

- The mandatory cash reserve amounted to USD 2 196 million as of 30 June 2010 (USD 2 453 million as of 31 December 2009).
- Except for the mandatory cash reserve, there are no restricted balances at central banks.
- Balances maturing after three months amounted to USD 187.9 million as of 30 June 2010 (USD 176.9 million as of 31 December 2009).

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

- There are no non-interest bearing balances with banks and financial institutions as of 30 June 2010 (nil as of 31 December 2009).
- There are no restricted balances as of 30 June 2010 (nil as of 31 December 2009).

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

- Deposits with banks and financial institutions maturing after one year amounted to USD 1.4 million as of 30 June 2010 (USD 55.9 million as of 31 December 2009).

7- DIRECT CREDIT FACILITIES

The details of this item are as follows:

	30 June 2010					
		Corporates				
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	59 825	201 698	354 135	87 819	825	704 302
Overdrafts *	129 545	613 467	2 661 680	47	196 178	3 600 917
Loans and advances *	2 295 596	1 373 351	11 877 162	523 526	1 332 756	17 402 391
Real-estate loans	948 727	230 788	1 893	-	-	1 181 408
Credit cards	65 177	-	-	-	-	65 177
Total	**3 498 870**	**2 419 304**	**14 894 870**	**611 392**	**1 529 759**	**22 954 195**
Less: Interest and commission in suspense	62 813	137 906	77 606	537	-	278 862
Provision for impairment - direct credit facilities	243 880	151 206	457 000	9 739	2 214	864 039
Total	**306 693**	**289 112**	**534 606**	**10 276**	**2 214**	**1 142 901**
Direct Credit Facilities	**3 192 177**	**2 130 192**	**14 360 264**	**601 116**	**1 527 545**	**21 811 294**

	31 December 2009					
		Corporates				
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	79 452	205 075	511 355	57 710	2 528	856 120
Overdrafts *	172 345	617 365	2 379 764	-	265 702	3 435 176
Loans and advances *	2 342 122	1 067 552	12 256 016	559 480	1 117 102	17 342 272
Real-estate loans	927 961	491 601	2 222	-	-	1 421 784
Credit cards	62 170	-	-	-	-	62 170
Total	**3 584 050**	**2 381 593**	**15 149 357**	**617 190**	**1 385 332**	**23 117 522**
Less: Interest and commission in suspense	62 789	133 055	66 205	242	-	262 291
Provision for impairment - direct credit facilities	261 509	167 779	375 599	24 090	329	829 306
Total	**324 298**	**300 834**	**441 804**	**24 332**	**329**	**1 091 597**
Direct Credit Facilities	**3 259 752**	**2 080 759**	**14 707 553**	**592 858**	**1 385 003**	**22 025 925**

* Net of interest and commission received in advance, which amounted to USD 76.5 million as of 30 June 2010 (USD 78.4 million as of 31 December 2009).

- Direct credit facilities granted to and guaranteed by the government as of 30 June 2010 amounted to USD 1 529.8 million, or 6.7% of total direct credit facilities (USD 1 385.3 million, or 6% of total direct credit facilities as of 31 December 2009).

- Non-performing direct credit facilities as of 30 June 2010 amounted to USD 1 947.9 million, or 8.5% of total direct credit facilities (USD 1 911.9 million, or 8.3% of total direct credit facilities as of 31 December 2009).

Non-performing direct credit facilities, net of interest and commission in suspense, as of 30 June 2010 amounted to USD 1 669 million, or 7.4% of net direct credit facilities (USD 1 649.6 million, or 7.2% of net direct credit facilities as of 31 December 2009).

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

	30 June 2010						
		Corporates					
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total Includes Movements of Interest and Commission in Suspense for Real Estate Loans
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the period	62 789	133 055	66 205	242	-	262 291	64 679
Interest and commission suspended during the period	7 586	14 242	15 258	295	-	37 381	1 766
Interest and commission in suspense settled / written off	(4 895)	(2 684)	(216)	-	-	(7 795)	(10)
Recoveries	(720)	(2 229)	(2 220)	-	-	(5 169)	(165)
Adjustments during the period	-	-	-	-	-	-	-
Translation adjustments	(1 947)	(4 478)	(1 421)	-	-	(7 846)	1 836
Balance at the End of the Period	**62 813**	**137 906**	**77 606**	**537**	**-**	**278 862**	**68 106**

