

التاريخ : ٢٠١٩/٥/١٢

للا رضى

10. ۱۴۰۰

المدرسة

السادة هيئة الأوراق المالية المحترمين

عمان - الاردن

0/12

تحية طيبة وبعد،،،

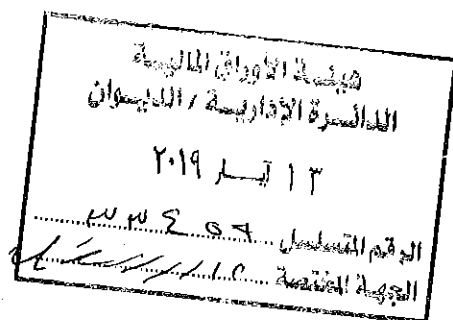
مرفق لكم مسودة البيانات المالية الربع سنوية كما في ٢٠١٩/٣/٣١ باللغة الانجليزية، وهي بيانات غير نهائية علماً بأن البيانات المالية للسنة المنتهية في ٢٠١٨/١٢/٣١ غير نهائية وخاضعة لموافقة السادة البنك المركزي الاردني.

وتفضلوا بقبول فائق الاحترام ،،

**البنك التجاري الاردني**

البنك التجاري الاردني

عبد الله محفوظ كشك  
Abdallah Mahfouz Kishek  
P. 53



Tentative for discussion  
Purpose Only

JORDAN COMMERCIAL BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE THREE-MONTH  
ENDED MARCH 31, 2019  
TOGETHER WITH THE REVIEW REPORT

Tentative for discussion  
Purpose Only

JORDAN COMMERCIAL BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
MARCH 31, 2019

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## Review Report

AM/ 010936

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

### **Introduction**

We have reviewed the accompanying condensed interim financial position of Jordan Commercial Bank (A Public Shareholding Limited Company) as of March 31, 2019, and the related condensed interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standards (34) related to interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagement No.2410 "Review of Condensed Interim Financial Information Performed by the Independent Auditor". A review of Condensed 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.

### **Basis of Qualified Conclusion**

Included within other assets in the Condensed interim statement of financial position as of March 31, 2019 properties seized against overdue credit facilities in an amount of around JD 84.6 million. These properties have not been reduced to their net realizable value as of the date of the condensed interim financial statements, which constitutes a departure from IFRS. Had Management written down these properties to their net realizable value as of March 31, 2019, then other assets item would have been reduced by around JD 7.5 million. Accordingly, deferred tax assets would have increased by around JD 3 million and net income for the period would have increases by amorun JD 375 thousand and shareholders' equity would have decreased by around JD 4.5 million, respectively. Our qualified report as of December 31 2018 was qualified according to this matter.

### **Qualified Conclusion**

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to condensed interim financial reporting.

**Emphasis of matter**

Without qualifying our conclusion and as mentioned in note 27 in the accompanying condensed interim financial statements, the comparative figures in the condensed interim change in Owner's equity statement have been amended retroactively, in conformity with international financial reporting standards.

**Other Matters**

1. The fiscal year of the Bank ends on December 31 of each year, the accompanying condensed interim financial statements are prepared only for the purposes of Management, and Jordan Securities Commission requirements.
2. The financial statements as of December 31 2018 were issued at April 28, 2019, and does require the approval of the Central Bank of Jordan.

Amman – The Hashemite Kingdom of Jordan  
April 30, 2019

Deloitte & Touche (M.E) - Jordan



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JORDAN COMMERCIAL BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2019 (reviewed not audited)	December 31, 2018
	Note	JD	JD
<u>ASSETS</u>			
Cash and balances at Central Bank	5	146,537,351	91,872,118
Balances and deposits at banks and financial institutions	6	81,362,704	61,995,613
Direct credit facilities - net	7	725,828,860	727,873,818
Financial assets at fair value through statement of income		1,609,408	1,792,801
Financial assets at fair value through statement of comprehensive income		11,539,473	11,915,302
Financial assets at amortized cost - net	8	236,040,960	303,031,611
Property and equipment - net		27,844,405	27,817,839
Intangible assets - net		2,251,181	2,313,919
Right-of-use assets	3/b	4,181,835	-
Deferred tax assets		13,656,949	13,867,924
Other assets	9	113,113,190	111,088,591
<b>TOTAL ASSETS</b>		<u>1,363,966,316</u>	<u>1,353,569,536</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Banks and financial institutions deposits		106,712,051	117,304,754
Customers' deposits	10	903,829,312	893,225,288
Cash margins		74,639,636	84,417,327
Borrowed funds	11	93,709,366	83,481,873
Income tax provision	12/a	657,004	745,548
Various provisions		2,059,537	1,924,266
Deferred tax liabilities		-	14,107
Lease contracts liabilities	3/b	4,205,860	-
Other liabilities	13	44,170,228	38,412,442
<b>TOTAL LIABILITIES</b>		<u>1,229,982,994</u>	<u>1,219,525,605</u>
<u>SHAREHOLDERS' EQUITY</u>			
<u>BANK SHAREHOLDERS' EQUITY:</u>			
Authorized and paid-up capital		120,000,000	120,000,000
Statutory reserve		14,714,563	14,714,563
Cyclicality reserve		2,597,047	2,597,047
Fair value reserve - net		(2,343,831)	(2,053,183)
(Accumulated losses)		(1,214,496)	(1,214,496)
Profit for the period		230,039	-
<b>Total Bank Shareholders' Equity</b>		<u>133,983,322</u>	<u>134,043,931</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>1,363,966,316</u>	<u>1,353,569,536</u>

General Manager

Chairman of Board of Directors

THE ACCOMPANYING NOTES FROM (1) TO (27) CONSTITUTE AN INTEGRAL PART  
OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD  
BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN COMMERCIAL BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
CONDENSED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

Tentative for discussion  
Purpose Only

		For the Three-Month	
		Ended March 31,	
	Note	2019	2018
		JD	JD
Interest income	14	19,584,089	18,986,395
Less: Interest expense	15	(11,697,330)	(11,306,901)
Net Interest Income		7,886,759	7,679,494
Net commissions income		1,428,135	1,159,230
Net Interest and Commissions Income		9,314,894	8,838,724
Foreign exchange income		359,282	274,908
(Losses) gains from financial assets at fair value through statement of income	16	(183,393)	76,462
Dividends from financial assets at fair value through comprehensive income		87,500	47,500
Other income	17	1,054,557	1,123,100
Gross Income		10,632,840	10,360,694
Employees expenses		3,748,382	3,864,370
Depreciation and amortization		773,750	753,476
Expected credit loss	18	2,065,763	723,995
Provision of seized real-estates and shares		182,089	363,674
Various provisions		340,700	46,400
Other expenses		3,009,388	3,231,074
Total Expenses		10,120,072	8,982,989
Income for the Period before Income Tax		512,768	1,377,705
Less: Income tax for the period	12/b	(282,729)	(846,507)
Income for the Period		230,039	531,198
<u>Earnings per share from (losses) income for the period attributable to the Bank's shareholders</u>			
Basic and diluted	19	-/002	-/004

General Manager

Chairman of Board of Directors

THE ACCOMPANYING NOTES FROM (1) TO (27) CONSTITUTE AN INTEGRAL PART OF THESE  
CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH  
THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN COMMERCIAL BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(REVIEWED NOT AUDITED)

