

ARAB BANK GROUP

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

(Reviewed not Audited)

**FOR THE SIX-MONTHS PERIOD ENDED
JUNE 30, 2018**

**TOGETHER WITH REVIEW REPORT ON
INTERIM FINANCIAL STATEMENTS**

ARAB BANK GROUP
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	<u>Page</u>
<u>CONTENTS</u>	
Review Report on Interim Condensed Consolidated Financial Statements	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Income	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Shareholders Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 - 36



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS
ARAB BANK GROUP
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Bank Group as of June 30, 2018, comprising of the interim consolidated statement of financial position as of June 30, 2018 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Amman – Jordan
July 29, 2018

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION

	Notes	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
		USD '000	USD '000
<u>ASSETS</u>			
Cash and balances with central banks	4	7 504 459	7 607 064
Balances with banks and financial institutions	5	2 606 726	3 992 234
Deposits with banks and financial institutions	6	241 601	150 419
Financial assets at fair value through profit or loss	7	542 874	470 654
Financial derivatives - positive fair value		89 355	35 420
Direct credit facilities at amortized cost	9	23 635 440	23 488 575
Financial assets at fair value through other comprehensive income	8	389 105	395 563
Other financial assets at amortized cost	10	7 885 885	7 760 023
Investments in associates		3 182 239	3 226 231
Fixed assets	11	447 982	459 141
Other assets	12	599 154	491 174
Deferred tax assets	15	105 827	87 223
Total Assets		47 230 647	48 163 721
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Banks and financial institutions' deposits		4 197 845	3 927 288
Customers' deposits	13	30 452 701	31 080 459
Cash margin		2 566 149	2 700 289
Financial derivatives - negative fair value		51 776	42 154
Borrowed funds	14	184 556	182 090
Provision for income tax	15	239 153	272 205
Other provisions		310 816	326 040
Other liabilities	16	1 059 923	1 220 231
Deferred tax liabilities		4 335	3 693
Total Liabilities		39 067 254	39 754 449
Share capital	17	926 615	926 615
Share premium		1 225 747	1 225 747
Statutory reserve	17	841 359	841 359
Voluntary reserve		977 315	977 315
General reserve		1 141 824	1 141 824
General banking risks reserve	18	299 997	395 828
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(435 405)	(350 550)
Investments revaluation reserve		(307 679)	(313 438)
Retained earnings	18	1 851 940	1 904 663
Total Equity Attributable to the Shareholders of the Bank		8 062 609	8 290 259
Non-controlling interests		100 784	119 013
Total Shareholders' Equity		8 163 393	8 409 272
Total Liabilities and Shareholders' Equity		47 230 647	48 163 721

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

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

	Notes	For the Six-Months Period Ended June 30,		For the Three-Months Period Ended June 30,	
		2018	2017	2018	2017
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	19	1 066 156	934 981	540 354	479 411
<u>Less:</u> interest expense	20	431 899	368 078	217 647	190 500
Net Interest Income		634 257	566 903	322 707	288 911
Net commission income	21	149 850	154 081	75 362	77 439
Net Interest and Commission Income		784 107	720 984	398 069	366 350
Foreign exchange differences		60 965	38 925	31 278	21 200
Gain from financial assets at fair value through profit or loss	22	2 679	5 325	1 657	2 114
Dividends from financial assets at fair value through other comprehensive income		6 469	6 002	2 654	5 998
Group's share of profits of associates		194 871	189 319	103 201	98 141
Other revenue	23	24 455	26 137	10 393	10 018
Total Income		1 073 546	986 692	547 252	503 821
EXPENSES					
Employees' expenses		240 215	226 972	121 384	114 757
Other expenses		137 765	128 938	73 259	67 759
Depreciation and amortization		28 520	27 235	14 256	13 624
Provision for impairment - ECL		86 460	46 697	38 648	37 303
Other provisions		(1 468)	10 023	4 432	4 645
Total Expenses		491 492	439 865	251 979	238 088
Profit for the Period before Income Tax		582 054	546 827	295 273	265 733
<u>Less:</u> Income tax expense	15	146 078	131 609	79 580	68 721
Profit for the Period		435 976	415 218	215 693	197 012
<u>Attributable to :</u>					
- Bank's shareholders		435 591	409 852	218 463	194 189
- Non-controlling interests		385	5 366	(2 770)	2 823
Total		435 976	415 218	215 693	197 012
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	30	0.68	0.64	0.34	0.30

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

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,	
	2018	2017	2018	2017
	USD '000	USD '000	USD '000	USD '000
Profit for the period	435 976	415 218	215 693	197 012
<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	(90 711)	60 376	(84 511)	28 497
<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	5 912	(1 668)	2 833	2 065
Change in fair value of financial assets at fair value through other comprehensive income	6 001	28	2 767	3 455
Loss from sale of financial assets at fair value through the statement of comprehensive income	(89)	(1 696)	66	(1 390)
Total Other Comprehensive Income Items - after Tax	(84 799)	58 708	(81 678)	30 562
Total Comprehensive Income for the Period	351 177	473 926	134 015	227 574
Attributable to :				
- Bank's shareholders	356 418	474 235	142 813	232 088
- Non-controlling interests	(5 241)	(309)	(8 798)	(4 514)
Total	351 177	473 926	134 015	227 574

