

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

ARAB BANK GROUP  
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 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 June 2019, comprising of the interim consolidated statement of financial position as of 30 June 2019 and the related interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-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 July 2019

**ARAB BANK GROUP**  
**CONDENSED CONSOLIDATED INTERIM**  
**STATEMENT OF FINANCIAL POSITION**

	Notes	30 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
		USD '000	USD '000
<b>ASSETS</b>			
Cash and balances with central banks	4	6 955 807	7 974 014
Balances with banks and financial institutions	5	2 919 950	3 197 643
Deposits with banks and financial institutions	6	273 285	323 443
Financial assets at fair value through profit or loss	7	335 286	439 829
Financial derivatives - positive fair value		68 308	63 963
Direct credit facilities at amortized cost	9	24 062 675	23 785 542
Financial assets at fair value through other comprehensive income	8	371 140	371 010
Other financial assets at amortized cost	10	8 525 366	8 507 847
Investments in associates		3 369 188	3 298 251
Fixed assets	11	458 462	455 719
Other assets	12	773 550	613 418
Deferred tax assets		143 600	131 946
<b>Total Assets</b>		<b>48 256 617</b>	<b>49 162 625</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Banks and financial institutions' deposits		3 491 779	4 266 590
Customers' deposits	13	31 374 826	31 430 913
Cash margin		2 726 508	2 913 471
Financial derivatives - negative fair value		83 620	51 523
Borrowed funds	14	266 663	281 479
Provision for income tax	15	297 588	321 490
Other provisions		214 970	210 303
Other liabilities	16	1 103 454	1 014 057
Deferred tax liabilities		5 594	8 210
<b>Total Liabilities</b>		<b>39 565 002</b>	<b>40 498 036</b>
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		( 257 153)	( 264 651)
Investments revaluation reserve		( 312 212)	( 322 831)
Retained earnings	18	2 204 962	2 192 006
<b>Total Equity Attributable to the Shareholders of the Bank</b>		<b>8 604 253</b>	<b>8 573 552</b>
Non-controlling interests		87 362	91 037
<b>Total Shareholders' Equity</b>		<b>8 691 615</b>	<b>8 664 589</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>48 256 617</b>	<b>49 162 625</b>

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

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

	Notes	For the Six-Months Period Ended 30 June		For the Three-Months Period Ended 30 June	
		2019	2018	2019	2018
		USD '000	USD '000	USD '000	USD '000
<b>REVENUE</b>					
Interest income	19	1 211 348	1 066 156	609 017	540 354
<u>Less: interest expense</u>	20	545 833	431 899	275 918	217 647
<b>Net Interest Income</b>		<b>665 515</b>	<b>634 257</b>	<b>333 099</b>	<b>322 707</b>
Net commission income	21	147 911	149 850	76 506	75 362
<b>Net Interest and Commission Income</b>		<b>813 426</b>	<b>784 107</b>	<b>409 605</b>	<b>398 069</b>
Foreign exchange differences		57 152	60 965	26 098	31 278
Gain from financial assets at fair value through profit or loss	22	2 176	2 679	389	1 657
Dividends from financial assets at fair value through other comprehensive income		6 643	6 469	3 089	2 654
Group's share of profits of associates		229 923	194 871	122 321	103 201
Other revenue, net	23	21 716	24 455	10 883	10 393
<b>Total Income</b>		<b>1 131 036</b>	<b>1 073 546</b>	<b>572 385</b>	<b>547 252</b>
<b>EXPENSES</b>					
Employees' expenses		245 301	240 215	123 037	121 384
Other expenses		143 107	137 765	70 711	73 259
Depreciation and amortization		31 323	28 520	16 869	14 256
Expected Credit Losses on Financial Assets		85 088	86 460	53 194	38 648
Other provisions		12 557	( 1 468)	7 700	4 432
<b>Total Expenses</b>		<b>517 376</b>	<b>491 492</b>	<b>271 511</b>	<b>251 979</b>
<b>Profit for the Period before Income Tax</b>		<b>613 660</b>	<b>582 054</b>	<b>300 874</b>	<b>295 273</b>
<u>Less: Income tax expense</u>	15	160 450	146 078	79 434	79 580
<b>Profit for the Period</b>		<b>453 210</b>	<b>435 976</b>	<b>221 440</b>	<b>215 693</b>
Attributable to :					
- Bank's shareholders		455 405	435 591	225 193	218 463
- Non-controlling interests		( 2 195)	385	( 3 753)	( 2 770)
<b>Total</b>		<b>453 210</b>	<b>435 976</b>	<b>221 440</b>	<b>215 693</b>
Earnings per share attributable to the Bank's shareholders					
- <b>Basic and Diluted (US Dollars)</b>	30	<b>0.71</b>	<b>0.68</b>	<b>0.35</b>	<b>0.34</b>

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

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

	For the Six-Months Period Ended 30 June		For the Three-Months Period Ended 30 June	
	2019	2018	2019	2018
	USD '000	USD '000	USD '000	USD '000
<b>Profit for the period</b>	453 210	435 976	221 440	215 693
<u>Add: Other comprehensive income items - after tax</u>				
<b><u>Items that will be subsequently transferred to the statement of Income</u></b>				
Exchange differences arising on the translation of foreign operations	10 130	( 90 711)	23 759	( 84 511)
<b><u>Items that will not be subsequently transferred to the statement of Income</u></b>				
<b>Net change in fair value of financial assets at fair value through other comprehensive income</b>	<b>6 768</b>	<b>5 912</b>	<b>( 4 142)</b>	<b>2 833</b>
Change in fair value of financial assets at fair value through other comprehensive income	9 111	6 001	( 2 649)	2 767
(Loss) from sale of financial assets at fair value through the statement of comprehensive income	( 2 343)	( 89)	( 1 493)	66
<b>Total Other Comprehensive Income Items - after Tax</b>	<b>16 898</b>	<b>( 84 799)</b>	<b>19 617</b>	<b>( 81 678)</b>
<b>Total Comprehensive Income for the Period</b>	<b>470 108</b>	<b>351 177</b>	<b>241 057</b>	<b>134 015</b>
Attributable to :				
- Bank's shareholders	471 179	356 418	242 018	142 813
- Non-controlling interests	( 1 071)	( 5 241)	( 961)	( 8 798)
<b>Total</b>	<b>470 108</b>	<b>351 177</b>	<b>241 057</b>	<b>134 015</b>

