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نموذج رقم (5-1)

Form No. (1-5)

To: Jordan Securities Commission Amman Stock Exchange Date:09/05/2019 Subject: Quarterly Report ( English version ) as of 31/03/2019	السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:-09/05/2019 الموضوع: التقرير ربع السنوي ( باللغة الانجليزية ) كما هي في 2019/03/31
Attached the Quarterly Report of Societe Generale De Banque – Jordanie ( English version ) as of 31/03/2019	مرفق طيه نسخة من البيانات المالية ربع السنوية ( باللغة الانجليزية ) لبنك سوسيتيه جنرال الاردن كما هي بتاريخ 2019/03/31
Kindly accept our highly appreciation and respect Societe Generale De Banque – Jordanie General Manager's Signature	وتفضلوا بقبول فائق الاحترام... بنك سوسيتيه جنرال الأردن توقيع المدير العام

SOCIETE GENERALE  
DE BANQUE-JORDANIE  
بنك سوسيتيه جنرال  
الاردن

بورصة عمان  
الدائرة الإدارية والمالية  
الدewan

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الرقم المتسلسل

رقم الملف

الجهة المختصة

SOCIETE GENERALE DE BANQUE - JORDANIE  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019  
TOGETHER WITH THE REVIEW REPORT

SOCIETE GENERALE DE BANQUE - JORDANIE  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
MARCH 31, 2019

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Report on the Review of the Condensed  
Consolidated Interim Financial Statements

AM/ 011840

To the Chairman and the Members of the Board of Directors  
Societe Generale De Banque - Jordanie  
(A Public Shareholding Company)  
Amman - Hashemite Kingdom of Jordan

## **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Societe Generale De Banque - Jordanie (a Public Shareholding Company) as of March 31, 2019 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standards No. 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with amended International Accounting Standard (34) relating to interim financial reporting.

## **Emphasis of a matter**

Without qualifying our opinion, we draw the attention for the matter mentioned in note (30) to the accompanying condensed interim financial statements, the Bank has adjusted the its comparative figures of statement of changes in shareholders' equity retrospectively for the period ended March 31, 2018 to comply with the requirements of International Financial Reporting Standards.

## Other Matters

1. The financial year for the bank ends in December 31, of each year, the accompanying condensed consolidated interim financial statements have been prepared for the purposes of the securities commission and for management purposes only.
2. The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements in Arabic language to which reference is to be made.

Amman – Jordan  
April 30, 2019

**Deloitte & Touche (M.E.)**

Deloitte & Touche (م.ع.) Jordan  
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SOCIETE GENERALE DE BANQUE - JORDANIE  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2019 (Reviewed Not Audited)	December 31, 2018
<b>Assets:</b>		JD	JD
Cash and balances at central bank	5	191,669,094	224,500,525
Balances at banks and financial institutions	6	108,717,484	63,076,862
Deposits at banks and financial institutions - net	7	39,348,267	56,414,081
Direct credit facilities - net	8	830,596,003	808,873,745
Financial assets at fair value through other comprehensive income	9	1,638,635	1,593,687
Financial assets at amortized cost - net	10	263,535,136	271,699,711
Pledged financial assets	10	218,090,000	218,090,000
Property and equipment - net		29,239,302	29,352,607
Intangible assets - net		4,566,537	4,683,689
Assets right-of-use	3/b	484,132	-
Deferred tax assets		2,987,901	3,013,403
Other assets	11	20,585,191	21,999,269
<b>TOTAL ASSETS</b>		<b>1,711,457,682</b>	<b>1,703,297,579</b>
<b>LIABILITIES AND OWNERS' EQUITY:</b>			
<b>LIABILITIES:</b>			
Banks and financial institutions deposits		22,662,551	36,639,322
Customers' deposits	12	1,388,386,209	1,378,958,384
Cash margins		112,355,369	109,036,292
Borrowed funds	13	30,415,266	29,061,321
Other provisions		62,517	61,841
Income tax provision	14	1,609,923	213,215
Deferred tax liabilities		499,700	570,725
Lease liabilities	3/b	484,132	-
Other liabilities	15	24,173,813	20,927,722
<b>TOTAL LIABILITIES</b>		<b>1,580,649,480</b>	<b>1,575,468,822</b>
<b>OWNERS' EQUITY:</b>			
Authorized and paid-up capital		100,000,000	100,000,000
Statutory reserve		12,880,233	12,880,233
Voluntary reserve		100,000	100,000
Fair value reserve - net	17	(241,993)	(220,155)
Retained earnings	16	15,068,679	15,068,679
Income for the period		3,001,283	-
<b>TOTAL OWNERS' EQUITY</b>		<b>130,808,202</b>	<b>127,828,757</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,711,457,682</b>	<b>1,703,297,579</b>

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH  
THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

SOCIETE GENERALE DE BANQUE - JORDANIE  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2019	2018
		JD	JD
Interest income	18	23,469,846	19,443,778
Interest expense	19	(17,376,124)	(14,422,722)
<b>Net Interest Income</b>		<b>6,093,722</b>	<b>5,021,056</b>
Net commission income		654,620	474,873
<b>Net Interest and Commission Income</b>		<b>6,748,342</b>	<b>5,495,929</b>
Gains from foreign currencies		283,811	235,832
Other income	20	3,621,837	523,813
<b>Gross Income</b>		<b>10,653,990</b>	<b>6,255,574</b>
<b>Expenses</b>			
Employees expenses		2,114,471	1,579,058
Depreciation and amortization		616,371	366,374
Other expenses		1,239,313	1,382,414
Provision/(release) of expected credit losses	21	1,818,379	(680,579)
Other provisions		122,869	44,010
<b>Total Expenses</b>		<b>5,911,403</b>	<b>2,691,277</b>
<b>Income for the Period before Income Tax Expense</b>		<b>4,742,587</b>	<b>3,564,297</b>
Income tax	14	(1,741,304)	(1,250,641)
<b>Income for the Period</b>		<b>3,001,283</b>	<b>2,313,656</b>
<b>Earnings per Share for the Period</b>			
Basic	22	-/030	-/023
Diluted	22	-/030	-/023

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SOCIETE GENERALE DE BANQUE - JORDANIE

(PUBLIC SHAREHOLDING COMPANY)

AMMAN - HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three Months Ended March 31,	
	2019	2018
	JD	JD
Income for the period	3,001,283	2,313,656
<u>Items not subsequently transferable to condensed interim consolidated statement of income:</u>		
Change in fair value reserve - net	(21,838)	8,154
Total Comprehensive Income for the Period	<u>2,979,445</u>	<u>2,321,810</u>

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AMMAN - JORDAN KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

(REVIEWED, NOT AUDITED)

Note	Authorized and paid up capital	Reserves					Income for the Period	Total Owners Equity
		Statutory	Voluntary	General Capital Banking Risks	Fair value Reserve - net	Retained Earnings		
	JD	JD	JD	JD	JD	JD	JD	JD
For the Three Months Ended March 31, 2019								
Balance - beginning of the period	100,000,000	12,880,233	100,000	-	(220,155)	15,068,679	-	127,828,757
Total comprehensive income for the period	-	-	-	-	(21,838)	-	3,001,283	2,979,445
Balance - End of the Period	100,000,000	12,880,233	100,000	-	(241,993)	15,068,679	3,001,283	130,808,202
For the Three Months Ended March 31, 2018 (Adjusted)								
Balance - beginning of the period	100,000,000	11,627,577	100,000	4,965,272	(212,001)	17,611,173	-	134,092,021
Effect of adoption IFRS (9) - adjusted	-	-	-	-	-	(7,040,055)	-	(7,040,055)
Transferred from reserves	-	-	-	(4,965,272)	-	4,965,272	-	-
Adjusted Balance Beginning of the Period	100,000,000	11,627,577	100,000	-	(212,001)	15,536,390	-	127,051,966
Total comprehensive income for the period	-	-	-	-	8,154	-	2,313,656	2,321,810
Balance - End of the Period	100,000,000	11,627,577	100,000	-	(203,847)	15,536,390	2,313,656	129,373,776

- Retained earnings include an amount of JD 48,831 which represents the effect of the early adoption of IFRS (9) which cannot be used except for the amounts realized through the actual selling including capitalization and distribution of the respe

- An amount of JD 2,987,901 from retained earnings is restricted against deferred tax assets, according to the Central Bank of Jordan's regulations.