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

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

	Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments revaluation reserve	Retained Earnings	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Total Shareholders' Equity
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
For the Six-Months Period Ended June 30, 2018														
Balance at the beginning of the year		926 615	1 225 747	841 359	977 315	1 141 824	395 828	1 540 896	(350 550)	(313 438)	1 904 663	8 290 259	119 013	8 409 272
Effect of IFRS (9) adoption		-	-	-	-	-	-	-	-	-	(142 111)	(142 111)	(8 241)	(150 352)
Amended Balance at the beginning of the year		926 615	1 225 747	841 359	977 315	1 141 824	395 828	1 540 896	(350 550)	(313 438)	1 762 552	8 148 148	110 772	8 258 920
Profit for the period		-	-	-	-	-	-	-	-	-	435 591	435 591	385	435 976
Other comprehensive income for the period		-	-	-	-	-	-	-	(84 855)	5 682	-	(79 173)	(5 626)	(84 799)
Total Comprehensive Income for the Period		-	-	-	-	-	-	-	(84 855)	5 682	435 591	356 418	(5 241)	351 177
Transferred from investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	77	(77)	-	-	-
Transferred from investments revaluation reserve to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	12	12
Dividends paid	18	-	-	-	-	-	-	-	-	-	(368 911)	(368 911)	(4 759)	(373 670)
Transferred from general banking risk reserve	18	-	-	-	-	-	(95 831)	-	-	-	95 831	-	-	-
Changes in associates equity		-	-	-	-	-	-	-	-	-	(74 031)	(74 031)	-	(74 031)
Adjustments during the period	18	-	-	-	-	-	-	-	-	-	985	985	-	985
Balance at the End of the Period		926 615	1 225 747	841 359	977 315	1 141 824	299 997	1 540 896	(435 405)	(307 679)	1 851 940	8 062 609	100 784	8 163 393
For the Six-Months Period Ended June 30, 2017														
Balance at the beginning of the year		926 615	1 225 747	798 443	977 315	1 141 824	363 458	1 540 896	(402 682)	(267 672)	1 738 225	8 042 169	122 367	8 164 536
Profit for the period		-	-	-	-	-	-	-	-	-	409 852	409 852	5 366	415 218
Other comprehensive income for the period		-	-	-	-	-	-	-	65 631	(1 248)	-	64 383	(5 675)	58 708
Total Comprehensive Income for the Period		-	-	-	-	-	-	-	65 631	(1 248)	409 852	474 235	(309)	473 926
Transferred from investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	1 543	(1 543)	-	-	-
Transferred from investments revaluation reserve to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(153)	(153)
Transferred to general banking risk reserve		-	-	-	-	-	14 100	-	-	-	(14 100)	-	-	-
Dividends paid	18	-	-	-	-	-	-	-	-	-	(278 182)	(278 182)	(5 105)	(283 287)
Adjustments during the period		-	-	-	-	-	-	-	-	-	(5 036)	(5 036)	(2 215)	(7 251)
Balance at the End of the Period		926 615	1 225 747	798 443	977 315	1 141 824	377 558	1 540 896	(337 051)	(267 377)	1 849 216	8 233 186	114 585	8 347 771

* The retained earnings include restricted deferred tax assets in the amount of USD 105.8 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 40 thousands. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances as a result of the adoption of certain Accounting Standards amounted to USD 2.8 million as of June 30, 2018.

* The Central Bank of Jordan issued a new regulations No. 13/2018 dated 6 June 2018, in which it requested the transfer of the general banking risk reserve balance (calculated in accordance with the Central Bank of Jordan's regulations) to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings account as of 1 January 2018. The regulations also instructs that the balance of the general banking risk reserve should be restricted and may not be distributed as dividends to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan.

* The Bank cannot use a restricted amount of USD (307.7) million which represents the negative investments revaluation reserve in accordance with the instructions of the Jordan Securities Commission and Central Bank of Jordan as of June 30, 2018.

* Changes in associates equity represents the Group's share from the changes in the associates equities which resulted mainly from the adoption of IFRS 9.

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

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

	Notes	For the Six-Months Period Ended June 30,	
		2018 USD '000	2017 USD '000
<u>CASH FLOWS FROM INCOME ACTIVITIES</u>			
Profit for the period before tax		582 054	546 827
Adjustments for:			
Group's share of profits of associates		(194 871)	(189 319)
Depreciation and amortization		28 520	27 235
Provision for impairment - ECL		86 460	46 697
Net accrued interest		(22 533)	12 672
Dividends on financial assets at fair value through other comprehensive income		(6 469)	(6 002)
(Gains) from revaluation of financial assets at fair value through profit or loss	22	(40)	(1 979)
Other provisions		(1 468)	10 023
Total		471 653	446 154
<u>(Increase) Decrease in Assets:</u>			
Balances with central banks (maturing after 3 months)		-	(136 100)
Deposits with banks and financial institutions (maturing after 3 months)		707 429	(51 711)
Direct credit facilities at amortized cost		(348 237)	(947 526)
Financial assets at fair value through profit or loss		(85 096)	197 723
Other assets and financial derivatives		(162 254)	(54 172)
<u>Increase (Decrease) in Liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		292 294	225 331
Customer's deposits		(627 758)	(312 026)
Cash margin		(134 140)	121 267
Other liabilities and financial derivatives		(113 566)	204 511
Net Cash Flows Used in Operating Activities before Income Tax		325	(306 549)
Income tax paid	15	(177 994)	(161 112)
Net Cash Flows Used in Operating Activities		(177 669)	(467 661)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through other comprehensive income		25 056	(6 349)
(Purchase) of other financial assets at amortized cost		(139 664)	(613 220)
(Increase) of investments in associates		1 848	(1 878)
Dividends received from associates		91 372	44 804
Dividends received from financial assets at fair value through other comprehensive income		6 469	6 002
(Increase) in fixed assets - net		(17 361)	(27 721)
Net Cash Flows Used in Investing Activities		(32 280)	(598 362)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in (paid) borrowed funds		2 466	(61 118)
Dividends paid to shareholders		(365 352)	(273 800)
Dividends paid to non-controlling interests		(4 759)	(5 105)
Net Cash Flows Used in Financing Activities		(367 645)	(340 023)
Net Decrease in cash and cash equivalents		(577 594)	(1 406 046)
Exchange differences - change in foreign exchange rates		(84 855)	65 631
Cash and cash equivalents at the beginning of the Year		7 354 955	8 349 838
Cash and Cash Equivalents at the End of the Period	31	6 692 506	7 009 423

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

ARAB BANK GROUP
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2018,
(REVIEWED NOT AUDITED)

1. GENERAL INFORMATION

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 78 branches in Jordan and 125 branches abroad. Also, the Bank operates through its subsidiaries and Arab Bank (Switzerland) limited.
- Arab Bank Plc shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of Arab Bank Group except for Arab Bank (Switzerland) Limited, the shares of which are stapled with Arab Bank shares and are traded at the same time.
- The accompanying condensed consolidated interim financial statements was approved by the Board of Directors in its meeting Number (5) on July 26, 2018.

2. BASIS OF CONSOLIDATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- The accompanying condensed consolidated interim financial statements of Arab Bank Group, presented in US dollars, comprise the financial statements of Arab Bank plc, 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, 2018	December 31, 2017				
Europe Arab Bank plc	100.00	100.00	2006	Banking	United Kingdom	€570m
Arab Bank Australia Limited	100.00	100.00	1994	Banking	Australia	AUD 94.3m
Islamic International Arab Bank plc	100.00	100.00	1997	Banking	Jordan	JD 100m
Arab National Leasing Company LLC	100.00	100.00	1996	Financial Leasing Brokerage and	Jordan	JD 50m
Al-Arabi Investment Group LLC	100.00	100.00	1996	Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
Al Arabi Investment Group / Palestine	100.00	100.00	2009	Brokerage and Financial Services	Palestine	JD 1.7m
Arab Tunisian Bank	64.24	64.24	1982	Banking	Tunisia	TND 100m
Arab Bank Syria	51.29	51.29	2005	Banking	Syria	SYP 5.05b
Al Nisr Al Arabi Insurance Company	50.00	50.00	2006	Insurance	Jordan	JD 10m

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND POLICIES

Basis of preparation of the Condensed Consolidated Interim Financial Statements

- The accompanying condensed consolidated interim financial statements has been prepared in accordance with 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 condensed consolidated interim financial statements.
- The accompanying condensed consolidated interim financial statements 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, 2017. In addition, the results of the Group's operations for the six months ended June 30, 2018 do not necessarily represent indications of the expected results for the year ending December 31, 2018, 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 statements are consistent with those adopted for the year ended December 31, 2017, except for the adoption of new standards and amendments effective as of January 1, 2018:

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 (2014) Financial Instruments on the required effective date January 1, 2018, the date on which the Group has assessed the requirements of the new expected loss impairment model, hedge accounting, and the revised guidance on the classification and measurement requirements of financial instruments. The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was January 1, 2011.

