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التاريخ : 2019/8/20

للمرسل

أ. يورصة كان

السيد عمر
السيد خالد

معالي رئيس هيئة الأوراق المالية الأكرم
عمان - الأردن

٧/٢١

تحية طيبة وبعد،،،،

تنفيذاً لتعليمات الإفصاح الصادرة عن هيئة الأوراق المالية، نرفق لكم طيه البيانات

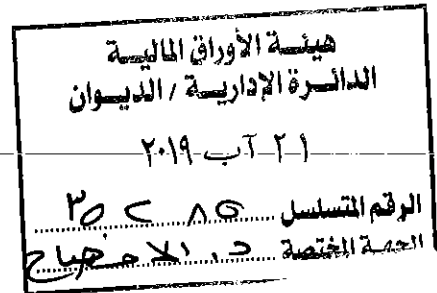
المالية للبنك التجاري الأردني باللغة الانجليزية عن الفترة المنتهية بتاريخ 2019/6/30.

وتفضلوا بقبول فائق الاحترام،،،

ملاحظة: مرفق قرص مدمج (CD)

البنك التجاري الأردني

عبد الله محفوظ كشك
Abdallah Mahfouz Kishek
P. 53



JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTHS ENDED JUNE 30, 2019
TOGETHER WITH THE REVIEW REPORT

JORDAN COMMERCIAL BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
JUNE 30, 2019

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Review Report

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 June 30, 2019 and the related condensed interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-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 Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Bank, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

Based on the furnished information by the Bank's Management, included within the other assets in the condensed interim statement of financial position as of June 30, 2019, properties seized by the Bank against overdue credit facilities in an amount of around JD 80.3 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, then other assets item would have been reduced by around JD 7.1 million. Accordingly, deferred tax assets would have increased by around JD 2.6 million and net income for the period would have increased by around JD 751 thousand and shareholder's equity would have decreased by around JD 4.5 million, respectively, our report as of December 31, 2018 was qualified related to this matter.

Qualified Conclusion

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

Emphasis of Matter

We draw the attention to note (35) of the condensed interim financial statements, which states that the comparative figures included in the condensed interim statement of changes in Owner's equity and condensed interim statement of income have been amended retroactively, to comply with the International Financial Reporting Standards. Our conclusion is not modified in respect of this matter.

Other Matter

- The financial statements for the year ended December 31, 2018 were audited by Deloitte & Touche (M.E.) - Jordan as the sole auditor for the Bank for the year 2018. Qualified opinion was issued on these financial statements on March 28, 2019. in accordance with Central Bank of Jordan regulations for corporate governance, Deloitte & Touche (M.E.) - Jordan and Ernst & Young / Jordan were appointed as joint auditors for the Bank for the year 2019.
- The accompanying condensed interim financial statements are a translation of the statutory condensed interim financial statements in the Arabic language to which reference should be made.

Amman - The Hashemite Kingdom of Jordan
July 30, 2019

Ernst & Young / Jordan

Deloitte & Touche (M.E.) - Jordan

ERNST & YOUNG
Amman - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
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JORDAN COMMERCIAL BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		June 30, 2019 (reviewed not audited)	December 31, 2018
	Note	JD	JD
ASSETS			
Cash and balances at central banks	4	104,366,115	91,872,118
Balances at banks and financial institutions	5	67,545,020	61,995,613
Direct credit facilities - net	6	737,638,955	727,873,818
Financial assets at fair value through profit or loss	7	1,719,488	1,792,801
Financial assets at fair value through other comprehensive income	8	12,013,471	11,915,302
Financial assets at amortized cost - net	9	294,056,342	303,031,611
Property and equipment - net	10/a	27,795,919	27,817,839
Intangible assets - net	10/b	2,143,990	2,313,919
Deferred tax assets	14/e	11,933,135	13,867,924
Right of use asset	3	4,845,700	-
Other assets	11	124,914,027	111,088,591
TOTAL ASSETS		1,388,972,162	1,353,569,536
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Banks' and financial institutions' deposits		110,405,123	117,304,754
Customers' deposits	12	926,910,200	893,225,288
Cash margins		71,172,605	84,417,327
Borrowed funds	13	95,323,922	83,481,873
Provision for income tax	14/a	674,831	745,548
Other provisions	15	2,200,374	1,924,266
Deferred tax liabilities		-	14,107
Lease liability	3	4,675,764	-
Other liabilities	16	41,251,748	38,412,442
TOTAL LIABILITIES		1,252,614,567	1,219,525,605
OWNERS' EQUITY:			
BANK SHAREHOLDERS' EQUITY:			
Authorized and paid-up capital	17	120,000,000	120,000,000
Statutory reserve	18	14,714,563	14,714,563
General banking risks reserve for the purposes of the Palestinian Monetary Authority		293,514	-
Cyclicality reserve	18	2,597,047	2,597,047
Fair value reserve - net	19	(2,015,813)	(2,053,183)
(Accumulated losses)	20	(1,508,010)	(1,214,496)
Net Income of the Period		2,276,294	-
Total Bank Shareholders' Equity		136,357,595	134,043,931
TOTAL LIABILITIES AND OWNERS' EQUITY		1,388,972,162	1,353,569,536

THE ACCOMPANYING NOTES FROM (1) TO (35) CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE INDEPENDENT AUDITOR'S REPORT.

Board of Directors Chairman

General Manager

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

	Note	For the Three-Month Period		For the Six-Month Period	
		Ended June 30,		Ended June 30,	
		2019	2018 (Adjusted)	2019	2018 (Adjusted)
		JD	JD	JD	JD
Interest income	21	20,230,260	20,157,242	39,814,349	39,143,637
<u>Less: Interest expense</u>	22	<u>(12,177,156)</u>	<u>(11,766,465)</u>	<u>(23,874,487)</u>	<u>(23,073,366)</u>
Net Interest Income		8,053,104	8,390,777	15,939,862	16,070,271
Net commissions income		1,423,922	1,459,174	2,852,058	2,618,404
Net Interest and Commissions Income		9,477,026	9,849,951	18,791,920	18,688,675
Foreign exchange income		282,510	298,206	659,824	573,114
Gain from financial assets at fair value through profit or loss	24	110,371	85,853	(73,022)	162,315
Cash dividends from financial assets at fair value through other comprehensive income	8	336,055	206,288	423,555	253,788
Other income	25	1,148,641	1,546,050	2,203,198	2,669,150
Gross Income		11,354,603	11,986,348	22,005,475	22,347,042
Employees expenses		4,031,002	3,948,688	7,779,384	7,813,058
Depreciation and amortization		779,401	752,552	1,553,151	1,506,028
Provision for expected credit losses	23	(499,028)	(56,924)	1,584,768	667,071
Various provisions	15	180,415	87,005	521,116	133,405
Impairment provision on seized assets	11	834,523	-	1,210,048	-
Provisions of shares seized by the bank	11	44,261	(12,847)	226,350	10,706
Other expenses	26	2,341,541	3,227,060	4,975,403	6,798,254
Total Expenses for the period		7,712,115	7,945,534	17,850,220	16,928,522
Income for the Period before Income Tax		3,642,488	4,040,814	4,155,255	5,418,520
<u>Less: Income tax expense for the period</u>	14/b	<u>(1,596,232)</u>	<u>(1,261,409)</u>	<u>(1,878,961)</u>	<u>(2,107,916)</u>
Income for the Period		2,046,256	2,779,405	2,276,294	3,310,604
<u>Earnings per share for the period attributable to the Banks' shareholders</u>					
basic and diluted				0/019	0/027

THE ACCOMPANYING NOTES FROM (1) TO (35) CONSTITUTE AN INTEGRAL PART OF THESE
CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH
THEM AND WITH THE REVIEW REPORT.

General Manager

Chairman of Board of Directors

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

	For the Three-Month Period		For the Six-Month Period	
	Ended June 30,		Ended June 30,	
	2019	2018 (Adjusted)	2019	2018 (Adjusted)
	JD	JD	JD	JD
Income for the period	2,046,256	2,779,405	2,276,294	3,310,604
Other Comprehensive Income Items:				
Items that are not transferable to statement of income:				
Net change in fair value of financial assets at fair value reserve through comprehensive income	(328,018)	(368,520)	37,370	(490,778)
Realized gain from sale of financial assets at fair value through other comprehensive income	-	2,384	-	3,115
Total Comprehensive Income Items	(328,018)	(366,136)	37,370	(487,663)
Incurred losses from sale of financial assets through comprehensive income	-	(3,685)	-	(4,820)
Total Comprehensive Income for the Period	1,718,238	2,409,584	2,313,664	2,818,121

THE ACCOMPANYING NOTES FROM (1) TO (35) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED
INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE REVIEW REPORT.

