ARAB BANK GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Reviewed not Audited)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2018
TOGETHER WITH REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

ARAB BANK GROUP
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2018

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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 31 March 2018, comprising of the interim consolidated statement of financial position as of 31 March 2018 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three-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
26 April 2018

Ernst + Young

ARAB BANK GROUP
CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
ASSETS		**USD '000**	**USD '000**
Cash and balances with central banks	4	7 611 985	7 607 064
Balances with banks and financial institutions	5	3 033 500	3 992 234
Deposits with banks and financial institutions	6	181 038	150 419
Financial assets at fair value through profit or loss	7	479 268	470 654
Financial derivatives - positive fair value		57 173	35 420
Direct credit facilities at amortized cost	9	23 649 674	23 488 575
Financial assets at fair value through other comprehensive income	8	416 987	395 563
Other financial assets at amortized cost	10	7 990 055	7 760 023
Investments in associates		3 307 287	3 226 231
Fixed assets	11	454 894	459 141
Other assets	12	585 791	491 174
Deferred tax assets	15	116 876	87 223
Total Assets		**47 884 528**	**48 163 721**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Banks and financial institutions' deposits		4 178 935	3 927 288
Customers' deposits	13	30 794 731	31 080 459
Cash margin		2 561 551	2 700 289
Financial derivatives - negative fair value		45 865	42 154
Borrowed funds	14	188 835	182 090
Provision for income tax	15	281 006	272 205
Other provisions		315 587	326 040
Other liabilities	16	1 356 026	1 220 231
Deferred tax liabilities		3 840	3 693
Total Liabilities		**39 726 376**	**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	232 104	395 828
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(357 540)	(350 550)
Investments revaluation reserve		(309 816)	(313 438)
Retained earnings	18	1 822 471	1 904 663
Total Equity Attributable to the Shareholders of the Bank		**8 040 975**	**8 290 259**
Non-controlling interests		117 177	119 013
Total Shareholders' Equity		**8 158 152**	**8 409 272**
Total Liabilities and Shareholders' Equity		**47 884 528**	**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)

	Note	For the Three-Months Period Ended March 31, 2018	2017
		USD '000	USD '000
REVENUE			
Interest income	19	525 802	455 570
Less: interest expense	20	214 252	177 578
Net Interest Income		**311 550**	**277 992**
Net commission income	21	74 488	76 642
Net Interest and Commission Income		**386 038**	**354 634**
Foreign exchange differences		29 687	17 725
Gain from financial assets at fair value through profit or loss	22	1 022	3 211
Dividends from financial assets at fair value through other comprehensive income		3 815	4
Group's share of profits of associates		91 670	91 178
Other revenue	23	14 062	16 119
Total Income		**526 294**	**482 871**
EXPENSES			
Employees' expenses		118 831	112 215
Other expenses		64 506	61 121
Depreciation and amortization		14 264	13 669
Provision for impairment		47 812	9 394
Other provisions		(5 900)	5 378
Total Expenses		**239 513**	**201 777**
Profit for the Period before Income Tax		**286 781**	**281 094**
Less: Income tax expense	15	66 498	62 888
Profit for the Period		**220 283**	**218 206**
Attributable to :			
- Bank's shareholders		217 128	215 663
- Non-controlling interests		3 155	2 543
Total		**220 283**	**218 206**
Earnings per share attributable to the Bank's shareholders			
- Basic and Diluted (US Dollars)	30	**0.34**	**0.34**

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 Three-Months Period Ended March 31,	
	2018	**2017**
	USD '000	**USD '000**
Profit for the period	**220 283**	**218 206**
Add: 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	(6 200)	31 879
Items that will not be subsequently transferred to the statement of Income		
Net change in fair value of financial assets at fair value through othercomprehensive income	**3 079**	**(3 733)**
Change in fair value of financial assets at fair value through other comprehensive income	3 234	(3 427)
Loss from sale of financial assets at fair value through the statement of comprehensive income	(155)	(306)
Total Other Comprehensive Income Items - after Tax	**(3 121)**	**28 146**
Total Comprehensive Income for the Period	**217 162**	**246 352**
Attributable to :		
- Bank's shareholders	213 605	242 147
- Non-controlling interests	3 557	4 205
Total	**217 162**	**246 352**

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)

