

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(Reviewed not Audited)
FOR THE NINE-MONTHS PERIOD ENDED
30 SEPTEMBER 2019
TOGETHER WITH REVIEW REPORT ON
INTERIM FINANCIAL STATEMENTS

ARAB BANK GROUP
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019

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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 30 September 2019, comprising of the interim condensed consolidated statement of financial position as of 30 September 2019 and the related interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the 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 ("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
29 October 2019

ARAB BANK GROUP
INTERIM CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
		USD '000	USD '000
ASSETS			
Cash and balances with central banks	4	6 856 671	7 974 014
Balances with banks and financial institutions	5	3 314 476	3 197 643
Deposits with banks and financial institutions	6	383 752	323 443
Financial assets at fair value through profit or loss	7	321 717	439 829
Financial derivatives - positive fair value		81 231	63 963
Direct credit facilities at amortized cost	9	23 905 225	23 785 542
Financial assets at fair value through other comprehensive income	8	387 866	371 010
Other financial assets at amortized cost	10	8 856 435	8 507 847
Investments in associates		3 409 235	3 298 251
Fixed assets	11	456 367	455 719
Other assets	12	697 597	613 418
Deferred tax assets		148 014	131 946
Total Assets		48 818 586	49 162 625
LIABILITIES AND SHAREHOLDERS' EQUITY			
Banks and financial institutions' deposits		3 292 732	4 266 590
Customers' deposits	13	31 822 558	31 430 913
Cash margin		2 841 060	2 913 471
Financial derivatives - negative fair value		73 940	51 523
Borrowed funds	14	343 201	281 479
Provision for income tax	15	288 996	321 490
Other provisions		219 898	210 303
Other liabilities	16	1 049 784	1 014 057
Deferred tax liabilities		5 800	8 210
Total Liabilities		39 937 969	40 498 036
Share capital	17	926 615	926 615
Share premium		1 225 747	1 225 747
Statutory reserve	17	919 507	919 507
Voluntary reserve		977 315	977 315
General reserve		1 141 824	1 141 824
General banking risks reserve		236 752	237 124
Reserves with associates		1 540 896	1 540 896
Foreign currency translation reserve		(282 800)	(264 651)
Investments revaluation reserve		(317 409)	(322 831)
Retained earnings	18	2 424 318	2 192 006
Total Equity Attributable to the Shareholders of the Bank		8 792 765	8 573 552
Non-controlling interests		87 852	91 037
Total Shareholders' Equity		8 880 617	8 664 589
Total Liabilities and Shareholders' Equity		48 818 586	49 162 625

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
(REVIEWED NOT AUDITED)

	Notes	For the Nine-Months		For the Three-Months	
		Period Ended 30 September		Period Ended 30 September	
		2019	2018	2019	2018
		USD '000	USD '000	USD '000	USD '000
REVENUE					
Interest income	19	1 823 988	1 628 147	612 640	561 991
<u>Less:</u> interest expense	20	817 417	664 929	271 584	233 030
Net Interest Income		1 006 571	963 218	341 056	328 961
Net commission income	21	219 666	224 891	71 755	75 041
Net Interest and Commission Income		1 226 237	1 188 109	412 811	404 002
Foreign exchange differences		83 989	84 171	26 837	23 206
Gain from financial assets at fair value through profit or loss	22	3 277	4 053	1 101	1 374
Dividends from financial assets at fair value through other comprehensive income		6 859	6 962	216	493
Group's share of profits of associates		337 382	291 894	107 459	97 023
Other revenue, net	23	33 110	35 971	11 394	11 516
Total Income		1 690 854	1 611 160	559 818	537 614
EXPENSES					
Employees' expenses		366 520	364 616	121 219	124 401
Other expenses		217 311	213 414	74 204	75 649
Depreciation and amortization		46 226	42 631	14 903	14 111
Expected Credit Losses on Financial Assets		127 274	123 708	42 186	37 248
Other provisions		21 080	2 225	8 523	3 693
Total Expenses		778 411	746 594	261 035	255 102
Profit for the Period before Income Tax		912 443	864 566	298 783	282 512
<u>Less:</u> Income tax expense	15	243 578	221 408	83 128	75 330
Profit for the Period		668 865	643 158	215 655	207 182
<u>Attributable to:</u>					
- Bank's shareholders		671 090	641 958	215 685	206 367
- Non-controlling interests		(2 225)	1 200	(30)	815
Total		668 865	643 158	215 655	207 182
Earnings per share attributable to the Bank's shareholders					
- Basic and Diluted (US Dollars)	30	1.05	1.00	0.34	0.32

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 COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Nine-Months Period Ended 30 September		For the Three-Months Period Ended 30 September	
	2019	2018	2019	2018
	USD '000	USD '000	USD '000	USD '000
Profit for the period	668 865	643 158	215 655	207 182
<u>Add: Other comprehensive income items - after tax</u>				
<u>Items that will be subsequently transferred to the statement of Income</u>				
Exchange differences arising on the translation of foreign operations	(15 058)	(125 403)	(25 188)	(34 692)
<u>Items that will not be subsequently transferred to the statement of Income</u>				
Net change in fair value of financial assets at fair value through other comprehensive income	2 016	6 733	(4 752)	821
Change in fair value of financial assets at fair value through other comprehensive income	3 975	6 773	(5 136)	772
(Loss) from sale of financial assets at fair value through other comprehensive income	(1 959)	(40)	384	49
Total Other Comprehensive Income Items - after Tax	(13 042)	(118 670)	(29 940)	(33 871)
Total Comprehensive Income for the Period	655 823	524 488	185 715	173 311
Attributable to :				
- Bank's shareholders	656 404	533 916	185 225	177 498
- Non-controlling interests	(581)	(9 428)	490	(4 187)
Total	655 823	524 488	185 715	173 311