- Fair value reserve of JD 241,993 as of March 31, 2019 which represent the negative change of financial assets at fair value through other comprehensive income is restricted from use according to the Jordan Securities Commission regulations.

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

**SOCIÉTÉ GÉNÉRALE DE BANQUE - JORDANIE**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**AMMAN - HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**(REVIEWED NOT AUDITED)**

	For the Three Months Ended March 31,	
Note	2019	2018
<b>Cash Flow from Operating Activities:</b>	JD	JD
Income for the period before income tax	4,742,587	3,564,297
<b>Adjustments:</b>		
Depreciation and amortization	616,371	366,374
Provision/(release) of expected credit loss	1,818,379	(680,579)
Loss from sale of property and equipment	24,500	-
Other provisions	122,869	44,010
Effect of exchange rate fluctuations on cash and cash equivalents	(196,416)	(177,695)
<b>Profit before Changes in Assets and Liabilities</b>	<b>7,128,290</b>	<b>3,116,407</b>
<b>Changes in Assets and Liabilities:</b>		
<b>Decrease (Increase) in Assets:</b>		
Restricted cash balances	3,545,000	-
Deposits with banks and other financial institutions (maturing after more than 3 months)	17,111,819	(5,139,892)
Direct credit facilities - net	(22,935,086)	(6,042,879)
Other assets	1,205,297	(2,712,991)
<b>Increase (Decrease) in Liabilities:</b>		
Customers' deposits	9,427,825	74,711,953
Cash margins	3,319,077	1,493,975
Banks and financial institutions' deposits (maturing after more than 3 months)	13,307,956	4,197,196
Other provisions	-	(6,484)
Other liabilities	2,672,590	3,040,818
<b>Net Cash Flow from Operating Activities before Income Tax</b>	<b>34,782,758</b>	<b>72,658,103</b>
Income tax paid	(390,120)	(592,091)
<b>Net Cash Flow from Operating Activities</b>	<b>34,392,638</b>	<b>72,066,012</b>
<b>Cash Flow from Investing Activities:</b>		
(Purchase) of financial assets through other comprehensive income	(66,786)	-
Proceeds from financial assets at amortized cost	8,087,278	3,942
(Increase) of intangible assets	(103,647)	(51,000)
(Payments) of the purchase of property and equipment	(144,092)	-
(Purchase) of property and equipment	(76,087)	(109,278)
<b>Net Cash Flow from (used in) Investing Activities</b>	<b>7,696,666</b>	<b>(156,336)</b>
<b>Cash Flow from Financing Activities:</b>		
Proceeds from loans and borrowings	2,544,204	617,683
Repayment of loans and borrowings	(1,190,259)	(738,601)
<b>Net Cash Flow from (used in) Financing Activities</b>	<b>1,353,945</b>	<b>(120,918)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>43,443,249</b>	<b>71,788,758</b>
Effect of exchange rate differences on cash and cash equivalents	196,416	177,695
Cash and cash equivalents at the beginning of the year	251,801,077	151,249,156
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>23 295,440,742</b>	<b>223,215,609</b>

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SOCIETE GENERALE DE BANQUE - JORDANIE  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN - HASHEMITE KINGDOM OF JORDAN  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
(REVIEWED NOT AUDITED)

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1. GENERAL

- Societe Generale De Banque - Jordanie ("the Bank") was established as a financial real estate investment company on 22 April 1965 in accordance with Jordanian Companies Law No (55), and it was transferred to investment bank during 1993 in accordance with companies' law No. (1) for the year of 1989. The Bank provides its banking services through its main office in Amman and through its subsidiaries and 19 branches located in the Kingdom of Jordan. The bank has no branches outside the Kingdom.
- The paid up capital amounted to JD 100,000,000 each having a par value of JD 1 as of March 31, 2019 and December 31, 2018.
- The Bank shares are listed and traded on the Amman Stock Exchange.
- The condensed consolidated interim financial statements were approved by the Bank's Board of Directors in their meeting dated April 30, 2019.

2. Basis of Preparation of the Condensed Consolidated Interim Financial Statements

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (34) Interim Financial Reporting.
- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities stated at fair value at the date of the condensed consolidated interim financial statements.
- The reporting currency of the condensed consolidated interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The condensed consolidated interim financial statements does not include all notes and information presented in the annual financial statements which are prepared in accordance with International Financial standards and should be read with the Bank annual report for the year ended December 31, 2018. The results of the three months ended March 31, 2019 do not indicate the expected results for the year ending December 31, 2019, and do not contain the appropriation of profit of the three months ended March 31, 2019 which is usually performed at year end.
- The condensed consolidated interim financial statements include the interim financial statements of the Bank and controlled subsidiaries. Control exists when the Bank has the power to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. All transactions, balances, revenue and expenses between the Bank and its subsidiaries are eliminated.

The Bank owns the following subsidiaries as of March 31, 2019:

<u>Company Name</u>	<u>Paid up Capital</u> JD	<u>Operation</u>	<u>Bank Ownership</u> %	<u>Date of Establishment</u>	<u>Location</u>
Societe Generale Brokerage Company	750,000	Brokerage Services	100	2006	Jordan
Societe Generale Leasing Company	5,000,000	Leasing Services	100	2017	Jordan

### 3. Significant Accounting Policies

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2018 except for the effect of the adoption of certain new and revised standards that became effective on or after the first of January of 2019 as follow:

#### a. Amendments that did not have a material impact on the Bank's consolidated interim financial statements:

##### **Annual improvements to IFRSs issued between 2015 and 2017.**

Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12), "Income Taxes" and (23) "Borrowing Costs".

##### **The interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, number (23) uncertainty on the treatment of income tax.**

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

##### **Amendments to IFRS 9 Financial Instruments.**

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

##### **Amendments to IAS (28) "Investment in Associates and Joint Ventures".**

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "Financial Instruments" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

## **Amendments to IAS 19 Employee Benefits.**

These amendments relate to adjustments to plans, reductions, or settlements.

### **b. Amendments to the Condensed Consolidated Interim Financial Statements of the Bank:**

#### **Effect of Application of IFRS (16) "Leases"**

The Bank has adopted IFRS (16), "Leases", which replace the existing guidelines on leases, including IAS (17) "Leases" , IFRIC (4) "Determining whether an arrangement contains a lease "and the interpretation of the previous Interpretations Committee (15)" Operational leases - incentives " and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Company's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Company has opted for the modified retrospective application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The assets right of use have been measured in an amount equal to the lease obligations, and adjusted by any pre-paid or lease payment that is recognized in the financial position list as of December 31, 2018. No adjustments to the retained earnings, as at January 1<sup>st</sup>, 2019, were produced under this method. There were no low leases that required an adjustment to the right of use assets at the date of the initial application.

