بنك القاهرة عمّان
CairoAmmanBank

To: Jordan Securities Commission	السادة هيئة الاوراق المالية
Amman Stock Exchange	السادة بورصة عمان
Date:- 04/09/2018	التاريخ:- 2018/09/04
Subject: Audited Financial Statements for the semiannual as of 30/06/2018	الموضوع : البيانات المالية النصف سنوية المدققة كما في 2018/06/30
Attached the Financial Statements of (Cairo Amman Bank) in English language for the semiannual as of 30/06/2018	مرفق طيه نسخة من البيانات المالية لشركة (بنك القاهرة عمان) باللغة الانجليزية عن النصف السنة المالية المنتهية في 2018/06/30 علما بان
Note that this financial statements are subject to the approval of the Central Bank of Jordan.	هذه البيانات المالية خاضعة لموافقة البنك المركزي الاردني .
Kindly accept our high appreciation and respect	وتفضلوا بقبول فائق الاحترام،،،
Cairo Amman Bank	بنك القاهرة عمان
Head of Finance	رئيس الادارة المالية
Fuad Saleh	فؤاد صالح

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠٤ أيلول ٢٠١٨
الرقم المتسلسل: 4313
رقم الملف: 11021
الجهة المختصة:

www.cab.jo

الإدارة العامة وادي صقرة - ص.ب ٩٥٠٦٦١ عمان ١١١٩٥ الأردن - هاتف ٦٠٠٠ ٥٠٠ ٦ ٩٦٢+ فاكس ٧١٠٠ ٥٠٠ ٦ ٩٦٢+
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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE
SIX-MONTH PERIOD ENDED
JUNE 30, 2018
TOGETHER WITH THE REVIEW REPORT

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
June 30, 2018

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Deloitte.

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Review Report

AM/81661

To the Chairman and Members of the Board of Directors
Cairo Amman Bank
(A Public Shareholding Limited Company)
Amman - The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Cairo Amman Bank (A Public Shareholding Limited Company) as of June 30, 2018 and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to interim financial reporting. Our responsibility is to express conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Condensed Interim Financial Information performed by an Independent Auditor of the Entity". A review of condensed consolidated 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 came to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standards IAS (34) relating to condensed interim financial reporting.

Explanatory Paragraph

The fiscal year of the bank ends on December 31st of each year. However, the accompanying condensed consolidated interim financial statements have been prepared for management, Jordan Securities Commission in Amman Stock Exchange, the companies control department and the Central Bank of Jordan purposes only.

Other Matter

The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements in the Arabic language to which reference is to be made.

Deloitte & Touche

Amman - The Hashemite Kingdom of Jordan
August 30, 2018

Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010101

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	June 30, 2018 (Reviewed not Audited)	December 31, 2017
		JD	JD
ASSETS			
Cash and balances at Central Banks	4	364,736,634	519,193,270
Balances at banks and financial institutions	5	164,891,926	153,418,551
Deposits at banks and financial institutions	6	64,248,005	94,494,903
Financial assets at fair value through profit or loss	7	7,309,577	22,275,220
Financial assets at fair value through other comprehensive income	8	51,088,492	32,789,902
Direct credit facilities - net	9	1,598,330,024	1,537,936,749
Financial assets at amortized cost - net	10	510,739,177	325,364,198
Financial assets pledged as collateral		4,075,000	4,589,000
Property and equipment - net		41,654,536	41,393,821
Intangible assets - net		8,609,215	9,945,324
Deferred tax assets	14	9,036,090	5,743,006
Other assets	11	45,437,713	47,202,803
Total Assets		2,870,156,389	2,794,346,747
LIABILITIES AND EQUITY			
LIABILITIES:			
Banks and financial institutions' deposits		428,922,859	447,289,678
Customers' deposits	12	1,824,937,324	1,749,864,846
Margin accounts		56,577,924	51,267,717
Loans and borrowings	13	143,670,259	114,906,448
Sundry provisions		18,476,461	17,168,406
Income tax provision	14	12,856,663	17,321,461
Deferred tax liabilities		854,474	770,068
Other liabilities	15	52,631,824	48,705,163
Total Liabilities		2,538,927,788	2,447,293,787
EQUITY			
BANK'S SHAREHOLDERS' EQUITY			
Paid-up capital		180,000,000	180,000,000
Statutory reserve		69,955,203	69,955,203
General banking risk reserve		5,119,109	16,597,081
Cyclical fluctuations reserve		7,756,997	7,756,997
Fair value reserve (net)	16	(9,600,843)	(9,005,364)
Profit for the period		13,695,166	-
Retained Earnings	17	54,169,501	71,279,760
Total Bank's Shareholders' Equity		321,095,133	336,583,677
Non-controlling interests		10,133,468	10,469,283
Total Equity		331,228,601	347,052,960
Total Liabilities and Equity		2,870,156,389	2,794,346,747

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors | General Manager

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Notes	For the Three-Month Period Ended June 30, 2018	For the Three-Month Period Ended June 30, 2017	For the Six-Month Period Ended June 30, 2018	For the Six-Month Period Ended June 30, 2017
		JD	JD	JD	JD
Interest income	18	41,705,048	32,266,571	80,201,426	63,961,954
Interest expense	19	17,144,520	9,752,416	32,446,285	19,490,744
Net interest income		24,560,528	22,514,155	47,755,141	44,471,210
Net commission income		4,823,648	5,052,828	9,921,203	10,035,123
Net interest and commission income		29,384,176	27,566,983	57,676,344	54,506,333
Gain from foreign currencies		1,073,953	751,512	2,488,611	1,682,739
Gain (loss) from financial assets at fair value through profit or loss	20	(118,188)	1,833	168,031	775,006
Dividends from financial assets at fair value through other comprehensive income		651,101	1,065,352	2,734,178	1,110,452
Other income		2,220,918	1,933,667	3,844,383	3,781,869
Gross profit		33,211,960	31,319,347	66,911,547	61,856,399
Employees' expenses		10,351,722	9,989,851	20,994,209	20,066,161
Depreciation and amortization		2,405,536	2,205,823	4,767,565	4,410,485
Other expenses		7,006,648	7,017,473	14,590,612	14,146,177
Provision for expected credit loss	21	1,516,142	1,139,490	3,302,628	1,889,490
Sundry provisions		794,490	771,105	1,811,576	1,861,586
Total expenses		22,074,538	21,123,742	45,466,590	42,373,899
Profit for the period before tax		11,137,422	10,195,605	21,444,957	19,482,500
Income tax expense	14	3,541,983	2,799,006	7,046,405	5,536,606
Profit for the period		7,595,439	7,396,599	14,398,552	13,945,894
Attributable to:					
Bank's Shareholders		7,702,430	7,479,520	14,627,951	14,142,971
Non-controlling interests		(106,991)	(82,921)	(229,399)	(197,077)
Profit for the period		7,595,439	7,396,599	14,398,552	13,945,894
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share (Bank's Shareholders)	22	0/043	0/042	0/081	0/079

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

General Manager

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Profit for the period	7,595,439	7,396,599	14,398,552	13,945,894
Comprehensive income items:				
Items which will not be reclassified to profit or loss in subsequent periods:				
Net change in fair value reserve after tax	(218,267)	440,960	(588,979)	654,393
Total comprehensive income for the period	7,377,172	7,837,559	13,809,573	14,600,287
Total comprehensive income for the period attributable to:				
Bank's Shareholders	7,484,163	7,920,480	14,038,972	14,797,364
Non-controlling interests	(106,991)	(82,921)	(229,399)	(197,077)
Total comprehensive income for the period	7,377,172	7,837,559	13,809,573	14,600,287

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

General Manager

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

	Paid-up Capital	Reserves: Statutory	Reserves: General Banking Risk*	Reserves: Cyclical Fluctuations	Reserves: Fair Value	Retained Earnings	Profit for the Period	Total Bank's Shareholders' Equity	Non-Controlling Interests	Total Equity
June 30, 2018	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018	180,000,000	69,955,203	16,597,081	7,756,997	(9,005,364)	71,279,760	-	336,583,677	10,469,283	347,052,960
The effect of the application of IFRS 9 reclassification	-	-	-	-	-	182,767	-	182,767	-	182,767
The effect of the application of IFRS 9	-	-	(1,746,657)	-	-	(6,360,676)	-	(8,107,333)	(106,416)	(8,213,749)
Modified balance as of January 1, 2017	180,000,000	69,955,203	14,850,424	7,756,997	(9,005,364)	65,101,851	-	328,659,111	10,362,867	339,021,978
Total comprehensive income for the period	-	-	-	-	(588,979)	-	14,627,951	14,038,972	(229,399)	13,809,573
Transfers to reserves	-	-	(9,731,315)	-	-	10,664,100	(932,785)	-	-	-
Capital increase expenses	-	-	-	-	-	(2,950)	-	(2,950)	-	(2,950)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(6,500)	6,500	-	-	-	-
Cash dividends distributed **	-	-	-	-	-	(21,600,000)	-	(21,600,000)	-	(21,600,000)
Balance as of June 30, 2018	180,000,000	69,955,203	5,119,109	7,756,997	(9,600,843)	54,169,501	13,695,166	321,095,133	10,133,468	331,228,601
June 30, 2017										
Balance as of January 1, 2017	180,000,000	65,836,075	13,982,002	6,816,916	(10,347,484)	70,184,530	-	326,472,039	10,837,973	337,310,012
Total comprehensive income for the period	-	-	-	-	654,393	-	14,142,971	14,797,364	(197,077)	14,600,287
Transfers to reserves	-	-	1,511,953	-	-	-	(1,511,953)	-	-	-
Capital increase expenses	-	-	-	-	-	(20,085)	-	(20,085)	-	(20,085)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed **	-	-	-	-	-	(21,600,000)	-	(21,600,000)	-	(21,600,000)
Balance as of June 30, 2017	180,000,000	65,836,075	15,493,955	6,816,916	(9,693,091)	48,564,445	12,631,018	319,649,318	10,640,896	330,290,214

* The general banking risk reserve and revaluation reserve of financial assets is restricted from use without a prior approval from the Central Bank of Jordan.