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
(REVIEWED NOT AUDITED)

Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments revaluation reserve	Retained Earnings ^a	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Total Shareholders' Equity
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
For the Nine-Months Period Ended 30 September 2019													
	926 615	1 225 747	919 507	977 315	1 141 824	237 124	1 540 896	(264 651)	(322 831)	2 192 006	8 573 552	91 037	8 664 589
Balance at the beginning of the Period										(5 329)	(5 329)		(5 329)
Effect of IFRS (16) adoption (note 3)													
Restated Balance at the beginning of the year	926 615	1 225 747	919 507	977 315	1 141 824	237 124	1 540 896	(264 651)	(322 831)	2 186 677	8 568 223	91 037	8 659 260
Profit for the period	-	-	-	-	-	-	-	-	-	671 090	671 090	(2 225)	668 865
Other comprehensive income for the period	-	-	-	-	-	-	-	(18 149)	3 463	-	(14 686)	1 644	(13 042)
Total Comprehensive Income for the Period	-	-	-	-	-	-	-	(18 149)	3 463	671 090	656 404	(581)	655 823
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	1 959	(1 959)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(417 997)	(417 997)	(2 604)	(420 601)
Transferred from general banking risk reserve	-	-	-	-	-	(372)	-	-	-	372	-	-	-
Changes in associates equity ***	-	-	-	-	-	-	-	-	-	(10 304)	(10 304)	-	(10 304)
Adjustments during the period	-	-	-	-	-	-	-	-	-	(3 561)	(3 561)	-	(3 561)
Balance at the End of the Period	926 615	1 225 747	919 507	977 315	1 141 824	236 752	1 540 896	(282 800)	(317 409)	2 424 318	8 792 765	87 852	8 880 617
For the Nine-Months Period Ended 30 September 2018													
Balance at the beginning of the period	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	-	-	-	-	-	-	-	-	-	(141 766)	(141 766)	(8 241)	(150 007)
Restated 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)	1 762 897	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	-	-	-	-	-	-	-	-	-	(368 911)	(368 911)	(4 759)	(373 670)
Transferred from general banking risk reserve **	-	-	-	-	-	(95 831)	-	-	-	95 831	-	-	-
Changes in associates equity ***	-	-	-	-	-	-	-	-	-	(74 397)	(74 397)	-	(74 397)
Adjustments During the period	-	-	-	-	-	-	-	-	-	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 148 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 2019.

** The Bank cannot use a restricted amount of USD (317.4) 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 2019.

*** The Central Bank of Jordan issued a new regulation 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 regulation) 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 instruct that the balance of the general banking risk reserve should be distributed as dividends to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan.

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

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 CASH FLOWS
(REVIEWED NOT AUDITED)

	Notes	For the Nine-Months	
		Period Ended 30 September	
		2019	2018
		USD '000	USD '000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		912 443	864 566
Adjustments for:			
Group's share of profits of associates		(337 382)	(291 894)
Depreciation and amortization		46 226	42 631
Expected Credit Losses on Financial Assets		127 274	123 708
Net accrued interest		37 357	14 437
(Gains) from sale of fixed assets		(415)	(184)
Dividends on financial assets at fair value through other comprehensive income		(6 859)	(6 962)
(Gains) from revaluation of financial assets at fair value through profit or loss	22	(696)	(1 103)
Other provisions		21 080	2 225
Total		799 028	747 424
<u>(Increase) Decrease in Assets:</u>			
Balances with central banks (maturing after 3 months)		10 972	-
Deposits with banks and financial institutions (maturing after 3 months)		(60 309)	669 885
Direct credit facilities at amortized cost		(257 268)	(263 416)
Financial assets at fair value through profit or loss		118 808	(43 545)
Other assets and financial derivatives		(119 038)	(97 323)
<u>Increase (Decrease) in Liabilities:</u>			
Banks' and financial institutions' deposits (maturing after 3 months)		(55 377)	222 073
Customers' deposits		391 645	(605 970)
Cash margin		(72 411)	24 820
Other liabilities and financial derivatives		24 826	(149 896)
Net Cash Flows Generated by Operating Activities before Income Tax		780 876	504 052
Income tax paid	15	(293 177)	(226 970)
Net Cash Flows Generated by Operating Activities		487 699	277 082
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) sale of financial assets at fair value through other comprehensive income		(13 393)	17 062
(Purchase) of other financial assets at amortized cost		(349 330)	(152 038)
(Increase) of investments in associates		(1 919)	(1 252)
Dividends received from associates		222 938	190 484
Dividends received from financial assets at fair value through other comprehensive income		6 859	6 962
(Increase) in fixed assets - net		(46 459)	(33 789)
Net Cash Flows (Used in) Generated by Investing Activities		(181 304)	27 429
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Borrowed (Paid) funds		61 722	(15 881)
Dividends paid to shareholders		(414 721)	(366 262)
Dividends paid to non-controlling interests		(2 604)	(4 759)
Net Cash Flows (Used in) Financing Activities		(355 603)	(386 902)
Net (Decrease) in cash and cash equivalents		(49 208)	(82 391)
Exchange differences - change in foreign exchange rates		(18 149)	(115 561)
Cash and cash equivalents at the beginning of the Year		7 367 430	7 354 955
Cash and Cash Equivalents at the End of the Period	31	7 300 073	7 157 003
Operational Cash Flows from Interest			
Interest Paid		781 583	654 382
Interest Received		1 825 511	1 632 037

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019
(REVIEWED NOT AUDITED)****1. GENERAL INFORMATION**

- Arab Bank was established in 1930, and is registered as a Jordanian public shareholding limited company. The Head Office of the Bank is domiciled in Amman - Hashemite Kingdom of Jordan and the Bank operates worldwide through its 80 branches in Jordan and 125 branches abroad. Also, the Bank operates through its subsidiaries and Arab Bank (Switzerland) limited.
- Arab Bank Plc shares are traded on Amman Stock Exchange. The share of Arab Bank represents the Bank's share in all entities of Arab Bank Group except for Arab Bank (Switzerland) Limited, the shares of which are stapled with Arab Bank shares and are traded at the same time.
- The accompanying interim condensed consolidated financial statements were approved by the Board of Directors in their meeting Number (5) on 28 October 2019.