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 EQUITY**  
**(REVIEWED NOT AUDITED)**

Notes	Share Capital	Share Premium	Statutory Reserve	Voluntary Reserve	General Reserve	General Banking Risks Reserve	Reserves with Associates	Foreign Currency Translation Reserve	Investments revaluation reserve	Retained Earnings*	Total Equity Attributable to the Shareholders of the Bank	Non-Controlling Interests	Total Shareholders' Equity
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
<b>For the Six-Months Period Ended 30 June 2019</b>													
Balance at the beginning of the Period	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
Effect of IFRS (16) adoption (note 3)	-	-	-	-	-	-	-	-	-	(5 315)	(5 315)	-	(5 315)
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)	2 186 691	8 568 237	91 037	8 659 274
<b>Total Comprehensive Income for the Period</b>								7 498	8 276	455 405	471 179	(1 071)	470 108
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	-	(2 343)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(417 997)	(417 997)	(2 604)	(420 601)
Transferred from general banking risk reserve	-	-	-	-	-	(372)	-	-	-	372	-	-	-
Changes in associates equity ***	-	-	-	-	-	-	-	-	-	(17 166)	(17 166)	-	(17 166)
<b>Balance at the End of the Period</b>	<b>926 615</b>	<b>1 225 747</b>	<b>919 507</b>	<b>977 315</b>	<b>1 141 824</b>	<b>236 752</b>	<b>1 540 896</b>	<b>(257 153)</b>	<b>(312 212)</b>	<b>2 204 962</b>	<b>8 604 253</b>	<b>87 362</b>	<b>8 691 615</b>
<b>For the Six-Months Period Ended 30 June 2018</b>													
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	-	-	-	-	-	-	-	-	-	(142 111)	(142 111)	(8 241)	(150 352)
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)	1 762 552	8 148 148	110 772	8 258 920
<b>Total Comprehensive Income for the Period</b>								(84 855)	5 682	435 591	356 418	(5 241)	351 177
Transferred from investments revaluation reserve to retained earnings	-	-	-	-	-	-	-	-	77	(77)	-	-	-
Transferred from investments revaluation reserve to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	12	12
Dividends	-	-	-	-	-	-	-	-	-	(368 911)	(368 911)	(4 759)	(373 670)
Transferred from general banking risk reserve **	-	-	-	-	-	(95 831)	-	-	-	95 831	-	-	-
Changes in associates equity***	-	-	-	-	-	-	-	-	-	(74 031)	(74 031)	-	(74 031)
Adjustments During the period	-	-	-	-	-	-	-	-	-	985	985	-	985
<b>Balance at the End of the Period</b>	<b>926 615</b>	<b>1 225 747</b>	<b>841 359</b>	<b>977 315</b>	<b>1 141 824</b>	<b>299 997</b>	<b>1 540 896</b>	<b>(435 405)</b>	<b>(307 679)</b>	<b>1 851 940</b>	<b>8 062 609</b>	<b>100 784</b>	<b>8 163 393</b>

\* The retained earnings include restricted deferred tax assets in the amount of USD 143.6 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 June 2019.

\*\* The Bank cannot use a restricted amount of USD (312.2) 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 June 2019.

\*\*\* 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.

\*\*\*\* 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 condensed consolidated interim financial statements and should be read with them.

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

	Notes	For the Six-Months Period Ended 30 June	
		2019	2018
		USD '000	USD '000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		613 660	582 054
Adjustments for:			
Group's share of profits of associates		( 229 923)	( 194 871)
Depreciation and amortization		31 323	28 520
Expected Credit Losses on Financial Assets		85 088	86 460
Net accrued interest		29 978	( 22 533)
(Gains) from sale of fixed assets		( 286)	-
Dividends on financial assets at fair value through other comprehensive income		( 6 643)	( 6 469)
(Gains) from revaluation of financial assets at fair value through profit or loss	22	( 509)	( 40)
Other provisions		12 557	( 1 468)
<b>Total</b>		<b>535 245</b>	<b>471 653</b>
<b><u>(Increase) Decrease in Assets:</u></b>			
Balances with central banks (maturing after 3 months)		-	-
Deposits with banks and financial institutions (maturing after 3 months)		50 563	707 429
Direct credit facilities at amortized cost		( 365 689)	( 348 237)
Financial assets at fair value through profit or loss		104 792	( 85 096)
Other assets and financial derivatives		( 157 906)	( 162 254)
<b><u>Increase (Decrease) in Liabilities:</u></b>			
Banks' and financial institutions' deposits (maturing after 3 months)		165 302	292 294
Customers' deposits		( 56 087)	( 627 758)
Cash margin		( 186 963)	( 134 140)
Other liabilities and financial derivatives		134 530	( 113 566)
<b>Net Cash Flows Generated by Operating Activities before Income Tax</b>		<b>223 787</b>	<b>325</b>
Income tax paid	15	( 196 840)	( 177 994)
<b>Net Cash Flows Generated by ( used in) Operating Activities</b>		<b>26 947</b>	<b>( 177 669)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Sale of financial assets at fair value through other comprehensive income		8 146	25 056
(Purchase) of other financial assets at amortized cost		( 17 519)	( 139 664)
(Increase) of investments in associates		( 600)	1 848
Dividends received from associates		82 415	91 372
Dividends received from financial assets at fair value through other comprehensive income		6 643	6 469
(Increase) in fixed assets - net		( 33 780)	( 17 361)
<b>Net Cash Flows Generated by (Used in) Investing Activities</b>		<b>45 305</b>	<b>( 32 280)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
(Paid) borrowed funds		( 14 816)	2 466
Dividends paid to shareholders		( 413 846)	( 365 352)
Dividends paid to non-controlling interests		( 2 604)	( 4 759)
<b>Net Cash Flows (Used in) by Financing Activities</b>		<b>( 431 266)</b>	<b>( 367 645)</b>
Net (Decrease) in cash and cash equivalents		( 359 014)	( 577 594)
Exchange differences - change in foreign exchange rates		7 498	( 84 855)
Cash and cash equivalents at the beginning of the Year		7 367 430	7 354 955
<b>Cash and Cash Equivalents at the End of the Period</b>	31	<b>7 015 914</b>	<b>6 692 506</b>
<b><u>Operational Cash Flows form Interest</u></b>			
Interest Paid		510 118	453 031
Interest Received		1 205 611	1 046 755