The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated. The impact of the adoption of IFRS 9 as at January 1, 2018 has been recognised in retained earnings. The standard eliminates the use of IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

IFRS 9 (2014) provides revised guidance on how an entity should classify and measure its financial assets and financial liabilities. IFRS 9 requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group reviewed and assessed the classification and measurement of financial assets and financial liabilities on the adoption of IFRS 9 (2009) and has further reviewed and assessed the existing financial assets and financial liabilities at the date of the required application on January 1, 2018. There have been no material changes in the classification and measurement of financial assets or financial liabilities on the adoption of IFRS 9 (2014).

IFRS 9 (2014) replaces the incurred loss model in IAS 39 Financial Instruments: Recognition and Measurement with an expected credit loss model. The new impairment model also applies to certain loan commitments, financial guarantee contracts, and placements, but not to equity investments.

The impact of this change in accounting policies as at January 1, 2018 has been to decrease owners' equity by USD 150.4 million as follows:-

<i>Effect of implementing the new expected credit loss model</i>	<i>Retained earnings "USD 000"</i>
<i>Due from banks and central banks</i>	6 096
<i>Financial assets at amortized cost</i>	25 000
<i>Loans and advances</i>	138 110
<i>Deferred taxes</i>	(18 854)
<i>Total</i>	<i>150 352</i>
<i>Attributable to:</i>	
<i>Bank's Shareholders</i>	<i>142 111</i>
<i>Non-controlling interests</i>	<i>8 241</i>

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group assessed that the impact of IFRS 15 is not material on the condensed consolidated interim financial statements of the Group.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's condensed consolidated interim financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group's condensed consolidated interim financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Group's condensed consolidated interim financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's condensed consolidated interim financial statements.

Accounting Estimates

- The accounting estimates adopted in the preparation of the condensed consolidated interim financial statements are reasonable and consistent with those adopted for the year ended December 31, 2017, except for ECL as mentioned below.

Use of estimate

Provisions for impairment - ECL

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

The Group computes the provision for impairment of financial assets according to the International Financial Reporting Standards (IFRSs) which are in line with Central Bank of Jordan regulations.

Inputs, assumptions and techniques used for ECL calculation – IFRS9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Group while determining the impact assessment, are:

- **Assessment of Significant Increase in Credit Risk**

To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

Our assessment of significant increases in credit risk will be performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. We have established thresholds for significant increases in credit risk based on movement in PDs relative to initial recognition.
2. Additional qualitative reviews will be performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. Instruments which are 45 days past due have experienced a significant increase in credit risk. Central Bank of Jordan in its instructions requested to apply 60 days past due for significant increase in credit risk which is subject to decrease to 30 days in 3 years. Arab Bank applies 45 days past due in this regard.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39, as mentioned in the "Definition of default" below.

- **Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

The estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.

The base case scenario will be based on macroeconomic forecasts (e.g.: GDP, inflation, interest rate...). Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions. Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant.

Scenarios will be probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis. All scenarios considered will be applied to all portfolios subject to expected credit losses with the same probabilities.

- **Definition of default**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

The Group has set out the definition of default where a default is considered to have occurred when either or both of the two following events have taken place:

- The obligor is considered unlikely to pay its credit obligations in full
- The obligor is past due for 90 days or more on any material credit obligation.

- **Expected Life**

When measuring ECL, the Group must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

4. CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Cash on hand	450 737	522 167
Balances with central banks:		
Current accounts	2 353 044	2 264 604
Time and notice	2 737 588	2 903 838
Mandatory cash reserve	1 635 679	1 554 444
Certificates of deposit	330 064	362 011
<u>Less:</u> Net ECL Charges	(2 653)	-
Total	7 504 459	7 607 064

- Except for the mandatory cash reserve, there are no restricted balances at Central Banks.
- Balances and certificates of deposits maturing after three months amounted to USD 25million as of June 30, 2018 (USD 25 million as of December 31, 2017).

The movement of ECL charges on Balances with Central Banks is as follows:

	June 30, 2018 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2018 (restated)	2 560	-	-	2 560
Net ECL Charges for the period	199	-	-	199
Adjustments during the period and Translation adjustments	(106)	-	-	(106)
Balance at the end of the period	2 653	-	-	2 653

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Current Accounts	5 101	2 466
Time deposits maturing within 3 months	174 443	142 797
Total	179 544	145 263

Banks and financial institutions abroad

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Current accounts	1 240 454	2 226 600
Time deposits maturing within 3 months	1 188 002	1 595 380
Certificates of deposit	-	24 991
Total	2 428 456	3 846 971
<u>Less:</u> Net ECL Charges	(1 274)	-
Total balances with banks and financial institutions local and abroad	2 606 726	3 992 234

- There are no non-interest bearing balances as of June 30, 2018 and December 31, 2017.
- There are no restricted balances as of June 30, 2018 (USD 800 million as of December 31, 2017).

The movement of ECL charges on Balances with Banks & Financial Institutions is as follows:

	June 30, 2018 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2018 (restated)	1 810	-	-	1 810
Net ECL Charges for the period	(396)	-	-	(396)
Adjustments during the period and Translation adjustments	(140)	-	-	(140)
Balance at the end of the period	1 274	-	-	1 274

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	5 127	9 415
Time deposits maturing after one year	63 450	21 150
Total	68 577	30 565

Deposits with Banks and Financial Institutions Abroad:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	138 352	98 214
Time deposits maturing after 6 months and before 9 months	1 182	15 009
Time deposits maturing after 9 months and before a year	28 260	-
Time deposits maturing after one year	6 619	6 631
Total	174 413	119 854

Less: Net ECL Charges

	(1 389)	-
Total deposits with banks and financial institutions Local and Abroad	241 601	150 419

- There are no restricted deposits as of June 30, 2018 and December 31, 2017.