Tentative for discussion  
Purpose Only

Description	Bank Shareholders' Equity									
	Authorized and Paid-up Capital	Statutory Reserve	General Banking Risks	Cyclical Reserve	Fair Value Reserve	(Accumulated losses)	Profit for the Period	Total		
	JD	JD	JD	JD	JD	JD	JD	JD		JD
<b>For the Three-Month Ended March 31, 2019</b>										
Balance - beginning of the period	120,000,000	14,714,563	-	2,597,047	(2,053,183)	(1,214,496)	-	134,043,931		
Total (Comprehensive Loss) for the Period	-	-	-	-	(290,648)	-	230,039	(60,609)		
Balance - End of the Period	120,000,000	14,714,563	-	2,597,047	(2,343,831)	(1,214,496)	230,039	133,983,322		
<b>For the Three-Month Ended March 31, 2018 (Restated)</b>										
Balance - beginning of the period	120,000,000	14,082,158	7,002,848	1,833,820	(1,504,051)	8,125,824	-	149,540,599		
Effect of implementation of IFRS 9 related to the impairment (Restated)	-	-	-	-	-	(30,065,991)	-	(30,065,991)		
Deferred tax assets calculation due to IFRS 9 implementations (Restated)	-	-	-	-	-	10,093,909	-	10,093,909		
Transferred from general banking risks reserves due to the implementation of IFRS 9	-	-	(7,002,848)	-	-	7,002,848	-	-		
Adjusted opening balance (Restated)	120,000,000	14,082,158	-	1,833,820	(1,504,051)	4,843,410	-	129,568,517		
Total Comprehensive Income for the Period	-	-	-	-	(121,527)	(1,134)	531,198	408,537		
Balance - End of the Period	120,000,000	14,082,158	-	1,833,820	(1,625,578)	(4,844,544)	531,198	129,977,054		
27										

- Accumulated losses balance includes JD 13,656,949 as of March 31, 2019 restricted against deferred tax assets according to the Central Bank of Jordan instructions.

- An amount of JD 2,343,831 is added to the accumulated losses as of March 31, 2019 which equals to negative valuation reserve of financial assets and it is restricted.

THE ACCOMPANYING NOTES FROM (1) TO (27) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.



Tentative for discussion  
Purpose Only

JORDAN COMMERCIAL BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Ended March 31,	
		2019	2018
		JD	JD
Cash Flows From Operating Activities:			
Income for the period before income tax		512,768	1,377,705
Adjustments:			
Depreciation and amortization		773,750	753,476
Provision for expected credit losses	18	2,065,762	723,864
Provision for assets and shares seized by the Bank		182,089	23,553
Loss (gain) from valuation of financial assets at fair value through income statement	16	183,393	(76,462)
Various provisions		340,700	46,400
Dividends from financial assets at fair value through comprehensive income		(87,500)	(47,500)
Effect of exchange rate fluctuations on cash and cash equivalent		158,892	71,860
Total		4,129,854	2,872,896
Changes in Assets and Liabilities:			
(Increase) in direct credit facilities		(20,805)	(7,350,141)
Decrease in financial assets at fair value through statement of income statement		-	20,213
(Increase) decrease in other assets		(2,024,599)	249,953
Increase in deposits at banks and financial institutions due in a period that exceeds 3 months		-	788,390
Increase in banks and financial institutions deposits due in a period that exceeds 3 months		16,202,724	-
Increase in customers' deposits		10,604,024	22,849,037
(Decrease) in cash margins		(9,777,691)	(4,658,050)
Increase in other liabilities		4,610,580	417,506
Net Change in Assets and Liabilities		19,594,233	12,316,908
Net Cash Flows from Operating Activities before Income Tax Paid and Various Provisions		23,724,087	15,189,804
Income tax paid	12/a	(90,019)	(655,750)
Paid from various provisions		(205,429)	-
Net Cash flows from Operating Activities		23,428,639	14,534,054
Cash Flows From Investing Activities:			
Decrease in financial assets at amortized cost		66,990,651	13,978
Decrease (increase) in financial assets at fair value through statement of comprehensive income		463,329	(1,603,422)
Change in property and equipment and intangible assets		36,172	(817,568)
Net Cash Flows from (used in) Investing Activities		67,490,152	(2,407,012)
Cash Flows From Financing Activities:			
Borrowed funds		10,227,493	201,963
Net Cash Flows from Financing Activities		10,227,493	201,963
Effect of exchange rate fluctuations on cash and cash equivalents		(158,892)	(71,860)
Net Increase in Cash and Cash Equivalents		100,987,392	12,257,145
Cash and cash equivalents - beginning of the year		103,062,924	121,577,176
Cash and Cash Equivalents - End of the Period	20	204,050,316	133,834,321

THE ACCOMPANYING NOTES FROM (1) TO (31) CONSTITUTE AN INTEGRAL PART OF THESE  
CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM  
AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN COMMERCIAL BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS  
(REVIEWED NOT AUDITED)

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1. General information

- Jordan Commercial Bank was established as a Jordanian Public Shareholding Limited Company on May 3, 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with a paid-up capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, P.O. Box 9989, Amman The Hashemite Kingdom of Jordan.
- During the year 1993, Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Mashrek Bank (Jordan branches) in terms of its rights and obligations.
- At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned governmental parties and on June 28, 2004, procedures relating to changing the Bank's name from Jordan and Gulf Bank to Jordan Commercial Bank were completed.
- The Bank's capital was increased gradually; the latest increase was during the year 2017 whereby the Bank's capital became JD 120 million paid in full on June 7, 2017.
- Jordan Commercial Bank is a Public Shareholding Limited Company listed on the Amman Stock Exchange.
- The Bank is engaged in banking and related financial operations through its (30) branches inside the Kingdom, and (6) branches in Palestine.
- The financial statements have been approved by the Bank's Board of Directors, dated on April 29, 2019.

2. Basis of Preparation of Condensed Interim Financial Statements

- The accompanying condensed interim financial statements of the Bank were prepared as of March 31, 2019 in accordance with International Financial Reporting Standard Number (34) (Condensed interim Financial Statements), and Central Bank of Jordan regulations.
- The condensed interim financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities which are stated at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives which stated at fair value at the date of the condensed interim financial statements. Moreover, hedged financial assets and financial liabilities are also stated at fair value.
- The condensed interim financial statements are presented in Jordanian Dinar, which is the Bank's functional currency.
- The accompanying condensed interim financial statements do not include all the information and disclosures to the financial statements which were presented in the annual financial statements and should be read with the Bank's annual report as of December 31, 2018. Moreover, the results of the Bank's operations for the Three-month period ended on March 31, 2019 do not necessarily represent indications of the expected results for the year ending December 31, 2019. Moreover, profits customization for the three months period was not performed, which is customized at the tax of the financial year.



**3. Significant accounting policies:**

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of certain new and revised International Financial Reporting standards, that became effective for the financial periods started from or after January 1, 2019 as set out below:

**a. New and revised IFRS that didn't have an effect on the condensed interim financial statements of the Bank:**

**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.

**IFRIC (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 effective on the condensed interim financial statements of the Company:**

**Effect of Application of IFRS 16 "Leases"**

The Bank adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases'. IFRIC 4 'Determining whether an Arrangement contains a Lease'. SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

## Tentative for discussion Purpose Only

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 recognized in the Bank'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 Bank has adopted to use the simplified and permitted methodology according to the international financial reporting standards "16" for the first time on individual operating leases contracts (for each lease separately), the right to use the leased assets is generally measured at Lease obligation using the interest rate at initial application.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018, there were no adjustments on the returned earnings as of January 1<sup>st</sup>, 2018, using the simplified approach, there were no lease contracts impairment that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leased properties as of March 31, 2019 and January 31, 2019.

