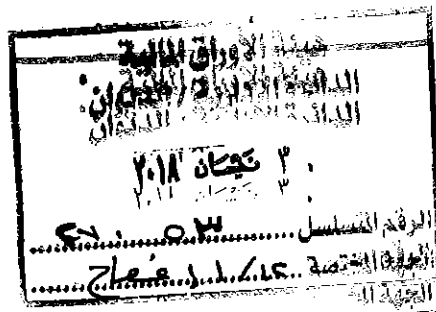




<p>نموذج رقم (5-1) Form No. (1-5)</p> <p>للمرسل بورصة عمان السادة السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2018/4/30 الموضوع: التقرير ربع السنوي كما هي في 2018/3/31</p>	
<p>To: Jordan Securities Commission Amman Stock Exchange Date: 30/4/2018 Subject: Quarterly Report as of 31/3/2018</p>	<p>السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2018/4/30 الموضوع: التقرير ربع السنوي كما هي في 2018/3/31</p>
<p>Attached the Quarterly Report of (Jordan Commercial Bank) as of 31/3/2018</p>	<p>مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (البنك التجاري الاردني) كما هي بتاريخ 2018/3/31</p>
<p>Kindly accept our high appreciation and respect</p> <p>Company's Name: Jordan Commercial Bank General Manager's Signature Caesar Qulajen</p>	<p>وتفضلوا بقبول فائق الاحترام...</p> <p>شركة البنك التجاري الاردني توقيع المدير العام سينر قولاجين</p>



JORDAN COMMERCIAL BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD
ENDED MARCH 31, 2018
TOGETHER WITH THE REVIEW REPORT

JORDAN COMMERCIAL BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
MARCH 31, 2018

TABLE OF CONTENTS

Review Report on the Condensed Interim Financial Statements	
Condensed Interim Statement of Financial Position	2
Condensed Interim Statement of Income	3
Condensed Interim Statement of Comprehensive Income	4
Condensed Interim Statement of Changes in Owners' Equity	5
Condensed Interim Statement of Cash Flows	6
Notes on the Condensed Interim Financial Statements	7 - 25

Review Report on the Condensed Interim Financial Statements

AM/ 8511

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

Introduction

We have reviewed the accompanying condensed interim financial position of Jordan Commercial Bank (A Public Shareholding Limited Company) as of March 31, 2018, and the related condensed interim statements of income, comprehensive income, changes in owners' equity and cash flows for the three-month then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard number (34). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 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, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter Paragraphs

1. 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.
2. The fiscal year of the Bank ends on December 31 of each year, the accompanying condensed interim financial statements are prepared only for the purposes of management, Jordan Securities Commission.

Amman – The Hashemite Kingdom of Jordan
April 30, 2018

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION

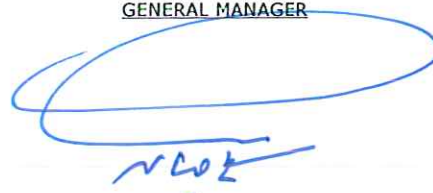
		March 31, 2018	December 31,
	Note	(Reviewed not Audited)	2017 (Audited)
ASSETS		JD	JD
Cash and balances at central banks	4	137,684,764	128,088,936
Balances at banks and financial institutions	5	49,180,186	51,866,315
Direct credit facilities - net	6	716,457,960	718,016,916
Financial assets at fair value through statement of income		1,451,164	1,394,915
Financial assets at fair value through statement of comprehensive income		11,690,804	11,833,839
Financial assets at amortized cost	7	331,309,615	331,324,142
Property and equipment - net	a/8	26,981,351	27,161,679
Intangible assets - net	b/8	2,308,758	2,064,338
Deferred tax assets	e/16	8,951,697	4,032,827
Other assets	9	106,203,781	106,477,287
TOTAL ASSETS		1,392,220,080	1,382,261,194
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Banks and financial institutions deposits		122,166,465	121,378,075
Customers deposits		994,156,812	971,307,775
Cash margins		87,112,580	91,770,630
Borrowed funds	10	14,370,941	14,168,978
Provision for income tax	16/a	3,281,735	3,145,154
Other provisions		920,271	890,887
Other liabilities	11	42,041,682	30,059,096
TOTAL LIABILITIES		1,264,050,486	1,232,720,595
OWNERS EQUITY:			
BANK SHAREHOLDERS' EQUITY:			
Authorized and paid-up capital		120,000,000	120,000,000
Statutory reserve	21	14,082,158	14,082,158
General banking risks reserve		-	7,002,848
Cyclical reserve	21	1,833,820	1,833,820
Fair value reserve - net	17	(1,625,578)	(1,504,051)
Retained earnings	14	(6,652,004)	8,125,824
Net income for the period		531,198	-
Total Bank Shareholders' Equity		128,169,594	149,540,599
TOTAL LIABILITIES AND OWNERS' EQUITY		1,392,220,080	1,382,261,194