The right of use assets contain real estate as of March 31, 2019 and January 1, 2019.

The movement on the assets right of use and lease liabilities during the period is as follows:

	<u>Right of Use</u>	<u>Liabilities</u>
	JD	JD
Balance as January 1, 2019	570,079	483,490
Interest during the period	-	642
Paid during the period	-	-
Amortization for the period	85,947	-
Balance as March 31, 2019	<u>484,132</u>	<u>484,132</u>

The Bank's leasing activities and its accounting treatment mechanism:

The bank rents real estates for use in its activities and usually leases for fixed periods ranging from one to thirty years, some of which may include extension options and the lease terms are negotiated on an individual basis and contain a set of different terms and conditions, not including contracts. Leases do not contain any obligations and may not be used as collateral for the purposes of borrowing.

Up to the end of the financial year 2018, real estate leases were classified as either an operating lease or a financial lease, and the amounts paid for operating lease contracts are credited to the income statement according to the straight-line method during the lease period.

Starting from the first of January 2019, leases were recognized as assets for use and related obligations on the date when the asset is ready for use by the bank, the value of each rental payment is distributed between the leasing obligations and the financing costs, and the financing costs are credited to the income statement during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period and the right of use assets are amortized during the productive life of the asset or the lease term, whichever is shorter according to the straight-line method.

The assets and liabilities arising from the leases are initially measured on the basis of the present value, and the lease obligations include the net present value of the following rental payments:

- Fixed payments (including built-in fixed payments) minus rental incentives receivable;
- Variable lease payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Rental payments are deducted using the implied lease interest rate or the tenant's additional borrowing price, if they are not available, which is the rate at which the lessee must pay to borrow the funds needed to obtain an asset of comparable value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and return costs (renovation and restoration).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In applying IFRS (16) for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Bank has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS (17) and IFRIC 4 Determining whether an Arrangement contains a Lease.

#### 4. Significant Accounting Estimates and key sources of Uncertainty Estimates

Preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the Bank's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect revenue, expenses, provisions in general, expected credit losses, in addition to the change in the fair value of the financial assets reported in the condensed consolidated interim statement of comprehensive income within shareholders equity. Specify, it requires the Bank's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believes that the estimates used in the condensed consolidated interim financial statements are reasonable and consistent with the estimates used in preparing the consolidated financial statements for the year 2018 except for the following:

##### Extension and termination options of lease contracts

Extension and termination options are included in a number of leases. These terms are used to increase the operational flexibility in terms of contract management, most of the retained extension and termination options are exercisable by both the bank and the lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed when there is an important event or a significant change in the circumstances that has an effect on this assessment, and in which it is within the control of the lessee.

##### Discounting of lease payments

Lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). The management has applied the judgements and estimates to determine the incremental borrowing rate on the starting date of the lease contract.

#### 5. Cash and Balances at Central Bank

- Statutory cash reserve amounted to JD 56,562,143 as of March 31, 2019 (JD 54,021,904 as of December 31, 2018).
- All balances at central banks are classified within stage 1 based on the requirements of IFRS 9, also there are no transfers between the stages (1,2,3) or balances written off during the three month period ended March 31, 2019.

#### 6. Balances at Banks and Financial Institutions

The details of this item are as follows:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31,	December 31,	March 31,	December 31,	March 31,	December 31,
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	39,230,269		6,483,874	6,736,207	45,714,143	6,736,207
Deposits maturing within or less than 3 months	2,927,000	7,494,249	60,083,314	48,899,063	63,010,314	56,393,312
Total	42,157,269	7,494,249	66,567,188	55,635,270	108,724,457	63,129,519
Provision for expected credit loss	(607)	(720)	(6,366)	(51,937)	(6,973)	(52,657)
Balances at Banks and Financial Institutions - Net	42,156,662	7,493,529	66,560,822	55,583,333	108,717,484	63,076,862

- Non-interest bearing balances at banks and financial institutions amounted to JD 45,714,143 as of March 31, 2019 (JD 6,736,207 as of December 31, 2018).
- Restricted balances at banks and financial institutions amounted to 3,545,000 as of March 31, 2019, (no restricted balances at banks and financial institutions as of December 31, 2018).



## 7. Deposits at Banks and Financial Institutions

The details of this item are as follows:

	March 31, 2019 JD	December 31, 2018 JD
Accrued Deposits during the period from 3 months to 6 months	12,762,000	29,828,135
More than 9 months to 12 months	8,862,500	-
More than 12 months	17,725,000	26,587,500
Total	39,349,500	56,415,635
Provision for expected credit losses	(1,233)	(1,554)
Deposits at Banks and Financial Institutions - Net	39,348,267	56,414,081

- There are no restricted deposits at banks and financial institutions as of March 31, 2019 (JD 3,545,000 as of December 31, 2018).

- All deposits are placed with foreign banks as of March 31, 2019 and December 31, 2018.

## 8. Direct Credit Facilities - Net

The details of this item are as follows:

	March 31, 2019 JD	December 31, 2018 JD
<b>Individuals (retail):</b>		
Loans and bills *	85,936,367	81,856,976
Credit cards	1,360,214	1,785,857
Real-estate loans	195,014,298	177,189,592
<b>Large Companies:</b>		
Overdraft accounts	101,898,825	100,494,695
Loans and bills *	306,491,818	284,901,353
<b>SME'S:</b>		
Overdraft accounts	17,304,919	21,972,392
Loans and bills *	55,699,522	52,872,820
<b>Government and public sector</b>	122,863,731	141,304,467
<b>Total</b>	886,569,694	862,378,152
<b>Less:</b> Interest in suspense	(21,629,780)	(20,374,072)
<b>Less:</b> Expected credit losses	(34,343,911)	(33,130,335)
<b>Net Direct Credit Facilities</b>	<b>830,596,003</b>	<b>808,873,745</b>

\* Net after deducting interest and commission received in advance amounted to JD 2,131,558 as of March 31, 2019 ( JD 2,267,734 as of December 31, 2018).

- Non-performing credit facilities amounted to JD 64,034,541 which is equivalent to 7.22% of total direct credit facilities as of March 31, 2019 (JD 64,689,215 which is equivalent to 7.50% of total direct credit facilities as of December 31, 2018).
- Non- performing credit facilities after deducting interest and commissions in suspense amounted to JD 42,404,761 which is equivalent to 4.9% of total direct credit facilities balance after deducting interest and commission in suspense as of March 31, 2019 (JD 44,315,143 which is equivalent to 5.26% of total credit facilities balance after deducting interest and commission in suspense as of December 31, 2018).
- Direct credit facilities granted to and guaranteed by the Government of The Hashemite Kingdom of Jordan amounted to JD 122,863,731 which is equivalent to 13.86% of total direct credit facilities as of March 31, 2019 (JD 141,304,467 which is equivalent to 16.39% as of December 31, 2019).
- There is no suspenses interest against performing loans as of March 31, 2019 and December 31, 2018.