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	31 December				
	2019	2018				
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 119.3m
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	Jordan	JD 50m
Al-Arabi Investment Group LLC	100.00	100.00	1996	and Financial Services	Jordan	JD 14m
Arab Sudanese Bank Limited	100.00	100.00	2008	Banking Brokerage	Sudan	SDG 117.5m
Al Arabi Investment Group / Palestine	100.00	100.00	2009	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 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 Condensed 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 financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives, 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 2018. In addition, the results of the Group's operations for the nine months ended 30 September 2019 do not necessarily represent indications of the expected results for the year ending 31 December 2019, 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 2018, except for the adoption of new standards and amendments effective as of 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the interim condensed consolidated statement of financial position as at 1 January 2019:

	<u>2019</u>
	USD '000
	(Unaudited)
Assets	
Right of use assets	104,211
Liabilities	
Operating lease liabilities	102,515
Less: Prepaid rent	<u>(7,025)</u>
Total equity	<u><u>(5,329)</u></u>

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

• *Leases previously classified as finance leases*

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

• *Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

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

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

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

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

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 2018.

Use of estimate

Provision 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.

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

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

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

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

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

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

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

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

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

Probability of Default (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 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Cash in vaults	551 204	452 637
Balances with central banks:		
Current accounts	2 203 086	2 484 344
Time and notice	2 014 307	2 879 087
Mandatory cash reserve	1 734 748	1 543 327
Certificates of deposit	358 211	616 365
Less: Net ECL Charges	(4 885)	(1 746)
Total	6 886 671	7 974 014

- 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 27.7 million as of 30 September 2019 (USD 38.6 million as of 31 December 2018)

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

	30 September 2019 (Reviewed not Audited)			31 December 2018 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period \ year	1 746	-	-	1 746	2 560
Net ECL Charges for the period	3 114	-	-	3 114	(669)
Adjustments during the period and translation adjustments	25	-	-	25	(145)
Balance at the end of the period \ Year	4 885	-	-	4 885	1 746

5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Current Accounts	1 136	1 171
Time deposits maturing within 3 months	132 492	167 598
Total	133 628	168 769

Banks and financial institutions abroad

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Current accounts	1 392 316	1 511 127
Time deposits maturing within 3 months	1 790 668	1 519 297
Total	3 182 984	3 030 424
Less: Net ECL Charges	(1 136)	(1 550)
Total balances with banks and financial institutions local and abroad	3 314 476	3 197 643

- There are no non-interest bearing balances as of 30 September 2019 and 31 December 2018
- There are no restricted balances as of 30 September 2019 and 31 December 2018

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

	30 September 2019 (Reviewed not Audited)			31 December 2018 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the Period \ year	1 550	-	-	1 550	1 810
Net ECL Charges for the period	544	-	-	544	(241)
Adjustments during the period and Translation adjustments	42	-	-	42	(19)
Balance at the end of the period \ year	2 136	-	-	2 136	1 550

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Deposits with Local Banks and Financial Institutions:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	31 838	6 090
Time deposits maturing after 9 months and before a year	21 150	-
Time deposits maturing after one year	146 576	167 726
Total	199 564	173 816

Deposits with Banks and Financial Institutions Abroad:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	72 963	148 817
Time deposits maturing after 6 months and before 9 months	2 406	-
Time deposits maturing after 9 months and before a year	56 234	3 327
Certificates of deposits maturing after 3 months and before 6 months	54 665	-
Total	186 268	152 144
Less: Net ECL Charges	(2 080)	(2 517)
Total deposits with banks and financial institutions Local and Abroad	383 752	323 443

- There are no restricted deposits as of 30 September 2019 and 31 December 2018

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

	30 September 2019 (Reviewed not Audited)			31 December 2018 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the Period \ year	2 517	-	-	2 517	1 726
Net ECL Charges for the period	(416)	-	-	(416)	781
Adjustments during the period and Translation adjustments	(21)	-	-	(21)	10
Balance at the end of the period \ year	2 080	-	-	2 080	2 517

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

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Treasury bills and Governmental bonds	10 243	96 878
Corporate bonds	257 949	289 808
Loans and advances	29 624	29 624
Corporate shares	1 752	1 845
Mutual funds	22 149	21 674
Total	321 717	439 829

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

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Quoted shares	195 257	194 134
Unquoted shares	192 609	176 876
Total	387 866	371 010

- Cash dividends from investments above amounted to USD 6.9 million for the nine-months period ended 30 September 2019 (USD 7 millions for the nine-months period ended 30 September 2018).

9- DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	30 September 2019 (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 *	75 032	117 408	494 870	162 641	1 050	851 001
Overdrafts *	97 498	1 269 726	3 450 420	5 466	118 962	4 942 072
Loans and advances *	3 247 195	1 801 002	11 744 558	73 551	754 437	17 620 743
Real-estate loans	2 209 526	141 895	197 472	-	-	2 548 893
Credit cards	179 269	-	-	-	-	179 269
Total	5 808 520	3 330 031	15 887 320	241 658	874 449	26 141 978
Less: Interest and commission in suspense	68 108	111 245	338 640	9 217	-	527 210
Provision for impairment - ECL	158 517	225 305	1 313 770	5 516	6 435	1 709 543
Total	226 625	336 550	1 652 410	14 733	6 435	2 236 753
Net Direct Credit Facilities At Amortized Cost	5 581 895	2 993 481	14 234 910	226 925	868 014	23 905 225

* Net of interest and commission received in advance which amounted to USD 134.2 million as of 30 September 2019.

