CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

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

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

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Review Report

AM/9489

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

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

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

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

Other Matters
The fiscal year of the Bank ends on December 31st of each year. However, the accompanying condensed consolidated interim financial statements have been prepared for management, Jordan Securities Commission and the Companies Control Department purposes only.

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

Deloitte & Touche

Amman - The Hashemite Kingdom of Jordan
October 30, 2018

Deloitte & Touche (M.E) - Jordan

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

	Note	September 30, 2018 (Reviewed not Audited)	December 31, 2017
		JD	JD
ASSETS			
Cash and balances at Central Banks	4	307,071,712	519,193,270
Balances at banks and financial institutions	5	158,491,004	153,418,551
Deposits at banks and financial institutions	6	86,448,124	94,494,903
Financial assets at fair value through profit or loss	7	7,396,521	22,275,220
Financial assets at fair value through other comprehensive incom	8	54,199,364	32,789,902
Direct credit facilities - net	9	1,603,755,769	1,537,936,749
Financial assets at amortized cost - net	10	563,722,658	325,364,198
Financial assets pledged as collateral		4,075,000	4,589,000
Property and equipment - net		42,927,310	41,393,821
Intangible assets - net		7,994,349	9,945,324
Deferred tax assets	14	8,373,399	5,743,006
Other assets	11	52,014,538	47,202,803
Total Assets		2,896,469,748	2,794,346,747
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Banks and financial institutions' deposits		421,929,564	447,289,678
Customers' deposits	12	1,856,045,822	1,749,864,846
Margin accounts		56,175,102	51,267,717
Loans and borrowings	13	141,732,869	114,906,448
Sundry provisions		16,317,164	17,168,406
Income tax provision	14	12,905,494	17,321,461
Deferred tax liabilities		850,749	770,068
Other liabilities	15	51,543,034	48,705,163
Total Liabilities		2,557,499,798	2,447,293,787
OWNERS' EQUITY			
BANK'S SHAREHOLDERS' EQUITY			
Paid-up capital		180,000,000	180,000,000
Statutory reserve		69,955,203	69,955,203
General banking risk reserve		5,231,800	16,597,081
Cyclical fluctuations reserve		7,756,997	7,756,997
Fair value reserve - net	16	(8,438,244)	(9,005,364)
Profit for the period		20,252,674	-
Retained Earnings	17	54,169,501	71,279,760
Total Bank's Owners' Equity		328,927,931	336,583,677
Non-controlling interests		10,042,019	10,469,283
Total Owners' Equity		338,969,950	347,052,960
Total Liabilities and Owners' Equity		2,896,469,748	2,794,346,747

Chairman of the Board of Directors General Manager

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

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

	Note	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
		2018	2017	2018	2017
		JD	JD	JD	JD
Interest income	18	41,586,509	38,730,596	121,787,935	102,692,550
Interest expense	19	16,820,780	14,252,247	49,267,065	33,742,991
Net interest income		**24,765,729**	**24,478,349**	**72,520,870**	**68,949,559**
Net commission income		4,489,884	4,949,559	14,411,087	14,984,682
Net interest and commission income		**29,255,613**	**29,427,908**	**86,931,957**	**83,934,241**
Gain from foreign currencies		1,184,727	982,119	3,673,338	2,664,858
(Loss) gain from financial assets at fair value through profit or loss	20	(396,718)	(462,954)	(228,687)	312,052
Dividends from financial assets at fair value through comprehensive income	8	-	444	2,734,178	1,110,896
Other income		1,782,324	2,262,802	5,626,707	6,044,671
Gross profit		**31,825,946**	**32,210,319**	**98,737,493**	**94,066,718**
Employees' expenses		10,235,146	10,025,669	31,229,355	30,091,830
Depreciation and amortization		2,445,739	2,326,693	7,213,304	6,737,178
Other expenses		7,770,895	7,630,707	22,361,507	21,776,884
Provision for expected credit losses	21	2,215,166	1,627,890	5,517,794	3,517,380
Sundry provisions		(103,702)	757,882	1,707,874	2,619,468
Total expenses		**22,563,244**	**22,368,841**	**68,029,834**	**64,742,740**
Profit for the period before tax		**9,262,702**	**9,841,478**	**30,707,659**	**29,323,978**
Accrued income tax on the current period profit	14	(2,683,952)	(3,157,935)	(9,730,357)	(8,694,541)
Profit for the period		**6,578,750**	**6,683,543**	**20,977,302**	**20,629,437**
Attributable to:					
Shareholders' Equity		6,670,199	6,763,183	21,298,150	20,906,154
Non-controlling interests		(91,449)	(79,640)	(320,848)	(276,717)
Profit for the period		**6,578,750**	**6,683,543**	**20,977,302**	**20,629,437**
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share from the profit for the period (Bank's Shareholders)	22	**0/037**	**0/038**	**0/118**	**0/116**

Chairman of the Board of Directors — General Manager

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

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

	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Profit for the period	6,578,750	6,683,543	20,977,302	20,629,437
Comprehensive income items:				
Items which will not be transferred in the condensed consolidated interim statement of income in subsequent periods:				
Change in fair value reserve - net after tax	1,162,599	(83,647)	573,620	570,746
Total comprehensive income for the period	7,741,349	6,599,896	21,550,922	21,200,183
Total comprehensive income for the period attributable to:				
Bank's Shareholders	7,832,798	6,679,536	21,871,770	21,476,900
Non-controlling interests	(91,449)	(79,640)	(320,848)	(276,717)
Total comprehensive income for the period	7,741,349	6,599,896	21,550,922	21,200,183