	Note	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
For the Three-Months Period Ended March 31, 2018		**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Balance at the beginning of the 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		-	-	-	-	-	-	-	-	-	(93 978)	(93 978)	(5 393)	**(99 371)**
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)**	**1 810 685**	**8 196 281**	**113 620**	**8 309 901**
Profit for the period		-	-	-	-	-	-	-	-	-	217 128	217 128	3 155	**220 283**
Other comprehensive income for the period		-	-	-	-	-	-	-	(6 990)	3 467	-	(3 523)	402	**(3 121)**
Total Comprehensive Income for the Period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6 990)**	**3 467**	**217 128**	**213 605**	**3 557**	**217 162**
Transferred from investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	155	(155)	-	-	**-**
Dividends paid	18	-	-	-	-	-	-	-	-	-	(368 911)	**(368 911)**	-	**(368 911)**
Transferred from general banking risk reserve	18	-	-	-	-	-	(163 724)	-	-	-	163 724	-	-	-
Balance at the End of the Period		**926 615**	**1 225 747**	**841 359**	**977 315**	**1 141 824**	**232 104**	**1 540 896**	**(357 540)**	**(309 816)**	**1 822 471**	**8 040 975**	**117 177**	**8 158 152**
For the Three-Months Period Ended March 31, 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		-	-	-	-	-	-	-	-	-	215 663	215 663	2 543	**218 206**
Other comprehensive income for the period		-	-	-	-	-	-	-	30 022	(3 538)	-	26 484	1 662	**28 146**
Total Comprehensive Income for the Period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30 022**	**(3 538)**	**215 663**	**242 147**	**4 205**	**246 352**
Transferred from investments revaluation reserve to retained earnings		-	-	-	-	-	-	-	-	153	(153)	-	-	**-**
Transferred from investments revaluation reserve to non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	153	**153**
Dividends paid	18	-	-	-	-	-	-	-	-	-	(278 182)	(278 182)	-	**(278 182)**
Adjustments during the period		-	-	-	-	-	-	-	-	-	398	**398**	(153)	**245**
Balance at the End of the Period		**926 615**	**1 225 747**	**798 443**	**977 315**	**1 141 824**	**363 458**	**1 540 896**	**(372 660)**	**(271 057)**	**1 675 951**	**8 006 532**	**126 572**	**8 133 104**

* The retained earnings include restricted deferred tax assets in the amount of USD 116.9 million, as well as, unrealized gains from financial assets at fair value through profit or loss in the amount of USD 0.6 million. Restricted retained earning 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 March 31, 2018.

* Retained earnings include an unrealized loss in the amount of USD (109.1) million as of March 31, 2018 due to the effect of the adoption of IFRS (9)

* The Central Bank of Jordan issued a circular No. 10/1/1359 dated 25 January 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 circular 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 amount of the restricted balance is USD 70 million.

* The Bank cannot use a restricted amounts of USD (309.8) 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 March 31, 2018.

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 Three-Months Period Ended March 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		USD '000	USD '000
Profit for the period before tax		**286 781**	**281 094**
Adjustments for:			
Group's share from associates profits		(91 670)	(91 178)
Depreciation and amortization		14 264	13 669
Provision for impairment		47 812	9 394
Net accrued interest		(25 173)	(2 412)
(Gains) from sale of fixed assets		(83)	-
Dividends on financial assets at fair value through other comprehensive income		(3 815)	(4)
(Gains) from revaluation of financial assets at fair value through profit or loss	22	(615)	(1 848)
Other provisions		(5 900)	5 378
Total		**221 601**	**214 093**
(Increase) Decrease in Assets:			
Balances with central banks (maturing after 3 months)		-	(95 270)
Deposits with banks and financial institutions (maturing after 3 months)		769 348	(31 400)
Direct credit facilities at amortized cost		(321 789)	(667 541)
Financial assets at fair value through profit or loss		(7 999)	66 517
Other assets and financial derivatives		(101 294)	(42 492)
Increase (Decrease) in Liabilities:			
Banks' and financial institutions' deposits (maturing after 3 months)		247 438	411 793
Customer's deposits		(285 728)	(760 385)
Cash margin		(138 738)	102 426
Other liabilities and financial derivatives		(240 357)	32 086
Net Cash Flows Generated by (Used in) Operating Activities before Income Tax		**142 482**	**(770 173)**
Income tax paid	15	(60 142)	(52 932)
Net Cash Flows Generated by (Used in) Operating Activities		**82 340**	**(823 105)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through other comprehensive income		(17 908)	(31 178)
(Purchase) of other financial assets at amortized cost		(238 914)	(398 124)
(Increase) of investments in associates		(620)	-
Dividends received from associates		25 380	8 460
Dividends received from financial assets at fair value through other comprehensive income		3 815	4
(Increase) in fixed assets - net		(6 691)	(11 415)
Net Cash Flows (Used in) Investing Activities		**(234 938)**	**(432 253)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in (Paid) borrowed funds		6 745	(86 175)
Dividends paid to shareholders		(753)	(410)
Net Cash Flows Generated by (Used in) Financing Activities		**5 992**	**(86 585)**
Net (Decrease) in cash and cash equivalent		(146 606)	(1 341 943)
Exchange differences - change in foreign exchange rates		(6 990)	30 022
Cash and cash equivalent at the beginning of the Year		7 354 955	8 349 838
Cash and Cash Equivalent at the End of the Period	31	**7 201 359**	**7 037 917**