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



**ARAB BANK GROUP**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 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 79 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 (4) on 25 July 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 June 2019	31 December 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	Jordan	JD 50m
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 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 six months ended 30 June 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:

	<b>2019</b>
	<b>USD '000</b>
	<b>(Unaudited)</b>
<b>Assets</b>	
Right of use assets	<b>104,347</b>
<b>Liabilities</b>	
Operating lease liabilities	<b>102,637</b>
Less: Prepaid rent	<b>(7,025)</b>
<b>Total equity</b>	<b>(5,315)</b>

#### *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, except for ECL as mentioned below.

### **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.

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 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Cash in vaults	468 965	452 637
Balances with central banks:		
Current accounts	1 914 505	2 484 344
Time and notice	2 507 290	2 879 087
Mandatory cash reserve	1 521 709	1 543 327
Certificates of deposit	548 395	616 365
Less: Net ECL Charges	( 5 057)	( 1 746)
<b>Total</b>	<b>6 955 807</b>	<b>7 974 014</b>

- 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 38,6 million as of 30 June 2019 (USD 38,6 million as of 31 December 2018).

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

	30 June 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	3 237	-	-	3 237	( 669)
Adjustments during the period and Translation adjustments	74	-	-	74	( 145)
<b>Balance at the end of the period \ year</b>	<b>5 057</b>	<b>-</b>	<b>-</b>	<b>5 057</b>	<b>1 746</b>

#### 5. BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Local banks and financial institutions

	30 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Current Accounts	1 520	1 171
Time deposits maturing within 3 months	142 884	167 598
<b>Total</b>	<b>144 404</b>	<b>168 769</b>

Banks and financial institutions abroad

	30 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Current accounts	1 217 351	1 511 127
Time deposits maturing within 3 months	1 464 060	1 519 297
Certificates of deposit maturing within 3 months	96 645	-
<b>Total</b>	<b>2 778 056</b>	<b>3 030 424</b>
Less: Net ECL Charges	( 2 510)	( 1 550)
<b>Total balances with banks and financial institutions local and abroad</b>	<b>2 919 950</b>	<b>3 197 643</b>

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

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

	30 June 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	930	-	-	930	( 241)
Adjustments during the period and Translation adjustments	30	-	-	30	( 19)
<b>Balance at the end of the period \ year</b>	<b>2 510</b>	<b>-</b>	<b>-</b>	<b>2 510</b>	<b>1 550</b>

#### 6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

##### Deposits with Local Banks and Financial Institutions:

	30 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	-	6 090
Time deposits maturing after one year	167 726	167 726
<b>Total</b>	<b>167 726</b>	<b>173 816</b>

##### Deposits with Banks and Financial Institutions Abroad:

	30 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Time deposits maturing after 3 months and before 6 months	42 641	148 817
Time deposits maturing after 9 months and before a year	8 202	3 327
Certificates of deposits after 6 months and before 9 months	56 850	-
<b>Total</b>	<b>107 693</b>	<b>152 144</b>
<b>Less: Net ECL Charges</b>	<b>( 2 134)</b>	<b>( 2 517)</b>
<b>Total deposits with banks and financial institutions Local and Abroad</b>	<b>273 285</b>	<b>323 443</b>

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

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

	30 June 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	(375)	-	-	(375)	781
Adjustments during the period and Translation adjustments	(8)	-	-	(8)	10
<b>Balance at the end of the period \ year</b>	<b>2 134</b>	<b>-</b>	<b>-</b>	<b>2 134</b>	<b>2 517</b>

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

The details of this item are as follows:

	<b>30 June 2019 (Reviewed not Audited)</b>	<b>31 December 2018 (Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Treasury bills and Governmental bonds	19 756	96 878
Corporate bonds	262 067	289 808
Loans and advances	29 624	29 624
Corporate shares	1 751	1 845
Mutual funds	22 088	21 674
<b>Total</b>	<b>335 286</b>	<b>439 829</b>

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

The details of this item are as follows:

	<b>30 June 2019 (Reviewed not Audited)</b>	<b>31 December 2018 (Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Quoted shares	193 949	194 134
Unquoted shares	177 191	176 876
<b>Total</b>	<b>371 140</b>	<b>371 010</b>

- Cash dividends from investments above amounted to USD 6.6 million for the six-months period ended 30 June 2019 (USD 6.5 millions for the six-months period ended 30 June 2018).

**9- DIRECT CREDIT FACILITIES AT AMORTIZED COST**

The details of this item are as follows:

**30 June 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 *	75 871	126 042	547 461	71 457	1 014	821 845
Overdrafts *	119 638	1 195 241	3 660 937	5 109	303 911	5 284 836
Loans and advances *	3 196 887	1 833 526	11 502 400	73 154	786 078	17 392 045
Real-estate loans	2 206 255	147 317	205 304	-	-	2 558 876
Credit cards	171 119	-	-	-	-	171 119
<b>Total</b>	<b>5 769 770</b>	<b>3 302 126</b>	<b>15 916 102</b>	<b>149 720</b>	<b>1 091 003</b>	<b>26 228 721</b>
Less: Interest and commission in suspense	65 489	107 751	322 717	8 821	-	504 778
Provision for impairment - ECL	155 261	212 331	1 284 627	4 589	4 460	1 661 268
<b>Total</b>	<b>220 750</b>	<b>320 082</b>	<b>1 607 344</b>	<b>13 410</b>	<b>4 460</b>	<b>2 166 046</b>
<b>Net Direct Credit Facilities At Amortized Cost</b>	<b>5 549 020</b>	<b>2 982 044</b>	<b>14 308 758</b>	<b>136 310</b>	<b>1 086 543</b>	<b>24 062 675</b>

\* Net of interest and commission received in advance which amounted to USD 134.9 million as of 30 June 2019.