THE ACCOMPANYING NOTES FROM (1) TO (21) CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE INDEPENDENT AUDITOR'S REPORT.

CHAIRMAN OF BOARD OF DIRECTORS



GENERAL MANAGER



JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF INCOME

	For the three-month period	
	Ended March 31.	
	Note	
	2018	2017
	JD	JD
Interest income	18,986,395	17,293,400
<u>Less: Interest expense</u>	<u>(11,306,901)</u>	<u>(7,678,739)</u>
Net Interest Income	7,679,494	9,614,661
Net commission income	1,159,230	1,043,187
Net Interest and Commission	8,838,724	10,657,848
Foreign exchange income	274,908	369,074
Gain from financial assets at fair value through statement of income	76,462	12,111
Cash dividends from financial assets at fair value through statement of comprehensive income	47,500	36,050
Other income - net	1,123,100	1,201,949
Gross Income	10,360,694	12,277,032
Employees expenses	3,864,370	3,687,907
Depreciation and amortization	753,476	737,478
Provision for impairment in credit facilities	723,995	2,369,750
Other provisions	46,400	113,650
Provision for impairment in seized assets	23,553	166,107
Other expenses	3,571,195	2,801,010
Total Expenses	8,982,989	9,875,902
Income for the Year before Income Tax	1,377,705	2,401,130
<u>Less: Income tax for the year</u>	<u>(846,507)</u>	<u>(1,115,161)</u>
Income for the Year	531,198	1,285,969
Earnings per Share for the Year attributable to the Bank's Shareholders		
Basic and Diluted	15	-/004 -/010

THE ACCOMPANYING NOTES FROM (1) TO (21) CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE INDEPENDENT AUDITOR'S REPORT.

CHAIRMAN OF BOARD OF DIRECTORS



GENERAL MANAGER



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

	For the Three-Month Period	
	Ended March 31,	
	2018	2017
	JD	JD
Income for the period	531,198	1,285,969
<u>Other Comprehensive Income Items:</u>		
<u>Items that are not transferable to statement of income:</u>		
Net change in fair value of financial assets at fair value reserve through other comprehensive income	(122,258)	(58,569)
Released from fair value reserve as a result of sale of financial assets at fair value through other comprehensive income	731	249,298
Total Other Comprehensive Income	(121,527)	190,729
(Loss) realized from sale of financial assets at fair value through other comprehensive income	(1,134)	(295,928)
Total Comprehensive Income for the Period	<u>408,537</u>	<u>1,180,770</u>

THE ACCOMPANYING NOTES FROM (1) TO (21) 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)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

