

ARAB BANK GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(REVIEWED NOT AUDITED)

30 SEPTEMBER 2018



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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Bank Group as of 30 September 2018, comprising of the interim condensed consolidated statement of financial position as of 30 September 2018 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month 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"). 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
28 October 2018

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	<u>Notes</u>	30 September 2018 USD '000 (Reviewed not Audited)	31 December 2017 USD '000 (Audited)
<u>ASSETS</u>			
Cash and balances with central banks	4	7,247,612	7,607,064
Balances with banks and financial institutions	5	3,314,485	3,992,234
Deposits with banks and financial institutions	6	278,566	150,419
Financial assets at fair value through profit or loss	7	515,302	470,654
Financial derivatives - positive fair value		74,173	35,420
Direct credit facilities at amortized cost	9	23,512,045	23,488,575
Financial assets at fair value through other comprehensive income	8	386,020	395,563
Other financial assets at amortized cost	10	7,889,191	7,760,023
Investments in associates		3,181,047	3,226,231
Fixed assets	11	450,483	459,141
Other assets	12	545,038	491,174
Deferred tax assets	15	108,716	87,223
Total Assets		47,502,678	48,163,721
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Banks and financial institutions' deposits		4,113,964	3,927,288
Customers' deposits	13	30,474,489	31,080,459
Cash margin		2,725,109	2,700,289
Financial derivatives - negative fair value		54,793	42,154
Borrowed funds	14	166,209	182,090
Provision for income tax	15	268,121	272,205
Other provisions		312,742	326,040
Other liabilities	16	1,046,142	1,220,231
Deferred tax liabilities		4,445	3,693
Total Liabilities		39,166,014	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		(466,111)	(350,550)
Investments revaluation reserve		(305,872)	(313,438)
Retained earnings	18	2,058,316	1,904,663
Total Equity Attributable to the Shareholders of the Bank		8,240,086	8,290,259
Non-controlling interests		96,578	119,013
Total Shareholders' Equity		8,336,664	8,409,272
Total Liabilities and Shareholders' Equity		47,502,678	48,163,721

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

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE AND THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Notes	For the Nine-Months Period Ended 30 September		For the Three-Months Period Ended 30 September	
		2018	2017	2018	2017
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	19	1,628,147	1,448,746	561,991	513,765
<u>Less:</u> interest expense	20	664,929	578,612	233,030	210,534
Net Interest Income		963,218	870,134	328,961	303,231
Net commission income	21	224,891	226,977	75,041	72,896
Net Interest and Commission Income		1,188,109	1,097,111	404,002	376,127
Foreign exchange differences		84,171	62,159	23,206	23,234
Gain from financial assets at fair value through profit or loss	22	4,053	5,472	1,374	147
Dividends from financial assets at fair value through other comprehensive income		6,962	6,261	493	259
Group's share of profits of associates		291,894	278,892	97,023	89,573
Other revenue	23	35,971	36,896	11,516	10,759
Total Income		1,611,160	1,486,791	537,614	500,099
EXPENSES					
Employees' expenses		364,616	338,609	124,401	111,637
Other expenses		213,414	197,266	75,649	68,328
Depreciation and amortization		42,631	41,498	14,111	14,263
Provision for impairment of credit losses		123,708	94,136	37,248	47,439
Other provisions		2,225	15,426	3,693	5,403
Total Expenses		746,594	686,935	255,102	247,070
Profit for the Period before Income Tax		864,566	799,856	282,512	253,029
<u>Less:</u> Income tax expense	15	221,408	199,092	75,330	67,483
Profit for the Period		643,158	600,764	207,182	185,546
Attributable to :					
Bank's shareholders		641,958	592,494	206,367	182,642
Non-controlling interests		1,200	8,270	815	2,904
Total		643,158	600,764	207,182	185,546
Earnings per share attributable to the Bank's shareholders					
Basic and Diluted (US Dollars)	30	1.00	0.92	0.32	0.29

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ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE AND THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	For the Nine-Months		For the Three-Months	
	Period Ended 30 September		Period Ended 30 September	
	2018	2017	2018	2017
	USD '000	USD '000	USD '000	USD '000
Profit for the period	643,158	600,764	207,182	185,546
<u>Add:</u> Other comprehensive income items - after tax				
Items that will be subsequently transferred to the statement of Income				
Exchange differences arising on the translation of foreign operations	(125,403)	51,712	(34,692)	(8,664)
Items that will not be subsequently transferred to the statement of Income				
Net change in fair value of financial assets at fair value through other comprehensive income	6,733	(26,829)	821	(25,161)
Change in fair value of financial assets at fair value through other comprehensive income	6,773	(27,135)	772	(27,163)
(Loss) gain from sale of financial assets at fair value through the statement of comprehensive income	(40)	306	49	2,002
Total Other Comprehensive Income Items - after Tax	<u>(118,670)</u>	<u>24,883</u>	<u>(33,871)</u>	<u>(33,825)</u>
Total Comprehensive Income for the Period	<u>524,488</u>	<u>625,647</u>	<u>173,311</u>	<u>151,721</u>
Attributable to:				
Bank's shareholders	533,916	623,502	177,498	149,267
Non-controlling interests	(9,428)	2,145	(4,187)	2,454
Total	<u>524,488</u>	<u>625,647</u>	<u>173,311</u>	<u>151,721</u>