- Rescheduled loans during the six months period ended 30 June 2019 amounted to USD 906.6 million .

- Restructured loans (transferred from non performing to watch list loans) during the six-months period ended 30 June 2019 amounted to USD 0.6 million.

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD101.4 million, or 0.39% of total direct credit facilities as of 30 June 2019.

- Non-performing direct credit facilities amounted to USD 1894.1 million, or 7.2% of total direct credit facilities as of 30 June 2019.

- Non-performing direct credit facilities net of interest and commission in suspense amounted to USD 1409.7 million, or 5.5% of direct credit facilities after deducting interest and commission in suspense as of 30 June 2019.

**31 December 2018**  
**(Audited)**

	Consumer Banking	Corporates			Banks and Financial Institutions	Government and Public Sector	Total
		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	
<b>Total</b>	<b>5 667 836</b>	<b>3 288 007</b>	<b>15 685 051</b>	<b>116 864</b>	<b>1 055 653</b>	<b>25 813 411</b>	
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	
<b>Total</b>	<b>236 623</b>	<b>270 847</b>	<b>1 506 698</b>	<b>8 460</b>	<b>5 241</b>	<b>2 027 869</b>	
<b>Net Direct Credit Facilities at Amortized Cost</b>	<b>5 431 213</b>	<b>3 017 160</b>	<b>14 178 353</b>	<b>108 404</b>	<b>1 050 412</b>	<b>23 785 542</b>	

\* 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 June 2019 are as follows:

	30 June 2019 (Reviewed not Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the beginning of the year</b>	<b>86 435</b>	<b>302 549</b>	<b>1 184 949</b>	<b>1 573 933</b>
Transferred to Stage 1	5 273	( 4 954)	( 319)	-
Transferred to Stage 2	( 2 130)	2 358	( 228)	-
Transferred to Stage 3	( 755)	( 14 919)	15 674	-
Used from provision (written off)	-	-	( 14 832)	( 14 832)
Impact on ECL caused by transfers between stages during the period	343	1 597	16 285	18 225
ECL Charges for the period ( within the same stage)	4 304	38 021	28 006	70 331
Adjustments during the period and Translation Adjustments	1 111	1 267	11 233	13 611
<b>Balance at the end of the period</b>	<b>94 581</b>	<b>325 919</b>	<b>1 240 768</b>	<b>1 661 268</b>

	31 December 2018 (Audited)			
	USD '000	USD '000	USD '000	USD '000
	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the beginning of the year</b>	<b>85 661</b>	<b>297 203</b>	<b>1 010 050</b>	<b>1 392 914</b>
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	-
Used from provision (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)
<b>Balance at the end of the period</b>	<b>86 435</b>	<b>302 549</b>	<b>1 184 949</b>	<b>1 573 933</b>

- 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 June 2019 and 31 December 2018.

- Impairment is assessed based on individual customer accounts.

\* Non-performing loans transferred to off balance sheet amounted to USD 0.8 million as of 30 June 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 June 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	7 499	7 166	50 780	809	66 254
Interest and commissions in suspense settled / written off or transferred to off consolidated interim statement of financial position	( 12 271)	( 1 530)	( 267)	-	( 14 068)
Recoveries	( 1 870)	( 684)	( 1 271)	-	( 3 825)
Adjustments during the period	( 5)	1 857	( 965)	57	944
Translation adjustments	( 992)	2 028	501	-	1 537
<b>Balance at the End of the Period</b>	<b>65 489</b>	<b>107 751</b>	<b>322 717</b>	<b>8 821</b>	<b>504 778</b>

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)
<b>Balance at the End of the Year</b>	<b>73 128</b>	<b>98 914</b>	<b>273 939</b>	<b>7 955</b>	<b>453 936</b>

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

	Inside Jordan	Outside Jordan	30 June 2019	31 December
			(Reviewed not Audited)	2018 (Audited)
	USD '000	USD '000	USD '000	USD '000
<b>Economic Sector</b>				
Consumer Banking	2 857 636	2 691 384	5 549 020	5 431 213
Industry and mining	1 648 092	3 105 869	4 753 961	4 796 276
Construction	447 097	1 622 265	2 069 362	2 047 525
Real - Estate	364 149	1 545 621	1 909 770	1 860 580
Trade	1 333 782	2 958 084	4 291 866	4 244 561
Agriculture	156 997	129 323	286 320	329 476
Tourism and Hotels	216 891	337 840	554 731	645 659
Transportation	111 501	306 633	418 134	361 788
Shares	-	11 985	11 985	11 985
General Services	804 418	2 190 255	2 994 673	2 897 663
<b>Banks and Financial Institutions</b>	9 864	126 446	136 310	108 404
<b>Government and Public Sector</b>	190 195	896 348	1 086 543	1 050 412
<b>Net Direct Credit Facilities at amortized Cost</b>	<b>8 140 622</b>	<b>15 922 053</b>	<b>24 062 675</b>	<b>23 785 542</b>

**10- OTHER FINANCIAL ASSETS AT AMORTIZED COST**

The details of this item are as follows:

	30 June 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
Treasury bills	2 694 640	2 619 749
Governmental bonds and bonds guaranteed by the government	4 452 371	4 513 903
Corporate bonds	1 419 235	1 414 711
Less: Net ECL Charges	( 40 880)	( 40 516)
<b>Total</b>	<b>8 525 366</b>	<b>8 507 847</b>