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

Description	Note	General Banking					Fair Value Reserve	(Accumulated losses)	Income for the Period	Total
		Authorized and Paid-up Capital	Statutory	Purposes of the Palestinian Monetary Authority	Cyclical					
		JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Six-Month Period Ended June 30, 2019										
Balance - beginning of the period		120,000,000	14,714,563	-	2,597,047	(2,053,183)	(1,214,496)	-	-	134,043,931
Income for period		-	-	-	-	-	-	2,276,294	2,276,294	2,276,294
Net change in fair value reserve of financial assets at fair value through other comprehensive income-net		-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Period		-	-	-	-	-	-	-	-	37,370
Transferred to reserved		-	-	-	-	-	-	-	-	-
Balance - ending of the period		-	-	293,514	-	37,370	(293,514)	2,276,294	2,313,664	-
		120,000,000	14,714,563	293,514	2,597,047	(2,015,813)	(1,508,010)	2,276,294	2,276,294	136,357,595
For the Six-Month Period Ended June 30, 2018 (Adjusted)										
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		-	-	-	-	-	(30,065,991)	-	-	(30,065,991)
Calculation of deferred tax assets due to application of IFRS 9 related to the impairment		-	-	-	-	-	10,093,909	-	-	10,093,909
Transferred from general banking risks reserve due to implementation of IFRS 9		-	-	(7,002,848)	-	-	7,002,848	-	-	-
Adjusted opening balance		120,000,000	14,082,158	-	1,833,820	(1,504,051)	(4,843,410)	-	-	129,568,517
Income for period		-	-	-	-	-	-	3,310,604	3,310,604	3,310,604
Net change in fair value reserve of financial assets at fair value through other comprehensive income-net		-	-	-	-	(490,778)	-	-	-	(490,778)
Released from fair value reserve from sale of financial assets at fair value through comprehensive income	8	-	-	-	-	3,115	(3,115)	-	-	-
Realized profit from sale of financial assets at fair value through other comprehensive income	8	-	-	-	-	-	(1,705)	-	-	(1,705)
Total Comprehensive Income for the Period		-	-	-	-	(487,663)	(4,820)	3,310,604	3,310,604	2,818,121
Balance - ending of the period		120,000,000	14,082,158	-	1,833,820	(1,991,714)	(4,848,230)	3,310,604	3,310,604	132,386,638

- Accumulated losses include JD11,933,135 as of June 30, 2019 restricted against deferred tax assets according to Central Bank of Jordan instructions.

- Use of Accumulated losses in an amount of JD 2,015,813 A47 as of June 30, 2019 which equals to negative cumulative change in fair value of financial assets is restricted (including JD 311,112 against the implementation of International Financial Reporting Standards No. (9)) according to Jordan Securities Commission and Central Bank of Jordan instructions.

THE ACCOMPANYING NOTES FROM (1) TO (35) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE REVIEW REPORT.

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

	Note	For the Six-Month Period Ended June 30,	
		2019	2018
Cash Flows From Operating Activities:		JD	JD
Income for the period before income tax		4,155,255	5,418,520
Adjustments:			
Depreciation and amortization		1,553,151	1,506,028
Provision for impairment in direct credit facilities	23	1,584,768	667,071
(Gain) from sale of property and equipment	25	-	(9,803)
(Recoverd) from impairment of seized assets against debt		226,350	10,706
(Gain) loss from valuation of financial assets at fair value through profit or loss	24	(85,853)	(142,102)
Various provisions	15	521,116	133,405
Provision for impairment in real estate exceeding four years	11	1,210,048	-
Effect of exchange rate fluctuations on cash and cash equivalents		(141,234)	(139,247)
Profit for the period before changes in assets and liabilities		9,023,601	7,444,578
Changes in Assets and Liabilities:			
(Increase) in direct credit facilities		(11,349,905)	(20,327,922)
Decrease (increase) in financial assets at fair value through profit or loss		159,166	(284,204)
(Increase) in other assets		(15,261,834)	(6,043,627)
Increase in deposits at banks and financial institutions exceeding three months		5,855,245	-
(Increase) in restricted from withdrawal balances		-	(3,585,839)
Increase (decrease) in customer's deposits		33,684,912	(1,703,859)
(Decrease) in cash margins		(13,244,722)	(4,297,459)
Increase in other liabilities		2,839,306	5,082,283
Net Change in Assets and Liabilities		2,682,168	(31,160,627)
Net Cash Flows (used in) Operating Activities before Provisions and Income Taxes Paid		11,705,769	(23,716,049)
Various provisions paid	15	(245,008)	(126,779)
Income tax paid	14/a	(90,019)	(2,599,606)
Net Cash Flows (used in) Operating Activities		11,370,742	(26,442,434)
Cash Flows From Investing Activities:			
Decrease in financial assets at fair value through other comprehensive income		-	1,406,288
Decrease in financial assets at amortized cost		8,975,269	27,938,073
Change of property and equipment and intangible assets		(1,361,302)	(1,195,917)
Net Cash Flows from (used in) Investing Activities		7,613,967	28,148,444
Cash Flows From Financing Activities:			
Borrowed funds		11,842,049	311,837
Net Cash Flows from Financing Activities		11,842,049	311,837
Net Increase in Cash and Cash Equivalents		30,826,758	2,017,847
Effect of exchange rate fluctuations on cash and cash equivalents		141,234	139,247
Cash and cash equivalents beginning period		103,062,924	121,577,176
Cash and Cash Equivalents Ending Period	27	134,030,916	123,734,270

THE ACCOMPANYING NOTES FROM (1) TO (35) CONSTITUTE AN INTEGRAL PART OF THESE
CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE REVIEW REPORT.

(1) GENERAL

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, Tel. +962 (6) 5203000, 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 last increase was during the year 2017 whereby the capital become 120 million JD/Share 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 branches (31) inside Jordan, and (6) branches in Palestine.

The financial statements have been approved by the Bank's Board of Directors on July 30, 2019.

(2) BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

- The accompanying condensed interim financial statements of the Bank were prepared as of June 30, 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 of December 31, 2018 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 six-month period ended on June 30, 2019 do not necessarily represent indications of the expected results for the year ending December 31, 2019. Moreover, profits customization for the six months period as of June 30, 2019 was not performed, which is customized at the end of the financial year.

- 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"

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the 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 1st, 2018, using the simplified approach, there were no lease contracts impariment 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 June 30, 2019 and January 1, 2019.

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

	Right-of-Use Assets	Lease Liabilities
	JD	JD
Balance at January 1, 2019	5,311,573	4,693,454
Paid during the period (paid in advance)	(390,208)	-
Interest during the period	-	(17,690)
Amortized during the period	(75,665)	-
Balance at June 30, 2019	4,845,700	4,675,764

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 the contract contains or do not contain lease agreement at the date of initial application. Instead, for contracts entered into before the transition date the Bank relied on its assessment made through applying IAS (17) and IFRIC (4) "Determining whether an Arrangement contains a Lease".

(3) Significant Accounting Judgments and key Sources of Uncertainty Estimates:

Preparation of the condensed consolidated interim financial statements and application of the accounting policies require 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 condensed consolidated interim 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 consolidated interim financial information 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 changes highlighted 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.

(4) CASH AND BALANCES AT CENTRAL BANKS

- Statutory cash reserve amounted to JD 46,699,664 as of June 30, 2019 (JD 44,459,712 as of December 31, 2018).
- Except for the statutory cash reserve and cash deposit for the Palestinian Monetary Authority amounted to JD 10,635,000 There is no restricted balances as of June 30, 2019 and December 31, 2018.

Balances at Central Banks movement disclosure:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
<u>For the six months ended June 30, 2019</u>				
Balance at the beginning of the period	71,068,130	-	-	71,068,130
New balances during the period	10,996,751	-	-	10,996,751
Paid balances	(3,801,798)	-	-	(3,801,798)
Total for the current period	<u>78,263,083</u>	<u>-</u>	<u>-</u>	<u>78,263,083</u>
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
<u>For the year ended December 31, 2018</u>				
Balance - beginning of the year	101,587,784	-	-	101,587,784
New balances during the year	1,107,334	-	-	1,107,334
Paid balances	31,626,988	-	-	31,626,988
Total for the current year	<u>71,068,130</u>	<u>-</u>	<u>-</u>	<u>71,068,130</u>

- There were no transfers between the stages (one, two and three) or written-off balances as of June 30, 2019 and the year ended December 31, 2018.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

a. The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	
	JD	JD	JD	JD	
Current and call accounts	5,602,460	29,671	8,946,374	9,848,986	14,548,834
Deposits due	53,011,999	23,051,000	106,292	29,236,061	53,118,291
Expected credit loss provision	(19,293)	(67,881)	(102,812)	(102,224)	(122,105)
	<u>58,595,166</u>	<u>23,012,790</u>	<u>8,949,854</u>	<u>38,982,823</u>	<u>67,545,020</u>
					<u>9,878,657</u>
					<u>52,287,061</u>
					<u>(170,105)</u>
					<u>61,995,613</u>

- Non-interest bearing balances at banks and financial institutions amounted to JD 14,548,833 as of June 30, 2019 (JD 13,645,043 as of December 31, 2018).

- There are no restricted balances at banks and financial institutions as of June 30, 2019 and December 31, 2018.

- The movement on the expected credit loss for balances with banks and financial institutions is as follows:

For the six-month ended June 30, 2019	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	62,165,718	-	-	62,165,718
New balances during the period	53,591,313	-	-	53,591,313
Settled balances	(48,089,906)	-	-	(48,089,906)
Balance for the current period	<u>67,667,125</u>	<u>-</u>	<u>-</u>	<u>67,667,125</u>
For the year ended December 31, 2018	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the year	51,866,315	-	-	51,866,315
New balances during the year	54,490,847	-	-	54,490,847
Paid balances during the year	44,191,444	-	-	44,191,444
Balance for the current year	<u>62,165,718</u>	<u>-</u>	<u>-</u>	<u>62,165,718</u>

- There were no transfers between the stages (one, two and three) or written-off balances for the six-month ended June 30, 2019 and the year ended December 31, 2018.