** As per the Ordinary General Assembly Meeting held on April 24, 2018, it was decided to distribute 12% of the Bank's capital in cash to the shareholders, equivalent to JD 21,600,000 (against 12% of the Bank's capital in cash to shareholders, equivalent to JD 21,600,000 that was decided in the ordinary General Assembly meeting held on April 27, 2017).

- The retained earnings balance as of June 30, 2018 includes a restricted amount of JD 14,418,475 which resulted from the effect of the early implementation of IFRS (9).
- The retained earnings include deferred tax assets amounting to JD 9,036,090 and are restricted from use in accordance with the instructions of the Central Bank of Jordan.
- The negative balance for the assets at fair value through other comprehensive income amounting to JD (9,600,843) is restricted from use in accordance with the Central Bank of Jordan and the Securities Commission instructions.
- The remaining balance of the general banking risk reserve in the retained earnings amounting to JD (1,358,631) is restricted from use in accordance with the instructions of the Central Bank of Jordan.

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

General Manager

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Notes	For the Six-Month Period Ended June 30, 2018	2017
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before income tax		21,444,957	19,482,500
Adjustments for:			
Depreciation and amortization		4,767,565	4,410,485
Provision for impairment on direct credit facilities		3,302,628	1,889,490
Sundry provisions		1,811,576	1,861,586
Loss from evaluation of financial assets at fair value through profit or loss	20	184,275	1,089,160
(Gain) loss from sale of property and equipment		(14,186)	2,101
(Gain) from sale of repossessed assets		(5,520)	(98,289)
Effect of exchange rate changes on cash and cash equivalents		(2,396,824)	(1,574,275)
Cash flows from operating activities before changes in assets		29,094,471	27,062,758
Decrease in deposits at banks and financial institutions		30,097,103	10,270,154
(Increase) in financial assets at fair value through profit or loss		(3,737,170)	(868,104)
(Increase) in direct credit facilities		(73,076,241)	(92,476,540)
Decrease (Increase) in other assets		1,770,610	(12,141,008)
(Decrease) increase in banks and financial institutions' deposits (maturing after three months)		(1,227,471)	37,784,860
Increase in customers' deposits		75,072,478	125,860,708
Increase (decrease) in margin accounts		5,310,207	(33,384,839)
Increase in other liabilities		2,620,333	10,823,197
Net cash flows from operating activities before income tax		65,924,320	72,931,186
Paid income tax	14	(11,694,595)	(14,358,428)
Paid sundry provisions		(503,521)	(395,386)
Net cash flows from operating activities		53,726,204	58,177,372
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through OCI		(197,403)	(295,075)
Sale of financial assets at fair value through OCI		296,180	105,944
(Purchase) of other financial assets at amortized cost		(256,639,433)	(85,223,904)
Proceeds from maturity and sale of financial assets at amortized cost		71,213,547	132,420,798
(Purchase) of property and equipment		(3,317,761)	(2,856,471)
Sale of property and equipment - net		34,357	997
(Purchase) of intangible assets		(394,581)	(1,069,914)
Net cash flows (used in) from investing activities		(189,005,094)	43,082,375
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in loans and borrowings		33,308,814	25,610,006
Repayment of loans and borrowings		(4,545,003)	(15,173,532)
Distributed shareholders' dividends		(21,600,000)	(21,600,000)
Capital increase expenses		(2,950)	(20,085)
Net cash flows from (used in) financing activities		7,160,861	(11,183,611)
Effect of exchange rate changes on cash and cash equivalents		2,396,824	1,574,275
Net (decrease) increase in cash and cash equivalents		(125,721,205)	91,650,411
Cash and cash equivalents, beginning of the period		304,370,814	277,972,605
Cash and Cash equivalents, End of the Period	23	178,649,609	319,623,016

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

General Manager

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- Cairo Amman Bank was established as a public shareholding company registered and incorporated in Jordan in 1960, in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964.

- The Bank provides its banking and financial services through its head office located in Amman and its 89 branches located in Jordan, 21 branches in Palestine, one in Bahrain and through its subsidiaries.

- The Bank's shares are listed on the Amman Stock Exchange.

- The condensed consolidated interim financial statements were approved by the Bank's Board of Directors in their meeting held on July 30, 2018 and are subject to the approval of the Central Bank of Jordan.

2. Significant Accounting Policies

BASIS OF PREPARATION

- The condensed consolidated interim financial statements for the Bank as of June 30, 2018 have been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting) and local laws in force including instructions from the Central Bank of Jordan.

- The condensed consolidated interim financial statements are prepared on a historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income, financial derivatives which are stated at fair value as of the date of the condensed consolidated interim financial statements. Moreover, financial assets and liabilities whose change in fair value has been hedged are stated at fair value.

- The condensed consolidated interim financial statements are presented in Jordanian Dinars ("JD"), which is the functional currency of the Bank.

- The condensed consolidated interim financial statements do not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six-month period ended June 30, 2018 do not necessarily indicate the results that may be expected for the financial year ending December 31, 2018 and should be read with the Bank's annual report as of December 31, 2017 and it does not contain the appropriation of profit for the six-month period ended June 30, 2018, which is usually performed at the year end.

Changes in accounting policies:

- The accounting policies used in the preparation of the consolidated condensed interim financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2017. Except for the impact of the implementation of new and revised International Financial Reporting Standards, which became effective for the financial periods starting on or after January 1, 2018 as follows:

a. **Amendments with no significant impact on the consolidated condensed interim financial statements of the Bank:**

Annual Improvements to IFRSs issued during 2014 – 2016
The improvements include amendments on IFRS 1 and IAS 28 and are effective for annual financial periods beginning on or after January 1, 2018.

Amendments to IFRS 2 *Share Based Payment*
The amendments relate to the classification and measurement of share based payment transactions and are effective for annual financial periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts
The amendments relate to the difference between the effective dates of IFRS 9 and the forthcoming new insurance contracts standard and are effective for financial periods beginning on or after January 1, 2018.

IFRIC 22 *Foreign Currency Transactions and Advance Payments*
The interpretation states that when determining the prevailing exchange rate that will be used when an asset, expense or income (or part of it) is initially recognized or when derecognizing an asset or a non-monetary liability that relates to advance payments, then the transaction date is the date in which the entity initially recognizes the asset or the non-monetary liability that arose from those advance payments.

Amendments to IAS 40 *Investment Property Transfer*
The amendments specify when a bank should transfer (reclassify) real estate including real estate under progress or development to and from investment property.

IFRS 15 *Revenue from Contracts with Customers*
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the selling price.
Step 4: Allocate the selling price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date, by adjusting retained earnings at the reporting year (the cumulative effect approach).

Amendments to IFRS 15 *Revenue from Contracts* with Customers
The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IFRS 7 *Financial Instruments: Disclosures*
The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS 9 is first applied.

IFRS 7 *Financial Instruments: Disclosures*
The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied.

B. Amendments effective on the consolidated condensed interim financial statements of the Bank:

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities as well as derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include: a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

The final version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The new version of the new standard also includes the requirements of **classification, measurement, impairment and hedge accounting**.

The final version of IFRS 9 relating to financial instruments replaced the credit loss incurred model in accordance with IAS 39 relating to Financial Instruments: Recognition and Measurement, which was replaced by a model for expected credit losses. The Standard includes a business model for debt instruments, loans, financial liabilities, financial guarantee contracts, deposits and receivables, but does not apply to equity instruments.

The Standard was applied retrospectively in accordance with IFRS 9 Financial Instruments and the Bank has not modified the comparative numbers. The impact of the application of the Standard was recognized on January 1, 2018 through retrained earnings in the consolidated condensed interim statement of owners' equity.

In case there is a low credit risk to the financial asset at the date of initial application of IFRS (9), the credit risk relating to the financial assets is considered not changed substantially since its initial recognition.

In accordance with IFRS 9 Financial Instruments, expected credit losses are recognized at early periods in comparison with IAS 39.

The revised version of IFRS 9 (2014) (Financial Instruments) includes a classification mechanism for financial assets and liabilities. IFRS 9 requires that all financial assets are classified based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

There is no material difference in the classification of financial assets and liabilities arising from implementing IFRS 9 for the year 2014.