	31 December 2009						
		Corporates					
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total Includes Movements of Interest and Commission in Suspense for Real Estate Loans
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	57 898	147 932	53 648	-	-	259 478	62 892
Interest and commission suspended during the year	12 265	11 589	39 884	242	-	63 980	1 327
Interest and commission in suspense settled / written off	(1 180)	(19 491)	(3 558)	-	-	(24 229)	(452)
Recoveries	(1 683)	(21 329)	(5 422)	-	-	(28 434)	(358)
Adjustments during the year	(4 187)	(3 467)	(1 790)	-	-	(9 444)	
Translation adjustments	(324)	17 821	(16 557)	-	-	940	1 270
Balance at the End of the Year	**62 789**	**133 055**	**66 205**	**242**	**-**	**262 291**	**64 679**

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

	30 June 2010						
		Corporates					
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total Includes Movements on the Provision for Impairment of Real Estate Loans
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the period	261 509	167 779	375 599	24 090	329	829 306	14 365
Impairment losses charged to income	18 331	12 350	113 268	18 468	660	163 077	4 095
Used from provision (written off)	(14 294)	(2 621)	(369)	(32 938)	-	(50 222)	-
Recoveries	(11 404)	(11 829)	(15 112)	-	(617)	(38 962)	(1 289)
Adjustments during the period	-	-	-	-	1 842	1 842	-
Translation adjustments	(10 262)	(14 473)	(16 386)	119	-	(41 002)	900
Balance at the End of the Period	**243 880**	**151 206**	**457 000**	**9 739**	**2 214**	**864 039**	**18 071**

	31 December 2009						
		Corporates					
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total	The Total Includes Movements on the Provision for Impairment of Real Estate Loans
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at the beginning of the year	238 469	171 711	237 020	-	327	647 527	15 027
Impairment losses charged to income	41 723	21 088	193 439	24 090	-	280 340	1 979
Used from provision (written off)	(449)	(3 556)	(19 868)	-	-	(23 873)	(2)
Recoveries	(16 207)	(33 278)	(26 436)	-	-	(75 921)	(2 639)
Adjustments during the year	(4 463)	11 700	(5 064)	-	-	2 173	-
Translation adjustments	2 436	114	(3 492)	-	2	(940)	-
Balance at the End of the Year	**261 509**	**167 779**	**375 599**	**24 090**	**329**	**829 306**	**14 365**

8- FINANCIAL ASSETS - AVAILABLE FOR SALE

The details of this item are as follows:

	30 June 2010	31 December 2009
	USD '000	USD '000
Treasury bills and bonds	2 730 239	2 440 305
Government bonds	1 385 817	1 495 684
Corporate bonds	1 793 509	1 905 576
Shares	603 015	572 816
Total	**6 512 580**	**6 414 381**

* Included in available-for-sale financial assets, corporate shares stated at cost of USD 310.1 million and bonds and treasury bills stated at cost / amortized cost of USD 2 582 thousand, since the fair value of these financial assets cannot be measured reliably.

Analysis of Bonds Based on Interest Payment:

	30 June 2010	31 December 2009
	USD '000	USD '000
Floating rate	1 849 946	1 909 380
Fixed rate	4 059 619	3 932 185
Total	**5 909 565**	**5 841 565**

Analysis of Financial Assets Based on Market Quotation:

	30 June 2010	31 December 2009
	USD '000	USD '000
Financial assets quoted in the market:		
Treasury bills and bonds	690 086	433 551
Government bonds	485 268	602 390
Corporate bonds	1 653 119	1 862 051
Shares	289 846	357 198
Total	**3 118 319**	**3 255 190**

	30 June 2010	31 December 2009
	USD '000	USD '000
Financial assets unquoted in the market:		
Treasury bills and bonds	2 040 153	2 006 754
Government bonds	900 549	893 293
Corporate bonds	140 390	43 526
Shares	313 169	215 618
Total	**3 394 261**	**3 159 191**

9- FINANCIAL ASSETS HELD TO MATURITY

The details of this item are as follows:

	30 June 2010	31 December 2009
	USD '000	USD '000
Treasury bills and bonds	543 875	668 899
Government bonds	177 718	158 748
Corporate bonds	762 669	1 088 930
	1 484 262	1 916 577
Less: Provision for impairment	19 919	25 844
Total	**1 464 343**	**1 890 733**