- Rescheduled loans during the nine-month period ended 30 September 2019 amounted to USD 1024 million .
- Restructured loans (transferred from non performing to watch list loans) during the nine-month period ended 30 September 2019 amounted to USD 0.3 million.
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 101.4 million, or 0.39% of total direct credit facilities as of 30 September 2019.
- Non-performing direct credit facilities amounted to USD 1915.3 million, or 7.3% of total direct credit facilities as of 30 September 2019.
- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1412.6 million, or 5.5% of direct credit facilities after deducting interest and commission in suspense as of 30 September 2019.

31 December 2018
(Audited)

	Consumer Banking		Corporates		Banks and Financial Institutions	Government and Public Sector	Total
	USD '000	Small and Medium	Large	USD '000			
Discounted bills *	76 150	141 571	575 281	65 946	2 519	861 467	
Overdrafts *	114 302	1 289 711	3 576 415	5 083	284 498	5 270 009	
Loans and advances *	3 103 539	1 698 771	11 445 370	45 835	768 636	17 062 151	
Real-estate loans	2 197 746	157 954	87 985	-	-	2 443 685	
Credit cards	176 099	-	-	-	-	176 099	
Total	5 667 836	3 288 007	15 685 051	116 864	1 055 653	25 813 411	
Less: Interest and commission in suspense	73 128	98 914	273 939	7 955	-	453 936	
Provision for impairment - direct credit facilities at amortized cost	163 495	171 933	1 232 759	505	5 241	1 573 933	
Total	236 623	270 847	1 506 698	8 460	5 241	2 027 869	
Net Direct Credit Facilities at Amortized Cost	5 431 213	3 017 160	14 178 353	108 404	1 050 412	23 785 542	

* Net of interest and commission received in advance, which amounted to USD 137.3 million as of 31 December 2018.

- Rescheduled loans during the year ended 31 December 2018 amounted to USD 428.3 million.
- Restructured loans (transferred from non performing to watch list loans) during the year ended 31 December 2018 amounted to USD 3.3 million.
- Direct credit facilities granted to and guaranteed by the government of Jordan as of 31 December 2018 amounted to USD 31.9 million, or 0.12% of total direct credit facilities.
- Non-performing direct credit facilities as of 31 December 2018 amounted to USD 1742.1 million, or 6.7% of total direct credit facilities.
- Non-performing direct credit facilities net of interest and commission in suspense as of 31 December 2018 amounted to USD 1302.9 million, or 5.1 % of direct credit facilities, after deducting interest and commission in suspense.

The details of movement on the provision for impairment of the ECL as of 30 September 2019 are as follows:

	30 September 2019 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	86 435	302 549	1 184 949	1 573 933
Transferred to Stage 1	4 283	(4 239)	(44)	-
Transferred to Stage 2	(2 010)	2 051	(41)	-
Transferred to Stage 3	(556)	(18 693)	19 249	-
Amounts written off	-	-	(17 852)	(17 852)
Impact on ECL caused by transfers between stages during the period	100	10 606	13 311	24 017
ECL Charges for the period (within the same stage)	13 510	50 918	49 140	113 568
Adjustments during the period and Translation Adjustments	875	1 829	13 173	15 877
Balance at the end of the period	102 637	345 021	1 261 885	1 709 543

	31 December 2018 (Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	85 661	297 203	1 010 050	1 392 914
Transferred to Stage 1	5 092	(4 632)	(460)	-
Transferred to Stage 2	(10 392)	12 531	(2 139)	-
Transferred to Stage 3	(330)	(13 206)	13 536	-
Amounts written off	-	-	(35 182)	(35 182)
Impact on year-end ECL caused by transfers between stages during the year	6 261	20 917	32 301	59 479
ECL Charges for the year (within the same stage)	310	(1 743)	173 822	172 389
Adjustments during the period and Translation Adjustments	(167)	(8 521)	(6 979)	(15 667)
Balance at the end of the period	86 435	302 549	1 184 949	1 573 933

- 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 2019 and 31 December 2018

- Impairment is assessed based on individual customer accounts

* Non-performing loans transferred to off balance sheet amounted to USD 2.4 million as of 30 September 2019 (USD 5 million as of 31 December 2018) 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 2019 (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 period	73 128	98 914	273 939	7 955	-	453 936
Interest and commissions suspended during the period	11 690	14 996	70 256	1 206	-	98 148
Interest and commissions in suspense settled / written off or transferred to off condensed consolidated interim statement of financial position	(13 106)	(2 328)	(2 052)	-	-	(17 486)
Recoveries	(2 707)	(2 173)	(4 342)	-	-	(9 222)
Adjustments during the period	(5)	(215)	164	56	-	-
Translation adjustments	(892)	2 051	675	-	-	1 834
Balance at the End of the Period	68 108	111 245	338 640	9 217	-	527 210

	31 December 2018 (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 year	16 531	12 119	78 100	1 410	-	108 160
Interest and commissions in suspense settled / written off or transferred to off consolidated statement of financial position	(2 350)	(4 878)	(4 376)	-	-	(11 604)
Recoveries	(3 587)	(797)	(2 440)	-	-	(6 824)
Adjustment during the year	-	-	(8 669)	-	-	(8 669)
Translation adjustments	(1 872)	(1 680)	(1 836)	-	-	(5 388)
Balance at the End of the Year	73 128	98 914	273 939	7 955	-	453 936