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

**ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)**

	Share Capital USD '000	Share Premium USD '000	Statutory Reserve USD '000	Voluntary Reserve USD '000	General Reserve USD '000	General Banking Risks Reserve USD '000	Reserves with Associates USD '000	Foreign Currency Translation Reserve USD '000	Investments Revaluation Reserve USD '000	Retained Earnings USD '000	Total Equity Attributable to the Shareholders of the Bank		Non-Controlling Interests USD '000	Total Shareholders' Equity USD '000
											USD '000	USD '000		
For the nine-months period ended 30 September 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)	1,904,653	8,290,259	119,013	8,409,272	
Effect of IFRS (9) adoption	-	-	-	-	-	-	-	-	-	(141,766)	(141,766)	(8,241)	(150,007)	
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)	1,762,887	8,148,493	110,772	8,259,265	
Profit for the period	-	-	-	-	-	-	-	-	-	641,958	641,958	1,200	643,158	
Other comprehensive income for the period	-	-	-	-	-	-	-	(115,561)	7,519	-	(108,042)	(10,628)	(118,670)	
Total comprehensive income for the period	-	-	-	-	-	-	-	(115,561)	7,519	641,958	533,916	(9,428)	524,488	
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	47	(47)	-	-	-	
Transferred from investments revaluation reserve to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)	
Dividends paid (Note 18)	-	-	-	-	-	-	-	-	-	(368,911)	(368,911)	(4,759)	(373,670)	
Transferred from general banking risk reserve (Note 18)	-	-	-	-	-	(95,831)	-	-	-	95,831	-	-	-	
Changes in associates equity	-	-	-	-	-	-	-	-	-	(74,397)	(74,397)	-	(74,397)	
Adjustments during the period (Note 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	(466,111)	(305,872)	2,058,316	8,240,086	96,578	8,336,664	

- The retained earnings include restricted deferred tax assets in the amount of USD 108.7 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 1.1 million. Restricted retained earnings that cannot be distributed or otherwise utilized except only under certain circumstances as a result of the adoption of certain Accounting Standards amounted to USD 2.8 million as of 30 September 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 (305.9) 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 30 September 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.

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ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Share Capital USD '000	Share Premium USD '000	Statutory Reserve USD '000	Voluntary Reserve USD '000	General Reserve USD '000	General Banking Risks Reserve USD '000	Reserves with Associates USD '000	Foreign Currency Translation Reserve USD '000	Investments Revaluation Reserve USD '000	Retained Earnings USD '000	Shareholders of the Bank USD '000	Total Equity		
												Attributable to the Shareholders of the Bank USD '000	Non-Controlling Interests USD '000	Total Shareholders' Equity USD '000
For the nine-months period ended 30 September 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	-	-	-	-	-	-	-	-	-	592,494	592,494	8,270	600,764	
Other comprehensive income for the period	-	-	-	-	-	-	-	57,292	(26,284)	-	31,008	(6,125)	24,883	
Total comprehensive income for the period	-	-	-	-	-	-	-	57,292	(26,284)	592,494	623,502	2,145	625,647	
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	(290)	290	-	-	-	
Transferred from investments revaluation reserve to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	
Transferred to general banking risk reserve	-	-	-	-	-	14,100	-	-	-	(14,100)	-	-	-	
Dividends paid (Note 18)	-	-	-	-	-	-	-	-	-	(278,162)	(278,162)	(5,105)	(283,267)	
Adjustments during the period	-	-	-	-	-	-	-	-	-	(5,782)	(5,782)	(2,352)	(8,134)	
Balance at the end of the period	926,615	1,225,747	798,443	977,315	1,141,824	377,558	1,540,896	(345,390)	(294,246)	2,032,945	8,381,707	117,039	8,498,746	

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ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Notes	For the Nine-Months Period Ended 30 September	
		2018	2017
		USD '000	USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		864,566	799,856
Adjustments for:			
Group's share of profits of associates		(291,894)	(278,892)
Depreciation and amortization		42,631	41,498
Provision for impairment of credit losses		123,708	94,136
Net accrued interest		14,437	23,668
Gains from sale of fixed assets		(184)	(431)
Dividends on financial assets at fair value through other comprehensive income		(6,962)	(6,261)
Gains from revaluation of financial assets at fair value through profit or loss	22	(1,103)	(1,813)
Other provisions		2,225	15,426
Total		747,424	687,187
<u>(Increase) Decrease in Assets:</u>			
Balances with central banks (maturing after 3 months)		-	(27,220)
Deposits with banks and financial institutions (maturing after 3 months)		669,885	(56,878)
Direct credit facilities at amortized cost		(263,416)	(1,375,585)
Financial assets at fair value through profit or loss		(43,545)	221,676
Other assets and financial derivatives		(97,323)	(42,486)
<u>Increase (Decrease) in Liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		222,073	324,884
Customer's deposits		(605,970)	(187,358)
Cash margin		24,820	127,057
Other liabilities and financial derivatives		(149,896)	21,615
Net cash flows from (used in) operating activities before income tax		504,052	(307,108)
Income tax paid	15	(226,970)	(215,109)
Net cash flows from (used in) operating activities		277,082	(522,217)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Sale of financial assets at fair value through other comprehensive income		17,062	1,808
(Purchase) of other financial assets at amortized cost		(152,038)	(1,022,169)
(Increase) of investments in associates		(1,252)	(2,660)
Dividends received from associates		190,484	169,615
Dividends received from financial assets at fair value through other comprehensive income		6,962	6,261
(Increase) in fixed assets - net		(33,789)	(37,175)
Net cash flows from (used in) investing activities		27,429	(884,320)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Borrowed funds		(15,881)	(55,038)
Dividends paid to shareholders		(366,262)	(275,021)
Dividends paid to non-controlling interests		(4,759)	(5,105)
Net cash flows used in financing activities		(386,902)	(335,164)
Net decrease in cash and cash equivalents		(82,391)	(1,741,701)
Exchange differences - change in foreign exchange rates		(115,561)	57,292
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	7,157,003	6,665,429

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

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 - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 78 branches in Jordan and 126 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 interim condensed consolidated financial statements were approved by the Board of Directors in its meeting Number (6) on 27 October 2018.