Details of movement on the provision for impairment of financial assets - held to maturity are as follows:

	30 June 2010	31 December 2009
	USD '000	USD '000
Balance at the beginning of the period / year	25 844	25 864
Impairment losses charged to income	–	–
Surplus in provision transferred to income	4 886	–
Translation adjustments	(1 039)	(20)
Balance at the End of the Period / year	**19 919**	**25 844**

During the third quarter of the year 2008 and effective from 1 July 2008, the Group reclassified certain securities in debt instruments with a book value of approximately USD 755 million out of "financial assets at fair value through P&L - held for trading" to "financial assets - held to maturity".

The Group was able to apply the fair values as of 1 July 2008 to determine the carrying value at the date of reclassification. If reclassification had not been applied, a positive fair value movement of USD 0.24 million would have been recognized for the period ended June 30, 2010 (positive movement of USD 5.6 million for the period ended 30 June 2009). Interest income of USD 3.18 million has been recognized on such securities for the six months ended 30 June 2010.

The Group expects to recover the full par value of the reclassified securities on maturity. The average effective interest rate of these securities when reclassified was 5.6%.

The fair value of the reclassified securities is shown in the below table:

	30 June 2010		31 December 2009	
	Fair Value	**Book Value**	**Fair Value**	**Book Value**
	USD '000	**USD '000**	**USD '000**	**USD '000**
Financial assets held to maturity at initial recognition	1 051 907	1 120 154	1 178 890	1 229 448
Financial assets reclassified to held to maturity	343 445	344 189	661 283	661 285
Total	**1 395 352**	**1 464 343**	**1 840 173**	**1 890 733**

10- FIXED ASSETS

The Group's additions and disposals of fixed assets during the period amounted to USD 43 146 thousand and USD 5 149 thousand, respectively.

11- INTANGIBLE ASSETS

This item represent intangible assets arising on the acquisition of the following subsidiaries:

	30 June 2010	31 December 2009
	USD '000	USD '000
Al Wahda Bank - Libya	190 782	207 320
Al Arabi Capital Limited	6 612	6 612
Al Nisr Al Arabi Insurance plc	5 194	5 194
Total	**202 588**	**219 126**

12- OTHER ASSETS

The details of this item are as follows:

	30 June 2010	31 December 2009
	USD '000	USD '000
Accrued interest receivable	168 226	191 287
Prepaid expenses	100 874	110 354
Foreclosed assets *	42 457	39 885
Items in transit	8 530	25 190
Miscellaneous assets	165 771	137 160
Total	**485 858**	**503 876**

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

13- CUSTOMER DEPOSITS

The details of this item are as follows:

	30 June 2010				
		Corporates			
	Retail	Small & Medium	Large	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	6 203 661	2 105 628	2 257 850	2 539 439	13 106 578
Savings	1 965 069	15 976	19 330	330	2 000 705
Time and notice	8 432 512	738 477	3 861 433	2 096 947	15 129 369
Certificates of deposit	332 364	24 164	14 429	105 646	476 603
Total	**16 933 606**	**2 884 245**	**6 153 042**	**4 742 362**	**30 713 255**

	31 December 2009				
		Corporates			
	Retail	Small & Medium	Large	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	5 713 207	2 209 404	2 103 902	3 011 588	13 038 101
Savings	2 031 922	39 937	25 548	329	2 097 736
Time and notice	8 923 620	988 055	4 485 060	1 505 588	15 902 323
Certificates of deposit	286 533	19 949	18 037	109 847	434 366
Total	**16 955 282**	**3 257 345**	**6 632 547**	**4 627 352**	**31 472 526**

- Government and public sector deposits amounted to USD 4 742.4 million, or 15.4% of total customer deposits as of 30 June 2010 (USD 4 627.4 million, or 14.7% of total customer deposits as of 31 December 2009).

- Non-interest bearing deposits amounted to USD11 768.8 million, or 38.3% of total customer deposits as of 30 June 2010 (USD 12,143.4 million, or 38.6% of total customer deposits of as of 31 December 2009).

- Blocked deposits amounted to USD 90.6 million, or 0.3% of total customer deposits as of 30 June 2010 (USD 155.2 million, or 0.5% of total customer deposits as of 31 December 2009).