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

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 75 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 accompanying condensed consolidated interim financial statements was approved by the Board of Directors in its meeting Number (2) on April 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
	March 31, 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	Jordan	JD 35m
Al-Arabi Investment Group LLC	100.00	100.00	1996	Brokerage and Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking	Sudan	SDG 117.5m
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 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 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 three months ended March 31, 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 effective as of 1 January 2018:

  IFRS 9 Financial Instruments

  The Group has adopted IFRS 9 (2014) Financial Instruments on the required effective date 1st 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 1st 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 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 99.4 million as follows:-

Effect of implementing the new expected credit loss model	***Retained earnings*** *"USD 000"*
*Due from Banks**	*5 320*
Financial assets at amortized cost	*10 634*
Loans and Advances	*110 265*
Deferred taxes	*(26 848)*
Total	***99 371***
Attributable to:	
Bank's Shareholders	***93 978***
Minority Interest	***5 393***

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. **If applicable -** The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction.
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.

Use of estimate

Provisions for impairment

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) and compares the outcome to the instructions of the Central Bank of Jordan. Moreover, the strictest outcome that conforms to the (IFRSs) is used.

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**

The assessment of a significant increase in credit risk is done on a relative basis. 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. IFRS 9 contains a rebuttable presumption that instruments which are 45 days past due have experienced a significant increase in credit risk.

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.

- **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.

Our 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.

Our 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 our 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.

- **Expected Life**

When measuring ECL, the Bank 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 Bank 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:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Cash on hand	410 053	522 167
Balances with central banks:		
Current accounts	2 653 258	2 264 604
Time and notice	2 698 589	2 903 838
Mandatory cash reserve	1 534 618	1 554 444
Certificates of deposit	318 999	362 011
Less: Net ECL Charges	(3 532)	-
Total	**7 611 985**	**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 March 31, 2018 (USD 25 million as of December 31, 2017).

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

	March 31, 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	–	–	–	-
Effect of IFRS 9 adoption	1 980	–	–	1980
Amended Balance as of January 1, 2018	**1 980**	–	–	**1980**
Net ECL Charges for the period	1552	–	–	**1552**
Balance at the end of the period	**3 532**	**-**	**-**	**3 532**

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Current Accounts	3 279	2 466
Time deposits maturing within 3 months	178 350	142 797
Total	**181 629**	**145 263**

Banks and financial institutions abroad	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Current accounts	1 538 954	2 226 600
Time deposits maturing within 3 months	1 313 811	1 595 380
Certificates of deposit	-	24 991
Total	**2 852 765**	**3 846 971**
Less: Net ECL Charges	**(894)**	**-**
Total balances with banks and financial institutions local and abroad	**3 033 500**	**3 992 234**

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

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

	March 31, 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	-	-	-	-
Effect of IFRS 9 adoption	3 219	-	-	3 219
Amended Balance as of January 1, 2018	**3 219**	**-**	**-**	**3 219**
Net ECL Charges for the period	**(2 325)**	-	-	**(2 325)**
Balance at the end of the period	**894**	**-**	**-**	**894**

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	4 715	9 415
Time deposits maturing after one year	21 150	21 150
Total	**25 865**	**30 565**

Deposits with Banks and Financial Institutions Abroad:	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	147 331	98 214
Time deposits maturing after 6 months and before 9 months	-	15 009
Time deposits maturing after 9 months and before a year	1 262	-
Time deposits maturing after one year	6 613	6 631
Total	**155 206**	**119 854**
Less: Net ECL Charges	**(33)**	**-**
Total deposits with banks and financial institutions Local and Abroad	**181 038**	**150 419**

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

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

	March 31, 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	-	-	-	-
Effect of IFRS 9 adoption	121	-	-	121
Amended Balance as of January 1, 2018	**121**	**-**	**-**	**121**
Net ECL Charges for the period	(88)	-	-	(88)
Balance at the end of the period	**33**	**-**	**-**	**33**

7- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Treasury bills and Governmental bonds	97 116	104 620
Corporate bonds	325 769	293 963
Loans and advances	29 624	29 624
Corporate shares	1 538	14 360
Mutual funds	25 221	28 087
Total	**479 268**	**470 654**

8- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Quoted shares	199 028	189 573
Unquoted shares	217 959	205 990
Total	**416 987**	**395 563**

- Cash dividends from investments above amounted to USD 3.8 million for the three months period ended March 31, 2018 (USD 4 thousands for the three months period ended March 31,2017).