Chairman of the Board of Directors — General Manager

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

		Reserves								
	Paid-up Capital	Statutory	General Banking Risk*	Cyclical Fluctuations	Fair Value - Net	Retained Earnings	Profit for the Period	Total Bank's Shareholders' Equity	Non-Controlling Interests	Total Shareholders' Equity
September 30, 2018	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018	180,000,000	69,955,203	16,597,081	7,756,997	(9,005,364)	71,279,760	-	336,583,677	10,469,283	347,052,960
The effect of the application of IFRS 9 reclassification	-	-	-	-	-	182,767	-	182,767	-	182,767
The effect of the application of IFRS 9	-	-	-	-	-	(8,107,333)	-	(8,107,333)	(106,416)	(8,213,749)
Transfers from/to reserves			(1,746,657)	-	-	1,746,657	-	-	-	-
Modified balance as of January 1, 2018	180,000,000	69,955,203	14,850,424	7,756,997	(9,005,364)	65,101,851	-	328,659,111	10,362,867	339,021,978
Total comprehensive income for the period	-	-	-	-	573,620	-	21,298,150	21,871,770	(320,848)	21,550,922
Transfers from/to reserves	-	-	(9,618,624)	-	-	10,664,100	(1,045,476)	-	-	-
Capital increase expenses	-	-	-	-	-	(2,950)	-	(2,950)	-	(2,950)
Gain from sale of financial assets at fair value through comprehensive income	-	-	-	-	(6,500)	6,500	-	-	-	-
Cash dividends distributed **	-	-	-	-	-	(21,600,000)	-	(21,600,000)	-	(21,600,000)
Balance as of September 30, 2018	180,000,000	69,955,203	5,231,800	7,756,997	(8,438,244)	54,169,501	20,252,674	328,927,931	10,042,019	338,969,950
September 30, 2017										
Balance as of January 1, 2017	180,000,000	65,836,075	13,982,002	6,816,916	(10,347,484)	70,184,530	-	326,472,039	10,837,973	337,310,012
Total comprehensive income for the period	-	-	-	-	570,746	-	20,906,154	21,476,900	(276,717)	21,200,183
Transfers from/to reserves	-	-	1,621,759	-	-	-	(1,621,759)	-	-	-
Capital increase expenses	-	-	-	-	-	(20,085)	-	(20,085)	-	(20,085)
Gain from sale of financial assets at fair value through comprehensive income	-	-	-	-	(50,307)	50,307	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(21,600,000)	-	(21,600,000)	-	(21,600,000)
Balance as of September 30, 2017	180,000,000	65,836,075	15,603,761	6,816,916	(9,827,045)	48,614,752	19,284,395	326,328,854	10,561,256	336,890,110

* The general banking risk reserve and revaluation reserve of financial assets are restricted from use without a prior approval from the Central Bank of Jordan.
** As per the ordinary General Assembly Meeting held on April 24, 2018, it was decided to distribute 12% of the Bank's capital in cash to the shareholders, equivalent to JD 21,600,000 (against 12% of the Bank's capital in cash to shareholders, equivalent to JD 21,600,000 that was decided in the ordinary General Assembly meeting held on April 27, 2017).

- The retained earnings balance as of June 30, 2018 includes a restricted amount of JD 14,418,475 which resulted from the effect of the early implementation of IFRS (9).
- The retained earnings include deferred tax assets amounting to JD 8,373,399 and are restricted from use in accordance with the instructions of the Central Bank of Jordan.
- The negative balance for the assets at fair value through comprehensive income amounting to JD (8,438,244) is restricted from use in accordance with the Central Bank of Jordan and the Securities Commission instructions.
- The remaining balance of the general banking risk reserve in the retained earnings amounting to JD (993,097) is restricted from use in accordance with the instructions of the Central Bank of Jordan.

Chairman of the Board of Directors

General Manager

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

	Note	For the Nine-Month Period Ended September 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the period before tax		30,707,659	29,323,978
Depreciation and amortization		7,213,304	6,737,178
Provision for expected credit losses		5,517,794	3,517,380
Sundry provisions		1,707,874	2,619,468
Loss from financial assets at fair value through profit or loss		599,516	1,581,949
(Gain) Loss from sale of property and equipment		(14,186)	5,521
(Gain) from sale of repossessed assets		(5,520)	(98,289)
Effect of exchange rate changes on cash and cash equivalents		(3,528,661)	(2,522,520)
Net cash flows from operating activities before changes in assets and liabilities		**42,197,780**	**41,164,665**
(Increase) in restricted balances at Central Banks		(1,276,200)	-
Decrease in deposits at banks and financial institutions		7,866,591	2,784,438
(Increase) in financial assets at fair value through profit or loss		(4,239,355)	(982,369)
(Increase) in direct credit facilities		(80,338,790)	(124,202,212)
(Increase) in other assets		(4,806,215)	(3,045,673)
Increase in banks and financial institutions' deposits (maturing after three months)		9,592,529	78,197,394
Increase in customers' deposits		106,180,976	183,711,380
Increase (Decrease) in margin accounts		4,907,385	(29,968,405)
Increase in other liabilities		1,258,836	5,530,241
Paid sundry provisions		(2,559,116)	(708,605)
Net cash flows from operating activities before income tax		**78,784,421**	**152,480,854**
Paid Income Tax	14	(14,412,380)	(16,477,473)
Net cash Flows from operating activities		**64,372,041**	**136,003,381**
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of financial assets at fair value through Comprehensive Income		(1,299,469)	(355,050)
Sale of financial assets at fair value through Comprehensive Income		191,603	592,879
(Purchase) of financial assets at amortized cost		(324,566,222)	(99,814,489)
Proceeds from maturity of financial assets at amortized cost		86,014,471	128,947,358
(Purchase) of property and equipment		(6,272,011)	(3,653,481)
Sale of property and equipment - net		64,012	5,342
(Purchase) of intangible assets		(573,633)	(2,325,579)
Net cash flows (used in) from investing activities		**(246,441,249)**	**23,396,980**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends to shareholders		(21,600,000)	(21,600,000)
Increase in loans and borrowings		33,242,148	34,822,785
Repayment of loans and borrowings		(6,415,727)	(16,304,217)
Capital increase expenses		(2,950)	(20,085)
Net cash flows from (used in) financing activities		**5,223,471**	**(3,101,517)**
Effect of exchange rate changes on cash and cash equivalents		3,528,661	2,522,520
Net (decrease) increase in cash and cash equivalents		**(173,317,076)**	**158,821,364**
Cash and cash equivalents, beginning of the period		304,370,814	227,972,605
Cash and Cash Equivalents, End of the Period	23	**131,053,738**	**386,793,969**