- Dormant deposits amounted to USD 216.5 million, or 0.7% of total customer deposits as of 30 June 2010 (USD 272.3 million, or 0.9% of total customer deposits as of 31 December 2009).

14- BORROWED FUNDS

The details of this item are as follows:

	30 June 2010	31 December 2009
	USD '000	USD '000
From foreign banks and financial institutions *	778 509	614 001
Total	**778 509**	**614 001**

In 2007, the Group issued through its Off-shore Banking Unit in Bahrain a syndicated term loan of USD 500 million for a term of five years and paying interest equivalent to LIBOR + 25 basis points.

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

During the period, the Group issued through Arab Bank Australia Limited a AUD 200 million syndicated term loan for a term of three years at an interest rate equivalent to BBSW + 47 basis points. These bonds are guaranteed by the Australian Government at a cost of 100 basis points.

During the period, the Group borrowed USD 5 million from Overseas Private Investment Corporation through the branches of Arab Bank plc in Jordan for a term of 25 years at an interest rate of 5.015%.

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

	30 June 2010	31 December 2009
	USD '000	USD '000
Floating rate	773 509	614 001
Fixed rate	5 000	-
Total	**778 509**	**614 001**

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	30 June 2010	31 December 2009
	USD '000	USD '000
Balance at the beginning of the period / year	258 596	251 176
Income tax expense	106 990	209 518
Income tax paid	(171 201)	(202 098)
Translation adjustments	(6 500)	-
Balance at the End of the Period / Year	**187 885**	**258 596**

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

	30 June 2010	30 June 2009
	USD '000	USD '000
Income tax	106 990	107 568
Income tax of previous years	-	173
Effect of deferred tax assets	(177)	519
Total	**106 813**	**108 260**

- The legal income tax rate in Jordan is 30% while the income tax rates in the countries where the Bank has investments and branches range from zero to 40%.

16- OTHER LIABILITIES

The details of this item are as follows:

	30 June 2010	31 December 2009
	USD '000	USD '000
Accrued interest payable	108 301	116 598
Notes payable	260 300	237 804
Interest and commission received in advance	123 727	138 404
Accrued expenses	50 814	58 256
Other miscellaneous liabilities	189 378	175 630
Total	**732 520**	**726 692**

17- CAPITAL AND RESERVES

A. The subscribed and paid-up capital amounted to USD 776 million as of 30 June 2010 (USD 776 million as of 31 December 2009).

B. Share premium amounted to USD 1 226.2 million as of 30 June 2010 (USD 1 226.2 million as of 31 December 2009)

C. Treasury shares amounted to 69 015 shares at USD 1.5 million as of 30 June 2010 (69 015 shares at USD 1.5 million as of 31 December 2009) and are deducted from owners' equity. These shares have no voting power or the right to earn dividends.

D. The Bank did not make any appropriation to the legal reserves in accordance with the Companies Law in the interim financial statements as such appropriations are performed at year end.

18- RETAINED EARNINGS

Restricted retained earnings that cannot be distributed or otherwise utilized, except under certain circumstances, amounted to USD 3.5 million as of 30 June 2010 as a result of the adoption of certain International Financial Reporting Standards (USD 3.5 million as of 31 December 2009).

19- PROPOSED DIVIDENDS

During the period ended 30 June 2010, the General Assembly of Shareholders of the Bank approved the Board of Directors' recommendation to distribute 20% of the par value of shares, the Group's total proposed dividends amounted to USD 162 952 thousand, as cash dividends for the year 2009 (USD 213 645 thousand for the year 2008).

20- INTEREST INCOME

The details of this item are as follows:

	30 June 2010	30 June 2009
	USD '000	USD '000
Direct credit facilities *	526 840	593 438
Central banks	59 104	71 737
Banks and financial institutions	19 143	65 359
Financial assets at fair value through P & L - held for trading	824	20 487
Financial assets at fair value through P&L - designated	3 002	3 252
Financial assets - available for sale	130 509	113 606
Financial assets - held to maturity	50 142	82 908
Total	**789 564**	**950 787**