2. BASIS OF CONSOLIDATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim condensed consolidated 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
	30 September 2018	31 December 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 Brokerage and	Sudan	SDG 117.5m
Al Arabi Investment Group / Palestine	100.00	100.00	2009	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 interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries.

The interim condensed consolidated 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 interim condensed 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 are included in the interim condensed consolidated 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 interim condensed consolidated 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 interim consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND POLICIES

Basis of preparation of the Interim Condensed Consolidated Financial Statements

The accompanying interim condensed consolidated financial statements has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The interim condensed consolidated 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 interim condensed consolidated financial statements.

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

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 (2014) Financial Instruments on the required effective date 1 January 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 1 January 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 1 January 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 1 January 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 1 January 2018 has been to decrease owners' equity by USD 150 million as follows:

Effect of implementing the new expected credit loss model:	Retained earnings
	USD '000
Due from banks and central banks	6,096
Financial assets at amortized cost	25,000
Loans and advances	138,110
Deferred taxes	(19,199)
Total	150,007
Attributable to:	
Bank's Shareholders	141,766
Non-controlling interests	8,241

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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated financial statements.

ACCOUNTING ESTIMATES

The accounting estimates adopted in the preparation of the interim condensed consolidated financial statements are reasonable and consistent with those adopted for the year ended 31 December 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 – IFRS 9 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 Group 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:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Cash on hand	474,939	522,167
Balances with central banks:		
Current accounts	2,488,082	2,264,604
Time and notice	2,323,587	2,903,838
Mandatory cash reserve	1,609,221	1,554,444
Certificates of deposit	354,323	362,011
<u>Less: Net ECL Charges</u>	<u>(2,540)</u>	<u>-</u>
Total	<u>7,247,612</u>	<u>7,607,064</u>

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 25 million as of 30 September 2018 (USD 25 million as of 31 December 2017).

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

	30 September 2018 (Reviewed not Audited)			
	Stage 1 USD '000	Stage 2 USD '000	Stage 3 USD '000	Total USD '000
Balance as of 1 January 2018 (restated)	2,560	-	-	2,560
Net ECL Charges for the period	149	-	-	149
Adjustments during the period and Translation adjustments	(169)	-	-	(169)
Balance at the end of the period	<u>2,540</u>	<u>-</u>	<u>-</u>	<u>2,540</u>

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local Banks And Financial Institutions

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Current Accounts	3,064	2,466
Time deposits maturing within 3 months	233,600	142,797
Total	236,664	145,263

Banks and Financial Institutions Abroad

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Current accounts	1,376,047	2,226,600
Time deposits maturing within 3 months	1,703,086	1,595,380
Certificates of deposit	-	24,991
Total	3,079,133	3,846,971
Less: Net ECL Charges	(1,312)	-
Total balances with banks and financial institutions local and abroad	3,314,485	3,992,234

There are no non-interest bearing balances as of 30 September 2018 and 31 December 2017.

There are no restricted balances as of 30 September 2018 (USD 800 million as of 31 December 2017).

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

	30 September 2018 (Reviewed not Audited)			
	USD '000 Stage 1	USD '000 Stage 2	USD '000 Stage 3	USD '000 Total
Balance as of 1 January 2018 (restated)	1,810	-	-	1,810
Net ECL Charges for the period	(415)	-	-	(415)
Adjustments during the period and Translation adjustments	(83)	-	-	(83)
Balance at the end of the period	1,312	-	-	1,312

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Deposits with Local Banks and Financial Institutions:		
Time deposits maturing after 3 months and before 6 months	9,538	9,415
Time deposits maturing after one year	84,002	21,150
Total	93,540	30,565
	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Deposits with Banks and Financial Institutions Abroad:		
Time deposits maturing after 3 months and before 6 months	151,765	98,214
Time deposits maturing after 6 months and before 9 months	28,563	15,009
Time deposits maturing after one year	6,599	6,631
Total	186,927	119,854
Less: Net ECL Charges	(1,901)	-
Total deposits with banks and financial institutions local and abroad	278,566	150,419

There are no restricted deposits as of 30 September 2018 and 31 December 2017.

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

	30 September 2018 (Reviewed not Audited)			
	USD '000 Stage 1	USD '000 Stage 2	USD '000 Stage 3	USD '000 Total
Balance as of 1 January 2018 (restated)	1,726	-	-	1,726
Net ECL charges for the period	159	-	-	159
Adjustments during the period and translation adjustments	16	-	-	16
Balance at the end of the period	1,901	-	-	1,901

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Treasury bills and Governmental bonds	166,295	104,620
Corporate bonds	294,822	293,963
Loans and advances	29,624	29,624
Corporate shares	1,867	14,360
Mutual funds	22,694	28,087
Total	515,302	470,654

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Quoted shares	198,276	189,573
Unquoted shares	187,744	205,990
Total	386,020	395,563

Cash dividends from investments above amounted to USD 7 million for the nine-month period ended 30 September 2018 (USD 6.3 million for the nine-month period ended 30 September 2017).