The impact of adopting IFRS 9 for the year 2014

The impact of implementing the changes in accounting standards on the consolidated condensed interim financial statements for the Bank as of January 1, 2018 was as follows:

Item (JD)	Amount as of December 31, 2017	Reclassified Amount (Reclassification)	Expected Credit Loss (ECL)	Balance as of January 1, 2018 after Implementing IFRS 9	Implementation Impact Resulting from Reclassificatior
Cash and balances at Central Banks	519,193,270	-	(1,094)	519,192,176	-
Balances and deposits at banks and financial institutions	247,913,454	-	(394,763)	247,518,691	-
Financial assets at fair value through profit or loss	22,275,220	(19,694,000)	-	2,581,220	-
Financial assets at fair value through other comrehensive income	32,789,902	(1,456,641)	-	31,333,261	182,767
Direct credit facilities	1,537,936,749	-	(8,826,805)	1,529,109,944	-
Financial assets at amortized cost	329,953,198	-	(745,183)	329,208,015	-
Financial guarantees	51,150,670	-	(386,174)	50,764,496	-
Unutilized ceilings	116,648,187	-	(1,082,415)	115,565,772	-
Letters of credit	50,810,439	-	(87,643)	50,722,796	-

The beginning balance of provisions after implementing IFRS 9 is as follows:

Item (JD)	Current Provisions Amount	Difference Resulting from Re-measurement (Re-measurement)	Balance in Accordance with IFRS 9
Balances at Central Banks	-	1,094	1,094
Balances and deposits at banks and financial institutions	-	394,763	394,763
Direct credit facilities	48,663,030	8,826,805	57,489,835
Financial assets at amortized cost	-	745,183	745,183
Financial guarantees	-	386,174	386,174
Unutilized ceilings	-	1,082,415	1,082,415
Letters of credit	-	87,643	87,643

The disclosure of credit exposures in accordance with the classification instruction no. (47/2009) and in comparison with IFRS 9 is as follows:

	In accordance with Instructions no. (47/2009)				In Accordance with IFRS 9								
					Stage 1			Stage 2			Stage 3		
	Gross	Suspended Interest	Principle	Provision	Gross	Expected Credit Loss	Suspended Interest	Gross	Expected Credit Loss	Suspended Interest	Gross	Expected Credit Loss	Suspended Interest
June 30, 2018	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing debts	1,559,550,489	56,534	1,560,419,967	-	1,515,246,300	7,459,297	116,780	-	-	-	-	-	-
Watch list debts	34,123,046	17,595	34,105,451	1,706,832	-	-	-	85,736,090	2,767,889	94,555	-	-	-
Non-performing debts including:	76,081,765	10,230,436	65,851,328	50,033,541	-	-	-	-	-	-	68,772,910	50,893,525	10,093,230
Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	12,827,031	112,487	12,714,544	3,444,415	-	-	-	-	-	-	67,396	32,237	-
Problematic	12,846,514	300,770	12,545,744	8,444,609	-	-	-	-	-	-	-	-	-
Total	50,408,220	9,817,179	40,591,040	38,144,517	-	-	-	-	-	-	2,839,095	2,002,803	58,659
	1,669,755,300	10,304,565	1,660,376,746	51,740,373	1,515,246,300	7,459,297	116,780	85,736,090	2,767,889	94,555	68,772,910	50,893,525	10,093,230

	In accordance with Instructions no. (47/2009)				In Accordance with IFRS 9								
					Stage 1			Stage 2			Stage 3		
	Gross	Suspended Interest	Principle	Provision	Gross	Expected Credit Loss	Suspended Interest	Gross	Expected Credit Loss	Suspended Interest	Gross	Expected Credit Loss	Suspended Interest
December 31, 2017	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing debts	1,504,577,596	17,161	1,504,560,435	-	1,372,550,271	7,361,730	37,931	-	-	-	-	-	-
Watch list debts	21,401,645	12,672	21,388,973	1,477,957	-	-	-	165,515,543	3,415,728	103,080	-	-	-
Non-performing debts including:	71,150,725	10,500,354	60,650,371	47,185,073	-	-	-	-	-	-	59,064,152	46,712,377	10,389,176
Substandard													
Doubtful	9,239,856	97,052	9,142,804	2,203,182	-	-	-	-	-	-	71,067	3,308	-
Problematic	9,436,926	137,399	9,299,527	3,901,264	-	-	-	-	-	-	-	-	-
Total	52,473,943	10,265,903	42,208,040	41,080,627	-	-	-	-	-		10,50,814	2,061,687	58,659
	1,597,129,966	10,530,187	1,586,599,779	48,663,030	1,372,550,271	7,361,730	37,931	165,515,543	3,415,728	103,080	59,064,152	46,712,377	10,389,176

Basis of Consolidation of Condensed Consolidated Interim Financial Statements

- The condensed consolidated interim financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries' significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions, income and expenses between the Bank and subsidiaries are eliminated.

- The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the Bank.

- The Bank owns the following subsidiaries as of June 30, 2018:

Company's Name	Paid-up Capital	Ownership Percentage	Nature of Operation	Country of Operation	Ownership Date
	JD	%			
Al-Watanieh Financial Services Company	5,500,000	100	Investment Brokerage and Portfolio Management	Jordan	1992
Al-Watanieh Securities Company	1,600,000	100	Investment Brokerage	Palestine	1995
Tamallak For Financial Leasing Company	5,000,000	100	Finance Leasing	Jordan	2013
Safa Bank	53,175,000	79	Islamic Banking	Palestine	2016
Thimmar Company for Investment Services *	35,450	100	Investment	Palestine	2016

- The most important financial information for the subsidiaries as of June 30, 2018 is as follows:

	Al-Watanieh Financial Services Company (Awraq)		Al-Watanieh Securities Company	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	JD	JD	JD	JD
Total Assets	14,152,296	20,313,871	2,045,096	2,201,694
Total Liabilities	6,144,682	8,550,254	583,344	658,407
Net Assets	8,007,614	11,763,617	1,461,752	1,543,287

	For the Period Ended June 30,		For the Period Ended June 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Total Revenues	747,557	1,002,962	67,679	70,470
Total Expenses	330,814	340,516	149,214	157,051

	Tamallak For Financial Leasing Company		Safa Bank	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	JD	JD	JD	JD
Total Assets	29,664,842	28,550,854	90,249,294	90,455,081
Total Liabilities	24,340,198	22,917,924	41,965,921	40,571,632
Net Assets	5,324,644	5,632,930	48,283,373	49,883,449

	For the Period Ended June 30,		For the Period Ended June 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Total Revenues	617,067	673,798	1,297,161	606,394
Total Expenses	819,525	367,536	2,390,190	1,545,413

* Thimmar Investment Services is fully owned by the subsidiary Al-Watanieh Securities Company.

- The subsidiaries financial results are consolidated in the condensed consolidated interim statement of income from the date of their acquisition, which is the date on which the control of the Bank on the subsidiary takes place. In addition, the financial results of the disposed subsidiaries are consolidated in the condensed consolidated interim statement of income up to the date of the disposal, which is the date on which the Bank loses control over the subsidiary.

- Non-controlling interest represents the portion that is not owned by the Bank in the owner's equity in the subsidiary companies.

3. USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and provisions as well as fair value changes reported in owner's equity. In particular, considerable judgment by the management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment, uncertainty and actual results may differ due to changes resulting from the conditions of these estimates in the future.

Management believes that the estimates used in the consolidated condensed interim financial statements are reasonable and consistent with the estimates used by the Bank in preparing the consolidated financial statements for the year 2017 except for the following:

Changes in Accounting Policies and Significant Estimates and Judgements

The key changes to the Bank's accounting policies resulting from the adoption of IFRS 9 (Financial Instruments) are summarized below. The comparative financial information has not been restated as per its requirements.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments (shares). Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Key changes in the Bank's accounting policies for impairment of financial assets are listed below that requires significant judgment and estimates:

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortized cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since initial recognition or that have low credit risk. For these assets, 12-month ECL are recognized and interest is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months from the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12-months.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the life-time probability of default ('PD') as the weight.

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date in accordance with regulatory requirements. For these assets, lifetime ECL is recognized and treated with the interests calculated on them, according to regulatory instructions. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition.

Key changes to the Significant Estimates and Judgements

Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial instruments

Assessment of whether 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 estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

1. Specific rating downgrade "One notch downgrade or Two notch downgrade"
2. Facilities restructured during previous twelve months
3. Facilities overdue by specific number of days as at the reporting date

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)
The Bank employs statistical models to analyze the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Bank has taken exposures.

Changes to Group's financial risk management objectives and policies:

i. Credit risk measurement
The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

ii. Credit risk grading
The Group uses internal credit risk grading that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

iii. Credit quality assessments
Pursuant to the adoption of IFRS 9, the Bank has mapped its internal credit rating scale to an approved rating scale as of June 30, 2018.

In our opinion, the estimates used within our consolidated condensed interim financial statements are reasonable.

4. Cash And Balances at Central Banks

- The cash reserve amounted to JD 96,761,118 as of June 30, 2018 (against JD 93,057,652 as of December 31, 2017).

- Apart from the cash reserve, the restricted cash balances amounted to JD 9,358,800 as of June 30, 2018 and December 31, 2017.

- There are no balances which mature in more than three months as of June 30, 2018 and December 31, 2017.