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

30 June 2010

		Corporates				
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills	4 531	5 461	12 607	1 435	619	24 653
Overdrafts	4 223	18 974	75 414	46	7 869	106 526
Loans and advances	71 614	46 782	202 058	5 403	25 049	350 906
Real estate loans	30 286	7 910	69	-	-	38 265
Credit cards	6 490	-	-	-	-	6 490
Total	**117 144**	**79 127**	**290 148**	**6 884**	**33 537**	**526 840**

30 June 2009

		Corporates				
	Retail	Small & Medium	Large	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills	4 076	9 573	18 258	1 133	9 232	42 272
Overdrafts	4 669	24 309	88 137	17	-	117 132
Loans and advances	74 354	38 401	227 748	18 572	29 339	388 414
Real estate loans	31 344	8 235	-	-	-	39 579
Credit cards	6 041	-	-	-	-	6 041
Total	**120 484**	**80 518**	**334 143**	**19 722**	**38 571**	**593 438**

21- INTEREST EXPENSE

The details of this item are as follows:

	30 June 2010	30 June 2009
	USD '000	USD '000
Customer deposits *	228 469	327 876
Banks and financial institutions	35 196	41 897
Cash margin	21 256	48 767
Borrowed funds	7 313	4 621
Deposit insurance fees	7 060	6 703
Total	**299 294**	**429 864**

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

	30 June 2010				
		Corporates			
	Retail	Small & Medium	Large Corporates	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	1 830	1 235	6 066	600	9 731
Savings	16 881	56	165	-	17 102
Time and notice	102 162	11 724	53 674	16 963	184 523
Certificates of deposit	11 333	1 007	525	4 249	17 113
Total	**132 206**	**14 022**	**60 430**	**21 812**	**228 469**

	30 June 2009				
		Corporates			
	Retail	Small & Medium	Large Corporates	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Current and demand	5 937	4 506	3 135	533	14 111
Savings	13 578	95	147	-	13 820
Time and notice	134 011	14 298	123 366	12 766	284 441
Certificates of deposit	12 190	1 049	1 511	754	15 504
Total	**165 716**	**19 948**	**128 159**	**14 053**	**327 876**

22- (LOSS) GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH P&L - HELD FOR TRADING

The details of this item are as follows:

	30 June 2010			
	Realized Gains (Losses)	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	1 068	(4 422)	-	(3 354)
Shares	215	(125)	1 137	1 227
Total	**1 283**	**(4 547)**	**1 137**	**(2 127)**

	30 June 2009			
	Realized Gains (Losses)	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	531	2 996	-	3 527
Shares	536	53	103	692
Total	**1 067**	**3 049**	**103**	**4 219**

23- GAIN (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH P & L - DESIGNATED

The details of this item are as follows:

	30 June 2010			
	Realized Gains (Losses)	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	52	1 036	-	1 088
Shares	-	-	-	-
Total	**52**	**1 036**	**-**	**1 088**

	30 June 2009			
	Realized Gains (Losses)	Unrealized Gains (Losses)	Dividends	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	5 929	(19 212)	-	(13 283)
Shares	-	-	-	-
Total	**5 929**	**(19 212)**	**-**	**(13 283)**

24- GAIN FROM FINANCIAL ASSETS - AVAILABLE FOR SALE

The details of this item are as follows:

	30 June 2010			
	Gain from Sale of Financial Assets	Dividends	Impairment Losses	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	4 903	-	-	4 903
Corporate bonds	3 177	-	-	3 177
Shares	25 040	6 135	(669)	30 506
Total	**33 120**	**6 135**	**(669)**	**38 586**

	30 June 2009			
	Gain from Sale of Financial Assets	Dividends	Impairment Losses	Total
	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	2 655	-	-	2 655
Government bonds	2 782	-	-	2 782
Shares	31	8 726	(3 529)	5 228
Total	**5 468**	**8 726**	**(3 529)**	**10 665**

25- CONTRACTUAL MATURITY OF THE CONTINGENT ACCOUNTS

The Following table shows the maturities of the contingent liabilities and commitments based on the contractual maturity:

A. Banking Commitments

	30 June 2010			
	Within 1 Year	After 1 Year and before 5 Years	After 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	8 158 638	14 166	262	8 173 066
Acceptances	510 230	7 832	-	518 062
Letters of guarantee:				
- Payment guarantees	1 096 626	156 885	166 254	1 419 765
- Performance guarantees	2 051 887	1 774 544	289 111	4 115 542
- Other guarantees	5 423 940	2 533 674	184 380	8 141 994
Unutilized credit facilities	2 556 319	593 453	-	3 149 772
Total	**19 797 640**	**5 080 554**	**640 007**	**25 518 201**