The movement on direct credit facilities were as follow:

**For the Three Months Ended March 31, 2019**

For the Three Months Ended March 31, 2019	Individual		Collective		Individual		Collective		Stage (3)		Total
	JD		JD		JD		JD		JD		JD
Balance - beginning of the period	756,647,899		-		41,041,037		-		64,689,216		862,378,152
New credit facilities during the period	129,090,870		-		23,286,125		-		8,801,288		161,178,283
Paid credit facilities	(124,472,851)		-		(8,947,519)		-		(3,566,371)		(136,986,741)
Transferred to stage (1)	6,759,459		-		(6,759,459)		-		-		-
Transferred to stage (2)	(26,667,006)		-		32,556,598		-		(5,889,592)		-
Transferred to stage (3)	-		-		-		-		-		-
Written off credit facilities	-		-		-		-		-		-
Balance - End of the Period	741,358,371		-		81,176,782		-		64,034,541		886,569,694

**For the Year Ended December 31, 2018**

	For the Year Ended December 31, 2018		Collective		Individual		Collective		Individual		Stage (3)		Total	
		JD	JD		JD		JD	JD		JD	JD		JD	JD
Balance – beginning of the year		602,287,350	-		44,085,278	-		-		28,248,103		674,620,731		
Bank Abu Dhabi facilities		66,910,199	-		5,408,648	-		-		20,148,274		92,467,121		
New facilities during the year		254,690,134	-		10,348,431	-		-		19,207,488		284,246,053		
Paid facilities		(162,164,627)	-		(20,137,051)	-		-		(6,654,075)		(188,955,753)		
Transferred to stage (1)		11,613,865	-		(11,596,774)	-		-		(17,091)		-		
Transferred to stage (2)		(16,030,522)	-		16,052,869	-		-		(22,347)		-		
Transferred to stage (3)		(658,500)	-		(3,120,364)	-		-		3,778,864		-		
Effect of adjustment		-	-		-	-		-		-		-		
Written off credit facilities		-	-		-	-		-		-		-		
Adjustments due to change in exchange rates		-	-		-	-		-		-		-		
Balance – End of the Year		756,647,899	-		41,041,037	-		-		64,689,216		862,378,152		

The movement on the provision of expected credit loss during the period / year were as follows:

	Stage (1)		Stage (2)		Total
	Individual	Collective	Individual	Collective	
<b>For the Three Months Ended March 31, 2019</b>	JD	JD	JD	JD	JD
Total balance - beginning of the period	1,966,136	-	2,349,334	-	33,130,335
New credit facilities during the period	1,708,076	-	1,388,150	-	4,905,384
Paid credit facilities	(1,020,117)	-	(2,061,188)	-	(3,691,808)
Transferred to stage (1)	44,733	-	(44,733)	-	-
Transferred to stage (2)	(1,108,296)	-	1,295,270	-	-
Transferred to stage (3)	-	-	-	-	-
Written off credit facilities	-	-	-	-	-
Total Balance - End of the Period	1,590,532	-	2,926,833	-	34,343,911
<b>For the Year Ended December 31, 2018</b>	JD	JD	JD	JD	JD
Total balance - beginning of the year	542,215	-	8,908,507	-	19,341,336
Bank Abu Dhabi provisions	256,662	-	241,447	-	14,251,228
New facilities during the year	4,035,326	-	3,064,841	-	12,597,561
Paid facilities	(1,725,517)	-	(8,419,768)	-	(13,059,790)
Transferred to stage (1)	31,193	-	(30,984)	-	-
Transferred to stage (2)	(767,804)	-	769,784	-	-
Transferred to stage (3)	(405,939)	-	(2,184,493)	-	-
Written off credit facilities	-	-	-	-	-
Total Balance - End of the Year	1,966,136	-	2,349,334	-	33,130,335

The movement on the provision of expected credit loss during the period / year were as follows:

**For the Three Months Ended March 31, 2019**

	Corporates		SMEs		Individuals		Real-Estate Loans		Governmental Public Sector		Total	
	JD		JD		JD		JD		JD		JD	
Balance - beginning of the period	17,078,412		5,640,420		7,200,408		2,895,300		315,795		33,130,335	
New credit facilities during the period	2,623,688		403,385		867,520		1,010,588		202		4,905,383	
Paid credit facilities	(1,768,026)		(201,832)		(514,720)		(928,502)		(278,727)		(3,691,807)	
Transferred to stage (1)	-		-		-		-		-		-	
Transferred to stage (2)	-		-		-		-		-		-	
Transferred to stage (3)	-		-		-		-		-		-	
Effect of adjustment	-		-		-		-		-		-	
Written-off debts	-		-		-		-		-		-	
Adjustments due to change in exchange rates	-		-		-		-		-		-	
Balance at the End of the Period	17,934,074		5,841,973		7,553,208		2,977,386		37,270		34,343,911	

**Redistribution:**

Provision on an Individual basis	17,934,074		5,841,973		7,553,208		2,977,386		37,270		34,343,911	
Provision on a collective basis	17,934,074		5,841,973		7,553,208		2,977,386		37,270		34,343,911	

**For the Year Ended December 31, 2018**

Balance - beginning of the year	6,503,259		4,119,126		6,814,554		1,904,397		-		19,341,336	
Bank Abu Dhabi provisions	12,991,669		100		1,119,813		122,371		17,275		14,251,228	
New credit facilities during the year	4,202,268		2,400,109		3,058,815		2,637,849		298,520		12,597,561	
Paid credit facilities	(6,618,784)		(878,915)		(3,792,774)		(1,769,317)		-		(13,059,790)	
Transferred to stage (1)	-		-		-		-		-		-	
Transferred to stage (2)	-		-		-		-		-		-	
Transferred to stage (3)	-		-		-		-		-		-	
Effect due to adjustments	-		-		-		-		-		-	
Written off credit facilities	-		-		-		-		-		-	
Adjustments due to change in exchange rates	-		-		-		-		-		-	
Balance at the End of the Year	17,078,412		5,640,420		7,200,408		2,895,300		315,795		33,130,335	

**Redistribution:**

Provision on an individual basis	17,078,412		5,640,420		7,200,408		2,895,300		315,795		33,130,335	
Provision on a collective basis	17,078,412		5,640,420		7,200,408		2,895,300		315,795		33,130,335	

### Suspended Interest

The movement of the suspended interest are as follows:

#### For the Three Months Period Ended March 31, 2019

	Companies			
	Individuals	Real-Estate Loans	Corporates	SMEs
	JD	JD	JD	JD
Balance beginning of the period	9,083,322	2,070,809	2,914,330	6,305,611
Add: Interest suspended during the period	508,605	173,626	602,786	511,276
Less: Interest transferred to revenues	(88,488)	(108,920)	(20,614)	(2,033)
Written off suspended interest	(142,778)	(99,060)	(21,682)	(57,010)
Balance at the End of the Period	9,360,661	2,036,455	3,474,820	6,757,844
				21,629,780

#### For the Year Ended December 31, 2018

Balance beginning of the year	7,654,078	1,545,902	-	4,488,373	13,688,353
Resulted from the acquisition of Bank Abu Dabi	286,272	21,185	2,634,010	-	2,941,467
Add: Interest suspended during the year	1,678,356	621,964	801,864	1,990,716	5,092,900
Less: Interest transferred to revenue	(283,841)	(95,585)	(350,000)	(29,129)	(758,555)
Written off suspended interest	(251,543)	(22,657)	(171,544)	(144,349)	(590,093)
Balance at the End of the Year	9,083,322	2,070,809	2,914,330	6,305,611	20,374,072