Description	Shareholders' Equity									
	Authorized and Paid-up Capital	Reserves					(Accumulated Losses) / Retained Earnings	Income for the Period	Total	
		Statutory	Banking Risks	Cyclical	Fair Value Reserve-net	General				
										JD
For the Three-Month Period Ended March 31, 2018										
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	-	-	(7,002,848)	-	-	(19,730,673)	-	-	(26,733,521)	
Calculation of deferred tax assets due to application of IFRS 9 related to the Impairment	-	-	-	-	-	4,953,979	-	-	4,953,979	
Adjusted opening balance	120,000,000	14,082,158	-	1,833,820	(1,504,051)	(6,650,870)	-	-	127,761,057	
Income for period	-	-	-	-	-	-	531,198	-	531,198	
Net change in fair value reserve of financial assets at fair value through other comprehensive income - net	-	-	-	-	-	-	-	-	(122,258)	
Released from fair value reserve from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(122,258)	-	-	-	-	
Realized losses from sale of financial assets at fair value through other comprehensive income	-	-	-	-	731	(731)	-	-	-	
Total Comprehensive Income for the Period	-	-	-	-	-	(403)	-	-	(403)	
Balance - End of the Period	120,000,000	14,082,158	-	1,833,820	(1,625,578)	(1,134)	531,198	-	128,169,594	
For the Three-Month Period Ended March 31, 2017										
Balance - beginning of the period	112,875,000	13,448,365	6,229,516	1,705,716	(1,852,705)	13,408,899	-	-	145,814,791	
Income for period	-	-	-	-	-	-	1,285,969	-	1,285,969	
Net change in fair value reserve of financial assets at fair value through other comprehensive income-net	-	-	-	-	(58,569)	-	-	-	(58,569)	
Released from fair value reserve from sale of financial assets at fair value through other comprehensive income	-	-	-	-	249,298	(249,298)	-	-	-	
Realized losses from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(46,630)	-	-	(46,630)	
Total Comprehensive Income for the Period	-	-	-	-	-	(295,928)	1,285,969	-	1,180,770	
Transferred to reserves	-	-	564,448	-	190,729	(564,448)	-	-	-	
Balance - End of the Period	112,875,000	13,448,365	6,793,964	1,705,716	(1,661,976)	12,548,523	1,285,969	-	146,995,561	

- Retained earnings balance includes JD 8,951,697 as of March 31, 2018 restricted against deferred tax assets according to Central Bank of Jordan Instructions.
- In addition to the accumulated losses an amount of JD 1,625,578 as of March 31, 2018 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.
- Use of the Cyclical Reserve is restricted and cannot be released without the approval of the Palestinian Monetary Authority.

THE ACCOMPANYING NOTES FROM (1) TO (21) 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)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended March 31,	
		2018	2017
		JD	JD
Cash Flows From Operating Activities:			
Income for the year before income tax		1,377,705	2,401,130
Adjustments:			
Depreciation and amortization		753,476	737,478
Provision for impairment in direct credit facilities	6	723,995	2,369,750
Impairment provision for assets seized by the Bank	9	23,553	166,107
(Gain) loss from valuation of financial assets at fair value through profit or loss		(76,462)	75,094
Various provisions		46,400	113,650
Effect of exchange rate fluctuations on cash and cash equivalent		71,860	189,277
Total		2,920,527	6,052,486
Changes in Assets and Liabilities:			
(Increase) in direct credit facilities		(7,350,272)	(59,941,067)
Decrease in financial assets at fair value through other comprehensive income		20,213	312,837
Decrease (increase) in other assets		249,953	(3,748,616)
Increase in balances with banks and other financial institutions (date that exceeds 3 months)		788,390	-
Increase in deposits with banks and other financial institutions (date that exceeds 3 months)		-	30,000,000
Increase (decrease) in customer's deposits		22,849,037	(14,713,578)
(Decrease) increase in cash margins		(4,658,050)	3,834,118
Increase in other liabilities		417,506	3,589,668
Net Change in Assets and Liabilities		12,316,777	(40,666,638)
Net Cash Flows from (used in) Operating Activities before Income Tax Paid		15,237,304	(34,614,152)
Income tax paid	16/a	(655,750)	(1,436,323)
Net Cash flows (used in) Operating Activities		14,581,554	(36,050,475)
Cash Flows From Investing Activities:			
Decrease (increase) in financial assets at amortized cost		13,978	(4,635,724)
(Increase) in financial assets at fair value through other comprehensive income		(1,650,922)	(100,559)
Change in property and equipment and intangible assets		(817,568)	(464,413)
Net Cash Flows (used in) Investing Activities		(2,454,512)	(5,200,696)
Cash Flows From Financing Activities:			
Borrowed funds		201,963	864,301
Net Cash Flows from Financing Activities		201,963	864,301
Effect of exchange rate fluctuations on cash and cash equivalents		(71,860)	(189,277)
Net Increase (decrease) in Cash and Cash Equivalents		12,257,145	(40,576,147)
Cash and cash equivalents - beginning of the period		121,577,176	114,910,479
Cash and Cash Equivalents - End of the Period	12	133,834,321	74,334,332