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

	Inside Jordan	Outside Jordan	30 September	31 December
			2019 (Reviewed not Audited)	2018 (Audited)
	USD '000	USD '000	USD '000	USD '000
Economic Sector				
Consumer Banking	2 855 448	2 726 447	5 581 895	5 431 213
Industry and mining	1 691 016	3 275 859	4 966 875	4 796 276
Construction	447 362	1 539 465	1 986 827	2 047 525
Real - Estate	354 854	1 502 647	1 857 501	1 860 580
Trade	1 239 299	2 985 452	4 224 751	4 244 561
Agriculture	150 219	139 587	289 806	329 476
Tourism and Hotels	217 289	337 434	554 723	645 659
Transportation	110 443	261 885	372 328	361 788
Shares	-	11 985	11 985	11 985
General Services	759 538	2 204 057	2 963 595	2 897 663
Banks and Financial Institutions	72 775	154 150	226 925	108 404
Government and Public Sector	136 141	731 873	868 014	1 050 412
Net Direct Credit Facilities at amortized Cost	8 034 384	15 870 841	23 905 225	23 785 542

10- OTHER FINANCIAL ASSETS AT AMOTIZED COST

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
Treasury bills	2 778 496	2 619 749
Governmental bonds and bonds guaranteed by the government	4 694 045	4 513 903
Corporate bonds	1 425 128	1 414 711
Less: Net ECL Charges	(41 234)	(40 516)
Total	8 856 435	8 507 847

Analysis of bonds based on interest nature:

	30 September 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
Floating interest rate	590 224	524 708
Fixed interest rate	8 307 445	8 023 655
Less: Net ECL Charges	(41 234)	(40 516)
Total	8 856 435	8 507 847

Analysis of financial assets based on market quotation:

	30 September 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
Financial assets quoted in the market:		
Treasury bills	484 422	789 039
Governmental bonds and bonds guaranteed by the government	915 811	832 774
Corporate bonds	1 307 600	1 315 893
Total	2 707 833	2 937 706

	30 September 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
Financial assets unquoted in the market:		
Treasury bills	2 294 074	1 830 710
Governmental bonds and bonds guaranteed by the government	3 778 234	3 681 129
Corporate bonds	117 528	98 818
Total	6 189 836	5 610 657
Less: Net ECL Charges	(41 234)	(40 516)
Grand Total	8 856 435	8 507 847

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

	30 September 2019 (Reviewed not Audited)			31 December 2018 (Audited)	
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period / year	18 175	17 565	4 776	40 516	53 028
Transfer to Stage (1)	250	(250)	-	-	-
Transfer to Stage (2)	(306)	306	-	-	-
Transfer to Stage (3)	-	-	-	-	-
Net ECL Charges for the period	(3 889)	4 631	-	742	(2 312)
Adjustments during the period and translation adjustments	(112)	88	-	(24)	(10 200)
Balance at the end of the period \ Year	14 118	22 340	4 776	41 234	40 516

During the Nine month period ended 30 September 2019 certain financial assets at amortized cost with a total amount of USD 10.5 million were sold (USD 183.2 million during the year ended 31 December 2018)

11- FIXED ASSETS

The additions to and disposals of fixed assets during the nine-months period ended 30 September 2019 amounted to USD 43.2 million and USD 13.4 million respectively (USD 40.9 million and USD 16.2 million for the nine-months period ended 30 September 2018).

The cost of fully depreciated fixed assets amounted to USD 282.2 million as of 30 September 2019 (USD 256.7 million as of 31 December 2018).

12- OTHER ASSETS

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Accrued interest receivable	204 653	206 176
Prepaid expenses	106 987	116 949
Foreclosed assets *	95 390	88 344
Intangible assets	25 735	22 587
Right-of-use Assets, net	100 346	-
Other miscellaneous assets	164 486	179 362
Total	697 597	613 418

* 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 2019 (Reviewed not Audited)				Total
	Consumer Banking	Corporates		Government and Public Sector	
	USD '000	Small & Medium	Large	USD '000	
Current and demand	7 627 458	2 033 939	1 883 214	368 561	11 913 172
Savings	3 086 455	86 373	17 735	7 024	3 197 587
Time and notice	9 112 971	1 101 194	3 934 134	2 004 336	16 152 635
Certificates of deposit	423 639	23 669	60 520	51 336	559 164
Total	20 250 523	3 245 175	5 895 603	2 431 257	31 822 558

	31 December 2018 (Audited)				Total
	Consumer Banking	Corporates		Government and Public Sector	
	USD '000	Small & Medium	Large	USD '000	
Current and demand	7 494 375	2 130 174	1 961 191	308 044	11 893 784
Savings	2 984 797	124 049	20 775	3 449	3 133 070
Time and notice	8 475 548	1 106 333	3 883 541	2 525 223	15 990 645
Certificates of deposit	308 169	17 117	40 913	47 215	413 414
Total	19 262 889	3 377 673	5 906 420	2 883 931	31 430 913

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 784.9 millions, or 2.5% of total customers' deposits as of 30 September 2019 (USD 769.3 million, or 2.5% of total customers' deposits as of 31 December 2018).
- Non-interest bearing deposits amounted to USD 10725.6 million, or 33.7% of total customers' deposits as of 30 September 2019 (USD 10677.8 million, or 34% of total customers' deposits as of 31 December 2018).
- Blocked deposits amounted to USD 159.1 million, or 0.50% of total customers' deposits as of 30 September 2019 (USD 162.8 million, or 0.5% of total customers' deposits as of 31 December 2018).
- Dormant deposits amounted to USD 373.2 million, or 1.2% of total customers' deposits as of 30 September 2019 (USD 371.3 million, or 1.2% of total customers' deposits as of 31 December 2018).