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

9. DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	30 September 2018 (Reviewed not 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	USD '000
Discounted bills *	78,705	138,737	468,560	66,210	1,852	754,064
Overdrafts *	103,719	1,166,175	3,449,593	2,692	231,423	4,953,602
Loans and advances *	3,181,871	1,848,554	11,156,743	45,455	851,145	17,083,768
Real-estate loans	2,207,047	161,170	92,659	-	-	2,460,876
Credit cards	168,446	-	-	-	-	168,446
Total	5,739,788	3,314,636	15,167,555	114,357	1,084,420	25,420,756
Less: Interest and commission in suspense	71,176	97,889	257,348	7,576	-	433,989
Provision for impairment - ECL	162,392	171,197	1,136,490	474	4,169	1,474,722
Total	233,568	269,086	1,393,838	8,050	4,169	1,908,711
Net direct credit facilities at amortized cost	5,506,220	3,045,550	13,773,717	106,307	1,080,251	23,512,045

* Net of interest and commission received in advance which amounted to USD 131.8 million as of 30 September 2018.

- Rescheduled loans during the nine-months period ended 30 September 2018 amounted to USD 344.4 million.

- Restructured loans (transferred from non performing to watch list loans) during the nine-months period ended 30 September 2018 amounted to USD 2.1 million.

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 67.4 million, or 0.3% of total direct credit facilities as of 30 September 2018.

- Non-performing direct credit facilities amounted to USD 1,685.1 million, or 6.6% of total direct credit facilities as of 30 September 2018.

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1,264.7 million, or 5.1% of direct credit facilities after deducting interest and commission in suspense as of 30 September 2018.

ARAB BANK GROUP
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2018 (UNAUDITED)

	31 December 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
Less: Interest and commission in suspense	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 31 December 2017.

- Rescheduled loans during the year ended 31 December 2017 amounted to USD 303 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2017 amounted to USD 4.5 million.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2017 amounted to USD 89.8 million, or 0.4% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2017 amounted to USD 1,640.9 million, or 6.5% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of 31 December 2017 amounted to USD 1,277.6 million, or 5.2% of direct credit facilities, after deducting interest and commission in suspense.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

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

	30 September 2018 (Reviewed not Audited)			
	Stage 1 USD '000	Stage 2 USD '000	Stage 3 USD '000	Total USD '000
Balance as of 1 January 2018 (restated)	85,661	97,229	1,210,024	1,392,914
Transferred to Stage 1	1,529	(1,070)	(459)	-
Transferred to Stage 2	(11,064)	13,105	(2,041)	-
Transferred to Stage 3	(102)	(11,010)	11,112	-
Used from provision (written off or transferred to off interim consolidated statement of financial position)	-	-	(28,465)	(28,465)
Net ECL Charges for the period	(177)	(1,299)	119,734	118,258
Adjustments during the period and Translation Adjustments	10,188	(12,212)	(5,961)	(7,985)
Balance at the end of the period	86,035	84,743	1,303,944	1,474,722

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

	31 December 2017 (Audited)					
	Consumer Banking USD '000	Corporates		Banks and Financial Institutions USD '000	Government and Public Sector USD '000	Total 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 interim consolidated 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 year	(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

ARAB BANK GROUP
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2018 (UNAUDITED)

- There are no provisions no longer required as a result of settlement or repayment, transferred to other non-performing direct credit facilities as of 30 September 2018 and 31 December 2017.
- Impairment is assessed based on individual customer accounts.
- Non-performing loans transferred to off interim consolidated statement of financial position amounted to USD 3.5 million as of 30 September 2018 (USD 399.3 million as of 31 December 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:

	30 September 2018 (Reviewed not 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	64,406	94,150	213,160	6,545	-	378,261	
Interest and commissions suspended during the period	13,247	9,205	56,621	1,031	-	80,104	
Interest and commissions in suspense settled / written off or transferred to off interim condensed consolidated statement of financial position	(1,973)	(3,620)	(466)	-	-	(6,059)	
Recoveries	(2,813)	(617)	(2,061)	-	-	(5,491)	
Adjustments during the period	(361)	7	(8,611)	-	-	(8,965)	
Translation adjustments	(1,330)	(1,236)	(1,295)	-	-	(3,861)	
Balance at the end of the period	71,176	97,889	257,348	7,576	-	433,989	

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

	31 December 2017 (Audited)					Total USD '000
	Corporates			Banks and Financial Institutions USD '000	Government and Public Sector USD '000	
	Consumer Banking USD '000	Small and Medium USD '000	Large 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 condensed consolidated statement of financial position Recoveries	(26,887) (3,007)	(11,318) (2,690)	(129,914) (2,687)	-	-	(168,119) (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

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

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

Economic Sector	Inside Jordan	Outside Jordan	30 September 2018	31 December 2017
	USD '000	USD '000	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Consumer Banking	2,857,812	2,648,408	5,506,220	5,359,321
Industry and Mining	1,620,649	2,503,449	4,124,098	4,532,099
Constructions	424,050	1,614,062	2,038,112	2,340,996
Real Estates	363,887	1,452,115	1,816,002	1,828,221
Trade	1,185,081	3,316,794	4,501,875	4,063,192
Agriculture	173,394	346,459	519,853	277,207
Tourism and Hotels	206,845	461,918	668,763	517,303
Transportations	133,182	384,068	517,250	569,783
Shares	20	11,985	12,005	14,663
General Services	722,359	1,898,950	2,621,309	2,596,783
Banks and Financial Institutions	21,712	84,595	106,307	129,475
Government and Public Sector	138,403	941,848	1,080,251	1,259,532
Net direct credit facilities at amortized cost	7,847,394	15,664,651	23,512,045	23,488,575