- Realized Losses that were transferred from investments revaluation reserve to retained earnings amounted to USD (155) thousands for the three months period ended March 31, 2018. The non-controlling interests share of these losses is zero for the three months period ended March 31, 2018. (The realized losses that were transferred from investments revaluation reserve to retained earnings amounted to USD (153) thousands for the three months period ended March 31, 2017 and the Non-controlling interests share of these realized losses was USD (153) thousands for the three months period ended March 31, 2017).

9- DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	March 31, 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**
Discounted bills *	79 911	142 444	465 939	73 116	2 757	**764 167**
Overdrafts *	106 750	1 072 713	3 621 946	4 065	264 526	**5 070 000**
Loans and advances *	3 187 030	1 737 639	11 129 674	47 222	916 789	**17 018 354**
Real-estate loans	2 201 644	156 881	93 817	-	-	**2 452 342**
Credit cards	167 036	-	-	-	-	**167 036**
Total	**5 742 371**	**3 109 677**	**15 311 376**	**124 403**	**1 184 072**	**25 471 899**
Less: Interest and commission in suspense	67 064	98 124	229 177	6 851	-	**401 216**
Provision for impairment - direct credit facilities at amortized cost	161 855	163 637	1 080 753	8 026	6 738	**1 421 009**
Total	**228 919**	**261 761**	**1 309 930**	**14 877**	**6 738**	**1 822 225**
Net Direct Credit Facilities At Amortized Cost	**5 513 452**	**2 847 916**	**14 001 446**	**109 526**	**1 177 334**	**23 649 674**

* Net of interest and commission received in advance which amounted to USD 127.1 million as of March 31, 2018.

- Rescheduled loans during the three months period ended March 31, 2018 amounted to USD 78 million .
- Restructured loans (transferred from non performing to watch list loans) during the three months period ended March 31, 2018 amounted to USD 0.6 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 80.6 million, or 0.3٪ of total direct credit facilities as of March 31, 2018.
- Non-performing direct credit facilities amounted to USD 1712.2 million, or 6.7% of total direct credit facilities as of March 31, 2018.
- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1324.6 million, or 5.3% of direct credit facilities after deducting interest and commission in suspense as of March 31, 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**
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 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 direct credit facilities at amortized cost as of March 31, 2018 are as follows:

	March 31, 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	**19 395**	**45 031**	**1 206 949**	**1 271 375**
Effect of IFRS 9 adoption	75 025	35 240	-	110 265
Amended Balance as of January 1, 2018	**94 420**	**80 271**	**1 206 949**	**1 381 640**
Transferred to Stage 1	2 215	(2 215)	-	-
Transferred to Stage 2	(7 243)	7 243	-	-
Transferred to Stage 3	(7)	(592)	599	-
Used from provision (written off or transferred to off condensed consolidated interim statement of financial position)	-	-	(18 927)	(18 927)
Net CL Charges for the period	5 791	2 230	42 404	50 425
Adjustments during the period and Translation Adjustments	256	234	7 381	7 871
Balance at the end of the period	**95 432**	**87 171**	**1 238 406**	**1 421 009**

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)					
	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
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 March 31,2018 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 0.8 million as of March 31,2018 (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:

March 31, 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	3 325	2 702	17 279	306	-	23 612
Interest and commissions in suspense settled / written off or transferred to off condensed consolidated interim statement of financial position	(181)	(1 078)	(198)	-	-	(1 457)
Recoveries	(595)	(252)	(1 355)	-	-	(2 202)
Adjustments during the period	13	2 487	34	-	-	2 534
Translation adjustments	96	115	257	-	-	468
Balance at the End of the Period	**67 064**	**98 124**	**229 177**	**6 851**	**-**	**401 216**

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:

	Inside Jordan	Outside Jordan	**March 31, 2018 (Reviewed not Audited)**	**December 31, 2017 (Audited)**
Economic Sector	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Consumer Banking	2 770 373	2 743 079	5 513 452	5 359 321
Industry and mining	1 530 349	3 104 754	4 635 103	4 532 099
Constructions	450 007	1 768 004	2 218 011	2 340 996
Real - Estates	390 685	1 502 067	1 892 752	1 828 221
Trade	1 133 736	2 990 440	4 124 176	4 063 192
Agriculture	144 149	135 369	279 518	277 207
Tourism and Hotels	209 690	418 615	628 305	517 303
Transportations	178 593	401 266	579 859	569 783
Shares	2 572	12 066	14 638	14 663
General Services	627 057	1 849 943	2 477 000	2 596 783
Banks and Financial Institutions	13 753	95 773	109 526	129 475
Government and Public Sector	149 533	1 027 801	1 177 334	1 259 532
Net Direct Credit Facilities at amortized Cost	**7 600 497**	**16 049 177**	**23 649 674**	**23 488 575**

10- OTHER FINANCIAL ASSETS AT AMOTIZED COST

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Treasury bills	2 340 673	2 023 661
Governmental bonds and bonds guaranteed by the government	4 228 631	4 149 590
Corporate bonds	1 449 176	1 614 800
Less: Net ECL Charges / Provision for impairment	(28 425)	(28 028)
Total	**7 990 055**	**7 760 023**