Chairman of the Board of Directors　　　　General Manager

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

1. General

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

- The Bank provides its banking and financial services through its head office located in Amman and its 88 branches located in Jordan, 21 branches in Palestine, one in Bahrain and through its subsidiaries.

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

- The condensed consolidated interim financial statements were approved by the Bank's Board of Directors on October 30, 2018.

2. Significant Accounting Policies

Basis of Preparation

- The condensed consolidated interim financial statements for the Bank as of September 30, 2018 have been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting).

- The condensed consolidated interim financial statements are prepared on a historical cost basis except for financial assets and liabilities which are stated at fair value as of the date of the condensed consolidated interim financial statements.

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

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

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

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

Annual Improvements to IFRSs issued during the years 2014 – 2016
The improvements include amendments on IFRS 1, IFRS 2 and IFRIC 22 "Foreign Currency Transactions and Advanced considerations:

The interpretation addresses foreign currency transactions or parts of these transactions where:
- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises prepayment assets or deferred income liabilities in respect of that consideration, in advance of the recognition of the related assets, revenues or related expenses; and
- the prepayment assets or deferred income liabilities are non-monetary.

Amendments to IFRS 2 *Share Based Payment*
The amendments relate to the classification and measurement of share based payment transactions.

Amendments to IFRS 4 *Insurance Contracts*
The amendments relate to the difference between the effective dates of IFRS 9 and the forthcoming new insurance contracts standard.

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

A change of use occurs if property meets, or doesnt meet, the definition of investment in property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

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

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

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

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

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

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

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

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

IFRS 9 *Financial Instruments* (Amended copies for the years 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets.

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

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. And a new version of the new standard includes the following requirements:

Classification and measurement:
Financial assets are classified by business model and the contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a new classification for certain debt instruments, in which it can be classified within 'financial assets at fair value through other comprehensive income' category. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applied to the measurement of an entity's own credit risk.

Impairment:
The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary to increase the credit risks before a credit loss is recognized.

Hedge accounting:
The 2014 version of IFRS 9 Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when exposed to financial and non-financial hedging risks.

Derecognition:
The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Bank has adopted IFRS 9 (Stage 1) issued in the year 2009, which is related to the classification and measurement of financial assets since the beginning of year 2010. The bank has adopted the final version of IFRS 9 effective January 1, 2018 retrospectively and in line with the standard requirements. The Bank did not adjust the comparative figures, and has recognized the cumulative effect of the adoption which amounts to JD 8,107,333 net after tax as an adjustment on the opening balance of retained earnings and an amount of JD 106,416 as an adjustment on the opening balance of Non-controlling interest as of January 1, 2018 as the following:

Item	Balance as of December 31, 2017	Reclassified Amount (Reclassification)	Impact of reclassifying	Expected Credit Loss (ECL) *	Balance as of January 1, 2018 after the Implementation
	JD	JD	JD	JD	JD
Cash and balances at Central Banks	519,193,270	-	-	(1,094)	519,192,176
Balances at banks and financial institutions	153,418,551	-	-	(60,823)	153,357,728
Deposits at banks and financial institutions	94,494,903	-	-	(333,940)	94,160,963
Financial assets at fair value through profit or loss	22,275,220	(19,694,000)	1,456,641	-	4,037,861
Financial assets at fair value through comprehensive income	32,789,902	(1,456,641)	19,694,000	-	51,027,261
Direct credit facilities	1,537,936,749	-	-	(8,826,805)	1,529,109,944
Financial assets at amortized cost	329,953,198	-	-	(745,183)	329,208,015
Financial guarantees**	51,150,670	-	-	(386,174)	50,764,496
Unutilized ceilings**	116,648,187	-	-	(1,082,415)	115,565,772
Letters of credit**	50,810,439	-	-	(87,643)	50,722,796

* The expected credit loss of the item is calculated after the classification process.

** The balance of provision for expected credit losses relating to financial guarantees, utilized ceilings and letters of credit off-balance sheet items is shown under other liabilities.