The movement of ECL charges on Deposits with Banks & Financial Institutions is as follows:

	June 30, 2018 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2018 (restated)	1 726	-	-	1 726
Net ECL Charges for the period	(301)	-	-	(301)
Adjustments during the period and Translation adjustments	(36)	-	-	(36)
Balance at the end of the period	1 389	-	-	1 389

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

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Treasury bills and Governmental bonds	192 227	104 620
Corporate bonds	294 203	293 963
Loans and advances	29 624	29 624
Corporate shares	2 078	14 360
Mutual funds	24 742	28 087
Total	542 874	470 654

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

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Quoted shares	196 243	189 573
Unquoted shares	192 862	205 990
Total	389 105	395 563

- Cash dividends from investments above amounted to USD 6.5 million for the six months period ended June 30, 2018 (USD 6 millions for the six months period ended June 30, 2017).
- Realized losses that were transferred from investments revaluation reserve to retained earnings amounted to USD (77) thousands for the six months period ended June 30, 2018. The non-controlling interests share of gain amounted to USD 12 thousands for the six months period ended June 30, 2018. (The realized losses that were transferred from investments revaluation reserve to retained earnings amounted to USD (1.5) millions for the six months period ended June 30, 2017 and the non-controlling interests share of these realized losses was USD (153) thousands for the six months period ended June 30, 2017).

9- DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	June 30, 2018					
	(Reviewed not Audited)					
	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	
Discounted bills *	80 985	145 496	464 509	25 317	917	717 224
Overdrafts *	110 051	1 085 185	3 408 878	2 701	326 386	4 933 201
Loans and advances *	3 201 340	1 799 847	11 288 097	45 083	880 318	17 214 685
Real-estate loans	2 216 958	147 910	92 971	-	-	2 457 839
Credit cards	174 931	-	-	-	-	174 931
Total	5 784 265	3 178 438	15 254 455	73 101	1 207 621	25 497 880
<u>Less:</u> Interest and commission in suspense	68 632	93 742	241 511	7 203	-	411 088
Provision for impairment - ECL	161 071	168 536	1 117 192	414	4 139	1 451 352
Total	229 703	262 278	1 358 703	7 617	4 139	1 862 440
Net Direct Credit Facilities At Amortized Cost	5 554 562	2 916 160	13 895 752	65 484	1 203 482	23 635 440

* Net of interest and commission received in advance which amounted to USD 129.2 million as of June 30, 2018.

- Rescheduled loans during the six months period ended June 30, 2018 amounted to USD 300.9 million .
- Restructured loans (transferred from non performing to watch list loans) during the six months period ended June 30, 2018 amounted to USD 0.8 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 106.2 million, or 0.4% of total direct credit facilities as of June 30, 2018.
- Non-performing direct credit facilities amounted to USD 1613.4 million, or 6.3% of total direct credit facilities as of June 30, 2018.
- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1216 million, or 4.8% of direct credit facilities after deducting interest and commission in suspense as of June 30, 2018.

December 31, 2017

(Audited)

	Consumer Banking	Corporates		Banks and Financial Institutions	Government and Public Sector	Total
		Small and Medium	Large			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Discounted bills *	82 995	156 324	504 971	82 872	2 559	829 721
Overdrafts *	88 990	1 097 629	3 291 990	5 804	376 104	4 860 517
Loans and advances *	3 090 804	1 738 544	11 162 138	47 755	883 293	16 922 534
Real-estate loans	2 155 079	143 555	79 825	-	-	2 378 459
Credit cards	146 980	-	-	-	-	146 980
Total	5 564 848	3 136 052	15 038 924	136 431	1 261 956	25 138 211
<u>Less: Interest and commission in suspense</u>	64 406	94 150	213 160	6 545	-	378 261
Provision for impairment - direct credit facilities at amortized cost	141 121	137 884	989 535	411	2 424	1 271 375
Total	205 527	232 034	1 202 695	6 956	2 424	1 649 636
Net Direct Credit Facilities at Amortized Cost	5 359 321	2 904 018	13 836 229	129 475	1 259 532	23 488 575

* Net of interest and commission received in advance, which amounted to USD 126.9 million as of December 31, 2017.

- Rescheduled loans during the year ended December 31, 2017 amounted to USD 303 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended December 31, 2017 amounted to USD 4.5 million.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of December 31, 2017 amounted to USD 89.8 million, or 0.4% of total direct credit facilities.
- Non-performing direct credit facilities as of December 31, 2017 amounted to USD 1640.9 million, or 6.5% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of December 31, 2017 amounted to USD 1277.6 million, or 5.2 % of direct credit facilities, after deducting interest and commission in suspense.

The details of movement on the provision for impairment of the ECL as of June 30, 2018 are as follows:

	June 30, 2018 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2018 (restated)	85 661	97 229	1 210 024	1 392 914
Transferred to Stage 1	6 800	(6 800)	-	-
Transferred to Stage 2	(7 979)	7 988	(9)	-
Transferred to Stage 3	(10)	(671)	681	-
Used from provision (written off or transferred to off condensed consolidated interim statement of financial position)	-	-	(21 395)	(21 395)
Net ECL Charges for the period	(1 478)	8 646	77 732	84 900
Adjustments during the period and Translation Adjustments	(303)	(3 614)	(1 150)	(5 067)
Balance at the end of the period	82 691	102 778	1 265 883	1 451 352

The details of movement on the provision for impairment of the direct credit facilities at amortized cost as of December 31, 2017 are as follows:

	December 31, 2017 (Audited)					Total USD '000
	Consumer Banking USD '000	Corporates		Banks and Financial Institutions USD '000	Government and Public Sector USD '000	
		Small and Medium USD '000	Large USD '000			
Balance at the beginning of the year	157 567	129 123	1 019 270	398	2 141	1 308 499
Impairment losses charged to income	17 844	26 612	252 211	-	814	297 481
Used from provision (written off or transferred to off condensed consolidated interim statement of financial position)	(23 175)	(7 400)	(278 901)	-	-	(309 476)
Recoveries	(9 357)	(10 963)	(26 214)	-	(570)	(47 104)
Adjustments during the period	(202)	1 914	11 119	-	-	12 831
Translation adjustments	(1 556)	(1 402)	12 050	13	39	9 144
Balance at the End of the year	141 121	137 884	989 535	411	2 424	1 271 375

- There are no provisions no longer required as a result of settlement or repayment, transferred to other non-performing direct credit facilities as of June 30,2018 and December 31, 2017.

- Impairment is assessed based on individual customer accounts.

* Non-performing loans transferred to off condensed consolidated interim statement of financial position amounted to USD 3.5 million as of June 30,2018 (USD 399.3 million as of December 31, 2017) noting that these non-performing direct credit facilities are fully covered by set provisions and suspended interest.