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

	<b>Right-of-Use Assets</b>	<b>Lease Liabilities</b>
	<b>JD</b>	<b>JD</b>
Balance at January 1, 2019	4,193,493	4,193,493
Paid during the period	168,565	168,565
Interest during the period	-	(156,198)
Amortized during the period	(180,223)	-
Balance at March 31, 2019	<u>4,181,835</u>	<u>4,205,860</u>

### **The Bank's leasing activities and accounting treatment:**

The Bank leases properties to be used in its activities. Rental contracts are typically made for fixed periods ranged between 1 and 30 years and may have extension options, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, the lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.



Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable 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.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar 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
- Restoration costs (renwall and reinovation)

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 Bank has used the following:

- 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 Judgments and key Sources of Uncertainty Estimates:

Preparation of the condensed interim financial statements and application of the accounting policies require the Bank's management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The critical judgements and estimates used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Bank's annual financial statements for the year ended December 31, 2018 except for the below:

Extension and termination options in leases contracts:

The extension or termination options are included in a number of the leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the 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 in case of occurrence of an important event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Discounting of lease payment

The lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

5. Cash and Balances at Central Bank

- Cash reserve amounted to JD 45,515,931 as of March 31, 2019 (JD 44,459,712 as of December 31, 2018).
- Except for the cash reserve and the capital deposit for the Palestinian Monetary Authority amounted to JD 10,635,000, there is no restricted balances as of March 31, 2019 and December 31, 2018.
- Total certificates of deposits were amounted to JD 34,100,000 as of March 31, 2019 (JD Zero as of December 31, 2018).
- All balances at the Central Bank are classified into the first stage based on IFRS (9), and there are no transfers between stages (one, two and three) during the three-month period ended March 31, 2019.

Tentative for discussion  
Purpose Only

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, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	JD	JD	JD	JD	JD	JD
Current and call accounts	5,381,207	29,671	7,919,015	9,848,986	13,300,222	9,878,657
Deposits maturing within or less than 3 months	64,258,483	23,051,000	3,963,640	29,236,061	68,222,123	52,287,061
<b>Total</b>	<b>69,639,690</b>	<b>23,080,671</b>	<b>11,882,655</b>	<b>39,085,047</b>	<b>81,522,345</b>	<b>62,165,718</b>
Provision for expected credit losses	(2,416)	(67,881)	(157,225)	(102,224)	(159,641)	(170,105)
<b>Total</b>	<b>69,637,274</b>	<b>23,012,790</b>	<b>11,725,430</b>	<b>38,982,823</b>	<b>81,362,704</b>	<b>61,995,613</b>

7. Direct Credit Facilities – Net  
The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
<b>Individuals (Retail):</b>		
Overdraft accounts	449,474	388,050
Loans and promissory notes *	181,102,961	185,521,559
Credit cards	4,045,118	4,008,733
<b>Real-estate loans</b>	<b>126,469,425</b>	<b>122,849,817</b>
<b>Companies:</b>		
<b>Large</b>		
Overdraft accounts	84,313,337	91,666,050
Loans and promissory notes *	286,777,322	294,635,547
<b>SMEs</b>		
Overdraft accounts	21,376,045	23,908,023
Loans and promissory notes *	46,129,503	47,577,557
<b>Government and public sector</b>	<b>37,668,884</b>	<b>34,146,714</b>
<b>Total</b>	<b>788,332,069</b>	<b>804,702,050</b>
<b>Less: Impairment Provision for Expected Credit Losses</b>	<b>(51,425,526)</b>	<b>(59,143,437)</b>
<b>Interest in suspense</b>	<b>(11,077,683)</b>	<b>(17,684,794)</b>
<b>Net Direct Credit Facilities</b>	<b>725,828,860</b>	<b>727,873,818</b>

- \* Net after deducting interest and commission received in advance of JD 3,424,670 as of March 31, 2019 (JD 3,613,185 as of December 31, 2018).
- Non-performing credit facilities amounted to JD 78,468,688 representing 9/95% of the total direct credit facilities balance as of March 31, 2019 (JD 95,751,625 representing 11/9% of total direct credit facilities as of December 31, 2018).
  - Non-performing credit facilities after deducting interests and commissions in suspense amounted to JD 67,575,115 representing 8/7% of direct credit facilities balance after deducting the interests and commissions in suspense as of March 31, 2019 (JD 78,387,696 representing 9/9% of direct credit facilities balance after deducting interests and commissions in suspense as of December 31, 2018).
  - The rescheduled debts amounted to JD 10,383,492 as of March 31, 2019 (JD 17,544,775 as of December 31, 2018).
  - The restructured debts amounted to JD 8,216,553 as of March 31, 2019 (JD 8,886,338 as of December 31, 2018).
  - Direct credit facilities include credit facilities granted to the Palestinian National Authority amounted to JD 13,190,337 as of March 31, 2019 (JD 13,111,673 as of December 31, 2018). In addition, there are JD 5,000,000 direct credit facilities granted by the guarantee of the Jordanian Government as of March 31, 2019 (7,500,000 as of December 31, 2018).



- The movement on the direct credit facilities during the period/year was as follows:

	March 31, 2019 (Reviewed not audited)					
	Stage (1)		Stage (2)			
	Individual	Collection	Individual	Collection	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	427,311,076	226,445,780	44,309,938	10,883,631	95,751,625	804,702,050
New credit facilities during the period	21,309,857	13,157,562	110,382	89,984	526,226	35,194,011
Paid credit facilities	(10,489,733)	(8,353,972)	(548,182)	(343,671)	(979,448)	(20,715,006)
Transferred to stage 1 during the period	14,910,912	7,411,873	(14,848,283)	(6,466,565)	(1,007,937)	-
Transferred to stage 2 during the period	(47,234,253)	(5,724,991)	51,928,338	5,978,409	(4,947,503)	-
Transferred to stage 3 during the period	(1,895,698)	(800,988)	(892,589)	(1,363,942)	4,953,217	-
Amendments due to adjustments	(11,034,257)	(3,109,988)	(427,138)	(450,111)	716,535	(14,304,959)
Written-off credit facilities	-	-	-	-	(23,971)	(23,971)
Debts transferred to regularly account outside the statement of financial position	-	-	-	-	(16,520,056)	(16,520,056)
Balance – End of the Period	392,877,904	229,025,276	79,632,466	8,327,735	78,468,688	788,332,069

	December 31, 2018					
	Stage (1)		Stage (2)			
	Individual	Collection	Individual	Collection	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	458,435,381	211,752,926	22,856,923	7,138,421	61,828,399	762,012,050
New credit facilities during the year	31,601,423	52,841,714	3,380,467	961,753	2,334,204	91,119,561
Paid credit facilities (matured / decrognized)	(26,164,004)	(16,990,874)	(171,292)	(428,406)	(1,728,622)	(45,483,198)
Transferred to stage (1)	10,801,863	3,517,168	(9,375,934)	(2,605,570)	(2,337,527)	-
Transferred to stage (2)	(36,465,105)	(8,507,953)	39,335,990	8,711,022	(3,073,954)	-
Transferred to stage (3)	(17,708,021)	(5,714,535)	(8,637,305)	(2,139,243)	34,199,104	-
Amendments due to adjustments	6,809,539	(10,452,666)	(3,078,911)	(754,346)	5,462,081	(2,014,303)
Written-off credit facilities	-	-	-	-	(683,805)	(683,805)
Listed in regularly accounts	-	-	-	-	(248,255)	(248,255)
Adjustments due to change in exchange rates	-	-	-	-	-	-
Balance - End of the Year	427,311,076	226,445,780	44,309,938	10,883,631	95,751,625	804,702,050