14- BORROWED FUNDS

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
From Central Banks	88 881	78 341
From banks and financial institutions	254 320	203 138
Total	343 201	281 479

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

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Floating interest rate	209 435	141 987
Fixed interest rate	133 766	139 492
Total	343 201	281 479

15- PROVISION FOR INCOME TAX

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Balance at the beginning of the year	321 490	272 205
Income tax expense	260 683	314 657
Income tax paid	(293 177)	(265 372)
Balance at the end of the period / year	288 996	321 490

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

	For the Nine-Months Period Ended 30 September	
	2019	2018
	(Reviewed not Audited)	
	USD '000	USD '000
Income tax expense for the period	260 683	222 886
Effect of deferred tax	(17 105)	(1 478)
Total	243 578	221 408

- The income tax expense for the nine-months period ended 30 September 2019 for Arab Bank in Jordan was calculated in accordance with Income Tax Law No (38) of 2018, while it was calculated in accordance with Income Tax Law No (34) of 2014 for the period ended 30 September 2018.
- The income tax rate in Jordan is 35% + 3% National Contribution tax, while the income tax rate in the countries where the Group has investments and branches ranges from nil to 38% as of 30 September 2019 and 31 December 2018 the Effective tax rate for the Group is 26.7% as 30 September 2019 and 25.6% as of 30 September 2018
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 2018 such as Islamic International Arab Bank , 2017 such as Arab Bank United Arab Emirates and Palestine and 2012 such as Arab Bank Qatar and Arab Bank Syria.

16- OTHER LIABILITIES

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Accrued interest payable	217 482	181 648
Notes payable	177 530	127 704
Interest and commission received in advance	66 974	101 512
Accrued expenses	75 290	68 017
Dividends payable to shareholders	20 544	17 268
Provision for impairment - ECL of the indirect credit facilities*	63 473	77 358
Lease Contracts Liability	96 984	-
Other miscellaneous liabilities	331 507	440 550
Total	1 049 784	1 014 057

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

	30 September 2019 (Reviewed not Audited)				31 December 2018 (Audited)
	USD '000	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at the beginning of the period \ year	35 481	30 398	11 479	77 358	42 855
Transferred to Stage 1	577	(577)	-	-	-
Transferred to Stage 2	(35)	35	-	-	-
Transferred to Stage 3	-	(402)	402	-	-
Impact on ECL caused by transfers between stages during the Period / year	(151)	(272)	-	(423)	1 928
Net ECL Charges for the period/ year	2490	(16019)	(343)	(13872)	19 976
Adjustments during the period and translation adjustments	760	(18)	(332)	410	12 599
Balance at the End of the period / year	39 122	13 145	11 206	63 473	77 358

17- SHARE CAPITAL AND RESERVES

A Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 30 September 2019 and 31 December 2018

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 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Balance at the beginning of the period \ year	2 192 006	1 904 663
Profit for the period/year attributable to the shareholders of the bank	671 090	820 649
Transferred from investment revaluation reserve to retained earnings	(1 959)	(1 959)
Dividends *	(417 997)	(368 911)
Transferred to statutory reserve	-	(78 148)
Transferred from general banking risk reserve **	372	158 704
Changes in associates equity	(10 304)	(82 038)
Effect of IFRS (9) adoption **	-	(164 205)
Effect of IFRS (16) adoption	(5 329)	-
Adjustment during the period/ year	(3 561)	3 251
Balance at the End of the Period / Year	2 424 318	2 192 006

* The General Assembly of the Arab Bank plc in its meeting held on 28 March 2019 approved the recommendation of the Bank's Board of Directors to distribute 45% of par value as cash dividends for the year 2018 equivalent to USD 406.6 million (The General Assembly of 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 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 2019 (Reviewed not Audited)	30 September 2018 (Reviewed not Audited)
	USD '000	USD '000
Direct credit facilities at amortized cost	1 284 093	1 191 657
Balances with central banks	80 703	51 785
Balances and deposits with banks and financial institutions	63 880	40 229
Financial assets at fair value through profit or loss	16 465	22 259
Other financial assets at amortized cost	378 847	322 217
Total	1 823 988	1 628 147

20- INTEREST EXPENSE

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	30 September 2018 (Reviewed not Audited)
	USD '000	USD '000
Customers' deposits	667 548	545 349
Banks and financial institutions deposits	77 814	64 432
Cash margins	43 887	31 625
Borrowed funds	8 747	4 604
Deposit insurance fees	19 421	18 919
Total	817 417	664 929

21- NET COMMISSION INCOME

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited) USD '000	30 September 2018 (Reviewed not Audited) USD '000
Commission income:		
Direct credit facilities at amortized cost	70 775	72 164
Indirect credit facilities	87 980	89 952
Assets Under Management	13 855	10 961
Other	83 659	79 552
<u>Less: commission expense</u>	<u>(36 603)</u>	<u>(27 738)</u>
Net Commission Income	<u>219 666</u>	<u>224 891</u>

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

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)				30 September 2018 (Reviewed not Audited)
	Realized Gains	Unrealized Gains	Dividends	Total	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Treasury bills and bonds	2 502	(19)	-	2 483	3 822
Corporate shares	-	(52)	79	27	32
Mutual funds	-	767	-	767	199
Total	<u>2 502</u>	<u>696</u>	<u>79</u>	<u>3 277</u>	<u>4 053</u>

23- OTHER REVENUE

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited) USD '000	30 September 2018 (Reviewed not Audited) USD '000
Revenue from customer services	12 026	10 214
Safe box and other rentals	2 737	3 208
Loss from derivatives	(1 096)	(726)
Miscellaneous revenue	19 443	23 275
Total	<u>33 110</u>	<u>35 971</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.