Direct credit facilities are distributed to geographic location and economic sector before provisions and interest in suspense as follows:

	March 31, 2019	December 31, 2018
<u>Economic sector</u>	JD	JD
Industry	76,515,144	86,239,041
Trade	243,462,932	233,237,945
Real-estate	222,711,154	191,406,761
Mining	4,249,132	4,480,309
Financing purchase of shares	8,989,065	8,660,906
Transportation	11,502,881	12,032,022
Financial services	35,650,182	34,754,378
Services and public facilities	57,368,696	51,446,335
Tourism and hotels	22,899,101	20,804,423
Agriculture	1,596,779	1,721,694
Government and public departments	122,863,731	141,304,467
Individuals and others (financing goods, personal loans, cars and financial intermediaries)	78,760,897	76,289,871
	<u>886,569,694</u>	<u>862,378,152</u>

#### 9. Financial Assets at Fair Value through Comprehensive Income

The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Quoted shares in active markets	313,016	334,853
Unquoted shares in active markets	<u>1,325,619</u>	<u>1,258,834</u>
Total	<u>1,638,635</u>	<u>1,593,687</u>

#### 10. Financial Assets at Amortized Cost

The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
<u>Unquoted Financial Assets:</u>		
Governmental guaranteed bonds and bills	250,787,485	250,653,401
Corporates bonds and debentures	<u>13,280,141</u>	<u>21,501,503</u>
Total	264,067,626	272,154,904
<u>Less:</u> Provision for expected credit loss	<u>(532,490)</u>	<u>(455,193)</u>
	<u>263,535,136</u>	<u>271,699,711</u>

#### Bonds Analysis:

Fixed rate	<u>263,535,136</u>	<u>271,699,711</u>
Total	<u>263,535,136</u>	<u>271,699,711</u>

- All financial bonds mature during the years 2019 to 2032.

### Pledged Financial Assets

The details are as follows:

	March 31, 2019		December 31, 2018	
	Related Liabilities	Pledged Financial Assets	Related Liabilities	Pledged Financial Assets
	JD	JD	JD	JD
Financial assets at amortized cost	218,090,000	210,007,280	218,090,000	175,473,158
Total	218,090,000	210,007,280	218,090,000	175,473,158

Bonds have been pledged against the following:

Item	Issuance Number	Bond Balance	Maturity Date	Pledged against
		JD		
Treasury bonds	44/2016	1,090,000	05/10/2026	Borrowing from Central Bank of Jordan
Treasury bonds	40/2016	13,000,000	22/09/2026	Deposit for the Social Security Corporation
Treasury bonds	8/2016	15,000,000	01/03/2026	Deposit for the Social Security Corporation
Treasury bonds	38/2016	22,000,000	19/09/2026	Deposit for the Social Security Corporation
Treasury bonds	11/2016	25,000,000	15/03/2023	Deposit for the Social Security Corporation
Treasury bonds	23/2016	33,000,000	20/08/2022	Deposit for the Social Security Corporation
Treasury bonds	35/2015	28,000,000	26/10/2022	Deposit for the Social Security Corporation
Treasury bonds	44/2015	50,000,000	23/11/2022	Deposit for the Social Security Corporation
Treasury bonds	20/2017	31,000,000	07/08/2032	Deposit for the Social Security Corporation
Total		218,090,000		

All the pledged financial assets are classified within stage (1) according to IFRS (9) and there was no transfers between the stages or write-offs during the three months period ended March 31, 2019 and for the year ended December 31, 2018 respectively.



#### 11. Other Assets

The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Interests and revenue under collection	12,976,783	9,864,237
Prepaid expenses	2,518,940	826,970
Assets sized by the bank	3,842,544	3,676,261
Clearing checks	-	5,802,213
Other	1,246,924	1,829,588
Total	20,585,191	21,999,269

- \* The regulations of Central Bank of Jordan require disposing of the foreclosed assets against debts during a maximum period of two years from the date of the acquisition. However, in some exceptions the Central Bank of Jordan has the right to extend the period for maximum two subsequent years.

The following is a summary on the movement of the assets sized by the bank:

	March 31, 2019	December 31, 2018
	JD	JD
Balance beginning of the period / year	3,676,261	2,887,823
Additions	340,035	788,438
Disposals	(51,559)	-
Impairment (loss)	(122,193)	-
Balance End of the Period / Year	3,842,544	3,676,261

## 12. Customers Deposits

The details for this item are as follows:

### For the Three Months Ended March 31, 2019

	Companies				Government and Public Sector	Total
	Individuals	Corporates	SMEs			
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	79,906,373	53,567,516	31,264,857	44,195,826	208,934,572	
Saving deposits	67,509,206	96,527	1,069,966	16,544	68,692,243	
Time and notice deposits	332,303,322	230,101,355	40,017,126	475,451,076	1,077,872,879	
Certificates of deposit	32,726,285	60,230	100,000	-	32,886,515	
	512,445,186	283,825,628	72,451,949	519,663,446	1,388,386,209	

### For the Year Ended December 31, 2018

Current accounts and demand deposits	48,339,290	69,926,650	32,447,582	68,948,598	219,662,120	
Saving deposits	71,672,984	58,271	749,379	12,901	72,493,535	
Time and notice deposits	327,068,854	222,315,080	35,408,639	475,781,039	1,060,573,612	
Certificates of deposit	26,068,887	60,230	100,000	-	26,229,117	
	473,150,015	292,360,231	68,705,600	544,742,538	1,378,958,384	

- The Jordanian Government and public sector's deposits inside the Kingdom reached JD 519,663,446 which is equivalent to 37.4% of total deposits as of March 31, 2019 (JD 544,742,538 which is equivalent to 39.50% as of December 31, 2018).

- Non-interest bearing deposits amounted to JD 197,426,867 which is equivalent to 14.2% of total deposits as of March 31, 2019 (JD 144,483,366 which is equivalent to 10.48% as of December 31, 2018).

- Restricted deposits amounted to JD 385 as of March 31, 2019 (JD 393 as of December 31, 2018).

- Dormant deposits amounted to JD 2,601,377 as of March 31, 2019 (JD 3,546,477 as of December 31, 2018).

### 13. Loans and Borrowing

The details of this item are as follows:

- These loans were obtained to be used for funding small and medium enterprises within a medium term conversion program.