10. OTHER FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	30 September 2018	31 December 2017
	USD '000	USD '000
	(Reviewed not Audited)	(Audited)
Treasury bills	2,314,083	2,023,661
Governmental bonds and bonds guaranteed by the government	4,325,401	4,149,590
Corporate bonds	1,290,427	1,614,800
<u>Less: Net ECL Charges / Provision for impairment</u>	<u>(40,720)</u>	<u>(28,028)</u>
Total	<u>7,889,191</u>	<u>7,760,023</u>

Analysis of bonds based on interest nature:

	30 September 2018	31 December 2017
	USD '000	USD '000
	(Reviewed not Audited)	(Audited)
Floating interest rate	518,322	733,333
Fixed interest rate	7,411,589	7,054,718
<u>Less: Net ECL Charges / Provision for impairment</u>	<u>(40,720)</u>	<u>(28,028)</u>
Total	<u>7,889,191</u>	<u>7,760,023</u>

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

Analysis of financial assets based on market quotation:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Financial assets quoted in the market:		
Treasury bills	670,853	489,288
Governmental bonds and bonds guaranteed by the government	890,185	1,105,520
Corporate bonds	1,197,913	1,387,040
Total	2,758,951	2,981,848
	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Financial assets unquoted in the market:		
Treasury bills	1,643,230	1,534,373
Governmental bonds and bonds guaranteed by the government	3,435,216	3,044,070
Corporate bonds	92,514	227,760
Total	5,170,960	4,806,203
Less: Net ECL Charges / Provision for impairment	(40,720)	(28,028)
Grand Total	7,889,191	7,760,023

The movement of ECL charges on other financial assets at amortized cost is as follows:

	30 September 2018 (Reviewed not Audited)			
	Stage 1	Stage 2	Stage 3	Total
	USD '000	USD '000	USD '000	USD '000
Balance as of 1 January 2018 (restated)	17,763	7,237	28,028	53,028
Net ECL Charges for the period	(346)	(1,784)	-	(2,130)
Transfer to stage (1)	10	(10)	-	-
Adjustments during the period and translation adjustments	(287)	(428)	(9,463)	(10,178)
Balance at the end of the period	17,140	5,015	18,565	40,720

ARAB BANK GROUP
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2018 (UNAUDITED)

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

	31 December 2017 USD (Audited)
Balance at the beginning of the year	27,142
Translation adjustments	886
Balance at the end of the year	28,028

During the nine-months period ended 30 September 2018 certain financial assets at amortized cost with a total amount of USD 167.5 million were sold (USD 49.8 million during the year ended 31 December 2017).

11. FIXED ASSETS

The additions to and disposals of fixed assets during the nine-months period ended 30 September 2018 amounted to USD 40.9 million and USD 16.2 million respectively (USD 32.8 million and USD 21.4 million for the nine-months period ended 30 September 2017).

The cost of fully depreciated fixed assets amounted to USD 258.6 million as of 30 September 2018 (USD 242.7 million as of 31 December 2017).

12. OTHER ASSETS

The details of this item are as follows:

	30 September 2018 USD '000 (Reviewed not Audited)	31 December 2017 USD '000 (Audited)
Accrued interest receivable	176,491	180,381
Prepaid expenses	129,143	111,444
Foreclosed assets*	67,828	59,372
Intangible assets	23,876	23,675
Other miscellaneous assets	147,700	116,302
Total	545,038	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. CUSTOMERS' DEPOSITS

The details of this item are as follows:

	30 September 2018 (Reviewed not Audited)				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
USD '000	USD '000	USD '000	USD '000	USD '000	
Current and demand	7,731,452	2,088,132	2,073,915	289,031	12,182,530
Savings	3,010,579	170,605	20,430	82	3,201,696
Time and notice	8,537,579	903,554	3,139,165	2,132,691	14,712,989
Certificates of deposit	284,615	18,388	39,314	34,957	377,274
Total	19,564,225	3,180,679	5,272,824	2,456,761	30,474,489

	31 December 2017 (Audited)				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small and Medium	Large		
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 587 millions, or 1.9% of total customers' deposits as of 30 September 2018 (USD 395 million, or 1.3% of total customers' deposits as of 31 December 2017).
- Non-interest bearing deposits amounted to USD 10,795.4 million, or 35.4% of total customers' deposits as of 30 September 2018 (USD 11,076.3 million, or 35.6% of total customers' deposits as of 31 December 2017).
- Blocked deposits amounted to USD 105.8 million, or 0.4% of total customers' deposits as of 30 September 2018 (USD 146.8 million, or 0.5% of total customers' deposits as of 31 December 2017).
- Dormant deposits amounted to USD 372.3 million, or 1.2% of total customers' deposits as of 30 September 2018 (USD 395.5 million, or 1.3% of total customers' deposits as of 31 December 2017).