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

	Provision balance as of December 31, 2017	Expected credit loss	Provision balance as of January 1, 2018
	JD	JD	JD
Balances at Central Banks	-	1,094	1,094
Balances at banks and financial institutions	-	60,823	60,823
Deposits at banks and financial institutions	-	333,940	333,940
Direct credit facilities	48,663,030	8,826,805	57,489,835
Financial assets at amortized cost	-	745,183	745,183
Financial guarantees	-	386,174	386,174
Unutilized ceilings	-	1,082,415	1,082,415
Letters of credits	-	87,643	87,643

The balances of expected credit loss provision as of September 30, 2018:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balances at Central Banks	1,876	-	-	1,876
Balances and deposits at banks and financial institutions	233,898	-	-	233,898
Direct credit facilities	6,790,659	2,296,986	53,872,335	62,959,980
Financial assets at amortized cost	707,291	-	-	707,291
Indirect credit facilities	496,560	974,053	108,422	1,579,035

BASIS OF CONSOLIDATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

- The condensed consolidated interim financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries' financial and operation policies and is exposed, to variable returns from its involvement with the subsidiaries. All balances, transactions, revenues and expenses between the Bank and subsidiaries are eliminated.

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

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

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

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

	Al-Watanieh Financial Services Company		Al-Watanieh Securities Company	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
	JD	JD	JD	JD
Total Assets	16,268,206	20,313,871	1,989,919	2,201,694
Total Liabilities	8,212,474	8,550,254	561,058	658,407
Net Assets	8,055,732	11,763,617	1,428,861	1,543,287

	For the Period Ended September 30,		For the Period Ended September 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Total Revenues	991,519	1,430,211	104,583	111,756
Total Expenses	505,336	505,645	216,735	253,205

	Tamallak For Financial Leasing Company		Safa Bank	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
	JD	JD	JD	JD
Total Assets	32,970,298	28,550,854	106,293,400	90,455,081
Total Liabilities	27,109,770	22,917,924	58,445,754	40,571,632
Net Assets	5,860,528	5,632,930	47,847,646	49,883,449

	For the Period Ended September 30,		For the Period Ended September 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Total Revenues	1,056,598	1,057,146	2,066,749	1,123,727
Total Expenses	553,945	594,669	3,595,505	2,442,211

* Thimmar Company for Investment Services is 90% owned by the subsidiary Al-Watanieh Securities Company and 10% by the Bank.

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

- Non-controlling interest represents the portion that is not owned by the Bank in the Owners' equity in the subsidiary company.

3. USE OF ESTIMATES

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

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

Changes in Accounting Policies and Significant Estimates and Judgements

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

Classification of financial assets and financial liabilities

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

Impairment of financial assets

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

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

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

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

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

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

Key changes to the Significant Estimates and Judgements
Financial asset and liability classification
Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial instruments
Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

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

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

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

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

Generating the term structure of Probability of Default (PD)

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

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

i. Credit risk measurement

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

ii. Credit risk grading

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

iii. Credit quality assessments

Pursuant to the adoption of IFRS 9, the Bank has mapped its internal credit rating scale to an approved rating scale as of September 30, 2018.

4. Cash And Balances at Central Banks

- The cash reserve amounted to JD 99,618,153 as of September 30, 2018 (against JD 93,057,652 as of December 31, 2017).

- Apart from the cash reserve, the restricted cash balances amounted to JD 10,635,000 as of September 30, 2018 (against JD 9,358,800 as of December 31, 2017).

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

- All balances with central banks are classified in the first stage, in accordance with the requirements of IFRS 9, and there are no transfers between the first, second and third phases or non-performing balances during the nine months period ended September 30,2018.

- The expected credit loss for balances with central banks amounted to JD 1,876 as of September 30, 2018. The total provision for the first stage is individual.

5. Balances At Banks And Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	1,116,788	864,923	26,820,915	17,570,330	27,937,703	18,435,253
Deposits that mature within 3 months or less	15,569,159	69,887,100	115,037,852	65,096,198	130,607,011	134,983,298
Less: Expected credit loss provision	-	-	(53,710)	-	(53,710)	-
	16,685,947	70,752,023	141,805,057	82,666,528	158,491,004	153,418,551

- Non-interest bearing balances at banks and financial institutions amounted to JD 27,937,703 as of September 30, 2018 (against JD 18,435,253 as of December 31, 2017).

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

- The movement in the provision for expected credit loss for the balance at banks and financial institutions during the nine-month period ended September 30, 2018 is as follows:

Balance at the beginning of the period	-
Effect of application of IFRS 9 net after tax - Note (2)	60,823
Balance adjusted after the application of the Standard	60,823
Expected credit loss provision during the period	(7,113)
Transferred from general provision	-
Total Balance at End of Period	**53,710**

6. Deposits At Banks And Financial Institutions

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Deposits maturing within:		
More than 3 to 6 months	1,541,807	3,545,000
More than 6 to 9 months	-	34,438,353
More than 9 to 12 months	23,633,405	56,511,550
More than 1 year	61,453,100	-
Less: Expected credit loss provision	(180,188)	-
Total	**86,448,124**	**94,494,903**

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

- Deposits balances at banks and financial institutions amounted to JD 86,448,124 classified as part of the first phase as of September 30, 2018. There are also no transfers between the first, second and third phases or non-existent balances during the nine-month period ended September 30, 2018.