Tentative for discussion  
Purpose Only

### Impairment Provision for Expected Credit Losses

The following is the movement on the provision of direct credit facilities impairment during the period/year:

For the Three-Month Period Ended on March 31, 2019	Companies					Total
	Corporate	SME's	Individuals	Real-estate Loans	Government and Public Sector	
	JD	JD	JD	JD	JD	
Balance beginning of the period	39,451,016	3,552,066	14,177,909	1,754,880	207,566	59,143,437
Impairment loss on new credit facilities during the period	60,440	244,409	171,713	4,207	94,353	575,122
Recovered from impairment loss on paid credit facilities	(69,881)	(23,644)	(152,621)	(62,055)	-	(308,201)
Transferred to stage 1	(994,889)	(8,870)	(2,856)	(44,697)	-	(1,051,312)
Transferred to stage 2	1,155,973	796	(17,652)	31,059	-	1,170,176
Transferred to stage 3	(161,084)	8,074	20,508	13,638	-	(118,864)
Effect on provision at the end of the period due to reclassification between the three stages during the year	(1,387,243)	1,329,993	2,632,552	111,509	-	2,686,811
Amendments due to adjustments	1,701,959	16,039	(3,503,539)	(190,022)	60,090	(1,915,473)
Written-off credit facilities	-	-	(19,566)	-	-	(19,566)
Credit facilities classified in regularly accounts	(5,746,750)	(706,767)	(2,282,521)	(566)	-	(8,736,604)
Balance Ending of the Period	<u>34,009,541</u>	<u>4,412,096</u>	<u>11,023,927</u>	<u>1,617,953</u>	<u>362,009</u>	<u>51,425,526</u>
Redistribution:						
Provision on an Individual basis	34,009,541	4,412,096	-	1,443,258	362,009	40,226,904
Provision on a collective basis	-	-	11,023,927	174,695	-	11,198,622
Balance Ending of the Period	<u>34,009,541</u>	<u>4,412,096</u>	<u>11,023,927</u>	<u>1,617,953</u>	<u>362,009</u>	<u>51,425,526</u>

- \* During the first quarter of 2019 and according to the Board of Directors decisions there were inclusion of direct credit facilities balance of JD 16,520,056 and interest in suspense of JD 7,783,741 and the provision allocated to them 8,736,604 within regularly accounts off the condensed interim statement of financial position.

Interest and commissions in suspense:

The following is the movement on the interest in suspense during the period / year:

	Real Estate		Companies		Government and Public	Total
	Individuals	Loans	Corporate	SMEs	Sector	
	JD	JD	JD	JD	JD	
<u>For the three months ended March 31, 2019</u>						
Balance – beginning of the period	1,893,506	1,136,321	12,462,962	2,192,005	-	17,684,794
<u>Add:</u> Interest in suspense during the period	235,850	129,677	834,641	224,982	-	1,425,150
<u>Less:</u> Interest transferred to revenues during the period	(46,032)	(40,613)	(137,596)	(19,775)	-	(244,016)
Written-off interest in suspense	(3,451)	(953)	-	-	-	(4,404)
Interest in suspense transferred to regularly accounts off statement of financial position	(660,048)	(67,065)	(6,507,150)	(549,578)	-	(7,783,841)
Balance - End of the Period	1,419,825	1,157,367	6,652,857	1,847,634	-	11,077,683

	Real Estate		Companies		Government and Public	Total
	Individuals	Loans	Corporate	SMEs	Sector	
	JD	JD	JD	JD	JD	
<u>For the Year Ended December 31, 2018</u>						
Balance – beginning of the period	1,066,058	837,497	9,712,031	1,716,377	-	13,331,963
<u>Add:</u> Interest in suspense during the year	1,060,820	436,698	3,673,486	699,728	-	5,870,732
<u>Less:</u> Interest transferred to revenues during the period	(9,520)	(32,401)	(625,826)	(946)	-	(668,693)
Written-off interest in suspense	(195,674)	(105,473)	(296,729)	(142,238)	-	(740,114)
Interest in suspense transferred to regularly accounts off statement of financial position	(28,178)	-	-	(80,916)	-	(109,094)
Balance - End of the Year	1,893,506	1,136,321	12,462,962	2,192,005	-	17,684,794

\* During the first quarter of 2019 and according to the Board of Directors decisions an inclusion of direct credit facilities amounted to JD 16,520,056 and the related interest in suspense of JD 7,783,741 and the provision allocated to them of JD 8,736,604 within regularly accounts off the condensed interim financial position.

- There are direct credit facilities amounting to JD 120,026,034 together with its suspended interest in suspense of JD 69,528,435 and its related provision amounted to JD 50,497,599 as of March 31, 2019 were includes within regularly accounts off the condensed interim statement of financial position according to Board of Directors decisions, since all these accounts are fully covered as of the date of the condensed interim financial statements.



Tentative for discussion  
Purpose Only

8. Financial Assets at Amortized Cost - Net

The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Treasury bonds and bills – Central Bank of Jordan*	227,549,999	295,367,167
Governmental guaranteed bonds	-	2,000,000
Corporates loans bonds	8,854,000	5,747,900
Total	236,403,999	303,115,067
Less: Impairment provision of financial assets at amortized cost	(363,039)	(83,456)
Net Financial Assets at Amortized Cost	<u>236,040,960</u>	<u>303,031,611</u>
<u>Bills and Bonds Analysis</u>		
With fixed rate	236,040,960	303,031,611
Total	<u>236,040,960</u>	<u>303,031,611</u>

This item includes mortgaged Jordanian treasury bonds amounting to JD 50,000,000 against borrowed funds from Central Bank of Jordan were executed on February 6, 2019 at interest rate 4/75% which will be matured on May 8, 2019.

9. Other Assets

This item consists of the following:

	March 31, 2019	December 31, 2018
	JD	JD
Accrued interest and revenues	7,762,651	9,879,893
Prepaid expenses	3,528,172	1,958,727
Assets seized by the Bank against due debts - net **	84,687,335	84,736,553
Assets seized by the Bank sold on instalments - net	1,625,766	1,625,766
Refundable deposits	454,235	462,906
Clearance checks	825,609	1,396,495
Purchase of time withdrawals, policies and letters of credit - net*	11,420,287	9,289,702
Other	2,809,135	1,738,549
Total	<u>113,113,190</u>	<u>111,088,591</u>

\* Disclosure on the time withdrawals and purchased letter of credits:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance beginning of the period	9,303,197	-	-	9,303,197
New balances during the period	4,418,931	-	-	4,418,931
Recovered balances	(2,083,962)	-	-	(2,083,962)
Total balance for the current period	<u>11,638,166</u>	<u>-</u>	<u>-</u>	<u>11,638,166</u>

Disclosure on the movement of impairment provision for time withdrawals and purchased letter of credits:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance beginning of the period	13,495	-	-	13,495
New balances during the period	204,837	-	-	204,837
Recovered balances	(453)	-	-	(453)
Total balance for the current period	<u>217,879</u>	<u>-</u>	<u>-</u>	<u>217,879</u>