- The movement of balances at central banks is as follows:

	June 30, 2018 (Reviewed not audited)			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	440,508,243	-	-	440,508,243
New balances during the period	57,468,520	-	-	57,468,520
Settled balances	(207,604,751)	-	-	(207,604,751)
Transferred to stage (1)		-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Net balances for the current period	290,372,012	-	-	290,372,012

- The movement on the provision for impairment for balances at central banks is as follows:

	June 30, 2018 (Reviewed not audited)			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	1,094	-	-	1,094
New balances during the period	8,371	-	-	8,371
Settled balances	(1,048)	-	-	(1,048)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Net balances for the current period	8,417	-	-	8,417

5. Balances At Banks And Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	996,466	864,923	49,905,853	17,570,330	50,902,319	18,435,253
Deposits that mature within 3 months or less	68,630,784	69,887,100	45,473,114	65,096,198	114,103,898	134,983,298
	69,627,250	70,752,023	95,378,967	82,666,528	165,006,217	153,418,551

- Non-interest bearing balances at banks and financial institutions amounted to JD 63,201,047 as of June 30, 2018 against JD 18,435,253 as of December 31, 2017.

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

6. Deposits At Banks And Financial Institutions

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Deposits maturing within:		
More than 3 to 6 months	-	3,545,000
More than 6 to 9 months	-	34,438,353
More than 9 to 12 months	-	56,511,550
More than 1 year	64,397,800	-
Total	64,397,800	94,494,903

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

- The movement on balances and deposits at banks and financial institutions is as follows:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	247,145,653	767,801	-	247,913,454
New balances during the period	289,230,443	271,057	-	289,501,500
Settled balances	(308,010,937)	-	-	(308,010,937)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Net balance at the end of the period	228,365,159	1,038,858	-	229,404,017

- The movement on the expected provision for expected credit loss for deposits at banks and financial institutions is as follows:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	394,656	107	-	394,763
New balances during the period	210,726	15,590	-	226,316
Settled balances	(248,663)	-	-	(248,663)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Changes resulting from amendments	(108,330)	-	-	(108,330)
Balance at the end of the period	248,389	15,697	-	264,086

7. Financial Assets at fair Value Through Profit or Loss

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Quoted Equities	7,309,577	22,275,220
	7,309,577	22,275,220

8. Financial Assets at Fair Value Through Comprehensive Income

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Quoted Investments		
Quoted Equities	48,457,971	30,356,340
Total quoted investments	48,457,971	30,356,340
Unquoted Investments		
Unquoted Equities *	2,630,521	2,433,562
Total unquoted investments	2,630,521	2,433,562
Financial assets at fair value through OCI	51,088,492	32,789,902

- Cash dividends distributed on investments amounted to JD 2,734,178 for the period ended June 30, 2018 (against JD 1,110,452 for the period ended June 30, 2017).

* The fair value of unquoted investments is calculated using the equity method based on the latest available financial information of the company invested in.

9. Direct Credit Facilities, Net

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Consumer lending (Retail)		
Overdrafts	8,903,963	12,661,333
Loans and bills *	663,327,768	659,823,020
Credit cards	15,358,532	12,105,757
Other	6,284,905	6,414,174
Residential mortgages	204,319,136	200,384,519
Corporate lending		
Overdrafts	88,421,547	91,650,622
Loans and bills *	333,347,919	275,333,324
Small and Medium Enterprises:		
Overdrafts	21,064,008	18,052,190
Loans and bills *	105,575,425	92,633,936
Lending to governmental sectors	223,152,097	228,071,091
Total	1,669,755,300	1,597,129,966
Less: Suspended interest	(10,304,565)	(10,530,187)
Less: Allowance for impairment losses	(61,120,711)	(48,663,030)
Net Direct Credit Facilities	1,598,330,024	1,537,936,749

* Net after deducting interest and commission received in advance in the amount of JD 4,504,148 as of June 30, 2018 (JD 5,120,656 as of December 31, 2017).

- The movement on direct credit facilities during the period is as follows:

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	971,526,691	413,397,594	23,189,767	122,314,516	66,701,398	1,597,129,966
New facilities during the period	147,403,901	118,746,662	3,445,530	11,509,033	1,206,074	282,311,200
Settled facilities	(122,070,505)	(67,605,966)	(4,590,451)	(13,090,353)	(3,557,702)	(210,914,977)
Transferred to stage (1)	10,662,370	73,689,601	(7,577,108)	(70,853,813)	(5,985,540)	(64,490)
Transferred to stage (2)	(10,229,162)	(10,760,278)	11,967,336	14,252,149	(3,882,722)	1,347,323
Transferred to stage (3)	(4,198,823)	(5,315,785)	(4,675,469)	(155,047)	14,346,069	945
Written-off facilities	-	-	-	-	(54,667)	(54,667)
Balance at the End of the Period	993,094,472	522,151,828	21,759,605	63,976,485	68,772,910	1,669,755,300

- As of June 30, 2018, non-performing credit facilities amounted to JD 76,081,765 representing 4.56% of gross credit facilities granted (JD 71,150,725 representing 4.45% of gross credit facilities granted as of December 31, 2017).

- As of June 30, 2018, non-performing credit facilities after deducting suspended interest, amounted to JD 65,858,540 representing 3.94% of gross credit facilities granted after deducting the suspended interest (JD 60,662,281 representing 3.66% of the balance as of December 31, 2017).

- As of June 30, 2018, credit facilities granted to the Government of Jordan amounted to JD 83,334,079 representing 4.99% of gross credit facilities granted (JD 90,637,784 representing 5.68% as of December 31, 2017).

- As of June 30, 2018 credit facilities granted to the public sector in Palestine amounted to JD 53,128,501 representing 3.18% of gross credit facilities granted (JD 63,669,699 representing 3.99% as of December 31, 2017).

Direct credit facilities impairment provision:

The movement on the provision for impairment of credit facilities during the period / year is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
June 30, 2018						
Balance at the beginning of the period	41,467,609	4,086,414	6,419,814	5,022,939	493,059	57,489,835
Impairment loss on new facilities during the period	6,309,971	1,224,665	733,353	1,303,780	1,259,514	10,831,283
Recalled from impairment loss on settled facilities	(2,231,911)	(564,714)	(1,497,455)	(1,312,404)	(9,309)	(5,615,793)
Transferred to Stage 1	1,064,357	358,254	524,350	566,935	63,607	2,577,503
Transferred to Stage 2	(326,971)	(457,787)	(375,944)	(110,353)	(63,607)	(1,334,662)
Transferred to Stage 3	(733,164)	99,533	(149,368)	(456,376)	-	(1,239,375)
Changes resulting from amendments	(1,519,175)	11,772	-	-	146,239	(1,361,164)
Written-off facilities	(54,667)	-	-	-	-	(54,667)
Amendments resulting from changes in exchange rates	(163,391)	(1,243)	(1,985)	(5,630)	-	(172,249)
Balance at the End of the Period	43,812,658	4,756,894	5,652,765	5,008,891	1,889,503	61,120,711
Reallocation:						
Individual level provisions	39,197	-	4,197,077	4,393,356	1,889,503	10,519,133
Collective level provisions	43,773,461	4,756,894	1,455,688	615,535	-	50,601,578

Suspended interest:

The movement on interest in suspense is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Public sector	Total
June 30, 2018	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,654,161	170,515	7,421,145	1,284,366	-	10,530,187
Add: Suspended interest during the period	117,554	120,470	135,044	17,314	48,109	438,491
Less: Interest transferred to revenues	(83,755)	(40,270)	(272,270)	(114,819)	-	(511,114)
Suspended interest written off	(9,564)	-	(142,999)	(436)	-	(152,999)
Balance - End of Period	1,678,396	250,715	7,140,920	1,186,425	48,109	10,304,565
December 31, 2017						
Balance at the beginning of the year	1,413,098	101,012	7,332,991	1,947,824	-	10,794,925
Add: Suspended interest during the year	423,668	84,572	826,170	(60,507)	-	1,273,903
Less: Interest transferred to revenues	(166,515)	(15,069)	(137,292)	(582,606)	-	(901,482)
Suspended interest written off	(16,090)	-	(600,724)	(20,345)	-	(637,159)
Balance - End of the Year	1,654,161	170,515	7,421,145	1,284,366	-	10,530,187

Direct credit facilities are distributed to geographic locations and economic sectors as follows:

Economic sector	Inside Jordan	Outside Jordan	June 30, 2018	December 31, 2017
	JD	JD	JD	JD
Financial	41,443,346	-	41,443,346	22,071,940
Industrial	48,253,613	20,123,654	68,377,267	58,140,671
Trade	185,252,426	136,106,314	321,358,740	323,339,043
Real estate	211,340,719	102,740,318	314,081,037	264,282,457
Agriculture	6,806,523	1,724,954	8,531,477	4,027,081
Shares	5,063,979	542,746	5,606,725	6,193,399
Individuals	572,708,646	114,495,965	687,204,611	691,004,284
Government and public sector	170,023,596	53,128,501	223,152,097	228,071,091
	1,240,892,848	428,862,452	1,669,755,300	1,597,129,966

10. Financial Assets of Amortized Cost – Net

This item consists of the following:

	June 30, 2018	December 31, 2017
Quoted Investments	JD	JD
Foreign government treasury bills and bonds	4,471,206	3,921,210
Corporate debt securities	17,411,383	17,272,992
Total quoted investments	21,882,589	21,194,202
Unquoted Investments		
Local treasury bills	81,448,784	59,869,256
Government treasury bonds	359,324,989	213,360,406
Governmental debt securities	3,364,122	656,734
Corporate debt securities	45,283,600	30,283,600
Total unquoted investments	489,421,495	304,169,996
Total financial assets at amortized cost	511,304,084	325,364,198
Fixed rate	511,304,084	325,364,198
Floating rate	-	-
Total	511,304,084	325,364,198

The movement on the impairment loss for financial assets at amortized cost is as follows:

The comparative numbers for the year ended December 31, 2017 for the impairment of financial assets at amortized cost are shown in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). The beginning balances of the expected credit losses provision are shown in accordance with IFRS 9 Financial Instruments:

The movement disclosure on the financial assets at amortized cost is as follows:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	329,237,522	715,676	-	329,953,198
New balances during the period	242,515,881	-	-	242,515,881
Settled balances	(57,089,995)	-	-	(57,089,995)
Transferred to stage (1)	715,676	(715,676)	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Total for the current period	515,379,084	-	-	515,379,084

The movement disclosure on the impairment loss for financial assets at amortized cost is as follows:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	735,398	9,785	-	745,183
New balances during the period	433,864	-	-	433,864
Settled balances	(614,140)	-	-	(614,140)
Transferred to stage (1)	9,785	(9,785)	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Total for the current period	564,907	-	-	564,907

11. Other Assets

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Accrued revenues	13,112,996	10,583,723
Prepaid expenses	9,209,090	7,478,829
Repossessed assets - net *	12,073,563	12,818,968
Accounts receivable - net	786,906	2,517,324
Clearing checks	5,535,092	10,662,124
Settlement Guarantee Fund	66,000	25,000
Refundable deposits	570,804	570,201
Deposit at Visa International	1,999,401	1,999,401
Others	2,083,861	547,233
Total	45,437,713	47,202,803

* **The following is a summary of the movement on repossessed assets transferred to the bank in return for deferred debts:**

	Repossessed Real-Estate	
	For the Six-Month Period Ended June 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period/year	14,872,868	14,903,284
Additions	33,076	575,601
Disposals	(1,146,480)	(606,017)
Total	13,759,464	14,872,868
Impairment of repossessed assets	(495,909)	(861,619)
Impairment of repossessed assets as per the Central Bank of Jordan instructions	(1,189,992)	(1,192,281)
Total	12,073,563	12,818,968

The movement on losses of repossessed assets transferred to the bank in return for deferred debts is as follows:

	Repossessed Real-Estate	
	For the Six-Month Period Ended June 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Beginning balance of period/year	2,053,900	3,053,900
Realized provision during the period/year	-	(1,000,000)
Real estate sold during the period/year	(367,999)	-
Ending balance of the Period/Year	1,685,901	2,053,900

As per the Central Bank of Jordan instructions, the repossessed lands and buildings transferred to the bank in return for deferred debts should be sold within two years of repossession, and can be extended under specific circumstances by the Central Bank of Jordan for a maximum of four years. In accordance with the Central Bank of Jordan instruction number 10/1/4076 dated March 27, 2014 and instruction number 10/1/7096 dated June 8, 2014, the Bank has recognized a provision for the repossessed assets against debts which have been held for more than four years. In light of IFRS 9 and its direct impact on the Condensed Consolidated Interim Financial Statements, the aforementioned instruction has been put on hold for the year 2018 to complete the required provisions against real estate as of the year 2019 in accordance with the valuation of Central Bank of Jordan no 10/1/16607 dated December 17, 2017.

12. Customers' Deposits

This item consists of the following:

	Consumer	Corporate	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD
June 30, 2018					
Current and demand deposits	246,868,213	69,726,469	46,522,334	94,303,797	457,420,813
Saving accounts	471,471,932	2,701,155	5,060,247	164,037	479,397,371
Time and notice deposit	378,854,198	259,914,435	23,780,576	225,541,571	888,090,780
Certificates of Deposit	28,360	-	-	-	28,360
Total	1,097,222,703	332,342,059	75,363,157	320,009,405	1,824,937,324
December 31, 2017					
Current and demand accounts	254,374,906	85,579,283	44,992,822	61,703,911	446,650,922
Saving accounts	457,349,099	3,663,774	3,481,364	94,760	464,588,997
Time and notice deposits	353,901,940	262,600,668	22,181,091	199,870,328	838,554,027
Certificates of Deposit	70,900	-	-	-	70,900
Total	1,065,696,845	351,843,725	70,655,277	261,668,999	1,749,864,846

- Jordanian Government and Public Sectors deposits amounted to JD 320,009,405 as of June 30, 2018 representing 17.54% of gross deposits (JD 244,216,056 as of December 31, 2017 representing 13.96%).

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

- Non-interest bearing deposits amounted to JD 395,152,958 as of June 30, 2018 representing 21.65% of gross deposits (JD 641,654,320 as of December 31, 2017 representing 36.67%).

- Dormant deposits amounted to JD 39,616,246 as of 30 June 2018 (JD 38,240,608 as of December 31, 2017).

13. LOANS AND BORROWINGS

This item consists of the following:

	Amount	No. of Instalments		Payable Every	Maturity Date	Collaterals	Interest Rate
		Total	Outstanding				
	JD						
June 30, 2018 (not audited)							
Amounts borrowed from Overseas Private Investment Corporation (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895%-4.845%
Amounts borrowed from French Development Agency	2,481,500	20	14	Semi – annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan *	9,025,000	10	9	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan **	31,203,479	173	173	At maturity /per loan	2018-2026	Treasury Bills	2.5%-1%
Amounts borrowed from Central Bank of Jordan *	2,064,084	14	12	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	6,068,571	7	5	Semi- annually	2021	None	4.8%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	4,051,429	7	4	Semi- annually	2020	None	3.25%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	14,180,000	7	7	Semi- annually	2025	None	5.25%
Amounts borrowed from Central Bank of Jordan *	4,100,000	20	20	Semi- annually	2031	None	2.39%
Jordan Loan Guarantee Corporation ***	30,000,000	1	1	At maturity	2019	None	4.4%
Jordan Loan Guarantee Corporation ***	5,000,000	1	1	At maturity	2020	None	5.75%
Amounts borrowed from Central Bank of Jordan	1,434,528	34	34	Semi- annually	2039	None	3%
Jordan Loan Guarantee Corporation ***	10,000,000	1	1	At maturity	2020	None	5.90%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,545,000	7	7	Semi- annually	2023	None	4.343%
Bank Al-Etihad	2,000,000	6	6	Quarterly	2021	None	6%
Societe Generale Banque de Jordanie	844,444	45	38	Monthly	2021	None	6.75%
Bank Al-Etihad	1,000,000	8	8	Quarterly	2022	None	6%
Amounts borrowed from Financial Markets International (FMI)	1,074,224	1	1	-	None	None	-
Total	143,670,259						

December 31, 2017	Amount	No. of Instalments		Payable Every	Maturity Date	Collaterals	Interest Rate
		Total	Outstanding				
	JD						
Amounts borrowed from Overseas Private Investment Corporation (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	2,658,750	20	15	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	9,500,000	10	10	Semi- annually	2028	None	2.7%
Amounts borrowed from Central Bank of Jordan**	28,186,840	140	140	At maturity / Per Loan	2018-2026	Treasury Bills	1%-2 %
Amounts borrowed from Central Bank of Jordan*	2,232,042	14	13	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	5,064,286	7	5	Semi- annually	2020	None	3.25%
Amounts borrowed from Central Bank of Jordan*	4,100,000	20	20	Semi- annually	2031	None	2.8%
Jordan Loan Guarantee Corporation ***	30,000,000	1	1	At maturity / Per Loan	2019	None	4.4%
Jordan Loan Guarantee Corporation ***	5,000,000	1	1	-	2020	None	5.8%
Amounts borrowed from Central Bank of Jordan	1,434,528	34	34	Semi- annually	2039	None	3.0%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,080,000	7	7	Semi- annually	2021	None	4.8%
Bank Al-Etihad	2,000,000	6	6	Quarterly	2021	None	6.0%
Societe Generale Banque de Jordanie	977,778	45	44	Monthly	2021	None	6.75%
Amounts borrowed from Financial Markets International (FMI)	1,074,224	1	1	-	None	None	-
Total	114,906,448						

* The borrowed amount from the Central Bank of Jordan was re-lent to SMEs with an average interest rate of 8.5%. In addition, repayments start after 5 years of the granting date.

** The borrowed amount from the Central Bank of Jordan for industrial, energy, agricultural and tourism financing were re-lent with an average interest rate of 4.5%.

*** Housing loans refinanced from the borrowed funds of the Jordan Loan Guarantee Corporation amounted to JD 32,581,951 as of June 30, 2018 with an average interest rate of 7.1%.

14. Income Tax Provision

A. Income Tax provision

The movement on the income tax provision is as follows:

	June 30, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the period/year	17,321,461	20,892,898
Income tax paid	(11,694,595)	(16,468,215)
Income tax payable	7,229,797	12,896,778
Balance at the End of the Period/Year	12,856,663	17,321,461

Income tax appearing in the statement of income represents the following:

	For the Six-Month Period Ended June 30,	
	2018	2017
	JD	JD
Income tax for the period	7,229,797	6,085,122
Deferred tax assets	(183,392)	168,145
Amortization of deferred tax liabilities	-	(716,661)
Accrued income tax on the current period profit	7,046,405	5,536,606

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on foreign branches and subsidiaries range between 0% and 31%. Banks in Palestine are subject to an income tax rate of 15% and VAT of 16%.

- The Bank has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2015 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review 2016 and 2017 records up to the date of these condensed consolidated interim financial statements.

- A final settlement was reached with the tax authorities for the Bank's branches in Palestine up until the end of the year 2016. The 2017 records have not been reviewed up to the date of these condensed consolidated interim financial statements.

- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2009 for Al-Watanieh Financial Services Company. In addition, the Sales and Income Tax Department reviewed the Company's records for the years 2010 and 2011, and estimated the tax payable for these years at JD 318,644 for the amounts paid. The Company objected this estimate in specialized courts where a decision was issued by the Court of First Instance in June 2016 to annul the claim, consider it void and return it to the Sales and Income Tax Department in order to correct the procedures. This decision has been confirmed during the appeal stage in October 2016. Based on the court's decision, the Income Tax Department re-issued certificates with the same amounts. As a result, the company appealed against the decision, for which an objection was issued in June 2017 and therefore the appeal was filed before the courts which ended in July 2017. The court is still awaiting to correct the legal procedures, even though the legal period available after submitting the statements has passed by 4 years. The Sales and Income Tax Department reviewed the company's records for the years 2012, 2013, 2014 and estimated that the tax payable for these years was JD 1,222,807 for the exceeding paid amounts. The company had filed an appeal at specialized courts and no court decision has been made until this day. The Sales and Income Tax Department has not reviewed the records for the years 2015, 2016 and 2017 up to the date of these condensed consolidated interim financial statements. In the opinion of Bank's management, the provisions recorded at the date of condensed consolidated interim statement of financial position are sufficient to face any future tax liabilities.

- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income and Sales Tax Department up to the year 2016. The income tax department did not review 2017 records up to the date of these condensed consolidated interim financial statements.

- Tamallak for Financial Leasing Company had reached a final settlement with the Income and sales tax Department until the year 2015. Furthermore, the Income Tax Department did not review 2016 and 2017 records, up to the date of these condensed consolidated interim financial statements.

- In the opinion of the Bank's management, income tax provisions as of June 30, 2018 are sufficient to meet any future tax obligations.

B- The movement on the deferred tax assets during the period is as follows:

	For the Six-Month Period Ended June 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period/year	5,743,006	6,270,359
Effect of application of IFRS 9 related to the impairment	3,310,327	-
Adjusted balance	9,053,333	6,270,359
Additions during the period/year	964,900	1,157,240
Disposals during the period/year	(982,143)	(1,684,593)
Balance at the End of the Period/Year	9,036,090	5,743,006

- The deferred tax assets for the Jordan branches were calculated at a rate of 35% in accordance with the Income Tax Law No. (34) for the year 2014, effective from January 1, 2015

The effect of the application of IFRS 9 on deferred tax assets/liabilities is as follows:

Item	Deferred Tax Assets	Deferred Tax Liabilities
	JD	JD
Surplus (deficit) in expected credit loss for assets (ECL)	3,310,327	-
Reclassification of financial assets	-	98,413

15. Other Liabilities

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Accrued interest expense	10,308,327	8,544,624
Unearned Revenue	496,361	461,644
Accounts payable	3,867,799	5,989,197
Accrued expenses	9,012,142	9,551,022
Temporary deposits	19,079,197	15,480,984
Checks and withdrawals	6,084,802	5,358,022
Others	2,478,499	3,319,670
	51,327,127	48,705,163

* The movement disclosure on the indirect credit facilities and other liabilities is as follows:

	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	43,250,792	177,357,977	22,257	73,892,345	2,412,836	296,936,207
New balances during the period	11,697,804	71,302,017	44,001	3,778,605	226,486	87,048,913
Settled balances	(15,535,581)	(78,655,408)	(81,049)	(10,184,142)	(485,532)	(104,941,712)
Transferred to stage (1)	12,967	49,879,934	(11,578)	(48,384,873)	(1,496,450)	-
Transferred to stage (2)	(210,907)	(5,750,741)	210,907	5,860,238	(109,497)	-
Transferred to stage (3)	(95,575)	-	(5,258)	-	100,833	-
Total Balance at the End of the Period	39,119,500	214,133,779	179,280	24,962,173	648,676	279,043,408

* The movement disclosure on the impairment provision of the indirect credit facilities and other liabilities is as follows:

	Stage 1		Stage 2			
	Collective	Individual	Collective	Individual	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	198,748	201,163	345	888,483	267,493	1,556,232
Impairment loss on new exposures	32,346	70,513	737	334,462	95,211	533,269
Impairment loss on deferred exposures	(110,155)	(206,908)	(2,453)	(297,800)	(110,003)	(727,319)
Transferred to stage (1)	184	164,489	(155)	(176,367)	(5,268)	(17,117)
Transferred to stage (2)	(3,778)	(11,655)	3,778	11,772	(117)	-
Transferred to stage (3)	(1,598)	-	(70)	-	1,668	-
Changes resulting from amendments	(8,758)	(31,452)	-	(3,889)	3,731	(40,368)
Balance at the End of the Period	106,989	186,150	2,182	756,661	252,715	1,304,697

16. Fair Value Reserve (NET)

The movement on this item is as follows:

	June 30, 2018	December 31, 2017
	JD	JD
Beginning balance of the period/year	(9,005,364)	(10,347,484)
Unrealized (loss) gain	(405,851)	1,612,246
(Gain) from sale of financial assets at fair value through other comprehensive income transferred to retained earnings	(6,500)	(53,133)
Deferred tax assets	(197,135)	(532,294)
Deferred tax liabilities	14,007	315,301
Ending Balance of the Period/Year	(9,600,843)	(9,005,364)

- The fair value reserve includes deferred tax assets in the amount of JD 2,587,048 as of June 30, 2018 (JD 2,784,183 as of December 31, 2017) and deferred tax liabilities in the amount of JD 210,975 as of June 30, 2018 (JD 224,982 as of December 31, 2017).

17. Retained Earnings

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the period/year	71,279,760	70,184,530
General banking risk reserve	12,410,757	-
Expected credit loss on assets resulting from implementing IFRS 9	(11,417,660)	-
Effect of implementing IFRS 9 (Effect of reclassifying financial assets)	182,767	-
Effect of implementing IFRS 9 on deferred tax assets/liabilities	3,310,327	-
Modified balance at the beginning of the period / year	75,765,951	70,184,530
Profit for the year	-	30,336,470
Transferred to statutory reserve	-	(4,119,128)
Transferred to general banking risk reserve	-	(2,615,079)
Transferred to cyclical reserve	-	(940,081)
Dividends distributed as shares	-	-
Cash dividends distributed to shareholders	(21,600,000)	(21,600,000)
Capital increase expenses	(2,950)	(20,085)
Transferred due to sale of financial assets held through other comprehensive income	6,500	53,133
Balance at the End of the Period/Year	54,169,501	71,279,760

- The balance of the retained earnings as of June 30, 2018 includes an amount of JD 14,418,475 representing the balance of the effect of the early adoption of IFRS 9 and in accordance with the instructions of the Securities Exchange Commission, this balance is restricted from use, except for what is actually earned through sale.

- The retained earnings include deferred tax assets amounting to JD 9,036,090 as of June 30, 2018 against JD 5,743,006 as of December 31, 2017 and in accordance with the instructions of the Central Bank of Jordan, they are restricted from use.

- The amount of JD 9,600,843 represents the negative fair value reserve through other comprehensive income and is restricted from use in accordance with the Central Bank of Jordan and the Securities Commission instructions.

- The balance of the general bank risk reserve in the amount of JD 1,358,631 which is transferred to the retained earnings is restricted from use in accordance with the instructions of the Central Bank of Jordan.

18. Interest Income

This item consists of the following:

	For the Six-Month Period Ended June 30,	
Direct Credit Facilities:	2018	2017
Consumer lending	JD	JD
Overdrafts	607,438	786,189
Loans and bills	31,780,023	29,889,762
Credit cards	1,393,300	1,165,632
Brokerage margin accounts	129,376	127,121
Residential mortgages	6,990,710	5,626,539
Corporate lending		
Overdrafts	6,135,893	2,937,427
Loans and bills	9,919,689	7,180,000
Small and medium enterprises lending		
Overdrafts	1,028,718	542,175
Loans and bills	3,888,691	1,529,769
Government and public sector	3,107,601	5,002,809
Balances at Central Banks	3,010,393	2,791,502
Balances and deposits at banks and financial institutions	3,771,037	1,385,094
Financial assets at amortized cost	8,438,557	4,997,935
	80,201,426	63,961,954

19. Interest Expense

This item consists of the following:

	For the Six-Month Period Ended June 30,	
	2018	2017
	JD	JD
Banks and financial institutions deposits	5,892,325	1,695,239
Customers' deposits:		
Current accounts and demand deposits	1,026,732	513,727
Saving accounts	2,095,590	1,631,797
Time and notice deposits	18,103,201	11,745,192
Certificates of deposit	396	944
Cash insurance	334,836	492,796
Loans and borrowings	3,019,275	1,715,665
Deposits guarantee fees	1,973,930	1,695,384
Total	32,446,285	19,490,744

20. GAIN (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	Realized (Loss)	Unrealized (Loss)	Dividends	Total
	JD	JD	JD	JD
June 30, 2018				
Equity instruments	(184,275)	(4,083)	356,389	168,031
Total	(184,275)	(4,083)	356,389	168,031
June 30, 2017				
Equity instruments	(2,926)	(1,103,376)	1,867,092	760,790
Bonds	-	4,104	-	4,104
Investment funds	-	10,112	-	10,112
Total	(2,926)	(1,089,160)	1,867,092	775,006

21. PROVISION FOR EXPECTED CREDIT LOSS

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balances at Central Banks	7,323	-	-	-	-	7,323
Balances and deposits at Banks and financial institutions	(143,013)	-	12,336	-	-	(130,677)
Direct credit facilities	137,677	(95,020)	(122,246)	217,471	3,547,661	3,685,543
Financial assets at amortized cost	(165,196)	-	(15,080)	-	-	(180,276)
Financial guarantees	(23,838)	-	(119,719)	-	(30,391)	(173,948)
Unutilized ceilings	(61,145)	-	(780)	-	15,613	(46,312)
Letters of credit	(12,119)	-	(19,156)	-	-	(31,275)
Others	-	-	-	-	172,249	172,249
Total	(260,311)	(95,020)	(264,645)	217,471	3,705,133	3,302,628

22. EARNINGS PER SHARE

This item consists of the following:

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Profit for the period attributable to shareholders (JD)	7,702,430	7,479,520	14,627,951	14,142,971
Weighted average number of shares (share)	180,000,000	180,000,000	180,000,000	180,000,000
	(JD / Fils)	(JD / Fils)	(JD / Fils)	(JD / Fils)
Basic and diluted earnings per share for the period - (Bank's Shareholders)	0/043	0/042	0/081	0/079

Diluted earnings per share for the period are equal to the basic earnings per share for the period as the Bank has not issued any instruments convertible to shares which would have an impact on earnings per share for the period.

23. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Cash and balances at Central Banks maturing within three months	364,745,051	519,193,270
Add: Balances at banks and financial institutions maturing within three months	165,006,217	153,418,551
Less: Banks and financial institutions' deposits maturing within three months	341,742,859	358,882,207
Restricted balances	9,358,800	9,358,800
Total	178,649,609	304,370,814

24. RELATED PARTIES TRANSACTIONS

The accompanying condensed consolidated interim financial statements consist of the financial statements of the Bank and the following subsidiaries:

		Paid in Capital	
Company Name	Ownership	June 30, 2018	December 31, 2017
	%	JD	JD
Al-Watanieh Financial Services Limited Liability Company	100	5,500,000	5,000,000
Al-Watanieh Securities Private Shareholding Company	100	1,600,000	1,600,000
Tamallak For Financial Leasing Company	100	5,000,000	5,000,000
Safa Bank	79	53,175,000	53,175,000
Thimmar Company for Investment Services	100	70,900	70,900

The Bank entered into transactions with subsidiaries, major shareholders, board of directors members and senior management in the ordinary course of business at commercial interest and commission rates. All credit facilities to related parties are considered performing and are free of any provision.

The following is a summary of related parties transactions during the period:

	Related Parties			Total	
	Board of Directors and Relatives of Board Members	Executive Management	Others *	June 30, 2018	December 31, 2017
	JD	JD	JD	JD	JD
Balance Sheet Items:					
Direct credit facilities	13,049,596	4,786,520	19,318,451	37,154,567	49,288,884
Deposits at the Bank	19,791,304	2,612,729	8,915,031	31,319,064	32,273,427
Cash margins	149,623	142	145,761	295,526	887,299
Off-Balance Sheet Items:					
Indirect credit facilities	2,747,242	-	159,925	2,907,167	3,390,734
				For the Six-Month Period Ended June 30,	
				2018	2017
				JD	JD
Income Statement Items					
Interest and commission income	879,652	36,073	1,258,509	2,174,234	2,523,612
Interest and commission expense	102,974	10,381	72,148	185,503	356,762

* Other related parties include the Bank employees and their relatives to the third degree.

- Credit interest rates on credit facilities in Jordanian Dinar range between 4% - 9.5%.
- Credit interest rates on credit facilities in foreign currency range between 4% - 4.75%.
- Debit interest rates on deposits in Jordanian Dinar range between 0% - 5.75%.
- Debit interest rates on deposits in foreign currency range between 0% - 3.5%.

Salaries, bonuses and other benefits for key management personnel amounted to JD 1,389,744 as of June 30, 2018 (JD 1,442,744 as of June 30, 2017).

25. Capital Management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid-up capital of Jordanian banks should be JD 100 million before the end of year 2011. In addition, the Central Bank of Jordan regulations require a minimum leverage ratio of 4%.

The Bank, since its inception, has always maintained an adequate capital adequacy ratio that exceeds the minimum required by the Central Bank of Jordan of 12% (8% as per BIS rules/ratios). The bank takes into consideration all ratios related to credit concentrations and which are used in the regulatory capital as an indicator for those concentrations.

The Bank manages its capital structure and makes adjustments to it in the light of changes in activities conditions. No changes were made in the objectives, policies and processes related to the capital restructuring during t5he current and in addition previous year.

Description of what is considered capital

As per the Central Bank of Jordan rules and regulations, regulatory capital consists of Tier 1 capital, which comprises paid-up capital, share premium, declared reserves, retained earnings, non-controlling interests allowed to be recognized and other comprehensive income items, less expected dividends to be distributed , goodwill, cost of treasury shares and shortage of required provision, deferred tax assets related to non-performing loans to any amounts that are prohibit to be disposed as per the rules and regulations. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term bonds which can be reclassified to shares, non-cumulative interest preference shares and non-controlling interest allowed to be recognized. The third component of capital is Tier 3 which is used against market risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated, in addition to investments in the capital of insurance companies. Also, excess over 10% of the Bank's capital if invested in an individual company investee as per the rules of Central Bank of Jordan.

The Central Bank of Jordan issued on November 31, 2016 instructions regarding capital adequacy in accordance with basel III and canceled the instructions of regulatory capital adequacy according to basel II.

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to basel committee decision. Below is the capital adequacy percentage in comparative with the prior year:

	June 30, 2018	December 31, 2017
	JD	JD
Ordinary Shareholders' Rights		
Paid-up capital	180,000,000	180,000,000
Retained earnings	54,169,501	49,679,760
Accumulated change in fair value	(9,600,843)	(9,005,364)
Statutory reserve	69,955,203	69,955,203
Other reserves approved by the Central Bank	7,756,997	7,756,997
Minority rights allowed to be recognized	1,391,824	1,580,191
Profits for the period after subtracting the expected distributions	2,895,166	-
Total ordinary share capital	**306,567,848**	**299,966,787**
Regulatory Adjustments (Capital Deductible)		
Intangible assets	8,609,215	9,945,324
Deferred tax assets that should be deducted	8,064,285	4,964,213
Net ordinary shareholders' equity	**289,894,348**	**285,057,250**
Additional capital		
Minority rights allowed to be recognized		
Net primary capital (Tier I)		
Tier II capital		
Required provisions against Tier 1 of the IFRS 9 implementation	8,572,037	-
General banking risk reserve	5,119,109	16,597,081
Minority rights allowed to be recognized	278,365	316,038
Total Tier II Capital	13,969,511	16,913,119
Regulatory Adjustment (Capital Deductible)		
Investments in subsidiaries capital unconsolidated with the Bank's accounts	-	-
Net Tier II Capital	**13,969,511**	**16,913,119**
Regulatory capital	**303,863,859**	**301,970,369**
Total risk weighted assets	**2,104,333,806**	**2,007,515,373**
Capital adequacy (%)	14.44%	15.04%
Primary capital (%)	13.78%	14.20%
Subordinated capital (%)	0.66%	0.84%

26. SEGMENTAL INFORMATION

1. Bank's activities information:

For management purposes, the Bank is organized into four major business segments in accordance with the reports sent to chief operating decision maker.

- **Retail banking:** Mainly handles individual customers' deposits, and providing credit facilities, credit cards facilities and other facilities.
- **Corporate banking:** Mainly handles deposits and credit facilities provided to the customers and other banking services related to customers from institutions.
- **Treasury:** Mainly provides trading and treasury services, as well as the management of the Bank's funding operations.
- **Other:** Mainly includes activities that do not meet the definition of the Bank's above mentioned sectors.

Information of the bank's business segment distributed according to operations is as follows:

	Retail Banking	Corporate Banking	Treasury	Others	June 30, 2018	June 30, 2017
	JD	JD	JD	JD	JD	JD
Gross income	50,656,775	26,626,667	20,887,502	1,186,888	99,357,832	81,347,143
Expected credit losses	372,143	3,641,201	(710,716)	-	3,302,628	1,889,490
Segment result	38,010,009	12,528,686	10,843,836	1,186,888	62,569,419	59,966,909
Unallocated costs					41,124,462	40,484,409
Profit before tax					21,444,957	19,482,500
Income tax					7,046,405	5,536,606
Profit for the period					14,398,552	13,945,894
Other information						
Capital expenditure					3,712,342	3,926,385
Depreciation and amortization					4,767,565	4,410,485

	Retail Banking	Corporate Banking	Treasury	Others	June 30, 2018	December 31, 2017
					JD	JD
Total segment assets	848,442,996	750,395,178	1,175,616,751	95,701,464	2,870,156,389	2,794,346,747
Total segment liabilities	920,839,120	815,028,347	718,651,829	84,408,492	2,538,927,788	2,447,293,787

2. Geographical Information

This item represents the geographical distribution of the Bank's operations. The Bank's main activities are located in Jordan which represents local operations as well as international operations in the Middle East, Europe, Asia, America and Low East.