Analysis of bonds based on interest nature:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Floating interest rate	682 281	710 081
Fixed interest rate	7 307 774	7 049 942
Total	**7 990 055**	**7 760 023**

Analysis of financial assets based on market quotation:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
Financial assets quoted in the market:	USD '000	USD '000
Treasury bills	735 292	489 288
Governmental bonds and bonds guaranteed by the government	1 050 799	1 105 520
Corporate bonds	1 298 727	1 387 040
Total	**3 084 818**	**2 981 848**

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
Financial assets unquoted in the market:	USD '000	USD '000
Treasury bills	1 605 381	1 534 373
Governmental bonds and bonds guaranteed by the government	3 177 832	3 044 070
Corporate bonds	122 024	199 732
Total	**4 905 237**	**4 778 175**
Grand Total	**7 990 055**	**7 760 023**

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

	March 31, 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	-	-	28 028	**28028**
Effect of IFRS 9 adoption	3 929	6 705	-	10634
Amended Balance as of January 1, 2018	**3 929**	**6 705**	**28 028**	**38662**
Net ECL Charges for the period	(576)	(1 176)	-	(1 752)
Adjustments during the period and translation adjustments	-	-	(8 485)	(8 485)
Balance at the end of the period	**3 353**	**5 529**	**19 543**	**28 425**

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	**28 028**

During the three months period ended March 31, 2018 certain financial assets at amortized cost with a total amount of USD 109.7 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 three months period ended March 31, 2018 amounted to USD 13.4 million and USD 6.6 million, respectively (USD 9.7 million and USD 11 million for the three months period ended March 31, 2017).

The cost of fully depreciated fixed assets amounted to USD 244.2 million as of March 31, 2018 (USD 242.7 million as of December 31, 2017)

12- OTHER ASSETS

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Accrued interest receivable	199 061	180 381
Prepaid expenses	145 085	111 444
Foreclosed assets *	67 462	59 372
Intangible assets	23 889	23 675
Other miscellaneous assets	150 294	116 302
Total	**585 791**	**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:

	March 31, 2018 (Reviewed not Audited)				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & Medium	Large		
	USD '000	**USD '000**	**USD '000**	**USD '000**	**USD '000**
Current and demand	7 854 028	2 136 768	2 169 008	325 267	12 485 071
Savings	3 117 340	149 970	19 299	138	3 286 747
Time and notice	8 241 868	1 021 041	3 261 251	2 101 782	14 625 942
Certificates of deposit	236 023	13 068	87 930	59 950	396 971
Total	**19 449 259**	**3 320 847**	**5 537 488**	**2 487 137**	**30 794 731**

	December 31, 2017 (Audited)				
	Consumer Banking	Corporates		Government and Public Sector	Total
		Small & 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 461.8 million, or 1.5% of total customer's deposits as of March 31, 2018 (USD 395 million, or 1.3% of total customer's deposits as of December 31, 2017).
- Non-interest bearing deposits amounted to USD 11294.6 million, or 36.7% of total customer's deposits as of March 31, 2018 (USD 11076.3 million, or 35.6% of total customer's deposits as of December 31, 2017).
- Blocked deposits amounted to USD 181.7 million, or 0.6% of total customer's deposits as of March 31, 2018 (USD 146.8 million or 0.5% of total customer's deposits as of December 31, 2017).
- Dormant deposits amounted to USD 387 million, or 1.3% of total customer's deposits as of March 31, 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:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
From Central Banks	67 969	66 331
From banks and financial institutions	120 866	115 759
Total	**188 835**	**182 090**

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

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Floating interest rate	52 055	27 895
Fixed interest rate	136 780	154 195
Total	**188 835**	**182 090**

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	March 31, 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	68 943	270 281
Income tax paid	(60 142)	(240 453)
Balance at the End of the Period / Year	**281 006**	**272 205**

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

	For the three months period ended	
	March 31, 2018 (Reviewed not Audited)	March 31, 2017 (Reviewed not Audited)
	USD '000	USD '000
Income tax expense for the period	68 943	66 178
Effect of deferred tax	(2 445)	(3 290)
Total	**66 498**	**62 888**

- 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 March 31,2018 and December 31, 2017.

- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2016 such as Arab Bank United Arab Emirates and Arab Sudanese Bank and 2012 such as and Arab Bank Lebanon and Arab Bank Australia Limited

The movement on Deferred Tax Assets is as follows:

	March 31, 2018 (Reviewed not Audited)						
Items resulted in deferred tax assets:	Balance at the Beginning of the Year	Effect of IFRS (9) adoption	Amended Balance at the Beginning of the Year	Amounts Added	Amounts Released	Adjustments During the Year and Translation Adjustments	Balance at the End of the Year
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Provision for impairment	33 176	26 848	**60 024**	6 463	(866)	55	65 676
End-of-Service indemnity	19 154	-	**19 154**	629	(525)	34	19 292
Interest in suspense	4 039	-	**4 039**	1 627	(158)	0	5 508
Other	30 854	-	**30 854**	262	(4 699)	(17)	26 400
Total	**87 223**	**26 848**	**114 071**	**8 981**	**(6 248)**	**72**	**116 876**

16. OTHER LIABILITIES

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	USD '000
Accrued interest payable	148 704	155 197
Notes payable	186 780	181 282
Interest and commission received in advance	66 080	62 780
Accrued expenses	58 395	63 920
Dividends payable to shareholders	375 956	15 297
Other miscellaneous liabilities	520 111	741 755
Total	**1 356 026**	**1 220 231**

17. SHARE CAPITAL AND RESERVES

A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of March 31, 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:

	March 31, 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	217 128	521 961
Transferred from investment revaluation reserve to retained earnings	(155)	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*	163 724	-
Effect of IFRS (9) adoption	(93 978)	-
Adjustment during the period/ year	-	(4 663)
Increase in share capital (Stock Dividends)	-	-
Balance at the End of the Period / Year	**1 822 471**	**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 circular No. 10/1/1359 dated 25 January 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 circular 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 amount of the restricted balance is USD 70 million

19- INTEREST INCOME

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	March 31, 2017 (Reviewed not Audited)
	USD '000	USD '000
Direct credit facilities at amortized cost	385 639	336 617
Balances with central banks	19 710	10 386
Balances and deposits with banks and financial institutions	12 997	8 000
Financial assets at fair value through profit or loss	4 482	2 515
Other financial assets at amortized cost	102 974	98 052
Total	**525 802**	**455 570**

20- INTEREST EXPENSE

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	March 31, 2017 (Reviewed not Audited)
	USD '000	USD '000
Customer deposits	178 427	146 182
Banks and financial institutions deposits	18 374	13 581
Cash margins	9 680	9 435
Borrowed funds	1 453	1 909
Deposit insurance fees	6 318	6 471
Total	**214 252**	**177 578**

21- NET COMMISSION INCOME

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	March 31, 2017 (Reviewed not Audited)
	USD '000	**USD '000**
Commission income:		
Direct credit facilities at amortized cost	22 812	21 627
Indirect credit facilities	29 996	35 247
Assets Under Management	3 529	3 233
Other	26 391	23 965
Less: commission expense	(8 240)	(7 430)
Net Commission Income	**74 488**	**76 642**

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

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)				March 31, 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	407	596	-	1 003	2 585
Corporate shares	-	84	-	84	410
Mutual funds	-	(65)	-	(65)	216
Total	**407**	**615**	**-**	**1 022**	**3 211**

23- OTHER REVENUE

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	March 31, 2017 (Reviewed not Audited)
	USD '000	**USD '000**
Revenue from customer services	3 545	7 978
Safe box rent	1 085	1 222
Gain (Loss) from derivatives	4	(291)
Miscellaneous revenue	9 428	7 210
Total	**14 062**	**16 119**

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

	March 31, 2018 (Reviewed not Audited)						March 31, 2017 (Reviewed not Audited)
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Total income	256 981	143 188	(27 123)	51 999	101 249	526 294	482 871
Net inter-segment interest income	(58 846)	(59 833)	75 615	43 064	-	-	-
Provision for impairment	43 992	-	-	3 820	-	47 812	9 394
Other provisions	(3 550)	(1 413)	(912)	(25)	-	(5 900)	5 378
Direct administrative expenses	31 757	5 372	9 082	38 746	2 009	86 966	80 194
Result of Operations of Segments	**125 936**	**79 396**	**40 322**	**52 522**	**99 240**	**397 416**	**387 905**
Indirect expenses on segments	50 585	12 026	12 031	35 430	563	110 635	106 811
Profit for the period before Income Tax	**75 351**	**67 370**	**28 291**	**17 092**	**98 677**	**286 781**	**281 094**
Income tax expense	15 983	13 329	8 155	6 810	22 221	66 498	62 888
Profit for the Period	**59 368**	**54 041**	**20 136**	**10 282**	**76 456**	**220 283**	**218 206**
Depreciation and Amortization	4 502	807	1 371	7 584	-	14 264	13 669