	No. of total payments			Collaterals	Loan Interest Rate Price	Re-lending Interest Rate
	Amount	Total no. of Payments	Remaining Payments			
	JOD				%	%
<b>March 31, 2019</b>						
French Development Agency	1,491,291	16	3	-	Variable 0.25	7.5 - 8.5
Central Bank of Jordan	726,316	54	50	Bonds	Fixed 1.75	4
Central Bank of Jordan	1,700,000	20	17	Bank notes	Variable 4.47	6.61 - 7.98
Central Bank of Jordan	2,448,000	15	11	Bank notes	Fixed 2.5	6
Central Bank of Jordan	12,049,659	19 - 109	2 - 98	Bank notes	Variable 1 - 2.25	3.6 - 5.5
Jordan Mortgage Refinance Company	2,000,000	5	5	Mortgage Bonds	Fixed 6.1	8.44
Jordan Mortgage Refinance Company	10,000,000	6	5	Mortgage Bonds	Fixed 6.2	8.44
	<u>30,415,266</u>					
<b>December 31, 2018</b>						
French Development Agency	1,519,416	16	3	-	Variable 0.25	7.5 - 8
Central Bank of Jordan	774,737	54	51	Bonds	Fixed 1.75	4
Central Bank of Jordan	1,800,000	20	18	Bank notes	Variable 4.37	6.5 - 8.31
Central Bank of Jordan	2,686,000	15	12	Bank notes	Fixed 2.5	6
Central Bank of Jordan	10,281,168	12 - 109	5 - 101	Bank notes	Variable 1.75 - 2.25	6 - 3.6
Jordan Mortgage Refinance Company	2,000,000	2	1	Mortgage Bonds	Fixed 5.2	8.221
Jordan Mortgage Refinance Company	10,000,000	6	5	Mortgage Bonds	Fixed 6.2	8.221
	<u>29,061,321</u>					

The Central Bank's borrowings included the follows:

- An amount of JOD 4,148,000 for the financing and support of micro, small and medium enterprises.
- An amount of JOD 3,668,427 for the representing medium term advances to support the industrial sector.
- An amount of JOD 3,252,548 for the representing a medium-term to support the tourism sector.
- An amount of JOD 5,855,000 to support the energy sector.

All amounts borrowed from the Jordanian Mortgage Refinancing Company are due during the year 2021.

#### 14. Provision for Income Tax

The movement on the provision for income tax is as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Balance beginning of the period / year	213,215	2,608,523
Income tax paid	(390,120)	(3,654,730)
Income tax for the period / year	1,786,828	1,059,022
Balance at the End of the Period / Year	1,609,923	213,215

The income tax in the condensed consolidated interim income statements represent the following:

	For the Three Months Ended March 31,	
	2019	2018
	JD	JD
Accrued income tax for the profits of the period	1,786,828	1,295,639
Deferred tax assets for the period	25,501	13,134
Deferred tax liabilities for the period	(71,025)	(31,864)
	1,741,304	1,250,641

- The Bank has reached a final settlement with the Income and Sales Tax Department up to the year 2015.
- The Bank has filed its income tax return for the years 2016 and 2017 and paid declared income taxes, however, the Income Tax Department has not reviewed them still.
- Societe Generale Brokerage Company reached a final settlement with Income and Sales Tax Department until the end of 2016 and the tax statements for 2017 were submitted and the estimated tax was paid. However, waiting for the income tax department to review it.
- Statutory tax rate for the bank is %38. Whereas statutory tax rate for the subsidiaries of the Bank are 24% and 28%.

#### 15. Other Liabilities

The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Accrued interest expense	11,122,533	10,790,681
Restricted balances	2,426,932	2,461,850
Checks and payment orders	2,497,418	1,798,469
Interest and commissions received in advance	404,728	380,979
Accrued expenses	923,110	1,546,947
Inter- branches settlement	541,880	877,372
Social Security and Income tax deposits	274,794	291,971
Board of Directors remunerations	129,619	92,335
Provision for expected credit loss for off consolidated statement of financial position	1,592,897	1,019,386
Other liabilities	4,259,502	1,667,732
Total	24,173,813	20,927,722

The movement of the indirect facilities:

For the Three Months Ended March 31, 2019

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	225,325,348	3,950,907	1,162,477	230,438,732
New exposure during the period	36,749,245	1,427,172	-	38,176,417
Settled balances	(31,742,727)	(2,795,523)	(613)	(34,538,863)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	(21,369,875)	21,369,875	-	-
Transferred to stage (3)	(4,580,699)	-	4,580,699	-
Changes from adjustments	-	-	-	-
Written-off facilities	-	-	-	-
Adjustments due to changes in the exchange rates	-	-	-	-
Balance End of the Period	204,381,292	23,952,431	5,742,563	234,076,286

For the Year Ended December 31, 2018

Balance at the beginning of the year	172,322,484	5,119,349	-	177,441,833
New exposure during the year	114,922,849	575,401	208	115,498,458
New exposure during the year (NBAD)	22,887,382	782,019	481,287	24,150,688
Settled balances	(83,629,696)	(3,009,359)	(13,192)	(86,652,247)
Transferred to stage (1)	1,735,241	(1,735,241)	-	-
Transferred to stage (2)	(2,480,745)	2,480,745	-	-
Transferred to stage (3)	(432,167)	(262,007)	694,174	-
Changes from adjustments	-	-	-	-
Written-off facilities	-	-	-	-
Adjustments due to changes in the exchange rates	-	-	-	-
Balance End of the Year	225,325,348	3,950,907	1,162,477	230,438,732

The movement on the expected credit loss for indirect facilities:

For the Three Months Ended March 31, 2019

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	537,345	25,328	456,713	1,019,386
Impairment loss on new exposures during the period	898,386	18,824	-	917,210
The impairment loss of the settled balances	(335,630)	(8,069)	-	(343,699)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	(115,067)	115,067	-	-
Transferred to stage (3)	(857,750)	-	857,750	-
Impact on the provision as of the end of the year due to the reclassifications between the three stages during the period	-	-	-	-
Changes from adjustments	-	-	-	-
Written-off facilities	-	-	-	-
Adjustments due to changes in the exchange rates	-	-	-	-
Balance End of the Period	127,284	151,150	1,314,463	1,592,897

For the Year Ended December 31, 2018

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-
Impact of implementing IFRS (9)	295,956	25,350	-	321,306
Adjusted balance	295,956	25,350	-	321,306
Impairment loss on new exposures during the year	342,767	15,881	453,553	812,201
Impairment loss on new exposure during the year (NBAD)	1,629	634,841	126,389	762,859
Recovered from the impairment loss of the accrued exposures	(114,534)	(634,842)	(127,604)	(876,980)
Transferred to stage (1)	12,285	(12,285)	-	-
Transferred to stage (2)	(23)	23	-	-
Transferred to stage (3)	(735)	(3,640)	4,375	-
Impact on the provision as of the end of the year due to the reclassifications between the three stages during the year	-	-	-	-
Changes from adjustments	-	-	-	-
Written-off facilities	-	-	-	-
Adjustments due to changes in the exchange rates	-	-	-	-
Balance End of the Year	537,345	25,328	456,713	1,019,386

#### 16. Retained Earnings

The details of this item are as follows:

	March 31, 2019 JD	December 31, 2018 JD
Balance at the beginning of the period / year	15,068,679	17,611,173
Effect of Implementing IFRS 9	-	(7,040,055)
Transfers from reserve	-	4,965,272
Beginning Balance of the Period / Year (Adjusted)	15,068,679	15,536,390
Profit for the period / year	-	8,284,945
Transferred to reserves	-	(1,252,656)
Dividends distributed	-	(7,500,000)
Balance at the End of the Period / Year	15,068,679	15,068,679

- Retained earnings includes an amount of JD 48,831 which represents the effect of early implementation of the International Financial Reporting Standard No. (9). This amount may not be used except for the amounts actually realized from sale including capitalization or distribution.
- Retained earnings includes a restricted amount of JD 241,993 as of March 31, 2019 which represents the negative change in financial assets at fair value through comprehensive income in accordance with the instructions of the Jordan Securities Commission.
- The Central Bank of Jordan issued a new regulation No. 13/2018 dated June 6, 2018, in which it requested the transfer of the general banking risk reserve balance to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings account as of January 1, 2018. The regulation also instructs that the balance of the excess general banking risk reserve should be restricted and may not be distributed as dividends to the shareholders or used for any of purposes without prior approval.