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

June 30, 2018
(Reviewed not Audited)

	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
Balance at the beginning of the year	64 406	94 150	213 160	6 545	-	378 261
Interest and commissions suspended during the period	8 582	4 203	39 964	658	-	53 407
Interest and commissions in suspense settled / written off or transferred to off condensed consolidated interim statement of financial position	(1 626)	(3 569)	(461)	-	-	(5 656)
Recoveries	(1 665)	(501)	(1 784)	-	-	(3 950)
Adjustments during the period	(395)	(6)	(8 584)	-	-	(8 985)
Translation adjustments	(670)	(535)	(784)	-	-	(1 989)
Balance at the End of the Period	68 632	93 742	241 511	7 203	-	411 088

December 31, 2017
(Audited)

	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
Balance at the beginning of the year	80 012	93 649	283 236	5 460	-	462 357
Interest and commissions suspended during the year	15 427	14 376	58 100	1 085	-	88 988
Interest and commissions in suspense settled / written off or transferred to off consolidated statement of financial position	(26 887)	(11 318)	(129 914)	-	-	(168 119)
Recoveries	(3 007)	(2 690)	(2 687)	-	-	(8 384)
Adjustment during the year	(588)	468	120	-	-	-
Translation adjustments	(551)	(335)	4 305	-	-	3 419
Balance at the End of the Year	64 406	94 150	213 160	6 545	-	378 261

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

Economic Sector	Inside Jordan	Outside Jordan	June 30, 2018	December 31,
			(Reviewed not Audited)	2017 (Audited)
	USD '000	USD '000	USD '000	USD '000
Consumer Banking	2 821 709	2 732 853	5 554 562	5 359 321
Industry and mining	1 594 971	2 944 187	4 539 158	4 532 099
Constructions	486 007	1 612 009	2 098 016	2 340 996
Real - Estates	386 921	1 473 476	1 860 397	1 828 221
Trade	1 190 530	3 040 554	4 231 084	4 063 192
Agriculture	166 512	130 649	297 161	277 207
Tourism and Hotels	217 355	375 667	593 022	517 303
Transportations	141 323	381 644	522 967	569 783
Shares	2 807	12 135	14 942	14 663
General Services	707 226	1 947 939	2 655 165	2 596 783
Banks and Financial Institutions	3 868	61 616	65 484	129 475
Government and Public Sector	173 712	1 029 770	1 203 482	1 259 532
Net Direct Credit Facilities at amortized Cost	7 892 941	15 742 499	23 635 440	23 488 575

10- OTHER FINANCIAL ASSETS AT AMOTIZED COST

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited) USD '000	December 31, 2017 (Audited) USD '000
Treasury bills	2 599 176	2 023 661
Governmental bonds and bonds guaranteed by the government	4 092 544	4 149 590
Corporate bonds	1 235 995	1 614 800
<u>Less: Net ECL Charges / Provision for impairment</u>	<u>(41 830)</u>	<u>(28 028)</u>
Total	<u>7 885 885</u>	<u>7 760 023</u>

Analysis of bonds based on interest nature:

	June 30, 2018 (Reviewed not Audited) USD '000	December 31, 2017 (Audited) USD '000
Floating interest rate	587 945	733 333
Fixed interest rate	7 339 770	7 054 718
<u>Less: Net ECL Charges / Provision for impairment</u>	<u>(41 830)</u>	<u>(28 028)</u>
Total	<u>7 885 885</u>	<u>7 760 023</u>

Analysis of financial assets based on market quotation:

	June 30, 2018 (Reviewed not Audited) USD '000	December 31, 2017 (Audited) USD '000
Financial assets quoted in the market:		
Treasury bills	999 998	489 288
Governmental bonds and bonds guaranteed by the government	900 840	1 105 520
Corporate bonds	1 121 589	1 387 040
Total	<u>3 022 427</u>	<u>2 981 848</u>

	June 30, 2018 (Reviewed not Audited) USD '000	December 31, 2017 (Audited) USD '000
Financial assets unquoted in the market:		
Treasury bills	1 599 178	1 534 373
Governmental bonds and bonds guaranteed by the government	3 191 704	3 044 070
Corporate bonds	114 406	227 760
Total	<u>4 905 288</u>	<u>4 806 203</u>
<u>Less: Net ECL Charges / Provision for impairment</u>	<u>(41 830)</u>	<u>(28 028)</u>
Grand Total	<u>7 885 885</u>	<u>7 760 023</u>

The movement of ECL charges on Other Financial Assets at Amortized Cost is as follows:

	June 30, 2018 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2018 (restated)	17 763	7 237	28 028	53 028
Net ECL Charges for the period	12	(1 190)	-	(1 178)
Adjustments during the period and translation adjustments	(292)	(265)	(9 463)	(10 020)
Balance at the end of the period	<u>17 483</u>	<u>5 782</u>	<u>18 565</u>	<u>41 830</u>

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

	December 31, 2017 (Audited) USD '000
Balance at the beginning of the Year	27 142
Translation adjustments	886
Balance at the End of the Year	<u>28 028</u>

During the six months period ended June 30, 2018 certain financial assets at amortized cost with a total amount of USD 167.4 million were sold (USD 49.8 million during the year ended December 31, 2017).

11- FIXED ASSETS

The additions to and disposals of fixed assets during the six months period ended June 30, 2018 amounted to USD 25.3 million and USD 8.5 million respectively (USD 22.3 million and USD 16.6 million for the six months period ended June 30, 2017).

The cost of fully depreciated fixed assets amounted to USD 261.2 million as of June 30, 2018 (USD 242.7 million as of December 31, 2017)

12- OTHER ASSETS

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Accrued interest receivable	199 782	180 381
Prepaid expenses	146 798	111 444
Foreclosed assets *	67 707	59 372
Intangible assets	23 576	23 675
Other miscellaneous assets	161 291	116 302
Total	599 154	491 174

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

13- CUSTOMER'S DEPOSITS

The details of this item are as follows:

	June 30, 2018				
	(Reviewed not Audited)				
	Consumer Banking	Corporates		Government and Public Sector	Total
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	7 866 769	2 037 722	1 918 307	303 001	12 125 799
Savings	3 109 678	173 108	18 705	78	3 301 569
Time and notice	8 183 829	1 053 810	3 001 448	2 417 160	14 656 247
Certificates of deposit	262 918	16 577	31 179	58 412	369 086
Total	19 423 194	3 281 217	4 969 639	2 778 651	30 452 701

	December 31, 2017				
	(Audited)				
	Consumer Banking	Corporates		Government and Public Sector	Total
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	7 791 158	2 069 817	2 158 229	345 585	12 364 789
Savings	3 069 379	162 800	17 935	132	3 250 246
Time and notice	8 196 262	937 523	3 849 366	2 101 530	15 084 681
Certificates of deposit	207 117	13 161	66 419	94 046	380 743
Total	19 263 916	3 183 301	6 091 949	2 541 293	31 080 459

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 729.5 millions, or 2.4% of total customer's deposits as of June 30, 2018 (USD 395 million, or 1.3% of total customer's deposits as of December 31, 2017).
- Non-interest bearing deposits amounted to USD 10792.6 million, or 35.4% of total customer's deposits as of June 30, 2018 (USD 11076.3 million, or 35.6% of total customer's deposits as of December 31, 2017).
- Blocked deposits amounted to USD 131.9 million, or 0.4% of total customer's deposits as of June 30, 2018 (USD 146.8 million, or 0.5% of total customer's deposits as of December 31, 2017).
- Dormant deposits amounted to USD 376.8 million, or 1.2% of total customer's deposits as of June 30, 2018 (USD 395.5 million, or 1.3% of total customer's deposits as of December 31, 2017).