\*\* The following is the movement on the assets seized by the bank against due debts during the period/year:

	For the Three-Month Ended March 31, 2019			For the Year Ended December 31, 2018
	Seized Properties	Seized shares and machines	Total	Total
	JD	JD	JD	JD
Balance - beginning of the period/year (net after impairment loss)	84,152,205	584,348	84,736,553	84,318,625
Additions during the period/year	115,259	-	115,259	3,092,103
Disposals during the period/year	(87,003)	-	(87,003)	(2,399,674)
Transfers	-	-	-	267,951
Effect of impairment for the period/year	<u>(375,525)</u>	<u>298,051</u>	<u>(77,474)</u>	<u>(542,452)</u>
Balance - at the end of the period	<u>83,804,936</u>	<u>882,399</u>	<u>84,687,335</u>	<u>84,736,553</u>

- The movement on impairment losses on assets seized by the bank against debts during the period / year is as follows:

	For the Three-Month Period ended March 31, 2019			For the Year Ended December 31, 2018
	Seized Properties	Seized shares and machines	Total	Total
	JD	JD	JD	JD
Balance - beginning of the period/ year	4,685,051	247,826	4,932,877	4,840,504
Booked provision during the period/ year**	375,525	182,089	557,614	(10,824)
Properties sold on installments during the period/year	-	-	-	(14,842)
Used from provision during the period/year	(24,283)	-	(24,283)	118,039
Unrealized losses for seized shares	-	(480,140)	(480,140)	450,082
Balance - End of the Period/Year	<u>5,036,293</u>	<u>(50,225)</u>	<u>4,986,068</u>	<u>5,382,959</u>

\* According to Central Bank of Jordan instructions, properties and shares seized by the bank against due debts from customers should be disposed within two years from the date of acquisition. The Central Bank of Jordan can extend this period for maximum two consequent years for exceptional cases.

\*\* This item includes JD 182,089 against provision for seized shares by the bank for the period ended March 31, 2019, according to Central Bank of Jordan circular No. 10/5/16615 dated December 18, 2017 whereby the bank started to calculate a provision gradually for the seized shares against due debts which were held for more the 4 years. In addition this item includes JD 375,520 against provision for seized properties according to Central Bank of Jordan circular No. 43/1/10 dated December 31, 2018.

**10. Customers' Deposits**

The details of this item are as follows:

March 31, 2019					
	Corporate			Government and Public Sector	Total
	Individuals	Large	SMEs		
	JD	JD	JD	JD	JD
Current and on call accounts	47,902,578	18,136,222	37,813,966	15,549,506	119,402,272
Saving deposits	157,320,226	856,792	496,438	1,064,840	159,738,296
Certificates of deposits	34,386,638	-	16,000	-	34,402,638
Time deposits subject to notice	312,122,311	81,522,262	83,236,195	113,405,338	590,286,106
Total	551,731,753	100,515,276	121,562,599	130,019,684	903,829,312

December 31, 2018					
	Corporate			Government and Public Sector	Total
	Individuals	Large	SMEs		
	JD	JD	JD	JD	JD
Current and on call account	46,196,233	19,613,434	40,483,360	14,980,392	121,273,419
Saving deposits	152,696,750	1,158,606	466,116	882,200	155,203,672
Certificates of deposits	34,418,009	-	16,000	-	34,434,009
Time deposits subject to notice	309,911,416	98,662,774	83,422,699	90,317,299	582,314,188
Total	543,222,408	119,434,814	124,388,175	106,179,891	893,225,288

- Total deposits of Jordanian Government and public sector inside the Kingdom amounted to JD 85,512,168, which is equivalent to 9/46% of total deposits as of March 31, 2019 (JD 78,922,919, equivalent to 8/8% of total deposits as of December 31, 2018)
- Non-interest bearing deposits amounted to JD 137,253,409, which is equivalent to 15/2% of total deposits as of March 31, 2019 (JD 120,620,900, equivalent to 13/5% of total deposits as of December 31, 2018).
- Restricted deposits (restricted to withdrawals) amounted to JD 10,022,072, which is equivalent to 1/1% of total deposits as of March 31, 2019 (JD 11,103,462, which is equivalent to 1/2% of total deposits as of December 31, 2018).
- Dormant deposits amounted to JD 10,125,223 as of March 31, 2019 (JD 10,361,366 as of December 31, 2018)



#### 11. Borrowed Funds

These funds have been received from the Central Bank of Jordan, for the purpose of financing micro, small and medium companies, within a program of medium financing terms and will be reimbursed through semi-annual installments inclusive of interest.

This item includes the following:

March 31, 2019	Total Loans	Utilized	Settlement method	Guarantees	Loan Interest Price
	JD	JD	JD	JD	
Loan from World Bank through Central Bank of Jordan	2,000,000	1,700,000	20 years including 5 grace period repayment through semi-annual installments	-	2.5%
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	1,511,999	10 years including 3 grace period repayment on semi-annual installments	-	2.5%
Advances from Central Bank of Jordan	9,846,442	9,846,442	2 years payable on semi-annual installments	-	2.25%
Jordanian Mortgage Refinance Company	10,000,000	10,188,918	One payment in September 24, 2021	Transfer of Mortgage Funds	6.60%
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment in August 16, 2021	Transfer of Mortgage Funds	6.35%
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One Payment in February 5, 2024	Transfer of Mortgage Funds	6.8%
International Fund for Agricultural Development through the Central Bank	750,000	462,007	18 years including 3 years grace period repayment on semi-annual installments	-	2.53%
Central Bank of Jordan for Mortgage Bonds	-	50,000,000	One payment on May 8, 2019	Mortgage bonds	4.75%
Total		93,709,366			

December 31, 2018	Total Loans	Utilized	Settlement method	Guarantees	Loan Interest Price
	JD	JD	JD	JD	
Loan from World Bank through Central Bank of Jordan	2,000,000	1,800,000	20 years including 5 grace period repayment on semi-annual instalments	-	2.5%
Loan from Arab Monetary Funds through Central bank of Jordan	2,100,000	1,659,000	10 years including 3 grace period repayment on semi-annual instalments	-	2.5%
Advances from Central Bank of Jordan	9,565,824	9,565,824	2 years payable on semi-annual instalments	-	2.25%
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One Payment on September 21, 2021	Transfer of Mortgage Funds	6.6%
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One Payment on August 16, 2021	Transfer of Mortgage Funds	6.35%
International Fund for Agricultural Development through the Central Bank	750,000	457,049	18 years including 3 years grace period, repayment on semi-annual instalments	-	2.35%
Central Bank of Jordan for Mortgage Bonds	-	50,000,000	One Payment on February 6, 2019	Mortgage bonds	4.50%
Total		83,481,873			

Tentative for discussion  
Purpose Only

12. Income Tax

a. Income Tax Provision

The movement on the income tax provision during the period / year was as follows:

	For the Three- Months Ended March 31, 2019	For the Year Ended December 31, 2018
	JD	JD
Beginning balance for the period/year	745,548	3,145,154
Income tax payable on profit for the period/year	1,475	670,919
Income tax paid - Palestine Branches	(90,019)	(187,755)
Income tax paid - Jordan Branches	-	(2,882,770)
Ending Balance for the period/year	657,004	745,548

b. Income Tax Expense

Income tax expense in the condensed interim statement of income represents the following:

	For the Three-Months Ended on March 31, 2019	2018
	JD	JD
Income tax payable on profit for the period - Jordan branches	1,475	692,331
Income tax payable on profit for the period - Palestine branches	-	100,000
Effect of deferred tax assets	295,361	54,176
Effect of deferred tax liabilities	(14,107)	-
Total	282,729	846,507

c. Summary of Reconciliation between Declared Income and Taxable Income

The following is a summary of the reconciliation between declared income and taxable income:

	For the Three-Months Ended March 31, 2019	2018
	JD	JD
Accounting income	512,768	1,377,705
Add: Non-taxable expenses	1,889,962	724,706
Less: Non-taxable income	(2,625,081)	(125,140)
Adjusted Taxable Income	(222,351)	1,977,271

Actual Income Tax Rate

Jordan branches	%38	%35
Palestine branches	%20	%20

d. Tax Status

Hashemite Kingdom of Jordan Branches

The Bank has reached a final settlement with the Income and Sales Department for the Hashemite Kingdom of Jordan Branches up to the year 2016. The Bank submitted the Income Tax return for the year 2017 during the legal period, but it has not been reviewed yet.



Tentative for discussion  
Purpose Only

Palestine Branches

The Bank has reached a final settlement with Income and Sales Tax Department for Palestine branches up to the year 2016. As for the year 2017. The Bank submitted the income tax return during the legal period, but it has not been reviewed yet.

In the opinion of the Management and the Bank's Tax and Legal advisors in Jordan and Palestine branches, no liability in excess of the provision taken will arise as of the date of the condensed interim financial statements. Moreover, the booked income tax provision as of the date of the condensed interim financial statements is sufficient to mitigate the tax obligations as of the date of the condensed interim financial statements.

13. Other Liabilities

The details of this item are as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Acceptable checks	10,716,592	6,163,241
Unpaid accrued interest	9,037,267	8,739,300
Refundable and various deposits	2,938,640	2,998,540
Safe deposits boxes	105,655	101,485
Shareholders' deposits	15,759	15,759
Income tax and social security deposits	422,619	363,643
Unpaid accrued expenses	2,045,675	2,055,592
Transactions in transit between branches	-	491,172
Board of Directors' remuneration	55,000	55,000
Received amounts on the sale of land and real estate*	10,591,598	10,563,174
Inward transfers	9,636	(125)
Provision for expected credit losses for off condensed interim statement of financial position items **	7,124,764	6,570,763
Others	1,107,023	294,898
Total	44,170,228	38,412,442

\* The movement on this item during the period / year is as follow:

	For the three - months Ended March 31, 2019	For the year Ended December 31, 2018
	JD	JD
Balance beginning of the period / year	10,563,174	8,530,135
Amounts received	28,424	2,386,718
Disposals	-	(353,679)
Balance - end of the period / year	10,591,598	10,563,174

\*\* The movement disclosure on the balances of indirect facilities and other liabilities:

March 31, 2019 (Audited not Reviewed)						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collection	Individual	Collection		
<u>For the Three Months Ended March 31, 2019</u>	JD	JD	JD	JD	JD	JD
Balance beginning of the period	303,535,119	-	22,553,968	-	6,985,922	333,075,009
New balances during the period	15,112,262	-	154	-	-	15,112,416
Settled balances	(10,063,710)	-	(2,452,249)	-	(92,328)	(12,608,287)
Transferred to stage (1)	10,851,265	-	(10,732,822)	-	(118,443)	-
Transferred to stage (2)	(15,612,795)	-	15,617,795	-	(5,000)	-
Transferred to stage (3)	(1,032,508)	-	(479,300)	-	1,511,808	-
Adjustments due to changes	(10,060,673)	-	6,262,931	-	(53,440)	(3,851,182)
Total for the current period	<u>292,728,960</u>	<u>-</u>	<u>30,770,477</u>	<u>-</u>	<u>8,228,519</u>	<u>331,727,956</u>

December 31, 2018						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collection	Individual	Collection		
<u>For the year ended December 31, 2018</u>	JD	JD	JD	JD	JD	JD
Balance beginning of the year	345,544,980	-	4,647,007	-	8,100,099	358,292,086
New balances during the period	39,062,351	-	8,545,815	-	-	47,608,166
Settled balances	(33,994,300)	-	(250)	-	(30,286)	(34,024,836)
Transferred to stage (1)	643,600	-	(51,600)	-	(592,000)	-
Transferred to stage (2)	(11,349,663)	-	12,220,281	-	(870,618)	-
Transferred to stage (3)	(1,054,629)	-	(2,436,750)	-	3,491,379	-
Adjustments due to changes	(35,317,220)	-	(370,535)	-	(3,112,652)	(38,800,407)
Written-off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total for the Year	<u>303,535,119</u>	<u>-</u>	<u>22,553,968</u>	<u>-</u>	<u>6,985,922</u>	<u>333,075,009</u>

\*\*The movement disclosure on the impairment of indirect facilities and other liabilities:

March 31, 2019 (Audited not Reviewed)						
	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collection	Individual	Collection		
	JD	JD	JD	JD	JD	JD
Balance beginning of the year	2,427,037	-	514,673	-	3,629,054	6,570,764
New balances during the period	39,129	-	-	-	-	39,129
Settled balances	(95,117)	-	(244,668)	-	-	(339,785)
Transferred to stage (1)	27,632	-	(27,518)	-	(114)	-
Transferred to stage (2)	(268,619)	-	268,673	-	(54)	-
Transferred to stage (3)	(18,824)	-	(2,132)	-	20,956	-
Adjustments due to amendments	35141	-	61,530	-	(54,720)	41,951
Impact on provision due to adjustments between stages	-	-	303,654	-	509,051	812,705
Total for the period	<u>2,146,379</u>	<u>-</u>	<u>874,212</u>	<u>-</u>	<u>4,104,173</u>	<u>7,124,764</u>

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December 31, 2018

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collection	Individual	Collection		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-	-	-
Impact of Implementing IFRS (9)	2,848,578	-	335,902	-	7,154,088	10,338,568
Adjusted beginning balance for the year	2,848,578	-	335,902	-	7,154,088	10,338,568
Impairment loss on new exposure during the year	399,127	-	63,933	-	-	463,060
Impairment loss on matured exposure	(226,847)	-	-	-	-	(226,847)
Transferred to stage 1	1,116	-	-	-	(1,116)	-
Transferred to stage 2	(84,309)	-	91,962	-	(7,653)	-
Transferred to stage 3	(16,623)	-	(67,276)	-	83,899	-
Effect on provision due to reclassification between the stages during the year	-	-	-	-	-	-
Effect of adjustments	-	-	215,735	-	754,692	970,427
Changes due to adjustments	(494,005)	-	(125,583)	-	(4,354,856)	(4,974,444)
Written-down facilities	-	-	-	-	-	-
Adjustments due to foreign currency changes	-	-	-	-	-	-
Balance at the Ending of the Year	<u>2,427,037</u>	<u>-</u>	<u>514,673</u>	<u>-</u>	<u>3,629,054</u>	<u>6,570,764</u>

#### 14. Interest Income

The details of this item are as follows:

	For Three Months Ended March 31,	
	2019	2018
	JD	JD
Direct credit facilities:		
<b>Individuals (retail)</b>		
Overdraft accounts	26,555	21,189
Loans and promissory notes	3,966,905	3,669,130
Credit cards	175,324	172,915
Real - estate loans	1,161,036	921,387
<b>Corporates</b>		
Overdraft accounts	1,871,180	1,568,020
Loans and promissory notes	5,876,929	5,395,779
<b>Small and medium</b>		
Overdraft accounts	627,296	5,297
Loans and promissory notes	1,275,333	1,487,071
Government and public sector	656,738	764,019
Balances at central banks	405,879	327,775
Balances and deposits at banks and financial institutions	443,130	116,569
Financial assets at amortized cost	3,097,784	4,536,659
Others	-	585
<b>Total</b>	<b><u>19,584,089</u></b>	<b><u>18,986,395</u></b>



**15. Interest Expense**

The details of this item are as follows:

	For the Three Months Ended March 31, 2019	
	2019	2018
	JD	JD
Deposits at banks and financial institutions	1,285,382	1,393,001
Customers deposits:		
Current and call accounts	110,416	152,420
Savings accounts	399,789	439,452
Time and notice deposits	7,424,602	7,639,708
Certificates of Deposits	440,331	451,501
Cash margins	635,607	677,914
Borrowed funds	1,027,849	31,800
Deposit Insurance Corporation fees	373,354	521,105
Total	<u>11,697,330</u>	<u>11,306,901</u>

**16. Gains from Financial Assets at Fair Value through Statement of Income**

The details of this item are as follows:

For the Three-Months Ended March 31, 2019	Realized gains	Unrealized (Losses) Gains	Dividends distributed	Total
	JD	JD	JD	JD
Companies' quoted shares in active markets	<u>-</u>	<u>(183,393)</u>	<u>-</u>	<u>(183,393)</u>
For the Three-Months Ended March 31, 2018				
Companies' quoted Shares in active markets	<u>20,213</u>	<u>56,249</u>	<u>-</u>	<u>76,462</u>

**17. Other Income**

The details of this item are as follows:

	For the Three Months Ended March 31,	
	2019	2018
	JD	JD
Income from credit cards - net	89,995	147,309
Safe box rent	16,969	10,001
Transfers income	96,497	97,731
Cheques income	143,269	233,444
Telecommunication income	18,965	18,167
Recovery of debts previously written-off *	312,495	333,231
Income from selling property and equipment	-	9,803
Gain from seized properties	14,108	14,584
Income from account services	237,924	138,151
Insurance income	28,072	4,086
Others	96,263	116,593
Total	<u>1,054,557</u>	<u>1,123,100</u>

\* This item represents amounts recovered from written - off debts and suspended interest taken during the previous years off the statement of financial but recovered during the period ended March 31, 2019.

**18. Expected credit losses – net:**  
The details of this item is as follows:

		For the Three-Month Ended March 31,	
		2019	2018
		JD	JD
Balances and deposits at banks and financial institutions	6	(10,464)	(74,608)
Financial Assets at amortized cost	8	279,583	549
Direct credit facilities	7	1,038,259	3,387,391
Contingent liabilities	13	554,000	(2,589,337)
Purchased credits and withdrawals	9	204,384	-
		<u>2,065,762</u>	<u>723,995</u>

**19. Earnings Per Share Attributable to the Shareholders of the Bank basic/ diluted**  
The details of this item are as follows:

		For the Three Months Ended March 31,	
		2019	2018
		JD	JD
Profit for the period attributable to shareholders' of the Bank		230,039	531,198
Weighted average number of shares		120,000,000	120,000,000
Basic and diluted earnings per share attributable to shareholders of the Bank		<u>0.002</u>	<u>0.004</u>

**20. Cash and Cash Equivalents**  
The details of this item is as follows:

		March 31,	
		2019	2018
		JD	JD
Balances at central banks due within Three months		146,537,351	137,684,764
<u>Add:</u> Balances at banks and financial institutions due within Three months		81,522,345	49,105,578
<u>Less:</u> Banks and financial institutions deposits due within Three months		(24,009,380)	(52,956,021)
Total		<u>204,050,316</u>	<u>133,834,321</u>

**21. Information on the Banks' Business Segments**

**1. Information on the key business segments:**

The Bank is organized for managerial purposes, into four major sectors, which are measured according to reports used by the General Manager and key decision makers at the Bank, through the following major sectors:

- Individual accounts: includes following up on individual customers deposits, and granting them credit, credit cards and other services.
- Corporate accounts: includes following up on deposits, credit facilities, and banking services related to corporate customers.
- Treasury: This segment includes providing dealing services and managing the Banks' funds.
- Others: This segment includes the activities which doesn't meet the definition of the Banks' business segments mentioned above.



The following is information on the Bank's activities by activity:

	Individuals	Corporations	Treasury	Others	Total	
					For the Three Months Ended March 31,	
					2019	2018
	JD	JD	JD	JD	JD	JD
Gross income for the period	1,942,559	6,274,331	2,071,614	344,336	10,632,840	10,360,694
Less: Expected credit loss	654,560	(2,447,144)	(273,178)	-	(2,065,762)	(723,995)
Business Sector results	2,597,119	3,827,187	1,798,436	344,336	8,567,078	9,636,699
Less: Expenditure not distributed over sectors	(1,480,470)	(4,400,832)	(1,228,076)	(944,932)	(8,054,310)	(8,258,994)
Income before Income Tax for the Period	1,116,649	(573,645)	570,360	(600,596)	512,768	1,377,705
Less: Income tax for the period	-	-	-	(282,729)	(282,729)	(846,507)
Income for the Period	1,116,649	(573,645)	570,360	(883,325)	230,039	531,198
<u>Other Information</u>						
Capital Expenditures	-	-	-	-	738,179	799,056
Depreciation and Amortization	-	-	-	-	773,750	753,476
					March 31, 2019	December 31, 2018
					JD	JD
Total Assets	410,506,809	428,980,954	477,089,896	47,388,657	1,363,966,316	1,353,569,536
Total Liabilities	551,837,407	426,737,195	200,421,417	50,986,975	1,229,982,944	1,219,525,605

## 2. Information Related to Geographical Distribution

This table represent the geographical distribution of the Banks operations mainly in the Kingdom representing local operations. Moreover, the Bank conducts international operations through its branches in Palestine. Following is the allocation for revenues, assets and capital expenditures of the Bank based on the Geographical Distribution:

	Inside Kingdom		Outside Kingdom		Total	
	For the Three Months Ended March 31,		For the Three Months Ended March 31,		For the Three Months Ended March 31,	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Gross Income	9,002,523	10,035,357	1,630,317	325,337	10,632,840	10,360,694
Capital Expenditures	400,463	366,568	337,716	432,488	738,179	799,056
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Total Assets	1,200,229,189	1,167,255,511	163,737,127	186,314,025	1,363,966,316	1,353,569,536

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**22. Capital Management**

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions. The following is the capital adequacy ratio compared with the previous year according to Basel III:

	March 31, 2019 JD	December 31, 2018 JD
<b>Primary Capital Items:</b>		
Authorized and paid-up capital	120,000,000	120,000,000
Accumulated (Loss)	(984,457)	(1,214,496)
<b>Other comprehensive income items:</b>		
Fair value reserve – net	(2,343,831)	(2,053,184)
Statutory reserve	14,713,563	14,714,563
Cyclicality reserve	2,597,047	2,597,047
<b>Total primary capital before regulatory amendments</b>	<u>133,983,322</u>	<u>134,043,930</u>
<b>Less:</b>		
Intangible assets – net	(2,251,181)	(2,313,919)
Deferred tax assets	(13,656,949)	(13,867,924)
Deferred accepted provisions by Central Bank	(7,494,571)	(7,870,096)
<b>Total regulatory amendments</b>	<u>(23,402,701)</u>	<u>(24,051,939)</u>
<b>Net primary capital</b>	<u>110,580,621</u>	<u>109,991,991</u>
<b>Supplementary Capital Items:</b>		
Provision balance required against financial instrument in stage 1	8,449,049	9,887,533
<b>Total regulatory capital</b>	<u>119,029,670</u>	<u>119,879,524</u>
<b>Assets Weighted by Risk:</b>		
Credit risk	956,601,353	943,441,362
Market risk	7,815,053	6,410,146
Operational risk	88,975,817	88,975,817
<b>Net Assets Weighted by Risk</b>	<u>1,053,392,223</u>	<u>1,038,827,325</u>
Ratio of regulatory capital	<u>11.30%</u>	<u>11.54%</u>
Primary capital ratio	<u>10.50%</u>	<u>10.59%</u>

### 23. Transactions with related Parties

The Bank has entered into transactions with the members of the Board of Directors and related parties and the companies represented on the Board of Directors and senior management within the normal activities of the Bank and using Interest rates and trade commissions. All credit facilities granted to related parties are considered to be operational and no provision has been made at the date of the condensed interim financial statements.

The financial statements include the following balances and transactions with related parties:

	Board of Directors and related parties	Companies represent BOD	Employees	other	Total	
					March 31, 2019	December 31, 2018
<u>Items within the condensed interim statement of financial position:</u>	JD	JD	JD	JD	JD	JD
Deposits	14,956,987	1,200,660	728,941	158,358	17,044,946	13,845,772
Direct Credit Facilities	686,032	26,191,113	1,117,619	1,544,160	29,538,924	19,502,163
Cash Margin	1,000	7,317,123	-	10,555	7,328,678	7,328,678
<u>Off Statement of Financial Position Items:</u>						
Guarantees	10,000	562,933	-	425,050	997,983	529,948
Collection policies	-	24,132	-	-	24,132	-

	JD	JD	JD	JD	Total	
					For the Three Months Ending March 31,	
					2019	2018
<u>Condensed interim statement of income</u>	JD	JD	JD	JD	JD	JD
Interest and commissions income *	11,544	191,881	17,315	9,088	229,828	210,594
Interest and commissions expense **	123,748	21,231	3,206	-	148,185	336,567

\* Credit interest rates range from 4% to 12%

\*\* Debit interest rates range from 1% to 6/25%

### Executive Management Remunerations

Executive management salaries and remunerations for Bank amounted to JD 574,817 for the Three months ended March 31, 2019 (JD 856,455 for the three months ended March 31, 2018).



#### 24. Fair Value Hierarchy

##### A. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets / Financial Liabilities	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Important Intangible Inputs and Fair value Relationship
	March 31, 2019	December 31, 2018				
	JD	JD				
<b>Financial Assets at Fair Value through income statement</b>						
Quoted Companies shares	1,609,408	1,792,801	Level 1	Quoted prices in financial markets	N/A	N/A
<b>Total</b>	<u>1,609,408</u>	<u>1,792,801</u>				
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>						
Quoted Shares in active markets	7,836,172	8,215,901	Level 1	Quoted prices in financial markets based on the latest available financial information	N/A	N/A
Unquoted Shares in active markets	3,703,301	3,699,401	Level 2		N/A	N/A
<b>Total</b>	<u>11,539,473</u>	<u>11,915,302</u>				
<b>Total Financial Assets at Fair Value</b>	<u>13,148,881</u>	<u>13,708,103</u>				

There were no transfers between level 1 and level 2 during the year 2018 and the period ended March 31, 2019.

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**B. The fair value of the financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing basis):**

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the condensed interim financial statements of the Bank approximates their fair value because the Bank's management believes that the carrying value of the items is equivalent to their fair value. This is due to either maturity or short-term interest rates that have been repriced during the period.

	March 31, 2019		December 31, 2018		The level of
	Book value	Fair value	Book value	Fair value	Fair Value
	JD	JD	JD	JD	
<b>Financial Assets of Non-specified Fair Value</b>					
Balances at Central Bank	124,876,588	124,906,196	71,068,130	71,069,004	Level 2
Balances at Banks and financial institutions	81,362,704	81,641,845	61,995,613	62,745,712	Level 2
Loans and bills and others	725,828,860	729,821,553	727,873,818	731,538,244	Level 2
Financial assets at amortized cost	236,040,960	239,354,749	303,031,611	308,492,216	Level 1 & 2
<b>Total Financial Assets of Non-specified Fair Value</b>	<b><u>1,168,109,112</u></b>	<b><u>1,175,724,343</u></b>	<b><u>1,163,969,172</u></b>	<b><u>1,173,845,176</u></b>	
<b>Financial Liabilities of Non-specified Fair Value</b>					
Balances at Banks and financial institutions	106,712,051	110,003,850	117,304,754	120,673,733	Level 2
Customers' deposits	903,829,312	908,895,511	893,225,288	897,633,230	Level 2
Cash margin	74,639,636	75,311,317	84,417,327	85,339,328	Level 2
Borrowed funds	93,709,366	93,716,957	83,481,873	83,522,255	Level 2
<b>Total Financial Liabilities of Non-specified Fair Value</b>	<b><u>1,178,890,365</u></b>	<b><u>1,187,927,635</u></b>	<b><u>1,178,429,242</u></b>	<b><u>1,187,168,546</u></b>	

The fair value of the financial assets and liabilities for level 2 and level 3 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.

**25. Potential obligations and commitments and Contingent Liabilities**

At the date of the condensed interim financial statements, the Bank had Contingent Liabilities to arise as follows:

	March 31, 2019	December 31, 2018
	JD	JD
Letter of credit	28,398,918	30,416,261
Letter of acceptance	21,825,271	17,604,541
Letter of guarantee:		
Payments	19,693,571	22,488,576
Performance	59,939,208	58,827,263
Other	71,175,602	68,649,015
Unutilized direct credit facilities Ceiling	<u>77,298,628</u>	<u>75,767,165</u>
<b>Total</b>	<b><u>278,331,198</u></b>	<b><u>273,752,821</u></b>

**26. Lawsuits against the Bank**

The Bank is a defendant in lawsuits amounting to JD 21,361,901 as of March 31, 2019 (JD 10,033,504 as of December 31, 2018). In the opinion of the Bank's management and the legal advisor, no liabilities shall arise against the Bank exceeding the existing booked provision of JD 279,588 as of March 31, 2019 (JD 146,473 as of December 31, 2018).

**27. Comparative figures**

During the Three months ended March 31, 2019, management adjusted the comparative figures for the Three months ended March 31, 2018 to comply with the requirements of IAS (8). The adjustments on the statement of changes in equity for the three months ended March 31, 2019 stemmed from errors in the calculation and initial implementation of expected credit losses model used to determine the amount of expected credit losses provision needed for various receivables and financial instruments, which are subject to the requirements of International Financial Reporting Standard (9) and related deferred tax treatment.

The effect of the amendments made is as follows:

	March 31, 2018		
	Previously Announced Balance Before the Adjustments	Adjustments Effect	Restated Balance
	JD	JD	JD
<b><u>Shareholders' Equity</u></b>			
Accumulated loss	(3,037,084)	(1,807,460)	(4,844,544)