Analysis of bonds based on interest nature:

	30 June 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
Floating interest rate	578 772	524 708
Fixed interest rate	7 987 474	8 023 655
Less: Net ECL Charges	( 40 880)	( 40 516)
<b>Total</b>	<b>8 525 366</b>	<b>8 507 847</b>

Analysis of financial assets based on market quotation:

	30 June 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
<b>Financial assets quoted in the market:</b>		
Treasury bills	692 649	789 039
Governmental bonds and bonds guaranteed by the government	915 501	832 774
Corporate bonds	1 300 708	1 315 893
<b>Total</b>	<b>2 908 858</b>	<b>2 937 706</b>

	30 June 2019 (Reviewed not Audited) USD '000	31 December 2018 (Audited) USD '000
<b>Financial assets unquoted in the market:</b>		
Treasury bills	2 001 991	1 830 710
Governmental bonds and bonds guaranteed by the government	3 536 870	3 681 129
Corporate bonds	118 527	98 818
<b>Total</b>	<b>5 657 388</b>	<b>5 610 657</b>

Less: Net ECL Charges	( 40 880)	( 40 516)
<b>Grand Total</b>	<b>8 525 366</b>	<b>8 507 847</b>

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

	30 June 2019 (Reviewed not Audited)			31 December 2018 (Audited)	
	USD '000 Stage 1	USD '000 Stage 2	USD '000 Stage 3	USD '000 Total	USD '000 Total
Balance at the beginning of the period / year	18 175	17 565	4 776	40 516	53 028
Transfer to Stage (1)	14	( 14)	-	-	-
Transfer to Stage (2)	( 306)	306	-	-	-
Transfer to Stage (3)	-	-	-	-	-
Net ECL Charges for the period	( 4 465)	4 725	-	260	( 2 312)
Adjustments during the period and translation adjustments	63	41	-	104	( 10 200)
<b>Balance at the end of the period \ year</b>	<b>13 481</b>	<b>22 623</b>	<b>4 776</b>	<b>40 880</b>	<b>40 516</b>

During the Six months period ended 30 June 2019 certain financial assets at amortized cost with a total amount of USD9.1 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 six-months period ended 30 June 2019 amounted to USD 33.8 million and USD 10.1 million respectively (USD 25.3 million and USD 8.5million for the six-months period ended 30 June 2018).

The cost of fully depreciated fixed assets amounted to USD 253.5 million as of 30 June 2019 (USD 256.7 million as of 31 December 2018).

## 12- OTHER ASSETS

The details of this item are as follows:

	<b>30 June 2019</b> <b>(Reviewed not Audited)</b>	<b>31 December</b> <b>2018</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Accrued interest receivable	211 913	206 176
Prepaid expenses	137 718	116 949
Foreclosed assets *	92 609	88 344
Intangible assets	27 008	22 587
Right-of-use Assets, net	99 961	-
Other miscellaneous assets	204 341	179 362
<b>Total</b>	<b>773 550</b>	<b>613 418</b>

\* 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 June 2019 (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	7 557 461	1 956 316	1 830 262	187 173	11 531 212
Savings	3 066 406	111 561	25 655	176	3 203 798
Time and notice	9 033 992	1 058 024	3 874 790	2 146 793	16 113 599
Certificates of deposit	379 191	24 401	59 785	62 840	526 217
<b>Total</b>	<b>20 037 050</b>	<b>3 150 302</b>	<b>5 790 492</b>	<b>2 396 982</b>	<b>31 374 826</b>

#### 31 December 2018 (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	7 494 375	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
<b>Total</b>	<b>19 262 889</b>	<b>3 377 673</b>	<b>5 906 420</b>	<b>2 883 931</b>	<b>31 430 913</b>

- Total Government of Jordan and Jordanian public sector deposits amounted to USD 617.6 millions, or 2% of total customers' deposits as of 30 June 2019 (USD 769.3 million, or 2.5% of total customers' deposits as of 31 December 2018).
- Non-interest bearing deposits amounted to USD 10413.7 million, or 33.2% of total customers' deposits as of 30 June 2019 (USD 10677.8 million, or 34% of total customers' deposits as of 31 December 2018).
- Blocked deposits amounted to USD 151.2 million, or 0.48% of total customers' deposits as of 30 June 2019 (USD 162.8 million, or 0.5% of total customers' deposits as of 31 December 2018).
- Dormant deposits amounted to USD 375.8 million, or 1.2% of total customers' deposits as of 30 June 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 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
From Central Banks	87 980	78 341
From banks and financial institutions	178 683	203 138
<b>Total</b>	<b>266 663</b>	<b>281 479</b>

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

	30 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Floating interest rate	142 142	141 987
Fixed interest rate	124 521	139 492
<b>Total</b>	<b>266 663</b>	<b>281 479</b>

**15- PROVISION FOR INCOME TAX**

The details of this item are as follows:

	30 June 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	172 938	314 657
Income tax paid	( 196 840)	( 265 372)
<b>Balance at the end of the period / year</b>	<b>297 588</b>	<b>321 490</b>

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

	For the Six-Months Period Ended 30 June	
	2019	2018
	(Reviewed not Audited)	
	USD '000	USD '000
Income tax expense for the period	172 938	144 942
Effect of deferred tax	( 12 488)	1 136
<b>Total</b>	<b>160 450</b>	<b>146 078</b>

- The income tax expense for the six-months period ended 30 June 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 June 2018.
- The income tax rate in Jordan is 38%, while the income tax rate in the countries where the Group has investments and branches ranges from nil to 38% as of 30 June 2019 and 31 December 2018, the effective tax rate for the Group is 26.1% as 30 June 2019 and 25.1% as of 30 June 2018.
- The subsidiaries and branches of Arab Bank Group have reached recent tax settlements ranging between 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 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)
	USD '000	USD '000
Accrued interest payable	217 363	181 648
Notes payable	180 273	127 704
Interest and commission received in advance	82 942	101 512
Accrued expenses	67 964	68 017
Dividends payable to shareholders	21 419	17 268
Provision for impairment - ECL of the indirect credit facilities*	70 218	77 358
Lease Contracts Liability	97 394	-
Other miscellaneous liabilities	365 881	440 550
<b>Total</b>	<b>1 103 454</b>	<b>1 014 057</b>