- The movement in the provision for expected credit loss for deposits at banks and financial institutions during the nine-month period ended September 30, 2018:

Balance at the beginning of the period	-
Effect of application of IFRS 9 net after tax - Note (2)	333,490
Balance adjusted after the application of the Standard	333,490
Expected credit loss provision during the period	(153,752)
Transferred from general provision	-
Total Balance at End of Period	**180,188**

7. Financial Assets at fair Value Through Profit or Loss

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Corporate shares	7,396,521	22,275,220
Total	7,396,521	22,275,220

8. Financial Assets at Fair Value Through Comprehensive Income

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Quoted Investments		
Quoted shares	49,516,923	30,356,340
Total quoted investments	49,516,923	30,356,340
Unquoted Investments		
Unquoted Equities *	4,682,441	2,433,562
Total unquoted investments	4,682,441	2,433,562
Financial assets at fair value through comprehensive income	54,199,364	32,789,902

- Cash dividends distributed on investments amounted to JD 2,734,178 for the period ended September 30, 2018 (against JD 1,110,896 for the period ended September 30, 2017).

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

9. Direct Credit Facilities - Net

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Consumer lending (Retail)		
Overdrafts	7,808,928	12,661,333
Loans and bills *	659,745,863	666,823,702
Credit cards	15,305,697	12,105,757
Other	6,417,920	6,414,174
Residential mortgages	209,410,833	199,491,240
Corporate lending		
Overdrafts	88,388,935	91,650,622
Loans and bills *	345,122,890	275,333,324
Small and Medium Enterprises:		
Overdrafts	23,346,184	18,052,190
Loans and bills *	113,297,722	86,526,533
Government and Public Sector	208,480,118	228,071,091
Total	1,677,325,090	1,597,129,966
Less: Suspended interest	(10,609,341)	(10,530,187)
Less: Expected credit loss provision	(62,959,980)	(48,663,030)
Net Direct Credit Facilities	1,603,755,769	1,537,936,749

* Net after deducting interest and commission received in advance in the amount of JD 3,971,091 as of September 30, 2018 (JD 5,120,656 as of December 31, 2017).

- As of September 30, 2018, non-performing credit facilities amounted to JD 82,217,006 representing 4.90% of gross direct credit facilities granted (JD 71,150,725 representing 4.45% of gross credit facilities granted as of December 31, 2017).

- As of September 30, 2018, non-performing credit facilities after deducting suspended interest amounted to JD 71,752,685 representing 4.31% of gross credit facilities granted after deducting the suspended interest (JD 60,662,281 representing 3.82% of the balance as of December 31, 2017).

- As of September 30, 2018, credit facilities granted to the Government of Jordan amounted to JD 79,193,136 representing 4.72% of gross credit facilities granted (JD 90,637,784 representing 5.68% as of December 31, 2017).

- As of September 30, 2018 credit facilities granted to the public sector in Palestine amounted to JD 51,299,846 representing 3.06% of gross credit facilities granted (JD 63,669,699 representing 3.99% as of December 31, 2017).

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

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	1,384,924,285	145,504,283	66,701,398	1,597,129,966
New facilities during the period	298,895,948	33,381,109	4,119,881	336,396,938
Settled facilities	(228,783,075)	(21,715,219)	(5,648,853)	(256,147,148)
Transferred to stage (1)	93,644,906	(87,818,295)	(5,826,611)	-
Transferred to stage (2)	(46,188,602)	52,115,698	(5,927,096)	-
Transferred to stage (3)	(24,822,294)	(7,036,204)	31,858,498	-
Total impact on exposure volume as a result of reclassification between stages	22,634,000	(42,738,801)	20,104,791	-
Changes resulting from modifications	-	-	-	-
Written-off facilities	-	-	(54,666)	(54,666)
Amendments due to change in exchange rates	-	-	-	-
Balance at the End of the Period	1,500,305,178	71,692,571	105,327,341	1,677,325,090

The movement on the provision for expected credit loss during the period is as follows:

	Large Corporates	Medium and small corporates	Consumer	Residential mortgages	Government and public sector	Total
For the Nine-month Period Ended September 30, 2018	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	4,494,253	4,042,251	45,035,857	3,424,415	493,059	57,489,835
Impairment loss on new facilities during the year	2,177,037	3,224,370	5,693,472	1,252,872	1,448,620	13,796,371
Recalled from impairment loss on settled facilities	(1,039,191)	(1,923,478)	(3,679,737)	(610,360)	(445,212)	(7,697,978)
Transferred to Stage 1	438,503	823,719	144,482	248,742	438,738	2,094,184
Transferred to Stage 2	(140,300)	192,953	(121,639)	(193,054)	(438,738)	(700,778)
Transferred to Stage 3	(298,203)	(1,016,672)	(22,843)	(55,688)	-	(1,393,406)
Impact on the provision as a result of the reclassification between the three stages during the period	-	-	-	-	-	-
Changes resulting from amendments	(296,877)	(59,128)	(27,866)	(21,659)	103	(405,427)
Written-off facilities	-	-	(54,666)	-	-	(54,666)
Amendments resulting from changes in exchange rates	-	-	(168,155)	-	-	(168,155)
Balance at the End of the Period	5,335,222	5,284,015	46,798,905	4,045,268	1,496,570	62,959,980