- The movement on expected credit loss provision during the period / year as follow:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
<u>For the six months ended June 30, 2019</u>				
Balance at the beginning of the period	170,105	-	-	170,105
New balances during the period	101,045	-	-	101,045
Settled balances	(149,045)	-	-	(149,045)
Balance for the current period	<u>122,105</u>	<u>-</u>	<u>-</u>	<u>122,105</u>
<u>For the year ended December 31, 2018</u>				
Balance at the beginning of the year	JD	Stage (2)	Stage (3)	Total
Effect of implementing IFRS (9) – net after tax -	-	JD	JD	JD
Adjusted balance after implementing IFRS (9)	245,188	-	-	245,188
Impairment on new balances and deposits during the year	245,188	-	-	245,188
Reversed from impairment on new balances and recovered deposits during the year	130,230	-	-	130,230
Balance at the End of the Year	(205,313)	-	-	(205,313)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>170,105</u>	<u>-</u>	<u>-</u>	<u>170,105</u>

(6) DIRECT CREDIT FACILITIES – NET

This item consists of the following:

	June 30, 2019 JD	December 31, 2018 JD
Individuals (retail):		
Overdraft accounts	725,181	388,050
Loans and promissory notes *	186,925,603	185,521,559
Credit cards	4,157,816	4,008,733
Real estate loans	132,340,138	122,849,817
Companies:		
Large:		
Overdraft accounts	85,087,388	91,666,050
Loans and promissory notes *	290,325,637	294,635,547
SMEs		
Overdraft accounts	20,104,089	23,908,023
Loans and promissory notes *	44,494,512	47,577,557
Government and public sector	37,790,842	34,146,714
Total	801,951,206	804,702,050
Less: Expected credit loss provision **	(51,769,511)	(59,143,437)
Interest in suspense **	(12,542,740)	(17,684,794)
Total Direct Credit Facilities - Net	<u>737,638,955</u>	<u>727,873,818</u>

- * Net after deducting interest and commission received in advance of JD 3,298,792 as of June 30, 2019 (JD 3,613,185 as of December 31, 2018).
- ** During the first half of 2019, direct credit facilities amounting to JD 16,520,056 were written off with interest in suspense amounted to JD 7,783,841 and a provision for JD 8,736,604.
- Rescheduled credit facilities amounted to JD 6,961,912 as of June 30, 2019 (JD 17,544,755 as of December 31, 2018).
- Restructured credit facilities amounted to JD 12,617,096 as of June 30, 2019 (JD 8,8869,238 as of December 31, 2018).

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

June 30, 2019 (Reviewed not audited)			
	Stage (1)	Stage (2)	Total
	JD	JD	JD
Balance at the beginning of the period	653,756,856	55,193,569	804,702,050
New credit facilities during the period	60,095,559	587,463	61,577,211
Settled credit facilities	(16,542,603)	(1,211,288)	(19,256,358)
Transferred to Stage (1) during the period	24,887,941	(21,675,563)	-
Transferred to Stage (2) during the period	(41,679,719)	46,818,478	-
Transferred to Stage (3) during the period	(11,388,538)	(3,491,015)	-
Changes due to amendments	(29,351,160)	208,669	(28,428,523)
Written-off credit facilities	-	-	(115,063)
Debt transferred to regular accounts outside the financial position statement	-	-	(16,528,111)
Total balance at the End of the Period	639,778,336	76,430,313	801,951,206

For the year ended December 31, 2018

	Stage (1)		Stage (2)		Total
	Individual	collective	Individual	collective	
	JD	JD	JD	JD	JD
Balance at the beginning of the year	458,435,381	211,752,926	22,856,923	7,138,421	762,012,050
New credit facilities during the year	31,601,423	52,841,714	3,380,467	961,753	91,119,561
Paid credit facilities	(26,164,004)	(16,990,874)	(171,292)	(428,406)	(45,483,198)
Transferred to stage (1)	10,801,863	3,517,168	(9,375,934)	(2,605,570)	-
Transferred to stage (2)	(36,465,105)	(8,507,953)	39,335,990	8,711,022	-
Transferred to stage (3)	(17,708,021)	(5,714,535)	(8,637,305)	(2,139,243)	-
Effect due to adjustments	6,809,539	(10,452,666)	(3,078,911)	(754,346)	(2,014,303)
Written off credit facilities	-	-	-	-	(683,805)
Classified in regular balances	-	-	-	-	(248,255)
Adjustments due to change in exchange rates	-	-	-	-	-
Balance at the End of the Year	427,311,076	226,445,780	44,309,938	10,883,631	804,702,050

Direct Credit Facilities Expected Credit Loss

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

	June 30, 2019 (Reviewed not audited)			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance beginning of the period	7,193,440	1,612,270	50,337,728	59,143,438
Recovered from impairment loss on settled credit facilities	(581,396)	(19,741)	-	(601,137)
Impairment provision on new credit facilities during the period	598,482	14,528	467,034	1,080,044
Transferred to Stage (1) during the period	125,380	(103,363)	(22,017)	-
Transferred to Stage (2) during the period	(564,153)	603,060	(38,907)	-
Transferred to Stage (3) during the period	(464,728)	(119,267)	583,995	-
Used from provision during the period (written-off debts)	-	-	(37,483)	(37,483)
Provision of debt transferred to regular accounts outside the financial position statement	-	-	(8,743,009)	(8,743,009)
Change due to amendments	(860,853)	(678,809)	(2,742,600)	(4,282,262)
The impact on the provision resulted from the reclassification between the three stages during the period	-	17,513	5,192,407	5,209,920
Net loss on direct credit facilities at the end of the period	<u>5,446,172</u>	<u>1,326,191</u>	<u>44,997,148</u>	<u>51,769,511</u>

- Non-performing credit facilities amounted to JD 85,742,557 representing 10/7% of the total direct credit facilities balance as of June 30, 2019 (JD 95,751,625 representing 11/9% of the total direct credit facilities as of December 31, 2018).
- Non-performing credit facilities after deducting suspended interest and commission amounted to JD 73,371,646 representing 9/3% of direct credit facilities after deducting the suspended interest and commission as of June 30, 2019 (JD 78,387,696 representing 9/9% of direct credit facilities after deducting suspended interest and commission as of December 31, 2018).
- Direct credit facilities include a credit facilities granted to the Palestinian Authority amounted to JD 13,525,710 as of June 30, 2019 (JD 13,111,673 as of December 31, 2018). In addition, it includes direct credit facilities guaranteed by the Government of Jordan in an amount of JD 5,000,000 as of June 30, 2019 and (JD 7,500,000 as of December 31, 2018).

	Retail	Real Estate	Corporate		Governmental and Public Sector	Total
	JD	JD	Large JD	SME's JD	JD	JD
For the period ended June 30, 2019						
Balance at the beginning of the period	13,484,373	1,754,880	39,494,541	4,202,077	207,566	59,143,437
Impairment on new credit facilities	785,711	46,338	124,786	33,479	89,729	1,080,043
Recovered from impairment on paid credit facilities	(204,291)	(13,981)	(373,156)	(9,708)	-	(601,136)
Transferred to stage (1)	(39,161)	(152,333)	(672,474)	(39,533)	-	(903,501)
Transferred to stage (2)	3,524	126,024	264,566	(13,684)	-	380,460
Transferred to stage (3)	35,637	26,309	407,908	53,217	-	523,071
Effect on provision due to change reclassification between stages	269,417	(29,396)	3,512,836	1,457,064	-	5,209,921
Effect due to adjustments	(600,720)	(137,287)	(2,703,920)	(907,382)	67,047	(4,282,262)
Written-off credit facilities	(25,019)	-	-	(12,464)	-	(37,483)
Balances Transferred to off balance sheet	(2,288,926)	(566)	(5,746,750)	(706,767)	-	(8,743,009)
Balance at the End of the Year	<u>11,420,545</u>	<u>1,619,988</u>	<u>34,308,337</u>	<u>4,056,299</u>	<u>364,342</u>	<u>51,769,511</u>
Redistribution:						
Provision on an individual basis	<u>11,420,545</u>	<u>1,619,988</u>	<u>34,308,337</u>	<u>4,056,299</u>	<u>364,342</u>	<u>51,769,511</u>
Total	<u>11,420,545</u>	<u>1,619,988</u>	<u>34,308,337</u>	<u>4,056,299</u>	<u>364,342</u>	<u>51,769,511</u>

	Retail	Real Estate	Corporate		Governmental and Public Sector	Retail
	JD	JD	Large JD	SME's JD	JD	JD
For the Year ended December 31, 2018						
Balance at the beginning of the year	8,349,001	687,546	18,591,384	3,035,239	-	30,663,170
Impact of implementing IFRS (9)	854,932	1,168,465	16,115,649	926,720	317,059	19,382,825
Adjusted beginning balance of the year	9,203,933	1,856,011	34,707,033	3,961,959	317,059	50,045,995
Deducted from earnings during the year	1,016,918	266,540	150,755	64,882	-	1,499,095
Recovered from impairment loss on paid credit facilities	(145,223)	(87,658)	(96,218)	(53,747)	(23,058)	(405,904)
Transferred to stage (1)	(124,278)	(80,644)	(720,326)	(67,967)	-	(993,215)
Transferred to stage (2)	(60,208)	44,361	173,819	29,234	-	187,206
Transferred to stage (3)	184,486	36,283	546,507	38,733	-	806,009
Effect on provision due to reclassification between stages	3,011,593	695,996	7,866,523	1,106,215	-	12,680,327
Effect due to adjustments	466,240	(976,009)	(3,133,552)	(792,047)	(86,435)	(4,521,803)
Written-off credit facilities	(15,112)	-	-	-	-	(15,112)
Balances Transferred to off balance sheet	(53,976)	-	-	(85,185)	-	(139,161)
Balance at the End of the Year	<u>13,484,373</u>	<u>1,754,880</u>	<u>39,494,541</u>	<u>4,202,077</u>	<u>207,566</u>	<u>59,143,437</u>
Redistribution:						
Provision on an individual basis	<u>13,484,373</u>	<u>1,754,880</u>	<u>39,494,541</u>	<u>4,202,077</u>	<u>207,566</u>	<u>59,143,437</u>
Total	<u>13,484,373</u>	<u>1,754,880</u>	<u>39,494,541</u>	<u>4,202,077</u>	<u>207,566</u>	<u>59,143,437</u>

- During the first half of the year, credit facilities amounted to JD 37,483 were written off according to Board of Directors decision to this matter (JD 15,112 for the year ended December 31, 2018).
- Above was disclosed regarding to provisions booked against debts calculated on individual basis.