#### 17. Fair Value Reserve - Net

The details of this item are as follows:

	March 31, 2019 JD	December 31, 2018 JD
Balance at beginning of the period / year	(220,155)	(212,001)
Change in fair value reserve	(21,838)	(8,154)
Balance at End of the Period / Year	(241,993)	(220,155)

#### 18. Interest Income

The details of this item are as follows:

	For the Three Months Period Ended March 30,	
	2019	2018
	JD	JD
<b>Direct Credit Facilities</b>		
<b>Individual retail customer</b>		
Loans and discounted bills	1,675,441	1,445,741
Credit cards	27,882	20,930
<b>Real estate</b>	2,164,572	1,793,221
<b>Large corporates</b>		
Overdraft	2,243,828	1,502,950
Loans and discounted bills	6,129,763	4,125,982
<b>SME's</b>		
Overdraft	380,411	414,408
Loans and discounted bills	880,113	1,060,333
<b>Government and Public Sector</b>	1,696,137	1,443,980
Balances at central bank	458,936	464,213
Balances and deposits at banks and financial institutions	1,098,878	738,123
Financial assets at amortized cost	6,713,885	6,433,897
	<u>23,469,846</u>	<u>19,443,778</u>

#### 19. Interest Expense

The details of this item are as follows:

	For the Three Months Period Ended March 30,	
	2019	2018
	JD	JD
Banks and financial institutions deposits	230,023	148,089
<b>Customers deposits:</b>	15,278,085	12,724,433
Current accounts and demand deposits	264,669	112,742
Saving deposits	88,338	108,308
Time and notice deposits	14,527,682	12,134,839
Certificates of deposit	397,396	368,544
Cash margins	1,265,646	936,821
Borrowed funds	184,800	73,094
Deposits Insurance Corporation fees	417,570	540,285
	<u>17,376,124</u>	<u>14,422,722</u>

#### 20. Other Income

This item includes JD 2.7 million collected during the first quarter of 2019 as a settlement to the Bank's claim relating to the purchase of the assets and liabilities of the National Bank of Abu Dhabi which was signed on March 28, 2019.



## 21. Provision for Expected Credit Losses

Details of this item are as follows:

	For the Three Months Ended March 31,	
	2019	2018
	JD	JD
Balances at banks and financial institutions	(46,005)	-
Financial assets at amortized costs	77,297	-
Direct credit facilities	1,213,576	(680,579)
Contingent liabilities	573,511	-
	<u>1,818,379</u>	<u>(680,579)</u>

## 22. Earnings Per Share for the Banks Shareholders

Details of this item are as follows:

	For the Three Months Ended March 31,	
	2019	2018
	JD	JD
Income for the period	3,001,283	2,313,656
Weighted average number of shares	100,000,000	100,000,000
	<u>Fils / JD</u>	<u>Fils / JD</u>
Basic and Diluted	<u>0.030</u>	<u>0.023</u>

## 23. Cash and Cash Equivalent

Details of this item are as follows:

	For the Three Months Ended March 31,	
	2019	2018
	JD	JD
Cash and balances at central banks due within three months	191,669,094	182,478,367
<u>Add:</u> Balances at banks and financial institutions due within three months	108,724,457	53,885,051
<u>Less:</u> Banks and financial institutions deposits due within three months	(1,407,809)	(9,602,809)
Restricted balances	<u>(3,545,000)</u>	<u>(3,545,000)</u>
	<u>295,440,742</u>	<u>223,215,609</u>

## 24. Information on Business Activities

### Information about the Bank's activities:

The Bank is organized for administrative purposes so that the segments are measured according to reports used by the Bank's General Manager and Chief Decision Maker through the following main business segments:

- Consumer Accounts: This includes monitoring the deposits of individual customers and granting them credit facilities, credit cards and other services.
- Small and medium enterprises (SMEs): Includes follow-up of deposits and credit facilities granted to customers of this sector and classified according to the volume of deposits and facilities under the instructions and policies existing in the bank and commensurate with the instructions of regulatory bodies.
- The accounts of corporations: Includes follow-up of deposits and credit facilities granted to customers of this sector and classified according to the volume of deposits and facilities under the instructions and policies existing in the bank and commensurate with the instructions of the regulatory bodies.
- Treasury: This segment includes the provision of trading and treasury services, management of the Bank's funds and long term investments at amortized cost and held to collect contractual cash flows.

The following table represents information on the Bank's sectors according to activities:

	Total					
	For the Three Months Ended March 31,			December 31,		
	2019	2018		2019	2018	
	JD	JD		JD	JD	
Gross Income	7,385,257	1,260,260	9,132,482	1,842,093	8,410,022	20,678,296
Release (provision) for expected credit losses/ provision of impairment losses	68,016	(680,057)	(879,362)	45,222	(372,198)	680,579
Results of the Business Sector	(1,582,496)	(856,936)	2,174,202	1,665,387	7,435,454	5,574,995
Unallocated (expenses)						(2,010,698)
Income before Income Tax						3,564,297
Income tax						(1,250,641)
Income for the Period						2,313,656
Other Information						
Capital expenditures						160,278
Depreciation and amortization						366,374
Sector's Assets						
	261,782,290	59,102,973	386,884,278	822,998,616	180,205,393	1,703,297,579
						1,703,297,579
Sector's Liabilities						
	564,034,758	92,163,462	321,248,043	53,077,817	549,641,268	1,575,468,822
						1,575,468,822

## 25. Transactions and Balances with Related Parties.

The Bank has entered into transactions with major shareholders, directors and senior management within the normal activities of the Bank and using trading interest rates and commissions. All facilities granted to related parties are considered to be performing and no provision has been made against those facilities except for the amount JD 2,189,800 which represent non performing credit facilities guaranteed by the board of directors and a provision for impairment has been made and the amount of JD 240,727 represents non performing credit facilities granted to relatives of members of the executive management with the knowledge that a provision has been taken against them:

a. The following is a summary of the transactions with related parties during the period / year:

	Related Party						Total
	The Owner Company (Societe Generale de Lebanon)	Board Members	Subsidiaries	Executive Management Members	Other (employees, relatives of Employees and Relatives of members of the Top Executive Management)	March 31, 2019	December 31, 2018
Items within the interim condensed consolidated statement of financial position:							
Credit facilities	-	4,169,557	576,679	1,756,697	14,666,929	21,169,862	21,811,382
Deposits	17,325	114,710	305,970	98,966	907,323	1,444,294	2,572,126
Cash margins	-	3,700	-	2,252	3,206,988	3,212,940	3,186,845
Bank's deposits with related parties	4,219,911	-	-	-	-	4,219,911	4,165,738
Items off the condensed consolidated interim statement of financial position:							
Indirect facilities	3,874,101	40,600	202,000	4,000	78,300	4,199,001	1,646,311
For the Three Months Ended March 31							
						2019	2018
Items within the interim condensed consolidated statement of income:							
Interests and commissions payable	9,405	119,251	8,499	14,438	258,815	410,408	782,809
Interests and commissions receivable	-	80,570	7,977	20	39,793	128,360	42,771

b. The salaries and bonuses of the Top Executive Management of the Bank and fees, transportation and bonuses of the Board Members amounted to JD 312,755 for the three-months period ended March 31, 2019 (JD 351,852 for the three months ended March 31, 2018).