Suspended interest:
The movement on interest in suspense is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Public sector	Total
September 30, 2018	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,654,161	170,515	7,421,145	1,284,366	-	10,530,187
Add: Suspended interest during the period	452,320	83,303	39,420	7,314	134,388	716,745
Less: Interest transferred to revenues	(56,486)	(2,000)	(359,669)	(150,339)	-	(568,494)
Suspended interest written-off	(13,061)	-	(55,600)	(436)	-	(69,097)
Balance at the End of Period	2,036,934	251,818	7,045,296	1,140,905	134,388	10,609,341
December 31, 2017						
Balance at the beginning of the year	1,413,098	101,012	7,332,991	1,947,824	-	10,794,925
Add: Suspended interest during the year	423,668	84,572	826,170	(60,507)	-	1,273,903
Less: Interest transferred to revenues	(166,515)	(15,069)	(137,292)	(582,606)	-	(901,482)
Suspended interest written off	(16,090)	-	(600,724)	(20,345)	-	(637,159)
Balance at the End of the Year	1,654,161	170,515	7,421,145	1,284,366	-	10,530,187

10. Financial Assets of Amortized Cost – Net

This item consists of the following:

	September 30, 2018	December 31, 2017
Quoted Investments	JD	JD
Foreign government treasury bills and bonds	4,436,704	3,921,210
Corporate debt securities and bonds	17,410,772	17,272,992
Total quoted investments	21,847,476	21,194,202
Unquoted Investments		
Local treasury bills	59,051,869	59,869,256
Government treasury bonds	426,294,707	213,360,406
Governmental debt securities	2,952,297	656,734
Corporate debt securities and bonds	54,283,600	30,283,600
Total unquoted investments	542,582,473	304,169,996
	564,429,949	325,364,198
Less: Expected credit loss provision	(707,291)	-
Total financial assets at amortized cost	563,722,658	325,364,198
Fixed rate	563,722,658	325,364,198
Floating rate	-	-
Total	563,722,658	325,364,198

Bond Analysis IFRS 9 Financial Instruments

First stage	563,722,658	325,364,198
Total	563,722,658	325,364,198

The movement on the provision for expected credit loss during the period is as follows:

Balance at the beginning of the period	-
Effect of application of IFRS 9 net after tax - Note (2)	745,183
Balance adjusted after the application of the Standard	745,183
Expected credit loss provision during the period	(37,892)
Transferred from the general provision	-
Total Balance at End of Period	**707,291**

11. Other Assets

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Accrued revenues	12,346,073	10,583,723
Prepaid expenses	9,310,582	7,478,829
Assets acquired by the Bank to meet outstanding debts - net *	13,578,911	12,818,968
Accounts receivable - net	725,584	2,517,324
Clearing checks	11,783,562	10,662,124
Settlement Guarantee Fund	30,000	25,000
Refundable deposits	570,595	570,201
Deposit at Visa International	1,999,401	1,999,401
Others	1,669,830	547,233
Total	52,014,538	47,202,803

- The movement on the assets acquired by the Bank to meet outstanding debts is as follows:

	Repossessed Assets	
	For the Nine-Month Period Ended September 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period/year	14,872,868	14,903,284
Additions	1,538,424	575,601
Disposals	(1,146,480)	(606,017)
Total	15,264,812	14,872,868
Impairment of repossessed assets	(495,909)	(861,619)
Impairment of repossessed assets as per CBJ requirements	(1,189,992)	(1,192,281)
Total	**13,578,911**	**12,818,968**

- The movement on losses of assets acquired by the Bank to meet outstanding debts:

	Repossessed Assets	
	For the Nine-Month Period Ended September 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period/year	2,053,900	3,053,900
Refunded provision during the period/year	-	(1,000,000)
Real estates sold during the period/year	(367,999)	-
Balance at the End of the Period/Year	1,685,901	2,053,900

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

12. Customers' Deposits

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Current and demand accounts	472,171,926	446,650,922
Saving accounts	474,939,417	464,588,997
Time and notice deposits	908,910,373	838,554,027
Certificates of Deposit	24,106	70,900
Total	1,856,045,822	1,749,864,846

- Jordanian Government and Public Sector's deposits amounted to JD 285,979,815 as of September 30, 2018 representing 15.41% of gross deposits (JD 244,216,056 as of December 31, 2017 representing 13.96%).

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

- Non-interest bearing deposits amounted to JD 412,520,778 as of September 30, 2018 representing 22.22% of gross deposits (JD 641,654,320 as of December 31, 2017 representing 36.67%).

13. LOANS AND BORROWINGS

This item consists of the following:

		No. of Instalments					
	Amount	Total	Outstanding	Payable Every	Maturity Date	Collaterals	Interest Rate
	JD						
September 30, 2018 (not audited)							
Amounts borrowed from Overseas Private Investment Corporation (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	2,481,500	20	14	Semi – annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan *	8,550,000	10	8	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan **	31,832,042	189	189	At maturity /per loan	2018-2026	Treasury Bills	1%-2.5%
Amounts borrowed from Central Bank of Jordan *	2,064,084	14	12	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	5,057,142	7	4	Semi- annually	2021	None	4.8%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,038,571	7	3	Semi- annually	2020	None	3.25%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	14,180,000	7	7	Semi- annually	2025	None	5.25%
Amounts borrowed from Central Bank of Jordan *	4,100,000	20	20	Semi- annually	2031	None	2.39%
Jordan Loan Guarantee Corporation ***	30,000,000	1	1	At maturity	2019	None	4.4%
Jordan Loan Guarantee Corporation ***	5,000,000	1	1	At maturity	2020	None	5.75%
Amounts borrowed from Central Bank of Jordan	1,434,528	34	34	Semi- annually	2039	None	3%
Jordan Loan Guarantee Corporation ***	10,000,000	1	1	At maturity	2020	None	5.90%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	3,545,000	7	7	Semi- annually	2023	None	4.343%
Bank Al-Etihad	2,000,000	6	6	Quarterly	2021	None	6%
Societe Generale Banque de Jordanie	777,778	45	35	Monthly	2021	None	6.75%
Bank Al-Etihad	1,000,000	8	8	Quarterly	2022	None	6%
Amounts borrowed from Financial Markets International (FMI)	1,074,224	1	1	-	None	None	-
	141,732,869						

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

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

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

*** Housing loans refinanced from the borrowed funds of the Jordan Loan Guarantee Corporation amounted to JD 32,788,841 as of September 30, 2018 with an average interest rate of 7.1%.