Interests and commissions in Suspense

The movement on interest in suspense during the period / year was as follows:

	Individuals	Real Estate Loans	Corporate		Government and Public Sector	Total
	JD	JD	Large JD	SME's JD	JD	JD
For the period ended June 30, 2019						
Balance – beginning of the period	1,893,506	1,136,321	12,462,962	2,192,005	-	17,684,794
Add: Interest suspended	474,663	241,867	1,895,388	668,542	-	3,280,460
Less: Interest reversed to income during the period	(195,859)	(179,092)	(44,989)	(139,505)	-	(559,445)
Interest in suspense written off	(4,638)	(31,635)	-	(41,306)	-	(77,579)
Interest in suspense transferred off the statement of financial position	(662,508)	(67,065)	(6,507,150)	(548,786)	-	(7,785,491)
Balance - End of the Period	<u>1,505,164</u>	<u>1,100,396</u>	<u>7,806,211</u>	<u>2,130,968</u>	<u>-</u>	<u>12,542,739</u>

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

- There are direct credit facilities amounted to JD 122,613,758, interest in suspense amounted to JD 71,302,632 with a booked provision amounted to JD 311,125 as of June 30, 2019, which were listed among regular accounts off the condensed interim statement of financial position in accordance to the board of directors decisions, for considering those accounts fully covered as of the date of the condensed interim financial statements.

Total direct credit facilities split based on geographical and economic sectors as follows:

			Total	
	Inside the kingdom	Outside the kingdom	June 30, 2019	December 31, 2018
	JD	JD	JD	JD
Financial	34,784,742	12,090,000	46,874,742	50,914,488
Industrial	78,580,497	1,019,995	79,600,492	69,912,297
Trades	145,749,838	16,185,744	161,935,582	166,068,817
Constructions	41,712,366	6,490,870	48,203,236	60,624,545
Real Estate	123,234,569	9,105,570	132,340,139	122,849,817
Services and others	58,527,911	8,695,186	67,223,097	66,543,950
Tourism, hotels and restaurants	24,273,221	-	24,273,221	25,753,490
Agriculture	6,436,342	43,287	6,479,629	6,635,160
Shares	5,421,626	-	5,421,626	11,334,430
Individuals	178,687,271	13,121,329	191,808,600	189,918,342
Governmental and public sector	24,238,132	13,552,710	37,790,842	34,146,714
Total	<u>721,646,515</u>	<u>80,304,691</u>	<u>801,951,206</u>	<u>804,702,050</u>

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Quoted shares in active markets	1,719,488	1,792,801
Total	1,719,488	1,792,801

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME:

The details of this item are as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Quoted shares in active markets	8,273,412	8,215,901
Unquoted shares in active markets *	3,740,059	3,699,401
Total	12,013,471	11,915,302

- * These shares were evaluated based on the latest available audited or reviewed financial statement.
- Cash dividends for the above mentioned investments amounted to JD 423,555 for the six-month period ended June 30, 2019 (JD 253,788 for the six-month period ended June 30, 2018).
 - Losses resulting from the sale of shares at fair value through comprehensive income amounted to JD 0 as of June 30, 2019 (JD 4,820 for the six months' period ended June 30, 2018).

(9) FINANCIAL ASSETS AT AMORTIZED COST – NET

The details of this item are as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Treasury bonds and bills – Central Bank of Jordan	285,848,624	295,367,167
Governmental guaranteed bonds	2,000,000	2,000,000
Corporates loans bonds	6,854,000	5,747,900
Total	294,702,624	303,115,067
<u>Less: Impairment provision of financial assets at amortized cost</u>	<u>(646,282)</u>	<u>(83,456)</u>
Net Financial Assets at Amortized Cost	294,056,342	303,031,611
<u>Bills and Bonds Analysis</u>		
With fixed rate	294,056,342	303,031,611
Total	294,056,342	303,031,611

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Begging balance	303,115,067	-	-	303,115,067
New balances during the period	105,277,088	-	-	105,277,088
Settlement balances	(113,689,531)	-	-	(113,689,531)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	(2,000,000)	-	2,000,000	-
Balance at the end of the period	<u>292,702,624</u>	<u>-</u>	<u>2,000,000</u>	<u>294,702,624</u>

- Movement on expected credit loss provision:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Begging balance	83,456	-	-	83,456
New balances during the period	-	-	-	-
Settlement balances	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	(28,043)	-	28,043	-
Changes due to amendments	24,384	-	-	24,384
Impact on provision due to the reclassification between the three stages	-	-	538,442	538,442
Balance at the end of the period	<u>79,797</u>	<u>-</u>	<u>566,485</u>	<u>646,282</u>

(10) PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

- a- Additions of property and equipment for the six-month period ended June 30, 2019 amounted to JD 1,468,050 (JD 876,014 for the six-month period ended June 30 2018) mostly representing additions to office equipment and computers. While the disposals for the six-month period ended June 30, 2019 was JD 499,772 (JD 231,910 for the six-month period ended June 30, 2018).
- b- Additions of intangible assets for the six-month period ended June 30, 2019 amounted to JD 120,321 (JD 514,629 for the six-month period ended June 30 2018) mostly representing additions to software and programs. While there have not been any disposals for the six-month period ended June 30, 2019 and 2018.

(11) OTHER ASSETS

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Accrued interest and revenues	9,164,999	9,879,893
Prepaid expenses	2,645,365	1,958,727
Assets seized by the Bank against due debts - net *	80,297,898	84,736,553
Assets seized by the Bank sold on instalments - net	5,247,620	1,625,766
Refundable deposits	739,678	462,906
Clearance checks	798,347	1,396,495
Purchase of time withdrawals, policies and letters of credit – net **	22,866,043	9,289,702
Other	3,154,077	1,738,549
Total	124,914,027	111,088,591

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

	For the Six-Month Period Ended June 30, 2019			For the Year Ended December 31, 2018
	Seized Properties JD	Seized shares and others JD	Total JD	Total JD
Balance - beginning of the period/year (net after impairment loss)	84,152,204	584,348	84,736,552	84,318,625
Additions during the period/year	165,256	-	165,256	3,092,103
Disposals during the period/year	(3,733,136)	-	(3,733,136)	(2,399,674)
Transfers	-	-	-	267,951
Effect of impairment for the period/year	(1,185,767)	314,993	(870,774)	(542,452)
Balance – at the End of the Period/Year	79,398,557	899,341	80,297,898	84,736,553

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

	For the Six-Month Period Ended June 30, 2019			For the Year Ended December 31, 2018
	Seized Properties JD	Seized Shares and others JD	Total JD	Total JD
Balance – beginning of the period/ year	4,685,051	247,826	4,932,877	4,840,504
Booked provision during the period/ year	1,210,048	226,350	1,436,398	(10,824)
Properties sold on instalments during the Period / year	-	-	-	(14,842)
Transfers	-	-	-	118,039
Used from provision during the period/year	(24,283)	-	(24,283)	-
Unrealized losses (profit) for seized shares	-	(541,345)	(541,345)	450,082
Balance - End of the Period/Year	5,870,816	(67,169)	5,803,647	5,382,959

- 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 226,350 against provision for seized shares by the Bank for the period ended June 30, 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 an amount of JD 751,040 against provision for seized properties according to Central Bank of Jordan circular No. 43/1/10 dated December 31, 2018, with an approval to install the impairment value over five years upon equal instalments starting from the year 2019, moreover, this item includes impairment loss with an amount of JD 460 thousand against property sold over instalments.

** Disclosure on time withdrawals balances and purchased letter of credit before provision:

	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	16,192,345	-	-	16,192,345
Recovered balances	(2,447,600)	-	-	(2,447,600)
Total balance for the current period	<u>23,047,942</u>	<u>-</u>	<u>-</u>	<u>23,047,942</u>

Disclosure on the movement of expected credit loss:

	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	171,918	-	-	171,918
Settled balances	(3,514)	-	-	(3,514)
Total balance for the current period	<u>181,899</u>	<u>-</u>	<u>-</u>	<u>181,899</u>
Net balance	<u>22,866,043</u>	<u>-</u>	<u>-</u>	<u>22,866,043</u>

(12) CUSTOMERS' DEPOSITS

The details of this item are as follows:

June 30, 2019

	Corporate			Government and Public Sector	Total
	Individuals	Large	SMEs		
	JD	JD	JD	JD	JD
Current and on call accounts	49,649,716	21,391,330	36,820,960	8,937,806	116,799,812
Saving deposits	168,316,020	816,351	495,635	734,181	170,362,187
Certificates of deposits	31,905,965	-	10,000	-	31,915,965
Time deposits subject to notice	325,278,886	85,462,531	83,255,353	113,835,466	607,832,236
Total	575,150,587	107,670,212	120,581,948	123,507,453	926,910,200

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 79,432,068 which is equivalent to %8/6 of total deposits as of June 30, 2019 (JD 78,922,919, equivalent to 8/8% of total deposits as of December 31, 2018)
- Non-interest bearing deposits amounted to JD 113,914,778 which is equivalent to %12/3 of total deposits as of June 30, 2019 (JD 120,620,900, equivalent to 5/13% of total deposits as of December 31, 2018).
- Restricted deposits (restricted to withdrawals) amounted to JD 10,011,441, which is equivalent to %1/1 of total deposits as of June 30, 2019 (JD 11,103,462, which is equivalent to 2/1% of total deposits as of December 31, 2018).
- Dormant deposits amounted to JD 8,799,208 as of June 30, 2019 (JD 10,361,366 as of December 31, 2018)

(13) 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 instalments inclusive of interest.