Information about the Group's Business Segments

	30 September 2019 (Reviewed not Audited)					30 September 2018 (Reviewed not Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Total income	758 316	513 937	(134 431)	187 541	365 491	1 690 854	1 611 160
Net inter-segment interest income	(133 962)	(314 773)	319 230	129 505	-	-	-
Less:							
Expected Credit Losses on Financial Assets	121 206	(681)	1 054	5 695	-	127 274	123 708
Other provisions	9 969	2 544	2 387	6 180	-	21 080	2 225
Direct administrative expenses	101 125	15 508	26 187	128 124	3 517	274 461	271 208
Result of Operations of Segments	392 054	181 793	155 171	177 047	361 974	1 268 039	1 214 019
Less: Indirect expenses on segments	153 926	44 639	41 737	113 538	1 756	355 596	349 453
Profit for the Period before Income Tax	238 128	137 154	113 434	63 509	360 218	912 443	864 566
Income tax expense	58 761	41 656	34 500	23 264	85 397	243 578	221 408
Profit for the Period	179 367	95 498	78 934	40 245	274 821	668 865	643 158
Depreciation and Amortization	15 635	4 562	5 777	20 252	-	46 226	42 631

Other Information	30 September 2019 (Reviewed not Audited)					31 December 2018 (Audited)	
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Segment assets	18 320 758	18 086 037	3 173 374	4 615 871	1 213 311	45 409 351	45 864 374
Inter-segment assets	-	-	11 759 202	2 751 760	5 838 773	-	-
Investments in associates	-	-	-	-	3 409 235	3 409 235	3 298 251
Total Assets	18 320 758	18 086 037	14 932 576	7 367 631	10 461 319	48 818 586	49 162 625
Segment liabilities	14 080 874	1 976 186	14 932 576	7 367 631	1 580 702	39 937 969	40 498 036
Shareholders' Equity	-	-	-	-	8 880 617	8 880 617	8 664 589
Inter-segment liabilities	4 239 884	16 109 851	-	-	-	-	-
Total Liabilities and Shareholders' Equity	18 320 758	18 086 037	14 932 576	7 367 631	10 461 319	48 818 586	49 162 625

25- COMMETMENTS AND CONTINGENT LIABILITES

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

30 September 2019				
(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	1 443 732	27 919	-	1 471 651
Acceptances	678 441	7 840	-	686 281
Letters of guarantees:				
- Payment guarantees	1 285 728	106 288	85 138	1 477 154
- Performance guarantees	3 514 887	1 463 726	188 471	5 167 084
- Other guarantees	2 555 304	892 870	38 078	3 486 252
Unutilized credit facilities	4 056 336	290 942	27 224	4 374 502
Total	13 534 428	2 789 585	338 911	16 662 924
Construction projects contracts	2 098	10 209		12 307
Procurement contracts	4 786	725	2 022	7 533
Total	6 884	10 934	2 022	19 840
31 December 2018				
(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	1 781 377	33 312	766	1 815 455
Acceptances	814 634	16 271	-	830 905
Letters of guarantees:				
- Payment guarantees	1 020 651	51 737	20 309	1 092 697
- Performance guarantees	4 188 910	1 416 457	250 689	5 856 056
- Other guarantees	2 855 962	672 003	19 086	3 547 051
Unutilized credit facilities	4 631 092	297 868	26 532	4 955 492
Total	15 292 626	2 487 648	317 382	18 097 656
Construction projects contracts	2 740	10 409	-	13 149
Procurement contracts	6 861	1 744	2 252	10 857
Operating lease contracts	3 870	12 515	26 124	42 509
Total	13 471	24 668	28 376	66 515

26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:

30 September 2019
(Reviewed not Audited)

The details for this items are as follows:

	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	2 498 909	2 630 662	633	1 161 004	-	14 259	6 305 467
Balances and deposits with banks and financial institutions	331 672	1 303 028	336 888	1 180 436	466 289	79 915	3 698 228
Financial assets at fair value through profit or loss	-	73 464	20 162	197 782	-	6 408	297 816
Direct credit facilities at amortized cost	8 034 384	13 574 309	344 014	1 192 272	67 546	692 700	23 905 225
Consumer Banking	2 855 448	2 347 898	20	116 288	81	262 160	5 581 895
Small and Medium Corporates	866 284	1 562 716	36 214	366 561	25 740	135 966	2 993 481
Large Corporates	4 103 736	8 862 866	307 780	624 229	41 725	294 574	14 234 910
Banks and Financial Institutions	72 775	139 552	-	14 598	-	-	226 925
Government and Public Sector	136 141	661 277	-	70 596	-	-	868 014
Other financial assets at amortized cost	4 038 161	3 917 633	83 344	409 729	110 097	297 471	8 856 435
Other assets and financial derivatives - positive fair value	71 048	232 112	1 927	73 278	1 023	13 483	392 871
Total	14 974 174	21 731 208	786 968	4 214 501	644 955	1 104 236	43 456 042
Total as of 31 December 2018 (Audited)	14 478 064	21 648 345	937 132	5 201 814	834 500	1 039 395	44 139 250

* Excluding Arab Countries.