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

	30 June 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	1 322	( 1 322)	-	-	-
Transferred to Stage 2	( 96)	96	-	-	-
Transferred to Stage 3	4	( 375)	371	-	-
Impact on ECL caused by transfers between stages during the Period / year	( 202)	( 380)	-	( 582)	1 928
Net ECL Charges for the period/ year	8 780	( 15 374)	(344)	( 6 938)	19 976
Adjustments during the period and Translation Adjustments	204	383	( 207)	380	12 599
<b>Balance at the End of the period / year</b>	<b>45 493</b>	<b>13 426</b>	<b>11 299</b>	<b>70 218</b>	<b>77 358</b>

## 17- SHARE CAPITAL AND RESERVES

A. Share Capital amounted to USD 926.6 million distributed to 640.8 million shares as of 30 June 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:

	<b>30 June 2019</b> <b>(Reviewed not Audited)</b>	<b>31 December 2018</b> <b>(Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
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	455 405	820 649
Transferred from investment revaluation reserve to retained earnings	( 2 343)	( 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	( 17 166)	( 82 038)
Effect of IFRS (9) adoption **	-	( 164 205)
Effect of IFRS (16) adoption	( 5 315)	-
Adjustment during the period/ year	-	3 251
<b>Balance at the End of the Period / Year</b>	<b>2 204 962</b>	<b>2 192 006</b>

\* 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:

	<b>30 June 2019</b> <b>(Reviewed not Audited)</b>	<b>30 June 2018</b> <b>(Reviewed not Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Direct credit facilities at amortized cost	850 326	783 073
Balances with central banks	53 632	35 125
Balances and deposits with banks and financial institutions	43 589	24 667
Financial assets at fair value through profit or loss	9 138	13 484
Other financial assets at amortized cost	254 663	209 807
<b>Total</b>	<b>1 211 348</b>	<b>1 066 156</b>

**20- INTEREST EXPENSE**

The details of this item are as follows:

	<b>30 June 2019</b> <b>(Reviewed not Audited)</b>	<b>30 June 2018</b> <b>(Reviewed not Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Customers' deposits	445 140	359 039
Banks and financial institutions deposits	54 063	37 188
Cash margins	29 229	20 262
Borrowed funds	5 147	2 806
Deposit insurance fees	12 254	12 604
<b>Total</b>	<b>545 833</b>	<b>431 899</b>

**21- NET COMMISSION INCOME**

The details of this item are as follows:

	30 June 2019 (Reviewed not Audited) USD '000	30 June 2018 (Reviewed not Audited) USD '000
Commission income:		
Direct credit facilities at amortized cost	47 262	47 866
Indirect credit facilities	59 276	60 101
Assets Under Management	9 384	7 007
Other	55 111	53 016
<u>Less: commission expense</u>	<u>( 23 122)</u>	<u>( 18 140)</u>
<b>Net Commission Income</b>	<b><u>147 911</u></b>	<b><u>149 850</u></b>

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

The details of this item are as follows:

	30 June 2019 (Reviewed not Audited)				30 June 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	1 588	( 173)	-	1 415	2 564
Corporate shares	-	(68)	79	11	95
Mutual funds	-	750	-	750	20
<b>Total</b>	<b><u>1 588</u></b>	<b><u>509</u></b>	<b><u>79</u></b>	<b><u>2 176</u></b>	<b><u>2 679</u></b>

**23- OTHER REVENUE**

The details of this item are as follows:

	30 June 2019 (Reviewed not Audited) USD '000	30 June 2018 (Reviewed not Audited) USD '000
Revenue from customer services	7 400	6 602
Safe box and other rentals	1 873	2 235
(Loss) Gain from derivatives	( 550)	193
Miscellaneous revenue	12 993	15 425
<b>Total</b>	<b><u>21 716</u></b>	<b><u>24 455</u></b>

## **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 June 2019 (Reviewed not Audited)						30 June 2018 (Reviewed not Audited)
	Corporate and Institutional Banking	Treasury	Consumer Banking		Other	Total	Total
			Elite	Retail Banking			
			USD '000	USD '000			
Total income	496 123	344 470	( 86 101)	126 365	250 179	1 131 036	1 073 546
Net inter-segment interest income	( 90 946)	( 205 829)	211 539	85 236	-	-	-
<u>Less:</u>							
Expected Credit Losses on Financial Assets	78 672	1 659	677	4 080	-	85 088	86 460
Other provisions	4 610	1 889	1 752	4 306	-	12 557	( 1 468)
Direct administrative expenses	66 359	9 490	16 813	83 135	2 263	178 060	177 090
<b>Result of Operations of Segments</b>	<b>255 536</b>	<b>125 603</b>	<b>106 196</b>	<b>120 080</b>	<b>247 916</b>	<b>855 331</b>	<b>811 464</b>
Less :Indirect expenses on segments	103 674	31 043	29 243	76 531	1 180	241 671	229 410
<b>Profit for the Period before Income Tax</b>	<b>151 862</b>	<b>94 560</b>	<b>76 953</b>	<b>43 549</b>	<b>246 736</b>	<b>613 660</b>	<b>582 054</b>
Income tax expense	35 142	27 403	22 961	15 715	59 229	160 450	146 078
<b>Profit for the Period</b>	<b>116 720</b>	<b>67 157</b>	<b>53 992</b>	<b>27 834</b>	<b>187 507</b>	<b>453 210</b>	<b>435 976</b>
Depreciation and Amortization	10 350	3 148	3 875	13 950	-	31 323	28 520