This item includes the following:

<u>June 30, 2019</u>	<u>Total Loans</u>	<u>Utilized</u>	<u>Settlement method</u>	<u>Guarantees</u>	<u>Loan Interest Price</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>		
Loan from World Bank through Central Bank of Jordan	2,000,000	1,700,000	20 years including 5 years grace period settled in semi-annual instalments		%2/5
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	1,512,000	10 years including 3 years grace period settled in semi-annual instalments		%2/5
Advances from Central Bank of Jordan	11,647,616	11,647,617	2 years settled in semi-annual instalments		%2/5
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One Payment on september21,2021	Transfer of Mortgage Funds	%6/6
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment on august16,2021	Transfer of Mortgage Funds	%6/35
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One Payment on February 5, 2024	Transfer of Mortgage Funds	%6/8
International Fund for Agricultural Development through the Central Bank	750,000	464,305	18 years including 3 years grace period settled in semi-annual instalments	-	%2/35
Central Bank of Jordan for Mortgage bonds		50,000,000	One Payment on August 7, 2019	Mortgage bonds	%4/75
Total		<u>95,323,922</u>			

<u>December 31, 2018</u>	<u>Total Loans</u> JD	<u>Utilized</u> JD	<u>Settlement method</u> JD	<u>Guarantees</u>	<u>Loan Interest Price</u>
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	%4/5
Total		<u>83,481,873</u>			

- Refinanced funds amounted to JD 14,055,151 as of June 30, 2019 (JD 12,039,664 as of December 31, 2018) with interest rates ranging from %3 to %10.

(14) INCOME TAX

a. Income Tax Provision

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

	<u>For the Three-Months Ended June 30, 2019</u> JD	<u>For the Year Ended December 31, 2018</u> JD
Beginning balance for the period/year	745,548	3,145,154
Income tax payable on profit for the period/year	19,302	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	<u>674,831</u>	<u>745,548</u>

b. Income Tax Expense

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

	For the Six-Month Period Ended on June 30,	
	2019	2018
	JD	JD
Income tax incurred on current period Profit - Jordan branches	19,302	3,076
Income tax incurred on current period Profit - Palestine branches	-	1,658,849
Deferred tax assets	1,873,766	371,670
Deferred tax Liabilities	(14,107)	-
Income tax incurred on prior years profit	-	320,991
Total	1,878,961	2,107,917

c. Summary of Reconciliation between Declared Income and Taxable Income

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

	For the Six-Month Period Ended June 30,	
	2019	2018
	JD	JD
Declared income	4,155,255	5,314,330
Add: Unacceptable tax expenses	3,048,881	1,133,095
Less: Exempted tax income	(7,947,671)	(2,245,038)
Adjusted Taxable Income	(743,535)	4,202,387

<u>Income Tax Rate</u>		
Bank branches in Jordan	38%	35%
Bank branches in Palestine	15%	15%

d. Tax Status**Jordan Branches**

The Bank's income tax returns for Jordan branches have been submitted up to the year 2016. As for the year 2017 and 2018. The Bank submitted its tax return within the legal period. However, no final settlement has been reached yet.

Palestine Branches

The Bank has settled income tax for Palestine branches up to the year 2017, while for the year 2018, the Bank has submitted income tax return and is currently in the process of settling the tax status with the Income Tax Department in Palestine, however final settlement has not been reached yet.

In the opinion of the Management and the Bank's Tax advisors in Jordan and Palestine, no liability would exceed the booked provision by the Bank and its related branches, and the booked income tax provision is sufficient to settle the potential tax obligations as of the date of the condensed interim financial statements

E Deferred Tax Assets

a - This item includes the following:

	For the six month period ending June 30, 2019				December 31, 2018	
	Amount					
	Beginning Balance - of the Period	Additions	Released	Balance end of Period	Deferred Tax	Deferred Tax
	JD	JD		JD	JD	JD
Provision for doubtful debts before the year 2000	249,829	-	-	249,829	94,935	94,935
Provision for impairment in seized properties	1,998,547	1,210,048	24,282	3,184,313	1,210,038	759,448
Provision for properties seized for more than four years	3,031,904	-	-	3,031,904	1,152,124	1,152,124
Provision for seized shares in violation of law	247,827	226,350	-	474,177	180,187	94,174
Impairment loss on shares seized against debts	1,190,491	(541,345)	-	649,146	246,676	452,387
Provision for lawsuits against the Bank	141,178	381,812	174,458	348,532	132,442	53,648
Provision for end-of-service indemnity	15,628	2,046	11,958	5,716	2,172	5,939
Provision for suspended legal fees and expense	1,979,422	202,062	9,009	2,172,475	825,541	752,180
Valuation losses on financial assets at fair value through profit and loss	-	73,313	-	73,313	27,859	-
Fair value reserve *	2,646,272	(160,588)	-	2,485,684	944,560	1,005,583
Provision for employees' bonuses	600,350	-	600,350	-	-	228,133
Other provisions	1,375,065	-	-	1,375,065	522,525	522,525
Expected credit loss on balances and deposits in local banks	66,006	-	49,366	16,640	6,408	25,082
Expected credit loss on balances and deposits in foreign banks	49,647	-	49,366	281	107	18,866
Expected credit loss on financial assets at amortized cost	60,711	559,648	-	620,359	235,736	23,070
Expected credit loss on direct credit facilities	16,354,653	-	5,825,273	10,529,380	4,001,165	6,214,768
Expected credit loss on indirect credit facilities	5,348,597	-	336,810	5,011,787	1,904,479	2,032,467
Expected credit loss on un-utilized limits of credit facilities / direct	675,623	-	51,509	624,114	237,163	256,737
Expected credit loss on un-utilized limits of credit facilities / indirect	449,293	-	81,146	368,147	139,896	170,731
Expected credit loss on purchase of time withdrawals and letters of credit	13,495	168,405	-	181,900	69,122	5,128
Total	36,494,538	2,121,751	7,213,527	31,402,762	11,933,135	13,867,924

b- Deferred Tax Liability

Valuation gain on financial assets at fair value through profit and loss

	37,122	-	37,122	-	-	14,107

- The deferred tax benefits above are for Jordan branches only. Considering that there is no deferred tax benefits in Bank branches in Palestine.
- * Deferred tax assets resulting from valuation loss of financial assets at fair value through comprehensive income appear within valuation reserve of financial assets at fair value in the owners' equity statement.

c- The movement on deferred tax assets during the period was as follows:

	For the Six-Month Period Ended June 30, 2019	For the year ended December 31, 2018	For the Six-Month Period Ended June 30, 2019	For the year ended December 31, 2018
	Assets	Assets	Liabilities	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	13,867,924	4,032,827	14,107	-
Deferred tax assets impact due to IFRS (9) implementation	-	10,093,909	-	-
Adjusted balance - Beginning of the Year	13,867,924	14,126,736	14,107	-
Additions during the year	806,266	1,972,283	-	14,107
Disposals during the year	(2,741,056)	(3,441,958)	(14,107)	-
Addition due to tax rate adjustment	-	1,210,863	-	-
Balance - End of the Year	11,933,135	13,867,924	-	14,107

- Deferred tax assets for Jordan branches have been calculated using 38% as of January 1, 2019 according to the Income Tax Law No. (38) for the year 2018.

(15) OTHER PROVISIONS

The movement for this item during the period / year is as follows:

	Balance – beginning of the period	Expense for the period	Paid During the period	Balance – End of the Period
	JD	JD	JD	JD
Provision for lawsuits against the Bank	146,472	381,812	(174,458)	353,826
Provision for end-of-service indemnity	777,794	139,304	(70,550)	846,548
Others	1,000,000	-	-	1000,000
Total	1,924,266	521,116	(245,008)	2,200,374

For the Year Ended December 31, 2018	Balance – beginning of the Year	Expense for the Year	Paid During the Year	Balance – End of the Year
	JD	JD	JD	JD
Provision for lawsuit against the Bank	110,838	45,364	(9,730)	146,472
Provision for end-of-service indemnity	780,049	245,709	(247,964)	777,794
Others	-	1,000,000	-	1,000,000
Total	890,887	1,291,073	(257,694)	1,924,266

(16) OTHER LIABILITIES

This details of this item are as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Acceptable checks	6,768,281	6,163,241
Unpaid accrued interest	6,533,200	8,739,300
Refundable and various deposits	5,895,757	2,998,540
Safe deposits boxes	108,922	101,485
Shareholders' deposits	15,759	15,759
Income tax and social security deposits	416,359	363,643
Unpaid accrued expenses	1,009,025	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*	11,715,812	10,563,174
Inward transfers	1,145,843	(125)
Provision for expected credit losses for off balance sheet items **	6,103,220	6,570,763
Others	1,484,570	294,898
Total	41,251,748	38,412,442

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

	For the Six- Month Period Ended June 30, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance beginning of the period / year	10,563,174	8,530,135
Amounts received	1,152,638	2,386,718
Disposals	-	(353,679)
Balance - End of the Period / Year	11,715,812	10,563,174

* The movement on this item during the impairment as follow:

	Stage (1)	Stage (2)	Stage (3)	Total
	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	15,554,423	5,171	123	15,559,717
Settlement balances	(10,233,606)	(175,840)	(117,328)	(10,526,774)
Transferred from stage 1	17,250,984	(17,130,241)	(120,743)	-
Transferred from stage 2	(9,671,709)	9,673,709	(2,000)	-
Transferred from stage 3	(418,626)	(428,550)	847,176	-
Changes from adjustments	(9,197,138)	(2,593,564)	(89,416)	(11,880,118)
Balance at the end of the period	306,819,447	11,904,653	7,503,734	326,227,834

** The movement on this item for the impairment as follow:

	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance beginning of the period	2,427,037	514,673	3,629,054	6,570,764
New balances during the period	47,349	63	123	47,535
Settlement balances	(298,220)	(463)	-	(298,683)
Transferred from stage 1	40,108	(39,956)	(152)	-
Transferred from stage 2	(234,936)	234,936	-	-
Transferred from stage 3	(8,0800	(2,066)	10,146	-
Impact from the reclassification between stages	-	(294,775)	164,557	(130,218)
Changes from adjustments	(410,809)	(12,351)	336,982	(86,178)
Balance at the end of the period	<u>1,562,449</u>	<u>400,061</u>	<u>4,140,710</u>	<u>6,103,220</u>

(17) AUTHORIZED AND PAID-UP CAPITAL

The General Assembly of the Bank approved in its extraordinary meeting held on April 30, 2017 to increase the capital by JD/share 7,125,000 through capitalizing part of the retained earnings and distributing it to the shareholders for free. The procedures of increasing the paid up capital have been completed on June 7, 2017. The authorized and paid up capital became JD/share 120,000,000 as of June 30, 2019 and December 31 2018.

(18) LEGAL RESERVE

According to Jordanian Companies Law, the Bank did not book any legal reserves for this period as this is an interim statements and these allocations should be done at the year end.

(19) FAIR VALUE RESERVE - NET

The movement on the fair value reserve for the period / year are as follows:

	For the Six- Month Period Ended June 30, 2019	For the Year Ended December 31, 2018
	JD	JD
Balance - beginning of the year	(2,053,183)	(1,504,051)
Unrealized (losses) - Net	37,370	(552,104)
Released from selling financial assets at fair value through other comprehensive income	-	2,972
Balance - End of the Year	<u>(2,015,813)</u>	<u>(2,053,183)</u>

- The fair value reserve includes JD 311,112 as of June 30, 2019 (JD 311,112 as of December 31, 2018) as an impact related to the implementation of the International Financial Reporting Standard No. (9).

(20) ACCUMULATED LOSSES

The movement on this item during the period/year follows:

	For the Six- Month Ended, June 30, 2019	For the year Ended December 31, 2018
	JD	JD
Balance - beginning of the period/year	(1,214,496)	8,125,824
Effect of IFRS 9 Implementation on Impairment	-	(30,065,991)
IFRS 9 implementation impact on deferred tax assets	-	10,093,909
Transferred from general bank credit risk reserve after the implementation of IFRS 9	-	7,002,848
Adjusted balance	(1,214,496)	(4,843,410)
Profit for the year	-	5,029,366
Transferred to reserves	(293,514)	(1,395,632)
Losses from selling financial assets through other comprehensive income	-	(4,820)
Balance – End of the Period/Year	(1,508,010)	(1,214,496)

Accumulated losses add an amount of JD 11,933,135 as of June 30, 2019 restricted against deferred tax assets according to the Central Bank of Jordan instructions.

Use of earnings in an amount equal to negative cumulative change in fair value of financial assets amounted to JD 2,015,813 as of June 30, 2019 is restricted (including JD 311,112 against implementing International Financial Reporting Standard No. (9)), according to Jordan Securities Commission and Central Bank of Jordan.

(21) Interest Income

The details of this item are as follows:

	For the Six-Month Period Ended June 30,	
	2019	2018
	JD	JD
Direct credit facilities:		
Individuals (retail)		
Overdraft accounts	77,067	124,409
Loans and promissory notes	7,476,372	6,962,994
Credit cards	364,103	340,313
Real - estate loans	5,592,340	5,592,658
Companies		
Large		
Overdraft accounts	3,870,871	1,873,785
Loans and promissory notes	10,371,508	10,577,518
Small and medium		
Overdraft accounts	927,868	458,584
Loans and promissory notes	2,097,725	2,360,921
Government and public sector	991,007	1,085,658
Balances at central banks	865,198	624,077
Balances and deposits at banks and financial institutions	926,017	207,995
Financial assets at amortized cost	6,254,273	8,934,725
Total	39,814,349	39,143,636

(22) Interest Expense

The details of this item are as follows:

	For the Six-Month Period Ended June 30,	
	2019	2018
	JD	JD
Deposits at banks and financial institutions	2,513,698	2,794,138
Customers deposits:		
Current and call accounts	326,273	267,719
Saving accounts	867,707	911,169
Time and notice deposits	15,186,993	15,679,353
Deposits certificates	867,418	922,456
Cash margins	1,232,411	1,382,438
Deposits guarantee fees	736,618	1,031,158
Borrowed funds	2,143,369	84,935
Total	23,874,487	23,073,366

(23) EXPECTED CREDIT LOSSES PROVISION

This item consists of the following:

	<u>For the six months ended June 30</u>	
	<u>2019</u>	<u>2018</u>
Balances and deposits at banks and financial institutions	(48,000)	(218,978)
Direct credit facilities	1,369,082	3,128,635
Debt instruments within financial assets at amortized cost portfolio	562,825	(2,013)
In-direct credit facilities and other commitments	(467,543)	(2,420,742)
Purchased credits and time withdrawals	168,404	180,169
Total	<u>1,584,768</u>	<u>667,071</u>

(24) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

<u>For the Six-Month Period Ended June 30, 2019</u>	<u>Realized Gains</u>	<u>Unrealized (Losses)</u>	<u>Dividends</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Companies' quoted shares in active markets	<u>-</u>	<u>(73,313)</u>	<u>291</u>	<u>(73,022)</u>
 <u>For the Six-Month Period Ended June 30, 2018</u>	 <u>Realized Gains</u>	 <u>Unrealized Gains</u>	 <u>Dividends</u>	 <u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Companies' quoted Shares in active market	<u>20,213</u>	<u>142,102</u>	<u>-</u>	<u>162,315</u>

25. Other Income - Net

The details of this item are as follows:

	For the Six-Month Period	
	Ended June 30,	
	2019	2018
	JD	JD
Income from credit cards - net	114,264	89,376
Safe box rent	33,921	24,330
Transfers income	205,089	199,744
Cheques income	345,710	381,942
Telecommunication income	38,965	38,874
Recovery of debts previously written-off *	614,913	969,394
Gain (loss) from sale of property and equipment	-	9,803
Gain from seized properties	14,108	17,304
Income from account services	470,514	347,146
Insurance income	37,616	84,403
Others	328,098	506,834
Total	2,203,198	2,669,150

* This item represents amounts recovered from written - off debts and suspended interest taken during the previous years outside the statement of financial but recovered during the period ended June 30, 2019.

26. Other Expenses

The details of this item are as follows:

	For the Six-Month Period Ended June 30,	
	2019	2018
	JD	JD
Rent	695,798	623,318
Water, electricity and telecommunication expenses	744,844	655,248
Maintenance repair and expenses	333,755	404,418
Marketing and advertisements	165,777	818,474
Donations	111,319	87,908
subscription	488,204	334,841
Fees, licenses and taxes	531,155	542,140
Stationery and publications	297,640	252,229
Cleaning	330,700	220,943
Collection incentives	30,174	8,576
Board of Directors' remunerations	192,767	651,347
Legal and lawyer fees	234,054	293,677
Professional and consultancy fees	210,608	205,645
Programs and computers maintenance	602,822	565,098
Impairment/(Recovered from) seized stocks against debt *	(541,345)	189,649
Insurance expenses	233,451	218,422
Hospitality	48,695	49,689
Losses from selling seized properties	2,000	183,632
Others	262,985	493,000
Total	4,975,403	6,798,254

* This amount represents unrealized profits for the repossessed financial assets as a result of an increase in the price during the period ended June 30, 2019

27. Cash and Cash Equivalents

The details of this item are as follows:

	June 30,	
	2019	2018
	JD	JD
Balances at central banks maturing within three months	104,366,115	127,390,983
<u>Add:</u> Balances at banks and financial institutions maturing within three months	67,545,020	32,016,848
<u>Less:</u> Banks and financial institutions deposits maturing within three months	(37,880,219)	(35,673,561)
Total	134,030,916	123,734,270

(28) Information on the Banks' Business Segments

1- Information on the Bank activities

The Bank is organized for administrative purposes through four business segments according to reports that are being processed by the Bank's chief executives and decision makers through the following main business sectors:

- Individual Accounts: This includes monitoring the deposits of individual customers and granting them credit facilities, credit cards and other services.
- Enterprise accounts: Includes monitoring of deposits, credit facilities and banking services for institutional clients.
- Treasury: This sector includes the provision of trading, treasury and bank management services
- Others: This sector includes activities that do not meet the definition of the Bank's above mentioned sectors

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

	Individuals JD	Corporations JD	Treasury JD	Others JD	Total For the Period Ended June 30,	
					2019 JD	2018 JD
Gross income for the year	1,693,277	17,349,609	2,444,210	518,379	22,005,475	22,347,042
Less: Provision for impairment in direct credit facilities	2,054,230	(2,974,272)	(664,726)	-	(1,584,768)	(667,071)
Business Sector results	3,747,507	14,375,337	1,779,484	518,379	20,420,707	21,679,971
Less: Expenditures not distributed over sectors	(1,283,100)	(9,287,120)	(2,716,338)	(2,978,894)	(16,265,452)	(16,261,451)
Income for the year before income tax	2,464,407	5,088,217	(936,854)	(2,460,515)	4,155,255	5,418,520
Less: Income tax expense for the year	-	-	-	(1,878,961)	(1,878,961)	(2,107,916)
Income for the Year	2,464,407	5,088,217	(936,854)	(4,339,476)	2,276,294	3,310,604
Capital expenditures	-	-	-	1,588,371	1,588,371	1,390,643
Depreciation and amortization	-	-	-	1,553,151	1,553,151	1,506,028
Total Assets	246,849,053	493,349,505	495,433,835	153,339,769	1,388,972,162	1,353,569,536
Total Liabilities	587,168,703	296,520,399	287,812,754	81,112,711	1,252,614,567	1,219,525,605

2- Information related to Geographical Distribution:

This sector represents the geographical distribution of the Banks operations. The Bank performs its operations mainly in the Hashemite Kingdom of Jordan representing local operations. Moreover, the Bank conducts international operations through its branches in Palestine.