14- BORROWED FUNDS

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
From Central Banks	79 023	66 331
From banks and financial institutions	105 533	115 759
Total	184 556	182 090

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

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Floating interest rate	46 221	27 895
Fixed interest rate	138 335	154 195
Total	184 556	182 090

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Balance at the beginning of the year	272 205	242 377
Income tax expense	144 942	270 281
Income tax paid	(177 994)	(240 453)
Balance at the End of the Period / Year	239 153	272 205

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

	For the six months period ended	
	June 30, 2018 (Reviewed not Audited)	June 30, 2017 (Reviewed not Audited)
	USD '000	USD '000
Income tax expense for the period	144 942	137 191
Effect of deferred tax	1 136	(5 582)
Total	146 078	131 609

- The income tax rate in Jordan is 35%, while the income tax rate in the countries where the Group has investments and branches ranges from zero to 37% as of June 30, 2018 and December 31, 2017.

- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2017 such as Arab Bank United Arab Emirates and 2012 such as Arab Bank Lebanon and Arab Bank Australia Limited

The movement on Deferred Tax Assets is as follows:

	June 30, 2018 (Reviewed not Audited)				
	Balance at the Beginning of the Year (restated)	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Period
	USD '000	USD '000	USD '000	USD '000	USD '000
Items resulted in deferred tax assets:					
Provision for impairment	52 030	11 338	(7 735)	(161)	55 472
End-of-Service indemnity	19 154	1 287	(1 774)	(46)	18 621
Interest in suspense	4 039	1 324	(1 376)	-	3 987
Other	30 854	1 678	(4 182)	(603)	27 747
Total	106 077	15 627	(15 067)	(810)	105 827

16. OTHER LIABILITIES

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Accrued interest payable	152 065	155 197
Notes payable	188 856	181 282
Interest and commission received in advance	86 300	62 780
Accrued expenses	58 270	63 920
Dividends payable to shareholders	18 856	15 297
Provision for impairment - ECL of the indirect credit facilities*	29 675	-
Other miscellaneous liabilities	525 901	741 755
Total	1 059 923	1 220 231

*The details of movement on the provision for impairment of the ECL of the indirect credit facilities are as follows:

	June 30, 2018 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2018 (restated)	11 046	4 641	884	16 571
Transferred to Stage 1	317	(317)	-	-
Transferred to Stage 2	(1 449)	1 449	-	-
Transferred to Stage 3	-	(1)	1	-
Used from provision (written off or transferred to off condensed interim statement of financial position)	-	-	-	-
Net ECL Charges for the period	2 054	1 182	-	3 236
Adjustments during the period and Translation Adjustments	291	1 259	8 318	9 868
Balance at the End of the Period	12 259	8 213	9 203	29 675

17. SHARE CAPITAL AND RESERVES

- A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of June 30, 2018 and December 31, 2017.
- B. The Group did not make any appropriation to the legal reserves, in accordance with companies law, in the interim financial information as such appropriations are performed at year end.

18- RETAINED EARNINGS

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

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Balance at the beginning of the Year	1 904 663	1 738 225
Profit for the period/year attributable to the shareholders of the bank	435 591	521 961
Transferred from investment revaluation reserve to retained earnings	(77)	2 608
Dividends paid*	(368 911)	(278 182)
Transferred to statutory reserve	-	(42 916)
Transferred to general banking risk reserve	-	(32 370)
Transferred from general banking risk reserve **	95 831	-
Changes in associates equity	(74 031)	-
Effect of IFRS (9) adoption **	(142 111)	(4 663)
Adjustment during the period/ year	985	-
Balance at the End of the Period / Year	1 851 940	1 904 663

* The General Assembly of the Arab Bank plc in its meeting held on March 29, 2018 approved the recommendation of the Bank's Board of Directors to distribute 40% of par value as cash dividends for the year 2017 equivalent to USD 361.4 million (The General Assembly of Arab Bank plc in its meeting held on March 31, 2017 approved the recommendation of the Bank's Board of Directors to distribute 30% of par value as cash dividends for the year 2016 equivalent to USD 271.1 million).

** The Central Bank of Jordan issued a new regulations No. 13/2018 dated 6 June 2018, in which it requested the transfer of the general banking risk reserve balance (calculated in accordance with the Central Bank of Jordan's regulations) to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings account as of 1 January 2018. The regulations also instructs that the balance of the general banking risk reserve should be restricted and may not be distributed as dividends to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan.

19- INTEREST INCOME

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	June 30, 2017 (Reviewed not Audited)
	USD '000	USD '000
Direct credit facilities at amortized cost	783 073	686 181
Balances with central banks	35 125	20 936
Balances and deposits with banks and financial institutions	24 667	16 939
Financial assets at fair value through profit or loss	13 484	7 514
Other financial assets at amortized cost	209 807	203 411
Total	1 066 156	934 981

20- INTEREST EXPENSE

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	June 30, 2017 (Reviewed not Audited)
	USD '000	USD '000
Customer deposits	359 039	302 152
Banks and financial institutions deposits	37 188	30 468
Cash margins	20 262	19 079
Borrowed funds	2 806	3 367
Deposit insurance fees	12 604	13 012
Total	431 899	368 078

21- NET COMMISSION INCOME

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	June 30, 2017 (Reviewed not Audited)
	USD '000	USD '000
Commission income:		
Direct credit facilities at amortized cost	47 866	43 819
Indirect credit facilities	60 101	72 174
Assets Under Management	7 007	6 762
Other	53 016	46 683
Less: commission expense	(18 140)	(15 357)
Net Commission Income	149 850	154 081

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

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)			June 30, 2017 (Reviewed not Audited)	
	Realized Gains	Unrealized Gains (Losses)	Dividends	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	2 534	30	-	2 564	4 212
Corporate shares	-	(10)	105	95	449
Mutual funds	-	20	-	20	664
Total	2 534	40	105	2 679	5 325