Other Information	30 June 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	18 404 305	17 452 406	3 315 860	4 503 712	1 211 146	44 887 429	45 864 374
Inter-segment assets	-	-	11 655 290	2 931 362	5 908 701	-	-
Investments in associates					3 369 188	3 369 188	3 298 251
<b>Total Assets</b>	<b>18 404 305</b>	<b>17 452 406</b>	<b>14 971 150</b>	<b>7 435 074</b>	<b>10 489 035</b>	<b>48 256 617</b>	<b>49 162 625</b>
Segment liabilities	13 606 960	1 754 398	14 971 150	7 435 074	1 797 420	39 565 002	40 498 036
Shareholders' Equity					8 691 615	8 691 615	8 664 589
Inter-segment liabilities	4 797 345	15 698 008	-	-	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>18 404 305</b>	<b>17 452 406</b>	<b>14 971 150</b>	<b>7 435 074</b>	<b>10 489 035</b>	<b>48 256 617</b>	<b>49 162 625</b>



## 25- COMMITMENTS AND CONTINGENT LIABILITIES

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

<b>30 June 2019</b>				
<b>(Reviewed not Audited)</b>				
	<b>Within 1 Year</b>	<b>From 1 Year and up to 5 Years</b>	<b>More than 5 Years</b>	<b>Total</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Letters of credit	1 563 736	24 535	-	1 588 271
Acceptances	783 586	8 444	-	792 030
Letters of guarantees:				
- Payment guarantees	866 509	56 714	17 919	941 142
- Performance guarantees	4 001 763	1 308 543	254 170	5 564 476
- Other guarantees	2 811 773	809 736	39 346	3 660 855
Unutilized credit facilities	3 911 933	447 555	26 869	4 386 357
<b>Total</b>	<b>13 939 300</b>	<b>2 655 527</b>	<b>338 304</b>	<b>16 933 131</b>
Construction projects contracts	2 195	10 377	-	12 572
Procurement contracts	5 567	728	2 252	8 547
<b>Total</b>	<b>7 762</b>	<b>11 105</b>	<b>2 252</b>	<b>21 119</b>
<b>31 December 2018</b>				
<b>(Audited)</b>				
	<b>Within 1 Year</b>	<b>From 1 Year and up to 5 Years</b>	<b>More than 5 Years</b>	<b>Total</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
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
<b>Total</b>	<b>15 292 626</b>	<b>2 487 648</b>	<b>317 382</b>	<b>18 097 656</b>
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
<b>Total</b>	<b>13 471</b>	<b>24 668</b>	<b>28 376</b>	<b>66 515</b>

**26. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY GEOGRAPHICAL REGION:**

30 June 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	2 571 828	2 782 407	259	1 118 440	-	13 908	6 486 842
Balances and deposits with banks and financial institutions	310 610	1 292 417	172 098	969 516	347 314	101 280	3 193 235
Financial assets at fair value through profit or loss	-	85 523	20 045	199 239	-	6 640	311 447
Direct credit facilities at amortized cost	8 140 622	13 678 208	314 024	1 121 315	88 467	720 039	24 062 675
Consumer Banking	2 857 636	2 301 114	25	118 189	82	271 974	5 549 020
Small and Medium Corporates	909 355	1 534 166	41 403	329 058	33 173	134 889	2 982 044
Large Corporates	4 173 572	8 865 477	272 596	628 725	55 212	313 176	14 308 758
Banks and Financial Institutions	9 864	111 869	-	14 577	-	-	136 310
Government and Public Sector	190 195	865 582	-	30 766	-	-	1 086 543
Other financial assets at amortized cost	3 534 028	3 995 639	81 863	502 345	103 820	307 671	8 525 366
Other assets and financial derivatives - positive fair value	86 302	223 094	1 278	87 947	516	18 802	417 939
<b>Total</b>	<b>14 643 390</b>	<b>22 057 288</b>	<b>589 567</b>	<b>3 998 802</b>	<b>540 117</b>	<b>1 168 340</b>	<b>42 997 504</b>
<b>Total as of 31 December 2018 (Audited)</b>	<b>14 478 064</b>	<b>21 648 345</b>	<b>937 132</b>	<b>5 201 814</b>	<b>834 500</b>	<b>1 039 395</b>	<b>44 139 250</b>

\* Excluding Arab Countries.

27. CREDIT EXPOSURE FOR ASSETS CATEGORIZED BY ECONOMIC SECTOR

The details for this items are as follows:

30 June 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			
Balances with central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances and deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	5 549 020	4 753 961	2 069 362	1 909 770	4 291 866	286 320	554 731	418 134	11 985	2 994 673	136 310	1 086 543	24 062 675	19 756	6 486 842	311 447	6 486 842
Other financial assets at amortized cost	-	89 823	-	-	-	-	-	-	-	137 129	1 183 506	7 114 908	8 525 366	-	-	-	-
Other assets and financial derivatives - positive fair value	25 745	27 253	8 564	6 989	23 451	1 708	2 548	5 262	-	45 529	79 213	191 677	417 939	-	-	-	-
<b>Total</b>	<b>5 574 765</b>	<b>4 871 037</b>	<b>2 077 926</b>	<b>1 916 759</b>	<b>4 315 317</b>	<b>288 028</b>	<b>557 279</b>	<b>453 020</b>	<b>11 985</b>	<b>3 177 331</b>	<b>4 854 331</b>	<b>14 899 726</b>	<b>42 997 504</b>	<b>14 899 726</b>	<b>5 150 291</b>	<b>15 920 258</b>	<b>44 139 250</b>
<b>Total as of 31 December 2018 (Audited)</b>	<b>5 447 156</b>	<b>4 913 605</b>	<b>2 058 717</b>	<b>1 868 126</b>	<b>4 300 092</b>	<b>330 849</b>	<b>648 581</b>	<b>396 112</b>	<b>11 985</b>	<b>3 093 478</b>	<b>5 150 291</b>	<b>15 920 258</b>	<b>44 139 250</b>	<b>15 920 258</b>	<b>5 150 291</b>	<b>15 920 258</b>	<b>44 139 250</b>