The following is the Bank's revenue, assets, and capital expenditures according to geographic allocation:

	Inside the Kingdom		Outside the Kingdom		Total	
	For the Period Ended June 30,	For the Period Ended June 30,	For the Period Ended June 30,	For the Period Ended June 30,	For the Period Ended June 30,	For the Period Ended June 30,
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Gross income	21,119,987	20,076,862	885,488	2,270,180	22,005,475	22,347,042
Capital expenditures	1,103,514	885,447	484,857	505,196	1,588,371	1,390,643
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
	JD	JD	JD	JD	JD	JD
Total assets	1,205,040,673	1,167,255,511	183,931,489	186,314,025	1,388,972,162	1,353,569,536

(29) CAPITAL MANAGEMENT

a. Description of Capital:

Capital is categorized into various categories, such as; paid-up capital, economic capital, and regulatory capital. Moreover, regulatory capital is defined, according to the Banks Law, as the total value of the items determined by the Central Bank for control purposes to meet the requirements of the capital adequacy ratio required by the Central Bank of Jordan instructions. Furthermore, regulatory capital consists of two parts: Primary Capital (Tier 1) made up of paid-up capital, declared reserves (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings after excluding restricted amounts and non-controlling interests net of loss for the period (if any), costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank, restructuring goodwill balances, as for the second part (Tier 2), additional paid in capital, it consists of the foreign currencies translation differences, general banking risks reserve, instruments with debt-equity shared characteristics, support debts and 45% of the financial assets valuation reserve, if positive, and is deducted in full, if negative.

A third part of capital (Tier 3) might be formed in case the capital adequacy ratio goes below 12% due to factoring capital adequacy ratio into market risks.

Investments in the capitals of banks, insurance and other financial institutions are deducted.

b. The requirements of the regulatory parties concerning capital and the manner in which they are met.

Instructions of the Central Bank require that paid-up capital not to be less than JD 100 million and shareholders' equity-to-assets ratio not to be less than 6%. Moreover, the Central Bank instructions require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12% which the Bank considers to meet. Furthermore, the Bank increased its issued and paid-up capital during the year 2017 to become JD/share 120,000,000 according to the General Assembly decision taken on June 30, 2017, whereby the increasing paid-up capital procedures were completed on June 7, 2017.

The Bank complies with Article (62) of the Banks Law which requires the Bank to deduct (10%) of its annual net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. This meets the requirements of the statutory reserve prescribed by the Companies Law.

The Bank complies with Article (41) of the Banks Law which requires adherence to the limits set by the Central Bank of Jordan relating to:

1. The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.
2. Ratio of total loans to regulatory capital the Bank is allowed to grant to one person, his allies, or to related stakeholders.
3. Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

c. The Method of Achieving Capital Management Goals.

The Bank considers the compatibility of the size of its capital with the size, nature, and complexity of the risk the Bank is exposed to in a manner that does not contradict the prevailing regulations and instructions. This is reflected in its strategic plans and annual budgets. In order to further hedge and bind the surrounding cycles with the economic circumstances the board of directors have decided through bank strategy that the acuity for capital rate is 12% after taking into consideration the capital increase in 2017 and 2016.

When entering into investments, the impact on capital adequacy ratio is considered. Moreover, capital and its adequacy are monitored periodically as capital adequacy ratio is monitored at the Group level and the individual Bank every quarter. Furthermore, capital adequacy is reviewed by internal audit, and capital ratios are monitored monthly. Such ratios are financial leverage, shareholders' equity to assets, shareholders' equity to customers' deposits, internal growth of capital, provisions, and free capital. This should achieve the appropriate financial leverage, and consequently, the targeted return on shareholders' equity not less than 10% as prescribed by the Bank's strategy.

No dividends are paid to shareholders out of the regulatory capital if such payment leads to noncompliance to the minimum capital requirement. The Bank concentrates on the internal growth of capital and can resort to public offering to meet expansionary needs and future plans, or the requirements of the regulatory bodies according to specified studies.

d. Capital Adequacy

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

	June 30, 2019 JD	December 31, 2018 JD
Primary Capital Items:		
Authorized and paid-up capital	120,000,000	120,000,000
Accumulated (Loss)	(1,508,011)	(1,214,496)
Other Comprehensive Income Items:		
Fair value reserve – net	(2,015,812)	(2,053,184)
Statutory reserve	14,714,562	14,714,563
Cyclicality reserve	2,597,047	2,597,047
Total Primary Capital before Regulatory Amendments	136,064,080	134,043,930
Less:		
Intangible assets – net	(2,143,990)	(2,313,919)
Deferred tax assets	(11,933,135)	(13,867,924)
Deferred accepted provisions by Central Bank	(7,119,046)	(7,870,096)
Total Regulatory Amendments	(21,196,171)	(24,051,939)
Net Primary Capital	114,867,909	109,991,991
Supplementary Capital Items:		
Provision balance required against financial instrument in stage 1	7,392,419	9,887,533
Total Regulatory Capital	122,553,842	119,879,524
Assets Weighted by Risk:		
Credit risk	974,973,557	943,441,362
Market risk	12,368,692	6,410,146
Operational risk	88,975,817	88,975,817
Net Assets Weighted by Risk	1,076,318,066	1,038,827,325
Ratio of Regulatory Capital	11.39%	11.54%
Primary Capital Ratio	10.67%	10.59%

30. Transactions and Balances with Related Parties

The Bank entered into transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal banking practice and according to the normal interest rates and trading commissions. All of the credit facilities granted to related

parties are considered as performing facilities and no impairment provision has been taken as of the date of the condensed interim financial statement.

Financial statements include transactions and balances with related parties as follows:

	Companies					Total	
	BOD Members		Represented		Others	June 30, 2019	December 31, 2018
	JD	JD	BOD	JD		JD	JD
<u>Condensed Interim Statement of Financial Position Items:</u>							
Deposits	11,110,805		1,414,479	903,080	177,251	13,605,615	13,845,772
Direct credit facilities	1,071,570		20,418,546	1,214,631	2,485,396	25,190,143	19,502,163
Cash margins	1,000		7,690,478	-	8,050	7,699,528	7,328,678
<u>Items Outside the Statement of Condensed Interim Financial Position:</u>							
Letter of guarantee	10,000		555,954	-	415,050	981,004	529,948
Collection Policies	-		24,132	-	-	24,132	-
<u>Condensed Interim Income statement items:</u>							
Interests and commission income*	JD 28,861	JD 371,901	JD 34,056	JD 61,522	JD 773	JD 496,340	JD 515,902
Interests and commission expense**	1,177,502	423,083	7,907			1,609,265	1,352,166

* Credit interest rate ranges between 8% to 25/8% .

** Debit interest rate ranges between 1% to 5/4% .

Executive Managers Remunerations:

- Executive managers salaries and remunerations for the Bank amounted to JD1,488,589 for the six month period ended June 30, 2019 (JD 1,871,565) for the six month ended June 30, 2018).

31. Credit Management:

1. Distribution of exposures by economic sectors

a. Distribution of credit exposures by financial instruments as follows:

Economic Sector	Financial JD	Industrial JD	Trades JD	Construction JD	Real State JD	Agriculture JD	Shares JD	Individual JD	Governmental and Public Sector JD	Others JD	Total JD
Balances with central banks	78,263,083	-	-	-	-	-	-	-	-	-	78,263,083
Credit with banks and financial Institution	67,545,020	-	-	-	-	-	-	-	-	-	67,545,020
Credit facilities - Net	45,639,598	76,075,437	142,332,174	32,729,860	129,597,990	6,256,996	5,225,504	178,814,646	37,426,499	83,540,251	737,638,955
Amortized financial assets - Net	5,617,126	-	590,592	-	-	-	-	-	287,848,624	-	294,056,342
Other assets - Net	-	-	22,866,043	-	-	-	-	-	-	-	22,866,043
Gross - for period	197,064,827	76,075,437	165,788,809	32,729,860	129,597,990	6,256,996	5,225,504	178,814,646	325,275,123	83,540,251	1,200,369,443
Guarantees	34,340,436	3,677,337	34,601,121	53,194,447	851,203	22,982	102,350	-	-	14,240,484	141,030,360
Credit and disbursement	938,357	3,545,992	27,073,968	3,028,730	-	-	-	-	-	11,462	34,598,509
unutilized limits	24,341,360	14,951,841	51,184,299	21,524,767	3,616,340	148,114	580,944	-	-	28,148,074	144,495,739
Gross - for period	256,684,980	98,250,607	278,648,197	110,477,804	134,065,533	6,428,092	5,908,798	178,814,646	325,275,123	125,940,271	1,520,494,051
Comparative amounts	238,795,081	90,697,678	232,822,826	148,301,378	124,574,068	6,749,702	12,476,250	174,734,223	331,306,316	139,305,597	1,499,763,119

b. Distribution of exposures by stages of classification IFRS(9):