14. Income Tax Provision

A. Income Tax provision

The movement on the income tax provision is as follows:

	September 30, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the period/year	17,321,461	20,892,898
Income tax paid	(14,412,380)	(16,468,215)
Income tax payable	9,996,413	12,896,778
Balance at the End of the Period/Year	12,905,494	17,321,461

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

	For the Nine-Month Period Ended September 30,	
	2018	2017
	JD	JD
Income tax for the period	9,996,413	9,243,057
Deferred tax assets	(266,056)	168,145
Amortization of deferred tax liabilities	-	(716,661)
Accrued income tax on the current period profit	9,730,357	8,694,541

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

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

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

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

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

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

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

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

	For the Nine-Month Period Ended September 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period/year	5,743,006	6,270,359
Effect of application of IFRS 9 related to the impairment	3,310,327	-
Adjusted balance	9,053,333	6,270,359
Additions during the period/year	1,069,445	1,157,240
Disposals during the period/year	(1,749,379)	(1,684,593)
Balance at the End of the Period/Year	**8,373,399**	**5,743,006**

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

15. Other Liabilities

This item consists of the following:

	September 30, 2018	December 31, 2017
	JD	JD
Accrued interest expense	10,644,047	8,544,624
Unearned Revenue	407,741	461,644
Accounts payable	5,843,366	5,989,197
Accrued expenses	10,293,751	9,551,022
Temporary deposits	14,535,207	15,480,984
Checks and withdrawals	5,186,758	5,358,022
Others	3,053,129	3,319,670
Add: Expected credit loss provision	1,579,035	-
	51,543,034	48,705,163

The movement on the expected credit loss for the indirect credit facilities during the period/year is as follows:

Balance at the beginning of the period	-
Effect of application of IFRS 9 net after tax - Note (2)	1,556,232
Balance adjusted after the application of the Standard	1,556,232
Expected credit loss during the period	22,803
Transferred from the general provision	-
Total Balance at End of Period	**1,579,035**

16. Fair Value Reserve - Net

The movement on this item is as follows:

	September 30, 2018	December 31, 2017
	JD	JD
Beginning balance of the period/year	(9,005,364)	(10,347,484)
Unrealized gain	1,498,378	1,612,246
(Gain) from sale of financial assets at fair value through comprehensive income transferred to retained earnings	(6,500)	(53,133)
Deferred tax assets	(942,490)	(532,294)
Deferred tax liabilities	17,732	315,301
Ending Balance of the Period/Year	(8,438,244)	(9,005,364)

17. Retained Earnings

This item consists of the following:

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

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

- The retained earnings include deferred tax assets amounting to JD 8,373,399 as of September 30, 2018 against JD 5,743,006 as of December 31, 2017 and in accordance with the instructions of the Central Bank of Jordan, they are restricted from use.

- The amount of JD 8,438,244 represents the negative fair value reserve through other comprehensive income and in accordance with the Central Bank of Jordan and the Securities Commission instructions.

- The balance of the general bank risk reserve in the amount of JD 993,097 which is transferred to the retained earnings is restricted from use in accordance with the instructions of the Central Bank of Jordan.

18. Interest Income

This item consists of the following:

	For the Nine-Month Period Ended September 30,	
	2018	2017
	JD	JD
Direct credit facilities:		
Overdrafts	14,326,642	11,516,246
Loans and bills	82,814,263	73,156,238
Credit cards	2,116,589	1,792,068
Margin of brokerage accounts	201,227	195,204
Balances at Central Banks	3,561,822	4,920,543
Balances and deposits at banks and financial institutions	4,676,151	3,459,812
Financial assets at amortized cost	14,091,241	7,652,439
	121,787,935	102,692,550

19. Interest Expense

This item consists of the following:

	For the Nine-Month Period Ended September 30,	
	2018	2017
	JD	JD
Banks and financial institutions deposits	8,065,671	4,957,605
Customers' deposits:		
Current accounts and demand deposits	2,036,169	1,061,502
Saving accounts	3,144,480	2,429,914
Time and notice deposits	27,711,891	19,403,937
Certificates of deposit	548	1,408
Cash insurance	507,180	634,210
Loans and borrowings	4,816,342	2,695,618
Deposits guarantee fees	2,984,784	2,558,797
Total	49,267,065	33,742,991

20. (Loss) Gain From Financial Assets at Fair Value Through Profit or Loss

This item consists of the following:

	Realized (Loss)	Unrealized (Loss)	Dividends	Total
September 30, 2018	JD	JD	JD	JD
Corporate Shares	10,916	(599,516)	359,913	(228,687)
Total	10,916	(599,516)	359,913	(228,687)
September 30, 2017				
Corporate Shares	21,967	(1,579,845)	1,867,930	310,052
Bonds	4,104	-	-	4,104
Investment funds	-	(2,104)	-	(2,104)
Total	26,071	(1,581,949)	1,867,930	312,052