	March 31, 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	USD '000	USD '000	USD '000	USD '000	USD '000
Segment assets	18 378 267	17 686 171	3 092 444	4 434 478	985 881	44 577 241	44 937 490
Inter-segment assets	-	-	10 823 875	3 154 907	5 505 648	-	-
Investments in associates	-	-	-	-	3 307 287	3 307 287	3 226 231
Total Assets	**18 378 267**	**17 686 171**	**13 916 319**	**7 589 385**	**9 798 816**	**47 884 528**	**48 163 721**
Segment liabilities	13 699 635	2 880 373	13 916 319	7 589 385	1 640 664	39 726 376	39 754 449
Owner's equity	-	-	-	-	8 158 152	8 158 152	8 409 272
Inter-segment liabilities	4 678 632	14 805 798	-	-	-	-	-
Total Liabilities and Owners' Equity	**18 378 267**	**17 686 171**	**13 916 319**	**7 589 385**	**9 798 816**	**47 884 528**	**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:

	March 31, 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	1 865 762	40 762	-	1 906 524
Acceptances	575 699	10 623	-	586 322
Letters of guarantees:				
- Payment guarantees	681 175	141 248	17 578	840 001
- Performance guarantees	4 184 049	1 576 196	310 647	6 070 892
- Other guarantees	2 801 741	763 767	66 817	3 632 325
Unutilized credit facilities	4 851 478	428 685	36 593	5 316 756
Total	**14 959 904**	**2 961 281**	**431 635**	**18 352 820**
Construction projects contracts	2 748	10 801	-	13 549
Procurement contracts	2 164	1 579	572	4 315
Operating lease contracts	4 167	13 861	28 184	46 212
Total	**9 079**	**26 241**	**28 756**	**64 076**

	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:

	March 31, 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	2 657 623	2 381 258	339	2 147 538	-	15 174	7 201 932
Balances and deposits with banks and financial institutions	207 434	931 821	249 566	1 183 002	610 357	32 358	3 214 538
Financial assets at fair value through profit or loss	-	143 738	34 879	265 889	-	8 003	452 509
Direct credit facilities at amortized cost	7 600 497	14 114 399	250 409	994 605	54 041	635 723	23 649 674
Consumer Banking	2 770 373	2 369 680	75	113 181	90	260 053	5 513 452
Small and Medium Corporates	859 138	1 580 015	44 743	204 338	27 969	131 713	2 847 916
Large Corporates	3 807 700	9 051 326	205 591	666 890	25 982	243 957	14 001 446
Banks and Financial Institutions	13 753	85 577	-	10 196	-	-	109 526
Government and public Sector	149 533	1 027 801	-	-	-	-	1 177 334
Other financial assets at amortized cost	2 913 890	4 072 241	139 849	448 820	144 878	270 377	7 990 055
Other assets and financial derivatives - positive fair value	79 793	223 539	1 606	91 184	696	4 501	401 319
Total	**13 459 237**	**21 866 996**	**676 648**	**5 131 038**	**809 972**	**966 136**	**42 910 027**
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:

March 31, 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	Transportatio n	Shares	General Services			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with Central Banks	-	-	-	-	-	-	-	-	-	-	-	7 201 932	7 201 932
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	3 214 538	-	3 214 538
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	325 769	97 116	452 509
Direct credit facilities at amortized cost	5 513 452	4 635 103	2 218 011	1 892 752	4 124 176	279 518	628 305	579 859	14 638	2 477 000	109 526	1 177 334	23 649 674
Other financial assets at amortized cost	-	90 619	-	-	40 088	-	-	-	-	106 714	1 183 330	6 569 304	7 990 055
Other assets and financial derivatives - positive fair value	30 358	31 301	11 509	6 439	44 136	1 805	3 866	5 400	-	45 881	80 124	140 500	401 319
Total	**5 543 810**	**4 757 023**	**2 229 520**	**1 899 191**	**4 208 400**	**281 323**	**632 171**	**614 883**	**14 638**	**2 629 595**	**4 913 287**	**15 186 186**	**42 910 027**

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	Transportatio n	Shares	General Services			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
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

On October 31, 2016, The Central Bank of Jordan announced the instructions of capital management according to Basel III standards and stopped Basel II instructions.

The Group manages it's 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:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	USD '000	**USD '000**
Common Equity Tier 1	7 800 294	7 584 233
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 757 937)	(2 665 636)
Additional Tier 1	11 180	10 493
Supplementary Capital	332 660	416 673
Regulatory Adjustments (Deductions from Supplementary Capital)	-	-
Regulatory Capital	**5 386 197**	**5 345 763**
Risk-weighted assets (RWA)	**35 712 477**	**35 615 663**
Common Equity Tier 1 Ratio	**%14.12**	**%13.81**
Tier 1 Capital Ratio	**%14.15**	**%13.84**
Capital Adequacy Ratio	**%15.08**	**%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

A. 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 March 31, 2018 (Reviewed not Audited) USD '000	Fair Value as at December 31, 2017 (Audited) USD '000	Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial Assets at Fair Value						
Financial assets at fair value through profit or loss:						
Treasuring bills and Bonds	97 116	104 620	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	325 769	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	26 759	42 447	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	**479 268**	**470 654**				
Financial derivatives - positive fair value	**57 173**	**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	199 028	189 573	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	217 959	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	**416 987**	**395 563**				
Total Financial Assets at Fair Value	**953 428**	**901 637**				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	45 865	42 154	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	**45 865**	**42 154**				

There were no transfers between Level 1 and 2 during the three months period ended March 31, 2018 and the year 2017.