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	238,356,663	6,654,552	11,673,765	256,684,980
Industrial	81,485,296	15,857,890	907,421	98,250,607
Trades	256,699,378	19,398,237	2,550,582	278,648,197
Constructions	92,083,089	12,436,239	5,958,476	110,477,804
Real Estate	115,887,205	13,206,021	4,972,307	134,065,533
Agriculture	3,417,870	2,811,692	198,530	6,428,092
Shares	4,024,415	1,867,384	16,999	5,908,798
Individuals	171,084,131	5,074,396	2,656,119	178,814,646
Governmental and public sector	325,275,123	-	-	325,275,123
other	112,431,017	9,272,416	4,236,838	125,940,271
Total for the period	1,400,744,187	86,578,827	33,171,037	1,520,494,051

2. Credit Risk Exposure according to Geographical Area is as

a. Total distribution according geographic areas

Geographical Area	Inside the Kingdom		Middle east		Europe		Asia*		Africa*		America		Other countries		Total	
	Countries		Countries		Countries		Countries		Countries		Countries		Countries		Countries	
	JD		JD		JD		JD		JD		JD		JD		JD	
Cash and balances at central banks	48,475,360		29,787,723		-		-		-		-		-		78,263,083	
Balances at banks and financial institutions	20,446,809		42,000,527		2,754,625		19,703		106,010		2,104,423		112,923		67,545,020	
Direct credit facilities - net																
Individuals	166,621,621		12,193,025		-		-		-		-		-		178,814,646	
Real - estate loans	120,721,324		8,876,666		-		-		-		-		-		129,597,990	
Companies																
Large	303,291,854		18,038,047		12,055,511		-		-		-		-		333,385,412	
Small and medium (SMEs)	48,531,168		9,883,240		-		-		-		-		-		58,414,408	
Governmental and public sector	24,109,480		13,317,019		-		-		-		-		-		37,426,499	
Financial Assets at Amortized Cost - Net	292,664,264		1,392,078		-		-		-		-		-		294,056,342	
Other assets	21,098,956		-		1,767,087		-		-		-		-		22,866,043	
Total/for the Current year	1,045,960,836		135,488,325		16,577,223		19,703		106,010		2,104,423		112,923		1,200,369,443	
Letter of guarantee	136,865,723		4,164,637		-		-		-		-		-		141,030,360	
Disbursement and letter of credit	17,588,714		967,280		2,477,963		3,804,869		98,498		1,012,477		8,648,708		34,598,509	
Unutilized limits	140,255,100		3,740,639		-		-		-		-		-		144,495,739	
Total/ for the Current year	1,341,170,373		144,360,881		19,055,186		3,824,572		204,508		3,116,900		8,761,631		1,520,494,051	
Total/Comparative Figures	1,316,453,598		123,151,339		24,137,772		36,374,803		59,427		(1,227,801)		263,981		1,499,213,119	
*Except middle east countries																

b. Distribution of exposures by stages of classification IFRS (9)

	Stage 1		Stage 2		Stage 3		Total	
	Countries		Countries		Countries		Countries	
	JD		JD		JD		JD	
Inside the Kingdom	1,221,420,509		86,578,827		33,171,037		1,341,170,373	
Middle east courtiers and other	144,360,881		-		-		144,360,881	
Europe	19,055,186		-		-		19,055,186	
Asia*	3,824,572		-		-		3,824,572	
Africa*	204,508		-		-		204,508	
America	3,116,900		-		-		3,116,900	
Other countries	8,761,631		-		-		8,761,631	
Total for the period	1,400,744,187		86,578,827		33,171,037		1,520,494,051	
*Except middle east countries								

3. Credit exposures of which reclassification has been amended:

1. The below mentioned disclosures are prepared in two phases: The first for the gross credit exposure and the second for the expected credit losses amount

a. Reclassified gross credit exposure:

Item	Stage 2		Stage 3		Gross reclassified exposures	Reclassified exposures percentage
	Gross exposure amount	Reclassified exposures	Gross exposure amount	Reclassified exposures		
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Credit facilities	76,430,313	46,818,478	85,742,557	14,879,553	61,698,031	7.69%
Bonds and debentures	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	2,000,000	2,000,000	2,000,000	68%
Financial instruments derivatives	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	76,430,313	46,818,478	87,742,557	16,879,553	63,698,031	
off balance sheet and other liabilities	11,904,653	9,673,709	7,503,734	847,176	10,520,885	3.20%
Total	88,334,966	56,492,187	95,246,291	17,726,729	74,218,916	

b. Reclassified exposures credit losses:

Item	Reclassified exposures			Reclassified exposures expected credit loss		
	Reclassified exposures from Stage 2	Reclassified exposures from Stage 3	Reclassified exposures	Stage 2 Individual	Stage 3 Individual	Total
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Credit facilities	46,818,478	14,879,553	61,698,031	603,060	583,995	1,187,055
Bonds and debentures	-	-	-	-	-	-
Within financial assets at amortized cost	-	2,000,000	2,000,000	-	28,043	28,043
Financial instruments derivatives	-	-	-	-	-	-
Pledged financial assets (debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	46,818,478	16,879,553	63,698,031	603,060	612,038	1,215,098
off balance sheet and other liabilities	9,673,709	847,176	10,520,885	234,936	10,146	245,082
Total	56,492,187	17,726,729	74,218,916	837,996	622,184	1,460,180

32. 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 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	Evaluation Method and inputs used	Important Intangible Inputs	Retention between the fair value and the important Intangible Inputs
	June 30, 2019	December 31, 2018				
	JD	JD				
Financial Assets at fair Value through statements of Income						
Companies' shares	1,719,488	1,792,801	Level 1	Financial Markets rates	Not Applicable	Not Applicable
Total	1,719,488	1,792,801				
Financial Assets at fair Value through Comprehensive Income						
Shares that have available market price	8,273,412	8,215,901	Level 1	Financial Markets rates	Not Applicable	Not Applicable
Shares that doesn't have available market price	3,740,059	3,699,401	Level 2	Financial statements issued by companies	Not Applicable	Not Applicable
Total	12,013,471	11,915,302				
Total Financial Assets at fair value	13,732,959	13,708,103				

There were no transfers between level 1 and level 2 during the year 2017 and 2018.

B- The fair value of 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 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 year.

Financial Assets of non-specified fair value.	June 30, 2018		December 31, 2017		The Level of	
	Fair Value		Fair Value		Fair Value	
	Book value	JD	Book value	JD	JD	
Cash at Central Banks						Level 2
Cash at banks and financial Institutions	78,263,083	78,291,012	71,068,130	71,069,004		Level 2
loans and bills and others	67,545,020	68,198,909	61,995,613	62,745,712		Level 2
Financial assets at amortized cost	737,638,955	742,288,148	727,873,818	731,538,244		Level 1&2
Total financial assets of non-specified fair value	294,058,342	297,745,365	303,031,611	308,492,216		
	1,177,503,400	1,186,523,434	1,163,969,172	1,173,845,176		
Financial Liabilities of non-specified fair value.						
Deposits at banks and financial Institutions	110,403,123	112,517,427	117,304,754	120,673,733		Level 2
Customer's deposits	926,910,200	930,898,723	893,225,288	897,633,230		Level 2
Cash margin	71,172,605	71,569,021	84,417,327	85,339,328		Level 2
Cash Insurance	95,323,922	95,359,883	83,481,873	873,522,255		Level 2
Total financial liabilities of non-specified fair value	1,203,811,850	1,210,345,054	1,178,429,242	1,977,168,546		

The Fair value of financial assets and liabilities for level 2 and level 3 were determined according to agreed pricing models, Which reflect the credit risk of the parties deal with.

33. Contingent Liabilities and Commitments

At the date of the condensed interim financial statements the Bank had probable obligations as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Letters of credit	25,901,132	30,416,261
Acceptances	9,039,179	17,604,541
Guarantees:		
Payment	36,998,444	22,488,576
Performance guarantee	46,829,252	58,827,263
Other	61,941,977	68,649,015
Unutilized direct credit facilities ceilings	72,943,482	75,767,165
Total	253,653,466	273,752,821

34. Lawsuits against the Bank

The lawsuits against the Bank amounted to JD21,110,369 as of June 30, 2019 (JD 10,033,504 as of December 31, 2018). In the opinion of the management and legal advisor, no liability shall arise against the Bank exceeding the provision recorded which amounted to JD 353,826 as of June 30, 2019 (JD 146,473 as of December 31, 2018).

35. Comparative Figures

During the six months ended June 30, 2019, management adjusted the comparative figures for the six months ended June 30, 2018 to comply with the requirements of IAS (8). The adjustments on the statement of changes in equity for the six months ended June 30, 2019 stemmed from errors in the calculation of the 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.

	June 30, 2018		
	before adjustment	effect of adjustment	adjusted amount
Statement of Income			
Provision for expected credit losses	771,261	(104,190)	667,071
Income tax for the period	(2,213,026)	105,110	(2,107,916)
Profit for the period	3,101,304	209,300	3,310,604
Earnings per share basic and dilutive	-/026	-/001	-/027
Interim changes in equity statement			
(Accumulated losses)	(3,037,084)	(1,807,460)	(4,844,544)
Interim cash flows statement			
Profit for the period before tax	5,314,330	104,190	5,418,520
Provision for expected credit losses	771,261	(104,190)	667,071