	31 December 2009			
	Within 1 Year	After 1 Year and before 5 Years	After 5 Years	Total
	USD '000	USD '000	USD '000	USD '000
Letters of credit	6 400 143	13 346	13 196	6 426 685
Acceptances	589 271	3 286	-	592 557
Letters of guarantee:				
- Payment guarantees	1 119 272	237 825	192 954	1 550 051
- Performance guarantees	2 312 774	1 422 889	245 554	3 981 217
- Other guarantees	4 071 963	2 616 502	1 574 328	8 262 793
Unutilized credit facilities	2 471 102	1 018 087	128 958	3 618 147
Total	**16 964 525**	**5 311 935**	**2 154 990**	**24 431 450**

B. Non-Banking Commitments

	30 June 2010			
	USD '000	USD '000	USD '000	USD '000
Constructions projects contracts	10 078	-	-	10 078
Procurement contracts	3 801	609	-	4 410
Rent contracts	1 697	8 420	18 684	28 801
Total	**15 576**	**9 029**	**18 684**	**43 289**

	31 December 2009			
	USD '000	USD '000	USD '000	USD '000
Constructions projects contracts	12 580	6 363	-	18 943
Procurement contracts	11 718	355	-	12 073
Rent contracts	1 863	4 494	19 253	25 610
Total	**26 161**	**11 212**	**19 253**	**56 626**

26- CAPITAL MANAGEMENT

The capital adequacy ratio is calculated in accordance with the instructions of the Central Bank of Jordan based on the recommendations of Basel Committee. The following table shows the capital adequacy ratio as of 30 June 2010 in comparison with that as of 31 December 2009:

	30 June 2010	31 December 2009
A- CORE CAPITAL	USD '000	USD '000
Share capital	776 027	776 027
Statutory reserve	451 702	451 702
Voluntary reserve	977 315	977 315
Share premium	1 226 185	1 226 185
General reserve	1 822 824	1 823 321
Retained earnings *	(38 714)	(39 761)
Treasury shares	(1 500)	(1 500)
Intangible assets	(202 588)	(224 499)
Total Core Capital	**5 011 251**	**4 988 790**
B- SUPPLEMENTARY CAPITAL		
Foreign operations translation reserve	36 046	177 728
Available-for-sale financial assets revaluation reserve	5 712	(38 708)
Subordinated loans	35 709	-
General banking risk reserve	342 844	306 770
Total Supplementary Capital	**420 311**	**445 790**
C- INVESTMENTS	543 434	435 817
Regulatory capital (A+B-C)	**4 888 128**	**4 998 763**
Risk-Weighted Assets (RWA)	**30 909 119**	**27 955 389**
Regulatory Capital / Risk-Weighted Assets	15.81%	17.88%
Core Capital / Risk-Weighted Assets	15.33%	17.07%

* Net, after deducting deferred tax assets.

- The Board of Directors performs an overall review of the capital structure of the Bank quarterly. 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.

27- OPERATING SEGMENTS

a) Description of Segments' Activities

The Bank 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:

1. **Corporate and Investment 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 of the management of the Group's assets and liabilities within the framework 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.
   - Stocks.

3. **Elite**

   During 2009, the Group merged the High Net Worth Business of Arab Bank plc with its affluent business (Elite) which lies within Retail, to focus on the Bank's onshore product and services offering to our valued clients while shifting the ownership of the offshore business to Arab Bank (Switzerland) Limited.

   The main benefit of the final model is the Bank's ability to leverage its Retail and Elite distribution network to more effectively address the needs of the Bank's customers for all segments while referring all offshore business to Arab Bank (Switzerland) Limited, which is better positioned and equipped to address all the offshore needs of our High Net Worth customers.