14. BORROWED FUNDS

The details of this item are as follows:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
From Central Banks	78,545	66,331
From banks and financial institutions	87,664	115,759
Total	166,209	182,090

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

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Floating interest rate	43,747	27,895
Fixed interest rate	122,462	154,195
Total	166,209	182,090

15. Provision FOR INCOME TAX

The details of this item are as follows:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Balance at the beginning of the year	272,205	242,377
Income tax expense	222,886	270,281
Income tax paid	(226,970)	(240,453)
Balance at the end of the period / year	268,121	272,205

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

	30 September 2018	30 September 2017
	USD '000 (Reviewed not Audited)	USD '000 (Reviewed not Audited)
Income tax expense for the period	222,886	205,530
Effect of deferred tax	(1,478)	(6,438)
Total	221,408	199,092

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

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 30 September 2018 and 31 December 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:

Items resulted in deferred tax assets:	30 September 2018 (Reviewed not Audited)				
	Balance at the beginning of the year (restated) USD '000	Amounts added USD '000	Amounts released USD '000	Adjustments during the period and translation adjustments USD '000	Balance at the end of the period USD '000
Provision for impairment	52,375	16,140	(11,376)	356	57,495
End-of-Service indemnity	19,154	1,897	(2,104)	(53)	18,894
Interest in suspense	4,039	2,613	(1,476)	-	5,176
Other	30,854	1,314	(4,022)	(995)	27,151
Total	106,422	21,964	(18,978)	(692)	108,716

16. OTHER LIABILITIES

The details of this item are as follows:

	30 September 2018 USD '000 (Reviewed not Audited)	31 December 2017 USD '000 (Audited)
Accrued interest payable	165,744	155,197
Notes payable	148,223	181,282
Interest and commission received in advance	72,159	62,780
Accrued expenses	66,932	63,920
Dividends payable to shareholders	17,946	15,297
Provision for impairment - ECL of the indirect credit facilities*	33,866	-
Other miscellaneous liabilities	541,272	741,755
Total	1,046,142	1,220,231

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

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

	30 September 2018 (Reviewed not Audited)			
	Stage 1	Stage 2	Stage 3	Total
	USD '000	USD '000	USD '000	USD '000
Balance as of 1 January 2018 (restated)	11,046	4,641	884	16,571
Transferred to Stage 1	1,048	(1,048)	-	-
Transferred to Stage 2	(597)	597	-	-
Transferred to Stage 3	(4)	-	4	-
Net ECL Charges for the period	3,730	4,438	(481)	7,687
Adjustments during the period and Translation Adjustments	742	(56)	8,922	9,608
Balance at the end of the period	15,965	8,572	9,329	33,866

17. SHARE CAPITAL AND RESERVES

- A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 30 September 2018 and 31 December 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:

	30 September	31 December
	2018	2017
	USD '000	USD '000
	(Reviewed not Audited)	(Audited)
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	641,958	521,961
Transferred from investment revaluation reserve to retained earnings	(47)	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	(74,397)	-
Effect of IFRS (9) adoption **	(141,766)	-
Adjustment during the period/ year	985	(4,663)
Balance at the end of the period / year	2,058,316	1,904,663

- * The General Assembly of the Arab Bank plc in its meeting held on 29 March 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 31 March 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:

	30 September 2018	September 30 2017
	USD '000 (Reviewed not Audited)	USD '000 (Reviewed not Audited)
Direct credit facilities at amortized cost	1,191,657	1,060,725
Balances with central banks	51,785	35,320
Balances and deposits with banks and financial institutions	40,229	27,458
Financial assets at fair value through profit or loss	22,259	12,027
Other financial assets at amortized cost	322,217	313,216
Total	1,628,147	1,448,746

20. INTEREST EXPENSE

The details of this item are as follows:

	30 September 2018	30 September 2017
	USD '000 (Reviewed not Audited)	USD '000 (Reviewed not Audited)
Customers' deposits	545,349	474,912
Banks and financial institutions deposits	64,432	49,786
Cash margins	31,625	29,226
Borrowed funds	4,604	5,191
Deposit insurance fees	18,919	19,497
Total	664,929	578,612

ARAB BANK GROUP
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2018 (UNAUDITED)

21. NET COMMISSION INCOME

The details of this item are as follows:

	30 September 2018	September 30 2017
	USD '000 (Reviewed not Audited)	USD '000 (Reviewed not Audited)
Commission income:		
Direct credit facilities at amortized cost	72,164	65,556
Indirect credit facilities	89,952	104,090
Assets Under Management	10,961	9,378
Other	79,552	73,114
<u>Less: commission expense</u>	<u>(27,738)</u>	<u>(25,161)</u>
Net Commission Income	<u>224,891</u>	<u>226,977</u>

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

The details of this item are as follows:

	30 September 2018 (Reviewed not Audited)			30 September 2017 (Reviewed not Audited)
	Realized Gains USD '000	Unrealized Gains (Losses) USD '000	Dividends USD '000	Total USD '000
Treasury bills and bonds	2,844	978	-	3,822
Corporate shares	-	(74)	106	32
Mutual funds	-	199	-	199
Total	<u>2,844</u>	<u>1,103</u>	<u>106</u>	<u>4,053</u>
				<u>5,472</u>

23. OTHER REVENUE

The details of this item are as follows:

	30 September 2018	September 30 2017
	USD '000 (Reviewed not Audited)	USD '000 (Reviewed not Audited)
Revenue from customer services	10,214	14,286
Safe box and other rentals	3,208	2,937
(Loss) gain from derivatives	(726)	17
Miscellaneous revenue	23,275	19,656
Total	<u>35,971</u>	<u>36,896</u>

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.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