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

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

	March 31, 2018 (Reviewed not Audited)		**December 31, 2017 (Audited)**		
	Book value	**Fair value**	**Book value**	**Fair value**	**Fair Value Hierarchy**
	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	4 548 674	4 551 167	4 820 293	4 821 857	Level 2
Balances and Deposits with banks and financial institutions	3 214 538	3 218 464	4 142 653	4 146 766	Level 2
Direct credit facilities at amortized cost	23 649 674	23 751 874	23 488 575	23 567 812	Level 2
Other Financial assets at amortized cost	7 990 055	8 056 063	7 760 023	7 842 704	Level 1 & 2
Total financial assets not calculated at fair value	**39 402 941**	**39 577 568**	**40 211 544**	**40 379 139**	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	4 178 935	4 189 502	3 927 288	3 942 741	Level 2
Customer deposits	30 794 731	30 909 802	31 080 459	31 193 569	Level 2
Cash margin	2 561 551	2 570 113	2 700 289	2 709 764	Level 2
Borrowed funds	188 835	190 645	182 090	183 878	Level 2
Total financial liabilities not calculated at fair value	**37 724 052**	**37 860 062**	**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 ATTRIBUTALE TO THE BANK'S SHAREHOLDERS

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	March 31, 2017 (Reviewed not Audited)
	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	217 128	215 663
	Thousand / Shares	
Average number of shares	640 800	640 800
	USD / Share	
Earnings Per Share for the period (Basic and diluted)	**0.34**	**0.34**

31- CASH AND CASH EQUIVALENT

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	March 31, 2017 (Reviewed not Audited)
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	7 590 517	6 828 778
Add: Balances with banks and financial institutions maturing within 3 months	3 034 394	3 213 473
Less: Banks and financial institutions deposits maturing within 3 months	3 423 552	3 004 334
Total	**7 201 359**	**7 037 917**

32. RELATED PARTIES TRANSACTIONS

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

	March 31, 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	79 058	-	269 689	111 741
Major Shareholders and Members of the Board of Directors	-	283 462	447 998	122 932
Total	**79 058**	**283 462**	**717 687**	**234 673**

	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:

	March 31, 2018 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	**USD '000**
Associated Companies	209	603

	March 31, 2017 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	**USD '000**
Associated Companies	244	36

- Direct credit facilitates granted to top management personnel amounted to USD 1.7 million and indirect credit facilities amounted to USD 8.5 thousand as of March 31,2018. (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 3.5 million as of March 31, 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 16.9 million for the three months period ended March 31,2018 (USD 15.7 million for the three months period ended March 31, 2017).

33. Legal Cases

A. In 2004, a number of civil lawsuits were filed against Arab Bank plc in the Eastern District of New York by U.S. and non-U.S. plaintiffs claiming that the Bank provided financial services to individuals and entities who were alleged to have some affiliation with individual "terrorists" or "terrorist organizations" operating in the Palestinian Territories during the Second Intifada. The plaintiffs claimed damages from the Bank alleging that these financial services constituted material support for terrorist activities.

In relation to the claims filed by the U.S. plaintiffs pursuant to the Anti-Terrorism Act (ATA), as a result of the trial, the Bank was found liable on September 22, 2014 for the damages caused by certain attacks allegedly perpetrated by Hamas. The Bank proceeded to appeal the liability verdict and the Court of Appeals for the Second Circuit issued its decision on February 9, 2018 vacating the liability verdict entered by the District Court. The Court of Appeals determined that the District Court judge had misapplied the law and wrongly instructed the jury. Accordingly, the Court of Appeals issued its Mandate to the District Court regarding its decision and concluded that based on the settlement agreement reached between the parties to consider this case closed.

In relation to the claims filed by non-U.S. plaintiffs pursuant to the Alien Tort Statute (ATS), the U.S. Supreme Court agreed to hear the petition of the plaintiffs on April 3, 2017. This claim was previously dismissed on three occasions by the district court and the Court of Appeals. The U.S. Supreme Court issued its decision on April 24, 2018 affirming the dismissal of the ATS plaintiffs' claims against the Bank and found that foreign corporations cannot be sued in American Court pursuant to the ATS.

B. There are other lawsuits filed against the Group totaling USD 132.9 million as of March 31, 2018, (USD 164.1million 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 4.9 million as of March 31, 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 March 31, 2018, presentation and it did not result in any change to the last year's operating results.