23- OTHER REVENUE

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	June 30, 2017 (Reviewed not Audited)
	USD '000	USD '000
Revenue from customer services	6 602	11 024
Safe box and other rentals	2 235	2 083
Gain from derivatives	193	169
Miscellaneous revenue	15 425	12 861
Total	24 455	26 137

24. BUSINESS SEGMENTS

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

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

1. Corporate and Institutional Banking

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

2. Treasury

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

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

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

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

3. Consumer Banking

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

Information about the Group's Business Segments

	June 30, 2018 (Reviewed not Audited)					June 30, 2017 (Reviewed not Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Total income	517 976	286 698	(55 809)	109 815	214 866	1 073 546	986 692
Net inter-segment interest income	(121 582)	(115 695)	155 331	81 946	-	-	-
Provision for impairment	82 794	(1 201)	(522)	5 389	-	86 460	46 697
Other provisions	(1 692)	(1 059)	(520)	1 803	-	(1 468)	10 023
Direct administrative expenses	65 576	11 203	16 921	79 687	3 703	177 090	170 307
Result of Operations of Segments	249 716	162 060	83 643	104 882	211 163	811 464	759 665
Indirect expenses on segments	101 529	27 818	24 318	74 412	1 333	229 410	212 838
Profit for the Period before Income Tax	148 187	134 242	59 325	30 470	209 830	582 054	546 827
Income tax expense	34 585	30 207	16 202	13 477	51 607	146 078	131 609
Profit for the Period	113 602	104 035	43 123	16 993	158 223	435 976	415 218
Depreciation and Amortization	8 882	1 954	2 700	14 984	-	28 520	27 235

	June 30, 2018 (Reviewed not Audited)					December 31, 2017 (Audited)	
Other Information	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Segment assets	18 412 081	16 777 493	2 928 422	4 471 177	1 459 235	44 048 408	44 937 490
Inter-segment assets	-	-	11 017 017	2 855 703	4 771 976	-	-
Investments in associates	-	-	-	-	3 182 239	3 182 239	3 226 231
Total Assets	18 412 081	16 777 493	13 945 439	7 326 880	9 413 450	47 230 647	48 163 721
Segment liabilities	13 392 388	3 152 490	13 945 439	7 326 880	1 250 057	39 067 254	39 754 449
Shareholders' Equity	-	-	-	-	8 163 393	8 163 393	8 409 272
Inter-segment liabilities	5 019 693	13 625 003	-	-	-	-	-
Total Liabilities and Shareholders' Equity	18 412 081	16 777 493	13 945 439	7 326 880	9 413 450	47 230 647	48 163 721

25- CONTRACTUAL MATURITY OF THE CONTINGENT LIABILITIES AND COMMITMENTS

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

June 30, 2018				
(Reviewed not Audited)				
	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	1 847 152	16 998	5 452	1 869 602
Acceptances	696 134	5 614	-	701 748
Letters of guarantees:				
- Payment guarantees	708 087	97 878	19 286	825 251
- Performance guarantees	4 319 833	1 412 030	235 047	5 966 910
- Other guarantees	2 766 893	808 451	18 989	3 594 333
Unutilized credit facilities	4 414 377	426 221	28 915	4 869 513
Total	14 752 476	2 767 192	307 689	17 827 357
Construction projects contracts	2 521	10 454	-	12 975
Procurement contracts	1 679	1 511	-	3 190
Operating lease contracts	4 129	14 903	24 707	43 739
Total	8 329	26 868	24 707	59 904
December 31, 2017				
(Audited)				
	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	1 983 811	37 088	-	2 020 899
Acceptances	615 031	12 560	-	627 591
Letters of guarantees:				
- Payment guarantees	692 877	178 387	17 696	888 960
- Performance guarantees	4 225 259	1 647 532	373 879	6 246 670
- Other guarantees	2 739 482	923 654	106 783	3 769 919
Unutilized credit facilities	4 675 784	485 107	177 205	5 338 096
Total	14 932 244	3 284 328	675 563	18 892 135
Construction projects contracts	2 827	10 724	-	13 551
Procurement contracts	6 036	1 964	-	8 000
Operating lease contracts	5 538	20 187	20 686	46 411
Total	14 401	32 875	20 686	67 962

26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:

The details for this items are as follows:

June 30, 2018
(Reviewed not Audited)

	Jordan	Other Arab Countries	Asia *	Europe	America	Rest of the World	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	2 928 897	2 335 731	330	1 775 271	-	13 493	7 053 722
Balances and deposits with banks and financial institutions	247 693	961 015	207 711	930 944	456 315	44 649	2 848 327
Financial assets at fair value through profit or loss	-	260 657	29 478	218 401	-	7 518	516 054
Direct credit facilities at amortized cost	7 892 941	13 864 754	335 216	893 120	55 096	594 313	23 635 440
Consumer Banking	2 821 709	2 361 170	34	112 370	67	259 212	5 554 562
Small and Medium Corporates	899 789	1 476 245	77 989	306 260	27 493	128 384	2 916 160
Large Corporates	3 993 863	8 962 203	256 005	449 428	27 536	206 717	13 895 752
Banks and Financial Institutions	3 868	60 428	1 188	-	-	-	65 484
Government and Public Sector	173 712	1 004 708	-	25 062	-	-	1 203 482
Other financial assets at amortized cost	2 922 148	3 767 197	148 338	440 270	352 975	254 957	7 885 885
Other assets and financial derivatives - positive fair value	99 090	209 264	3 644	117 010	967	5 960	435 935
Total	14 090 769	21 398 618	724 717	4 375 016	865 353	920 890	42 375 363
Total as of December 31, 2017 (Audited)	13 226 685	22 090 839	779 247	4 827 844	1 289 787	1 017 198	43 231 600

* Excluding Arab Countries.

27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

June 30, 2018
(Reviewed not Audited)

	Consumer Banking	Corporations								Banks and Financial Institutions	Government and Public Sector	Total	
		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	
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	7 053 722	7 053 722
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	2 848 327	-	2 848 327
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	294 203	192 227	516 054
Direct credit facilities at amortized cost	5 554 562	4 539 158	2 098 016	1 860 397	4 231 084	297 161	593 022	522 967	14 942	2 655 165	65 484	1 203 482	23 635 440
Other financial assets at amortized cost	-	89 097	-	-	18 763	-	-	-	-	110 816	994 500	6 672 709	7 885 885
Other assets and financial derivatives - positive fair value	34 428	28 793	10 574	5 884	40 207	1 805	3 117	3 505	-	54 420	97 070	156 132	435 935
Total	5 588 990	4 657 048	2 108 590	1 866 281	4 290 054	298 966	596 139	556 096	14 942	2 820 401	4 299 584	15 278 272	42 375 363

December 31, 2017
(Audited)