28- CAPITAL MANAGEMENT

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

	<b>30 June 2019 (Reviewed not Audited)</b>	<b>31 December 2018 (Audited)</b>
	<b>USD '000</b>	<b>USD '000</b>
Common Equity Tier 1	8 230 231	7 963 395
Regulatory Adjustments (Deductions from Common Equity Tier 1)	(2 869 138)	(2 791 745)
Additional Tier 1	463	8 528
Supplementary Capital	401 931	398 172
<b>Regulatory Capital</b>	<b>5 763 487</b>	<b>5 578 350</b>
<b>Risk-weighted assets (RWA)</b>	<b>36 429 552</b>	<b>35 662 164</b>
<b>Common Equity Tier 1 Ratio</b>	<b>14.72%</b>	<b>14.50%</b>
<b>Tier 1 Capital Ratio</b>	<b>14.72%</b>	<b>14.53%</b>
<b>Capital Adequacy Ratio</b>	<b>15.82%</b>	<b>15.64%</b>

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

## 29. Fair Value Hierarchy

Financial Instruments are either financial assets or financial liabilities

The Group uses the following methods and alternatives of 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 June 2019 (Reviewed not Audited)	31 December 2018 (Audited)				
	USD '000	USD '000				
<b>Financial Assets at Fair Value</b>						
Financial assets at fair value through profit or loss:						
Treasury bills and Bonds	19 756	96 878	Level 1	Quoted Shares	Not Applicable	Not Applicable
Corporate Bonds	262 067	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	23 839	23 519	Level 1	Quoted Shares	Not Applicable	Not Applicable
<b>Total Financial Assets at Fair Value through Profit or Loss</b>	<b>335 286</b>	<b>439 829</b>				
Financial derivatives - positive fair value	68 308	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	193 949	194 134	Level 1	Quoted Shares	Not Applicable	Not Applicable
Unquoted shares	177 191	176 876	Level 2	Through using the index sector in the market	Not Applicable	Not Applicable
<b>Total financial assets at fair value through other comprehensive Income</b>	<b>371 140</b>	<b>371 010</b>				
<b>Total Financial Assets at Fair Value</b>	<b>774 734</b>	<b>874 802</b>				
<b>Financial Liabilities at Fair Value</b>						
Financial derivatives - negative fair value	83 620	51 523	Level 2	Through Comparison of similar financial instruments	Not Applicable	Not Applicable
<b>Total Financial Liabilities at Fair Value</b>	<b>83 620</b>	<b>51 523</b>				

There were no transfers between Level 1 and 2 during the six months period ended June 30, 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 June 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	
<b>Financial assets not calculated at fair value</b>					
Mandatory cash reserve, Time and notice balances and Certificates of deposit with central banks	4 572 337	4 581 155	5 037 033	5 038 895	Level 2
Balances and deposits with banks and financial institutions	3 193 235	3 198 736	3 521 086	3 525 427	Level 2
Direct credit facilities at amortized cost	24 062 675	24 152 170	23 785 542	23 871 686	Level 2
Other financial assets at amortized cost	8 525 366	8 610 997	8 507 847	8 596 806	Level 1 & 2
<b>Total financial assets not calculated at fair value</b>	<b>40 353 613</b>	<b>40 543 058</b>	<b>40 851 508</b>	<b>41 032 814</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks' and financial institutions' deposits	3 491 779	3 514 756	4 266 590	4 284 245	Level 2
Customer deposits	31 374 826	31 521 302	31 430 913	31 553 011	Level 2
Cash margin	2 726 508	2 738 684	2 913 471	2 925 635	Level 2
Borrowed funds	266 663	269 424	281 479	284 080	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>37 859 776</b>	<b>38 044 166</b>	<b>38 892 453</b>	<b>39 046 971</b>	

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

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

The details of this item are as follows:

	For the Six-Months Period Ended 30 June		For the Three-Months Period Ended 30 June	
	2019	2018	2019	2018
	USD '000	USD '000	USD '000	USD '000
Profit for the period attributable to the Bank's shareholders	455 405	435 591	225 193	218 463
	Thousand / Shares		Thousand / Shares	
Average number of shares	640 800	640 800	640 800	640 800
	USD / Share		USD / Share	
Earnings Per Share for the period (Basic and diluted)	0.71	0.68	0.35	0.34

31- CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	30 June 2019 (Reviewed not Audited)	30 June 2018 (Reviewed not Audited)
	USD '000	USD '000
Cash and balances with central banks maturing within 3 months	6 922 254	7 482 112
<u>Add:</u> Balances with banks and financial institutions maturing within 3 months	2 922 460	2 608 000
<u>Less:</u> Banks and financial institutions deposits maturing within 3 months	2 828 800	3 397 606
<b>Total</b>	<b>7 015 914</b>	<b>6 692 506</b>

## 32. RELATED PARTIES TRANSACTIONS

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

	30 June 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	120 739	-	93 641	68 016
Major Shareholders and Members of the Board of Directors	-	313 045	471 916	87 214
<b>Total</b>	<b>120 739</b>	<b>313 045</b>	<b>565 557</b>	<b>155 230</b>

  

	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
<b>Total</b>	<b>138 980</b>	<b>324 102</b>	<b>765 816</b>	<b>179 506</b>

- 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 June 2019 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	<b>2 009</b>	<b>351</b>

  

	30 June 2018 (Reviewed not Audited)	
	Interest Income	Interest Expense
	USD '000	USD '000
Associated Companies	<b>610</b>	<b>923</b>

- Direct credit facilities granted to top management personnel amounted to USD 2.3 million and indirect credit facilities amounted to USD 214 thousand as of 30 June 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 4 million as of 30 June 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 35.3 million for the six months period ended 30 June 2019 (USD 34.1 million for the six months period ended 30 June 2018).

### **33. Legal Cases**

There are lawsuits filed against the Group totaling USD 193.6 million as of 30 June 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 June 2019 presentation, with no effect on profit and equity for the year 2018.