- The interest revenue rates on the facilities in Jordanian Dinars range between 1% to 17%.
- The interest revenue rates on the facilities in foreign currency range between 4% to 7.5%.
- The interest expense rates on the deposits in Jordanian Dinars range between 0.05% to 6.9%.
- The interest expense rates on the deposits in foreign currency range between 0.01% to 4%.

## 26. Capital Adequacy

In addition to subscribed capital, Capital accounts include Statutory reserve, Voluntary reserve, Issuance premium, Retained Earnings, Fair value reserve, General banking risk reserve, and Treasury stock. The Bank complies with the requirements of the regulatory authorities regarding capital as follows:

1. The directives of the Central Bank of Jordan regarding the capital adequacy ratio, which shall not be less than 12%.
2. Commitment to the minimum paid-up capital of Jordanian banks of not less than 100 million Jordanian Dinars.
3. The Bank's investments in stocks and shares, which shall not exceed 50% of its subscribed capital.
4. Ratios of Credit limit "credit concentrations" to regulatory capital.
5. The law of banks and companies relating to the deduction of statutory reserve at an amount equal to 10% of the bank's profits before taxes.

	March 31, 2019 JD	December 31, 2018 JD
<b>Primary Capital Items (Tier 1)</b>		
Authorized and paid in capital	100,000,000	100,000,000
The cumulative change in fair value	(241,993)	(220,155)
Statutory reserve	12,880,233	12,880,233
Voluntary reserve	100,000	100,000
Retained earnings	15,068,679	15,068,679
<u>Less:</u> Proposed dividends	(5,000,000)	(5,000,000)
<u>Add:</u> Profit for the period	3,001,283	-
<b>Total Statutory Capital for Common Shareholders</b>	<b>125,808,202</b>	<b>122,828,757</b>
<b>Regulatory Adjustments (deductions from capital)</b>		
Intangible assets	4,566,537	4,683,689
Deferred tax assets due to investments within the first limit (10%)	2,987,901	3,013,403
<b>Net Primary Capital (Tier 1)</b>	<b>118,253,764</b>	<b>115,131,665</b>
<b>Net Statutory Capital (capital Tier 1 )</b>	<b>118,253,764</b>	<b>115,131,665</b>
<b>Supplementary Capital (Tier 2)</b>		
Provision against debt instruments classified under stage 1	1,739,076	2,564,436
<b>Net Supplementary Capital</b>	<b>1,739,076</b>	<b>2,564,436</b>
<b>Regulatory Capital</b>	<b>119,992,840</b>	<b>117,696,101</b>
<b>Total Risk-Weighted Assets</b>	<b>789,903,804</b>	<b>759,924,038</b>
 Capital Adequacy Ratio (CET 1)	 <b>15.19%</b>	 <b>15.49%</b>
Statutory Capital Adequacy Ratio	<b>14.97%</b>	<b>15.15%</b>
Support Native Capital Adequacy Ratio	<b>6.12%</b>	<b>6.03%</b>

## 27. Fair Value Levels

### a. Financial Assets and Financial Liabilities of the Bank that are Measured at Fair Value on an Ongoing Basis:

Some of the financial assets and financial liabilities of the Bank are measured at fair value at the end of each financial period. The table below provides information on how to measure the fair value of these financial assets and financial liabilities (valuation methods and inputs used)

Financial Assets	Fair Value		Fair value hierarchy	Valuation		Relationship between important inputs and fair value
	March 31, 2019	December 31, 2018		method and inputs used	Important	
	JD	JD				
Financial Assets at Fair Value:						
Financial Assets at Fair Value through Other Comprehensive Income:						
Quoted stocks	313,016	334,853	Level 1	Prices quoted at Financial Markets	Not Applicable	Not Applicable
Unquoted stocks	1,325,619	1,258,834	Level 2	Using the equity method and the latest available financial Information	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	1,638,635	1,593,687				

There were no transfers between Level I and Level II during the period ended March 31, 2019 and December 31, 2018.

b. Financial Assets and financial Liabilities of the Bank that are not Measured at Fair Value on an Ongoing Basis:

Except as described in the table below, we believe that the carrying amounts of financial assets and financial liabilities denominated in the Bank's consolidated financial statements approximate their fair values:

	March 31, 2018		December 31, 2018		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
<b>Financial Assets not Measured at Fair Value</b>					
Term deposits subject to notice and certificates of deposit with central banks	183,573,373	183,601,620	216,962,762	217,021,783	Level 2
Current accounts and deposits with banks and financial institutions	148,065,751	149,240,045	119,490,943	119,944,657	Level 2
Direct credit facilities at amortized cost	830,596,003	837,205,760	808,873,745	811,241,182	Level 2
Other financial assets at amortized cost	481,625,136	490,589,665	489,789,711	488,627,663	Level 1 & 2
Assets seized against debt	3,842,544	3,842,544	3,676,261	3,676,261	Level 2
Total Financial Assets not Measured at Fair Value	<u>1,647,702,807</u>	<u>1,664,479,634</u>	<u>1,638,793,422</u>	<u>1,640,511,546</u>	
<b>Financial Liabilities not Measured at Fair Value</b>					
Banks and financial institutions deposits	22,662,551	22,696,136	36,639,322	36,814,827	Level 2
Customer deposits	1,388,386,209	1,398,358,653	1,378,958,384	1,388,707,174	Level 2
Cash margins	112,355,369	113,141,018	109,036,292	109,666,625	Level 2
Borrowed funds	30,415,266	30,715,389	29,061,321	29,266,373	Level 2
Total Financial Liabilities not Measured at Fair Value	<u>1,553,819,395</u>	<u>1,564,911,196</u>	<u>1,553,695,319</u>	<u>1,564,454,999</u>	

For the above items, the fair value of financial assets and liabilities for Level II has been determined in accordance with agreed upon pricing models that reflect the credit risk of the parties to be dealt with.

**28. Contingent Liabilities and Commitments:**

The details of this item is as follows:

	March 31, 2019 JD	December 31, 2018 JD
Letters of credit	12,150,126	16,367,627
Acceptances	15,975,566	23,107,959
<b>Letters of Guarantee:</b>	78,975,011	76,912,185
Payments	16,552,799	16,514,191
Performance	25,409,513	25,144,621
Other	37,012,699	35,253,373
Unused limits of direct credit facilities	126,975,583	114,050,961
	<u>234,076,286</u>	<u>230,438,732</u>

**29. Lawsuits against the Bank**

Total claims on the Bank amounted to JD 208,684 as of March 31, 2019 (JD 207,179 as of December 31, 2018) and the provisions provided were JD 62,517 as of March 31, 2019 (JD 61,841 as of December 31, 2018). In the opinion of the Bank's management and their legal counsel, provisions taken against these claims are sufficient.

**30. Comparative Figures**

During the three month ended March 31, 2019, the Bank adjusted the comparative figures for the three month ended March 31, 2018 as per the requirements of IAS 8. The restatement impacted the statement of changes in equity for the three month ended March 31, 2019 as a result of amendments on the deferred tax assets in relation to calculation and the initial application of the expected credit loss according to the requirements of IFRS (9).

The restatement impact is illustrated as follows:

	March 31, 2018		
	Before Restatement JD	Adjustments Effect JD	Restated Balance JD
<b><u>Shareholder's Equity</u></b>			
Retained earning	15,187,647	348,743	15,536,390