27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

30 September 2019
(Reviewed not Audited)

	Corporations											Government and Public Sector	Total	
	Consumer Banking	Industry and Mining	Construction	Real Estate	Trade	Agriculture	Tourism and Hotels	Transportation	Shares	General Services	Banks and Financial Institutions			
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	6 305 467
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	29 624	-	-	257 949	-	10 243	297 816
Direct credit facilities at amortized cost	5 581 895	4 966 875	1 986 827	1 857 501	4 224 751	289 806	554 723	372 328	11 985	2 963 595	226 925	868 014	7 453 636	23 905 225
Other financial assets at amortized cost	-	89 996	-	7 050	-	-	-	-	-	127 486	1 178 267	-	-	8 856 435
Other assets and financial derivatives - positive fair value	24 599	33 273	8 024	8 893	33 089	1 378	3 490	6 488	-	40 200	75 434	-	158 003	392 871
Total	5 606 494	5 090 144	1 994 851	1 873 444	4 257 840	291 184	558 213	408 440	11 985	3 131 281	5 436 803	14 795 363	43 456 042	63 052 467
Total as of 31 December 2018 (Audited)	5 447 156	4 913 605	2 058 717	1 868 126	4 300 092	330 849	648 581	396 112	11 985	3 093 478	5 150 291	15 920 258	44 139 250	61 040 250

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 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Common Equity Tier 1	8 326 829	7 963 395
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 902 981)	(2 791 745)
Additional Tier 1	401	8 528
Supplementary Capital	403 578	398 172
Regulatory Capital	5 827 827	5 578 350
Risk-weighted assets (RWA)	36 217 437	35 662 164
Common Equity Tier 1 Ratio	14.98%	14.50%
Tier 1 Capital Ratio	14.98%	14.53%
Capital Adequacy Ratio	16.09%	15.64%

- 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.

3. Fair Value Hierarchy

Financial Instruments are either financial assets or financial liabilities

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

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

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

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

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

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

Financial Assets / Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000				
Financial Assets at Fair Value						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	10 243	96 878	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	257 949	289 808	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	23 901	23 519	Level 1	Quoted Shares	Not Applicable	Not Applicable
Total Financial Assets at Fair Value through Profit or Loss	321 717	439 829				
Financial derivatives - positive fair value	81 231	63 963	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Financial assets at fair value through other comprehensive income:						
Quoted shares	195 257	194 134	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	192 609	176 876	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
Total financial assets at fair value through other comprehensive income	387 866	371 010				
Total Financial Assets at Fair Value	790 814	874 802				
Financial Liabilities at Fair Value						
Financial derivatives - negative fair value	73 940	51 523	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
Total Financial Liabilities at Fair Value	73 940	51 523				

There were no transfers between Level 1 and 2 during the nine months period ended 30 September 2019 and the year 2018

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 2019 (Reviewed not Audited)		31 December 2018 (Audited)		Fair Value Hierarchy
	Book value	Fair value	Book value	Fair value	
	USD '000	USD '000	USD '000	USD '000	
Financial assets not calculated at fair value					
Mandatory cash reserve, Time and notice balances and deposits with central banks	4 102 381	4 109 956	5 037 033	5 038 895	Level 2
Balances and deposits with banks and financial institutions	3 698 228	3 703 191	3 521 086	3 525 427	Level 2
Direct credit facilities at amortized cost	23 905 225	23 996 772	23 785 542	23 871 686	Level 2
Other financial assets at amortized cost	8 856 435	8 932 883	8 507 847	8 596 806	Level 1 & 2
Total financial assets not calculated at fair value	40 562 269	40 742 802	40 851 508	41 032 814	
Financial liabilities not calculated at fair value					
Banks' and financial institutions' deposits	3 292 732	3 306 234	4 265 590	4 284 245	Level 2
Customer deposits	31 822 558	31 974 560	31 430 913	31 553 011	Level 2
Cash margin	2 841 060	2 854 548	2 913 471	2 925 635	Level 2
Borrowed funds	343 201	345 795	281 479	284 080	Level 2
Total financial liabilities not calculated at fair value	38 299 551	38 481 137	38 892 453	39 046 971	

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	
	2019	2018	2019	2018
	USD '000	USD '000	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	671 090	641 958	215 685	206 367
	Thousand / Shares		Thousand / Shares	
Average number of shares	640 800	640 800	640 800	640 800
	USD / Share		USD / Share	
Earnings Per Share for the period (Basic and diluted)	1.05	1.00	0.34	0.32

31- **CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	30 September 2019 (Reviewed not Audited)	30 September 2018 (Reviewed not Audited)
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	6 833 893	7 225 152
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	3 316 612	3 315 797
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	2 850 432	3 383 946
Total	7 300 073	7 157 003

32. RELATED PARTIES TRANSACTIONS

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

	30 September 2019 (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	159 556	-	33 096	85 381
Major Shareholders and Members of the Board of Directors	-	306 700	597 529	74 579
Total	159 556	306 700	630 625	159 960

	31 December 2018 (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	138 980	-	96 987	90 118
Major Shareholders and Members of the Board of Directors	-	324 102	668 829	89 388
Total	138 980	324 102	765 816	179 506

- 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:

	30 September 2019 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	2 477	565

	30 September 2018 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	1 459	1 216

- Direct credit facilities granted to top management personnel amounted to USD 2.2 million and indirect credit facilities amounted to USD 216.9 thousand as of 30 September 2019 (USD 1.6 million direct credit facilities and USD 14.1 thousand indirect credit facilities as of 31 December 2018).

- 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 3.9 million as of 30 September 2019 (USD 3.1 million as of 31 December 2018).

- The salaries and other fringe benefits of the Group's top management personnel, inside and outside Jordan, amounted to USD 49.9 million for the nine months period ended 30 September 2019 (USD 48.5 million for the nine months period ended 30 September 2018).

33. Legal Cases

There are lawsuits filed against the Group totaling USD 201.6 million as of 30 September 2019, (USD 192.5 million as of 31 December 2018). In the opinion of the management and the lawyers representing the Group in the litigation at issue, the provisions taken in connection with the lawsuits are adequate.

34. Comparative Figures

Some of the comparative figures for the year 2018 have been reclassified to correspond with the period ended 30 September 2019 presentation, with no effect on profit and equity for the year 2018.