* Information about the Group's Business Segments

	30 September 2018 (Reviewed not Audited)					30 September 2017 (Reviewed not Audited)	
	Consumer Banking			Retail Banking			Total USD '000
	Treasury USD '000	Elite USD '000	Banking USD '000	Other USD '000	Total USD '000		
Corporate and Institutional Banking USD '000							
Total income	787,532	(92,430)	167,428	319,509	1,611,160	1,486,791	
Net inter-segment interest income	(194,892)	242,340	122,299	-	-	-	
Provision for impairment of credit losses	116,916	983	7,537	-	123,708	94,136	
Other provisions	(150)	(137)	3,052	-	2,225	15,426	
Direct administrative expenses	100,911	24,581	122,206	6,355	271,208	258,807	
Result of Operations of Segments	374,963	124,483	156,932	313,154	1,214,019	1,118,422	
Indirect expenses on segments	154,638	37,981	110,358	1,942	349,453	318,566	
Profit for the Period before Income Tax	220,325	86,502	46,574	311,212	864,566	799,856	
Income tax expense	56,140	23,190	19,013	76,364	221,408	199,092	
Profit for the Period	164,185	63,312	27,561	234,848	643,158	600,764	
Depreciation and amortization	13,279	4,201	21,884	-	42,631	41,498	
	30 September 2018 (Reviewed not Audited)					31 December 2017 (Audited)	
	Consumer Banking			Retail Banking			Total USD '000
	Treasury USD '000	Elite USD '000	Banking USD '000	Other USD '000	Total USD '000		
Corporate and Institutional Banking USD '000							
Other Information							
Segment assets	18,130,064	2,962,242	4,389,652	1,274,502	44,321,631	44,937,490	
Inter-segment assets	-	11,360,983	2,784,779	5,152,090	-	-	
Investments in associates	-	-	-	3,181,047	3,181,047	3,226,231	
Total Assets	18,130,064	14,323,225	7,174,431	9,607,639	47,502,678	48,163,721	
Segment liabilities	13,446,003	14,323,225	7,174,431	1,270,975	39,166,014	39,754,449	
Shareholders' Equity	-	-	-	8,336,664	8,336,664	8,409,272	
Inter-segment liabilities	4,684,061	-	-	-	-	-	
Total Liabilities and Shareholders' Equity	18,130,064	14,323,225	7,174,431	9,607,639	47,502,678	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:

30 September 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	1,733,628	24,260	779	1,758,667
Acceptances	744,323	8,515	-	752,838
Letters of guarantees:				
Payment guarantees	850,851	80,005	23,082	953,938
Performance guarantees	4,026,779	1,517,047	230,475	5,774,301
Other guarantees	2,866,270	711,055	34,137	3,611,462
Unutilized credit facilities	5,034,925	514,952	27,370	5,577,247
Total	15,256,776	2,855,834	315,843	18,428,453
Construction projects contracts	2,228	10,411	-	12,639
Procurement contracts	1,661	1,422	-	3,083
Operating lease contracts	3,993	12,602	18,115	34,710
Total	7,882	24,435	18,115	50,432
31 December 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

ARAB BANK GROUP
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2018 (UNAUDITED)

26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION

The details of this item are as follows:

	30 September 2018 (Reviewed not Audited)						Total USD '000
	Jordan USD '000	Other Arab Countries USD '000	Asia * USD '000	Europe USD '000	America USD '000	Rest of the World USD '000	
Balances with central banks	2,494,486	2,297,602	285	1,978,313	-	1,987	6,772,673
Balances and deposits with banks and financial institutions	329,397	1,333,233	405,922	1,006,858	470,465	47,176	3,593,051
Financial assets at fair value through profit or loss	-	235,067	29,669	218,581	-	7,424	490,741
Direct credit facilities at amortized cost	7,847,394	13,604,619	332,752	994,693	86,049	646,538	23,512,045
Consumer Banking	2,857,812	2,268,599	31	112,113	69	267,596	5,506,220
Small and Medium Corporates	905,338	1,573,807	78,555	328,698	27,045	132,107	3,045,550
Large Corporates	3,924,129	8,818,448	252,976	472,394	58,935	246,835	13,773,717
Banks and Financial Institutions	21,712	83,405	1,190	-	-	-	106,307
Government and Public Sector	138,403	860,360	-	81,488	-	-	1,080,251
Other financial assets at amortized cost	3,213,199	3,489,666	99,304	496,781	335,868	254,373	7,889,191
Other assets and financial derivatives - positive fair value	53,613	215,261	2,285	101,239	380	7,029	379,807
Total	13,938,089	21,175,448	870,217	4,796,465	892,762	964,527	42,637,508
Total as of 31 December 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.