4. **Retail Banking**

   This group provides banking services to individuals, 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.

b. Information about the Group's Operating Segments

	30 June 2010						30 June 2009
	Corporate Banking	Treasury	Elite	Retail Banking	Other	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Net revenue	440 816	216 619	(47 365)	94 040	200 599	904 709	898 830
Net inter-segment interest income	(45 426)	(67 660)	79 795	33 291	-	-	-
Provision for impairment - direct credit facilities	112 148	-	(1 098)	13 065	-	124 115	56 347
Other provisions	838	76	32	1 085	(999)	1 032	5 776
Direct administrative expenses	111 028	20 110	13 752	61 847	-	206 737	260 731
Result of Operations of Segments	**171 376**	**128 773**	**19 744**	**51 334**	**201 598**	**572 825**	**575 976**
Indirect expenses on segments	66 053	28 327	11 220	51 547	5 604	162 751	123 967
Profit before Income Tax	**105 323**	**100 446**	**8 524**	**(213)**	**195 994**	**410 074**	**452 009**
Income tax expense	38 825	30 728	3 823	520	32 917	106 813	108 260
Profit (loss) for the Period	**66 498**	**69 718**	**4 701**	**(733)**	**163 077**	**303 261**	**343 749**
Depreciation and Amortization	8 393	2 267	1 242	11 670	3 613	27 185	23 260

Other information

	30 June 2010						31 December 2009
	Corporate Banking	Treasury	Elite	Retail Banking	Other	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Segment assets	25 325 996	17 400 060	1 294 229	2 081 763	778 638	46 880 686	48 645 483
Inter-segment assets	–	2 851 121	8 230 945	4 181 066	5 739 600	-	-
Investments in associates	–	–	–	–	2 046 419	2 046 419	1 955 106
Total Assets	**25 325 996**	**20 251 181**	**9 525 174**	**6 262 829**	**8 564 657**	**48 927 105**	**50 600 589**
Segment liabilities	20 155 022	4 419 423	9 525 174	6 262 829	481 653	40 844 101	42 503 781
Capital and reserves	–	–	–	–	8 083 004	8 083 004	8 096 808
Inter-segment liabilities	5 170 974	15 831 758	–	–	–	-	-
Total Liabilities	**25 325 996**	**20 251 181**	**9 525 174**	**6 262 829**	**8 564 657**	**48 927 105**	**50 600 589**

28- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The details of balances held with parties are as follows:

	30 June 2010			
	Deposits owed from Related Parties	Direct Credit Facilities	Deposits owed to Related Parties	Letters of Credit, Guarantees, and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associates	233 045	-	74 107	10 815
Major Shareholders and Members of the Board of Directors	394 390	373 033	-	120 900
	627 435	**373 033**	**74 107**	**131 715**

	31 December 2009			
	Deposits owed from Related Parties	Direct Credit Facilities	Deposits owed to Related Parties	Letters of Credit, Guarantees, and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associates	333 981	-	223 153	9 773
Major Shareholders and Members of the Board of Directors	150 655	331 406	-	100 269
	484 636	**331 406**	**223 153**	**110 042**

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

The details of transactions with related parties are as follows:

	30 June 2010	
	Interest Income	Interest Expense
	USD '000	USD '000
Associates	136	198

	30 June 2009	
	Interest Income	Interest Expense
	USD '000	USD '000
Associates	977	467

- 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 Group's key management personnel, inside and outside Jordan, amounted to USD 23.1 million for the period ended 30 June 2010.

29- EARNINGS PER SHARE

The details of this item are as follows:

	30 June	
	2010	**2009**
	USD '000	USD '000
Profit for the period attributable to shareholders of the Bank	281 049	320 845
	Thousand / Shares	
Average number of shares (thousand shares)	533 873	533 873
	USD / Share	
Earning per Share (Basic and Diluted)	**0.53**	**0.60**

30- CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	30 June	
	2010	**2009**
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	10 788 103	9 088 867
Add: Balances with banks and financial institutions maturing within 3 months	3 527 308	5 155 416
Less: Banks and financial institutions deposits maturing within 3 months	4 067 818	5 393 296
Total	**10 247 593**	**8 850 987**

31. 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 the 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. No substantial developments have occurred since then.

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

b. The Bank in New York has entered into an agreement with the Office of the Comptroller of 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.

c. There are other lawsuits filed against the Group totaling USD 76.4 million as of 30 June 2010 (USD 73.2 million a as of December 31, 2009). Management believes that the Group will not be liable to amounts in excess of the booked provision of USD 25.7 million as of 30 June 2010 (USD 32.2 million as of 31 December 2009).

32. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to correspond with the current period figures.