The following table shows the distribution of the Bank's revenue and assets and its capital expenditure by geographical segment:

	Inside Jordan June 30, 2018	Inside Jordan June 30, 2017	Outside Jordan June 30, 2018	Outside Jordan June 30, 2017	Total June 30, 2018	Total June 30, 2017
	JD	JD	JD	JD	JD	JD
Total revenue	78,158,949	62,260,585	21,198,883	19,086,558	99,357,832	81,347,143
Capital expenditure	978,371	2,409,364	2,733,971	1,517,021	3,712,342	3,926,385

	Inside Jordan June 30, 2018	Inside Jordan December 31, 2017	Outside Jordan June 30, 2018	Outside Jordan December 31, 2017	Total June 30, 2018	Total December 31, 2017
	JD	JD	JD	JD	JD	JD
Total assets	2,143,805,144	2,120,123,419	726,351,245	674,223,328	2,870,156,389	2,794,346,747

<u>Risk management:</u>

1. **Credit risk according to economic sectors:**

A. **Distributions according to financial instruments exposure:**

	Financial	Industrial	Trading	Real Estate	Agriculture	Equities	Individuals	Government and Public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central Banks	6,213,196	-	-	-	-	-	-	284,150,399	-	290,363,595
Balances at banks and financial institutions	206,272,600	-	-	-	-	-	-	-	-	206,272,600
Deposits at banks and financial institutions	64,248,005	-	-	-	-	-	-	-	-	64,248,005
Credit facilities	17,942,917	57,910,051	362,506,309	294,633,684	13,218,016	3,380,102	627,523,339	221,215,606	-	1,598,330,024
Bonds and bills:	-	-	-	-	-	-	-	-	-	-
<u>Within</u>: Financial Assets through profit and loss	-	-	-	-	-	-	-	-	-	-
<u>Within</u>: Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
<u>Within</u>: Financial assets at amortized cost	46,454,011	-	15,847,170	-	-	-	-	448,437,996	-	510,739,177
Derivatives	-	-	-	-	-	-	-	-	-	-
Mortgaged financial assets (debt instruments)	-	-	-	-	-	-	-	4,075,000	-	4,075,000
Other Assets	1,665,647	858,793	8,699,403	941,116	270,264	69,660	1,957,819	4,972,292	-	19,434,994
Total for the period	342,796,376	58,768,844	387,052,882	295,574,800	13,488,280	3,449,762	629,481,158	962,851,293	-	2,693,463,395
Letters of guarantees	8,314,638	6,012,947	21,429,001	7,313,029	221,140	-	-	11,950,357	-	55,241,112
Letters of credit	18,466,089	8,770,999	11,065,043	40,048	-	-	-	24,748,270	-	63,090,449
Other Liabilities	11,036,704	16,895,049	55,421,948	9,284,917	631,802	-	11,220,055	55,565,473	-	160,055,948
Total	380,613,807	90,447,839	474,968,874	312,212,794	14,341,222	3,449,762	640,701,213	1,055,115,393	-	2,971,850,904

B. Distribution of exposure according to staging (IFRS 9)

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	339,614,948	1,633,786	1,546,517	-	1,125	342,796,376
Industrial	29,036,029	21,657,397	7,051,375	12,372	1,011,671	58,768,844
Trading	246,996,725	89,477,182	37,037,120	271,023	13,270,832	387,052,882
Real Estates	47,105,011	219,675,105	6,661,968	7,443,762	14,688,954	295,574,800
Agriculture	7,284,308	366,283	5,750,770	-	86,919	13,488,280
Equity	-	2,586,566	-	40	863,156	3,449,762
Individual	2,972,404	600,390,237	1,232,340	9,433,041	15,453,136	629,481,158
Government and public sector	952,296,126	3,868,081	5,180,877	-	1,506,209	962,851,293
Other	-	-	-	-	-	-
Total	**1,625,305,551**	**939,654,637**	**64,460,967**	**17,160,238**	**46,882,002**	**2,693,463,395**

2. **Exposure distribution according to geographical distribution**

A. **Total exposure distribution according to geographic region:**

	Inside Jordan	Other Middle East countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	221,241,378	69,122,217	-	-	-	-	-	290,363,595
Balances at banks and financial institutions	111,789,451	53,259,687	28,862,421	815,414	-	11,478,340	67,287	206,272,600
Deposits at banks and financial institutions	64,248,005	-	-	-	-	-	-	64,248,005
Credit facilities	1,209,632,179	360,145,592	28,552,253	-	-	-	-	1,598,330,024
Bonds and Bills:								
Within: Financial Assets Through profit and loss	-	-	-	-	-	-	-	-
Within: Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within: Financial assets at amortized cost	491,029,160	18,679,218	1,030,799	-	-	-	-	510,739,177
Derivatives	-	-	-	-	-	-	-	-
Mortgaged financial assets (debt instruments)	4,075,000	-	-	-	-	-	-	4,075,000
Other Assets	11,805,575	5,324,984	2,304,435	-	-	-	-	19,434,994
Total for the period	2,113,820,748	506,531,698	60,749,908	815,414	-	11,478,340	67,287	2,693,463,395
Letters of guarantee	43,729,592	8,799,466	1,286,334	1,206,684	-	219,036	-	55,241,112
Letters of credit	34,861,032	28,229,417	-	-	-	-	-	63,090,449
Other Liabilities	143,258,566	16,797,382	-	-	-	-	-	160,055,948
Total	2,335,669,938	560,357,963	62,036,242	2,022,098	-	11,697,376	67,287	2,971,850,904

B. Exposure distribution according to staging (IFRS 9):

Items	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside Jordan	1,344,635,736	673,296,715	56,728,858	12,316,430	26,843,009	2,113,820,748
Other Middle East countries	209,558,266	264,358,522	7,732,109	4,843,808	20,038,993	506,531,698
Europe	58,750,508	1,999,400	-	-	-	60,749,908
Asia	815,414	-	-	-	-	815,414
Africa	-	-	-	-	-	-
America	11,478,340	-	-	-	-	11,478,340
Other Countries	67,287	-	-	-	-	67,287
Total	1,625,305,551	939,654,637	64,460,967	17,160,238	46,882,002	2,693,463,395

Credit exposure that have been reclassified:

A. **Total credit exposure that have been reclassified:**

Items	Stage 2		Stage 3			
	Total Exposure amount	Exposure that have been reclassified	Total Exposure amount	Exposure that have been reclassified	Total Exposure that have been reclassified	Percentage of exposure that have been reclassified
	JD	JD	JD	JD	JD	%
Cash and balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Credit facilities	85,889,613	33,003,567	28,893,003	8,950,766	41,954,333	2.62%
Bills and bonds	-	-	-	-		-
Within Financial Assets Through profit and loss	-	-	-	-		-
Within Financial assets at fair value through other	-	-	-	-		
Within Financial assets at amortized cost	-	-	-	-		-
Financial Assets derivatives	-	-	-	-		-
Mortgaged financial assets (debt instruments)	-	-	-	-		-
Other Assets	-	-	-	-		-
Total	85,889,613	33,003,567	28,893,003	8,950,766	41,954,333	-
Letters of guarantees	3,855,357	1,161,947	186,960	-	1,161,947	2.13%
Letters of credit	504,272	-	-	-	-	-
Other Liabilities	18,151,076	4,893,648	209,001	99,165	4,992,813	3.11%
Net Total	108,400,318	39,059,162	29,288,964	9,049,931	48,109,093	-

B. Expected credit loss for exposure that have been reclassified:

	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
				Stage 2		Stage 3		
	Exposure reclassified from stage 2	Exposure reclassified from stage 3	Total	Individual	Collective	Individual	Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	33,003,567	8,950,766	41,954,333	435,428	436,028	2,981,900	5,040,254	8,893,610
Bills and bonds	-	-	-	-	-	-	-	-
Within Financial Assets Through profit and loss	-	-	-	-	-	-	-	-
Within Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within Financial assets at amortized cost	-	-	-	-	-	-	-	-
Financial Assets derivatives	-	-	-	-	-	-	-	-
Mortgaged financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
Total	33,003,567	8,950,766	41,954,333	435,428	436,028	2,981,900	5,040,254	8,893,610
Letter of guarantees	1,161,947	-	1,161,947	1,975	-	-	-	1,975
Letter of credit	-	-	-	-	-	-	-	-
Other Liabilities	4,893,648	99,165	4,992,813	9,797	3,778	-	1,668	15,243
Net Total	39,059,162	9,049,931	48,109,093	447,200	439,806	2,981,900	5,041,922	8,910,828

27. Commitments And Contingent Liabilities

a) Commitments and contingent liabilities:

	June 30, 2018	December 31, 2017
	JD	JD
Letters of credit:		
- Outward	23,646,336	49,861,134
- Acceptances	23,489,666	949,305
Letters of guarantee:		
- Payments	19,735,770	18,206,891
- Performance	20,072,386	16,595,948
- Other	14,724,363	16,347,831
Unutilized direct credit facilities ceilings	117,308,363	116,648,187
	218,976,884	218,609,296

b) Contractual commitments:

	June 30, 2018	December 31, 2017
	JD	JD
Property and equipment purchasing contracts	1,956,968	1,595,607

28. Litigation Raised Against the Bank

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 44,295,641, as of June 30, 2018 (JD 44,321,010 as of December 31, 2017). In the opinion of the Bank's management and law consultant, the provisions booked for these lawsuits are sufficient.

The provision for legal cases amounted to JD 4,257,365 as of June 30, 2017 (JD 4,287,503 as of December 31, 2017).

29. Statutory Reserves

The Bank has not deducted any statutory reserves according to Companies' Law since these are interim financial statements.