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

30 September 2018 (Reviewed not Audited)

Corporations

	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	6,772,673	6,772,673
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	3,593,051	-	3,593,051
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29,624	-	-	294,822	166,295	490,741
Direct credit facilities at amortized cost	5,506,220	4,124,098	2,038,112	1,816,002	4,501,875	519,853	668,763	517,250	12,005	2,621,309	106,307	1,080,251	23,512,045
Other financial assets at amortized cost	-	89,635	-	-	19,884	-	-	-	-	122,749	1,037,063	6,619,860	7,869,191
Other assets and financial derivatives - positive fair value	24,560	24,666	10,815	8,375	40,487	2,955	3,057	6,640	-	39,306	89,581	129,365	379,807
Total	5,530,780	4,238,399	2,048,927	1,824,377	4,562,246	522,808	671,820	553,514	12,005	2,783,364	5,120,824	14,768,444	42,637,508

31 December 2017 (Audited)

Corporations

	Consumer Banking	Industry and Mining	Constructions	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	7,084,897	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:

	30 September 2018	31 December 2017
	USD '000 (Reviewed not Audited)	USD '000 (Audited)
Common Equity Tier 1	7,782,881	7,584,233
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2,624,457)	(2,665,636)
Additional Tier 1	9,341	10,493
Supplementary Capital	441,351	416,673
Regulatory Capital	5,609,116	5,345,763
Risk-weighted assets (RWA)	35,269,875	35,615,663
Common Equity Tier 1 Ratio	14.63%	13.81%
Tier 1 Capital Ratio	14.65%	13.84%
Capital Adequacy Ratio	15.90%	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.

ARAB BANK GROUP
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2018 (UNAUDITED)

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
	30 September 2018	31 December 2017				
	USD '000	USD '000				
Financial Assets at Fair Value						
Financial assets at fair value through profit or loss:	(Reviewed not Audited)	(Audited)				
Treasury bills and Bonds	166,295	104,620	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	294,822	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	24,561	42,447	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	515,302	470,654				
Financial derivatives - positive fair value	74,173	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	198,276	189,573	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	187,744	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	386,020	395,563				
Total Financial Assets at Fair Value	975,495	901,637				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	54,793	42,154	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	54,793	42,154				

There were no transfers between Level 1 and 2 during the nine-months period ended 30 September 2018 and the year 2017.

ARAB BANK GROUP
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 SEPTEMBER 2018 (UNAUDITED)

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:

	30 September 2018 (Reviewed not Audited)		31 December 2017 (Audited)		Hierarchy Fair Value
	Book value USD '000	Fair value USD '000	Book value USD '000	Fair value USD '000	
Financial assets not calculated at fair value					
Mandatory cash reserve, time and notice balances and certificates of deposit with central banks	4,284,591	4,286,342	4,820,293	4,821,857	Level 2
Balances and deposits with banks and financial institutions	3,593,051	3,596,647	4,142,653	4,146,766	Level 2
Direct credit facilities at amortized cost	23,512,045	23,601,198	23,488,575	23,567,812	Level 2
Other financial assets at amortized cost	7,889,191	7,953,779	7,760,023	7,842,704	Level 1 & 2
Total financial assets not calculated at fair value	39,278,878	39,437,966	40,211,544	40,379,139	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	4,113,964	4,126,692	3,927,288	3,942,741	Level 2
Customer deposits	30,474,489	30,599,198	31,080,459	31,193,569	Level 2
Cash margin	2,725,109	2,734,672	2,700,289	2,709,764	Level 2
Borrowed funds	166,209	168,150	182,090	183,878	Level 2
Total financial liabilities not calculated at fair value	37,479,771	37,628,712	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 Nine-Months Period Ended 30 September		For the Three-Months Period Ended 30 September	
	2018	2017	2018	2017
	USD '000	USD '000	USD '000	USD '000
	(Reviewed not Audited)		(Reviewed not Audited)	
Profit for the period attributable to the Bank's shareholders	641,958	592,494	206,367	182,642
	Thousand / Shares		Thousand / Shares	
Average number of shares	640,800	640,800	640,800	640,800
	USD/ Share		USD '000 / Share	
Earnings Per Share for the period (Basic and diluted)	1.00	0.92	0.32	0.29

31. CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	30 September 2018	30 September 2017
	USD '000	USD '000
	(Reviewed not Audited)	(Reviewed not Audited)
Cash and balances with central banks maturing within 3 months	7,225,152	7,294,565
Add: Balances with banks and financial institutions maturing within 3 months	3,315,797	2,676,956
Less: Banks and financial institutions deposits maturing within 3 months	3,383,946	3,306,092
Total	7,157,003	6,665,429

32. RELATED PARTIES TRANSACTIONS

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

	30 September 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	167,955	-	43,336	92,776
Major Shareholders and Members of the Board of Directors	-	302,996	567,179	96,598
Total	167,955	302,996	610,515	189,374

ARAB BANK GROUP
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

	31 December 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 with related parties are as follows:

	30 September 2018 (Reviewed not Audited)	
	Interest income	Interest expense
	USD '000	USD '000
Associated companies	1,459	1,216

	30 September 2017 (Reviewed not Audited)	
	Interest income	Interest expense
	USD '000	USD '000
Associated companies	1,324	609

- Direct credit facilities granted to top management personnel amounted to USD 1.7 million and indirect credit facilities amounted to USD 11.3 thousand as of 30 September 2018 (USD 1.5 million direct credit facilities and USD 8.5 thousand indirect credit facilities as of 31 December 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 3.3 million as of 30 September 2018 (USD 2.8 million as of 31 December 2017).
- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 48.5 million for the nine-months period ended 30 September 2018 (USD 44 million for the nine-months period ended 30 September 2017).

33. LEGAL CASES

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 9 February 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 24 April 2018 dismissing these claims, thus, they have been closed.

There are other lawsuits filed against the Group totaling USD 116.3 million as of 30 September 2018, (USD 164.1 million as of 31 December 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 4.5 million as of 30 September 2018 (USD 17 million as of 31 December 2017).

34. COMPARATIVE FIGURES

Some of the comparative figures for the year 2017 have been reclassified to correspond with the period ended 30 September 2018 presentation, with no effect on profit and equity for the year 2017.