21. EXPECTED CREDIT LOSSES PROVISION

This item consists of the following:

	For the Nine-Month Period Ended September 30	
	2018	2017
	JD	
Balances at Central Banks	782	-
Balances and deposits at Banks and financial institutions	(160,865)	-
Financial assets at amortized cost	(37,892)	-
Direct credit facilities	5,692,966	3,517,380
Contingent liability	22,803	-
	5,517,794	3,517,380

22. BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD (BANK'S SHAREHOLDERS)

This item consists of the following:

	For the Three-Month Period Ended September 30,		For the NINE-Month Period Ended September 30,	
	2018	2017	2018	2017
	JD	JD	JD	JD
Profit for the period attributable to shareholders (JD)	6,670,199	6,763,183	21,298,150	20,906,154
Weighted average number of shares (share)	180,000,000	180,000,000	180,000,000	180,000,000
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period – (Bank's Shareholders)	0/037	0/038	0/118	0/116

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

23. CASH AND CASH EQUIVALENTS

This item consists of the following:

	September 30, 2018	September 30, 2017
	JD	JD
Cash and balances at Central Banks maturing within three months	307,073,588	636,419,835
Add: Balances at banks and financial institutions maturing within three months	158,544,714	155,079,468
Less: Banks and financial institutions' deposits maturing within three months	(323,929,564)	(396,480,934)
Restricted balances	(10,635,000)	(8,224,400)
Total	131,053,738	386,793,969

24. Related Parties Transactions

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

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

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

	Related Parties			Total	
	Board of Directors and Relatives of Board Members	Executive Management	Others *	September 30, 2018	December 31, 2017
	JD	JD	JD	JD	JD
Balance Sheet Items:					
Direct credit facilities	12,664,111	4,645,180	19,739,729	37,049,020	49,288,884
Deposits at the Bank	21,390,248	2,577,946	8,948,679	32,916,873	32,273,427
Cash margins	173,794	142	80,728	254,664	887,299
Off-Balance Sheet Items:					
Indirect credit facilities	2,947,115	-	277,632	3,224,747	3,390,734
				For the Nine-Month Period Ended September 30, 2018	For the Nine-Month Period Ended September 30, 2017
Income Statement Items				JD	JD
Interest and commission income	1,871,665	81,047	2,789,455	4,742,167	4,107,349
Interest and commission expense	240,298	19,095	176,723	436,116	467,971

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

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

Salaries, bonuses and other benefits for key management personnel amounted to JD 1,896,367 as of September 30, 2018 (JD 1,873,858 as of September 30, 2017).

25. Segmental Information

1. Bank's activities information:

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

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

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

	Retail Banking	Corporate Banking	Treasury	Others	September 30, 2018	September 30, 2017
	JD	JD	JD	JD	JD	JD
Gross income	76,880,400	40,513,962	28,815,128	1,795,068	148,004,558	127,809,709
Expected credit loss	(2,010,566)	(2,938,358)	(568,870)	-	(5,517,794)	(3,517,380)
Sundry provisions	-	-	(1,707,874)	-	(1,707,874)	(2,619,468)
Segment result	57,611,672	20,110,719	11,994,366	1,795,068	91,511,825	87,929,870
Unallocated costs					60,804,166	58,605,892
Profit before tax					30,707,659	29,323,978
Income tax					(9,730,357)	(8,694,541)
Profit for the period					20,977,302	20,629,437
Other information						
Capital expenditure					6,845,644	5,974,427
Depreciation and amortization					7,213,304	6,737,178

	Retail Banking	Corporate Banking	Treasury	Others	September 30, 2018	December 31, 2017
					JD	JD
Total segment assets	845,224,432	759,137,352	1,189,171,767	102,936,197	2,896,469,748	2,794,346,747
Total segment liabilities	905,274,822	814,676,626	757,055,365	80,492,985	2,557,499,798	2,447,293,787

2. Geographical Information

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

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

	Inside Jordan		Outside Jordan		Total	
	September 30,		September 30,		September 30,	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Total revenue	117,877,187	98,780,258	30,127,371	29,029,451	148,004,558	127,809,709
Capital expenditure	3,076,788	3,234,584	3,768,856	2,739,843	6,845,644	5,974,427

	Inside Jordan		Outside Jordan		Total	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
	JD	JD	JD	JD	JD	JD
Total assets	2,092,028,032	2,120,123,419	804,441,716	674,223,328	2,896,469,748	2,794,346,747

26. Commitments And Contingent Liabilities

a) Commitments and contingent liabilities:

	September 30, 2018	December 31, 2017
	JD	JD
Letters of credit:		
- Outward	35,273,409	49,861,134
- Acceptances	22,855,048	949,305
Letters of guarantee:		
- Payments	20,559,132	18,206,891
- Performance	20,723,863	16,595,948
- Other	15,239,966	16,347,831
Unutilized direct credit facilities ceilings	133,283,561	116,648,187
	247,934,979	218,609,296

b) Contractual commitments:

	September 30, 2018	December 31, 2017
	JD	JD
Property and equipment purchasing contracts	1,445,469	1,595,607

27. Litigation Raised Against the Bank

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 39,881,818, as of September 30, 2018 (JD 44,321,010 as of December 31, 2017). In the opinion of the Bank's management and legal consultant, the provisions booked for these lawsuits are sufficient.

The provision for legal cases amounted to JD 1,449,336 as of September 30, 2017 (JD 4,287,503 as of December 31, 2017).

28. Statutory Reserves

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