	Consumer Banking	Corporations								Banks and Financial Institutions	Government and Public Sector	Total	
		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	
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	7 084 897	7 084 897
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	4 142 653	-	4 142 653
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	293 963	104 620	428 207
Direct credit facilities at amortized cost	5 359 321	4 532 099	2 340 996	1 828 221	4 063 192	277 207	517 303	569 783	14 663	2 596 783	129 475	1 259 532	23 488 575
Other financial assets at amortized cost	-	91 786	-	-	40 102	-	-	-	-	125 563	1 329 321	6 173 251	7 760 023
Other assets and financial derivatives - positive fair value	15 695	25 602	9 146	8 790	28 793	1 491	5 500	4 316	-	46 444	45 911	135 557	327 245
Total	5 375 016	4 649 487	2 350 142	1 837 011	4 132 087	278 698	522 803	603 723	14 663	2 768 790	5 941 323	14 757 857	43 231 600

28- CAPITAL MANAGEMENT

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

	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Common Equity Tier 1	7 675 644	7 584 233
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 632 864)	(2 665 636)
Additional Tier 1	9 531	10 493
Supplementary Capital	435 873	416 673
Regulatory Adjustments (Deductions from Supplementary Capital)	-	-
Regulatory Capital	5 488 184	5 345 763
Risk-weighted assets (RWA)	35 550 019	35 615 663
Common Equity Tier 1 Ratio	%14.19	%13.81
Tier 1 Capital Ratio	%14.21	%13.84
Capital Adequacy Ratio	%15.44	%15.01

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

29. Fair Value Hierarchy

Financial Instruments are either financial assets or financial liabilities

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

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

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

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

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

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

Financial Assets /Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	June 30, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)				
	USD '000	USD '000				
Financial Assets at Fair Value						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	192 227	104 620	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	294 203	293 963	Level 1	Quoted Shares	Not Applicable	Not Applicable
Loans and Advances	29 624	29 624	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Shares and mutual funds	26 820	42 447	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	542 874	470 654				
Financial derivatives - positive fair value	89 355	35 420	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	196 243	189 573	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	192 862	205 990	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	389 105	395 563				
Total Financial Assets at Fair Value	1 021 334	901 637				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	51 776	42 154	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	51 776	42 154				

There were no transfers between Level 1 and 2 during the six months period ended June 30, 2018 and the year 2017.

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

Except as detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the banks financial statements approximate their fair values:

	June 30, 2018 (Reviewed not Audited)		December 31, 2017 (Audited)		Fair Value Hierarchy
	Book value	Fair value	Book value	Fair value	
	USD '000	USD '000	USD '000	USD '000	
Financial assets not calculated at fair value					
Mandatory cash reserve, Time and notice balances and Certificates of deposit with central banks	4 700 678	4 702 642	4 820 293	4 821 857	Level 2
Balances and deposits with banks and financial institutions	2 848 327	2 852 594	4 142 653	4 146 766	Level 2
Direct credit facilities at amortized cost	23 635 440	23 739 345	23 488 575	23 567 812	Level 2
Other financial assets at amortized cost	7 885 885	7 960 943	7 760 023	7 842 704	Level 1 & 2
Total financial assets not calculated at fair value	39 070 330	39 255 524	40 211 544	40 379 139	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	4 197 845	4 211 152	3 927 288	3 942 741	Level 2
Customer deposits	30 452 701	30 565 626	31 080 459	31 193 569	Level 2
Cash margin	2 566 149	2 574 476	2 700 289	2 709 764	Level 2
Borrowed funds	184 556	185 986	182 090	183 878	Level 2
Total financial liabilities not calculated at fair value	37 401 251	37 537 240	37 890 126	38 029 952	

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

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

The details of this item are as follows:

	For the Six-Months Period Ended June 30,		For the Three-Months Period Ended June 30,	
	2018	2017	2018	2017
	USD '000	USD '000	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	435 591	409 852	218 463	194 189
	Thousand / Shares		Thousand / Shares	
Average number of shares	640 800	640 800	640 800	640 800
	USD / Share		USD / Share	
Earnings Per Share for the period (Basic and diluted)	0.68	0.64	0.34	0.30

31- **CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	June 30, 2018 (Reviewed not Audited)	June 30, 2017 (Reviewed not Audited)
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	7 482 112	6 825 327
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	2 608 000	3 356 112
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	3 397 606	3 172 016
Total	6 692 506	7 009 423

32. RELATED PARTIES TRANSACTIONS

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

	June 30, 2018 (Reviewed not Audited)			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	131 877	-	293 841	91 604
Major Shareholders and Members of the Board of Directors	-	306 552	651 465	98 897
Total	131 877	306 552	945 306	190 501

	December 31, 2017 (Audited)			
	Deposits owed from Related Parties	Direct Credit Facilities at Amortized Cost	Deposits owed to Related Parties	LCs, LGs, Unutilized Credit Facilities and Acceptances
	USD '000	USD '000	USD '000	USD '000
Associated Companies	135 864	-	112 094	96 837
Major Shareholders and Members of the Board of Directors	-	267 917	361 567	102 448
Total	135 864	267 917	473 661	199 285

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

The details of transactions with related parties are as follows:

	June 30, 2018 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	610	923

	June 30, 2017 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	693	183

- Direct credit facilities granted to top management personnel amounted to USD 1.6 million and indirect credit facilities amounted to USD 11.3 thousand as of June 30, 2018. (USD 1.5 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of December 31, 2017).

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

- Deposits of key management personnel amounted to USD 3.1 million as of June 30, 2018 (USD 2.8 million as of December 31, 2017).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 34.1 million for the six months period ended June 30, 2018 (USD 30.2 million for the Six months period ended June 30, 2017).

33. Legal Cases

- A. In relation to the claims filed by the U.S. plaintiffs pursuant to the Anti-Terrorism Act (ATA) since 2004, and in light of the Court of Appeals for the Second Circuit's decision issued on February 9, 2018 in favor of the Bank, these cases have been dismissed and closed. In relation to the claims filed by non-U.S. plaintiffs pursuant to the Alien Tort Statute (ATS), the U.S. Supreme Court issued its decision on April 24, 2018 dismissing these claims, thus, they have been closed.

- B. There are other lawsuits filed against the Group totaling USD 134.3 million as of June 30, 2018, (USD 164.1 million as of December 31, 2017). In the opinion of the management and the lawyers representing the Group in the litigation at issue, the Group will not be held liable for any amount in excess of the amount of provisions taken in connection with the lawsuits totaling USD 4.4 million as of June 30, 2018, (USD 17 million as of December 31, 2017).

34. Comparative Figures

Some of the comparative figures for the year 2017 have been reclassified to correspond with the period ended June 30, 2018 presentation, and it did not result in any change to the last year's operating results.