THE ACCOMPANYING NOTES FROM (1) TO (21) 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)
AMMAN - JORDAN
NOTES ON THE CONDENSED
INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- Jordan Commercial Bank was established as a Jordanian Public Shareholding 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 120,000,000 JD/Share. The procedures of increasing the paid up capital have been completed on June 7, 2017.
- Jordan Commercial Bank is a listed Public Shareholding Company on Amman Stock Exchange.
- The Bank is engaged in banking and related financial operations through its branches totaling to (29) inside Jordan, and (4) branches in Palestine.
- The condensed interim financial statements have been approved by the Bank's Board of Directors, on April 29, 2018.

2. Basis of Preparation of Condensed Interim Financial Statements

- The condensed interim financial statements of the Bank were prepared as of March 31, 2018 in accordance with International Accounting 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 / 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 / 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 required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of the Bank's operations for the three-months ended on March 31, 2018 do not necessarily represent indications of the expected results for the year ending December 31, 2018. Moreover, this interim financial statements do not require Central Bank of Jordan approval.

- The accounting policies adopted in preparing the condensed interim financial statements are consistent with those applied in the year ended December 31, 2017 except for the effect of the adoption of the new and revised standards which are applied on or after the first of January of 2018 as follow:

a. Amendments with no material effect on the condensed interim financial statements of the bank:

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

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advanced Consideration

IFRIC 22 addresses how to determine the date of transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) or on de-recognition of a non-monetary asset or liability arising from advance considerations.

The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to IAS 40 Investment Property

These amendments show when the entity shall transfer (reclass) a property including investments under process or development to, or from, investment property.

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS (9) is first applied.

IFRS 7 Financial Instruments: Disclosures

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

b. Amendments that has impact on the condensed interim financial statements of the Bank

IFRS 9 Financial Instruments

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

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

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

The implementation was applied retrospectively in compliance with the IFRS (9) furthermore, the Company didn't adjust the comparative figures. The effect of this implementation was recognised in January 1st, 2018 through retained earnings in the statement of changes in equity.

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

In accordance with IFRS 9 *Financial Instruments* the expected credit losses are recognized at an early date in accordance with IAS 39.

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

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

IFRS 9 Implementation Impact For the Year 2014

The impact of the implementing the changes in accounting policies to the interim condensed financial statements of the Bank as of January 1, 2018 is as follows:

	Fair Value according to IAS 39	Fair Value according to IFRS 9	Change
	JD	JD	JD
Balances at banks and financial institutions	51,866,315	51,206,185	660,130
Financial assets at amortized cost	331,324,142	331,261,546	62,596
Direct credit facilities - net	718,016,916	706,160,537	11,856,379
Other liabilities	30,059,096	44,213,512	14,154,416
General banking risks reserve	7,002,848	-	(7,002,848)
(Accumulated Losses) Retained earnings	8,125,824	(6,650,870)	(14,776,694)
Deferred Tax Assets	4,032,827	8,986,806	4,953,979

3. Accounting Estimates

Preparation of the condensed interim financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of assets, liabilities and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value and requires the Bank's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

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

Changes in Accounting Policies and Significant Estimates and Judgements

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

Classification of financial assets and financial liabilities

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

Impairment of financial assets

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

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

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL - not credit impaired

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

Stage 3: Lifetime ECL - credit impaired

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

Key changes to the Significant Estimates and Judgements

Financial asset and liability classification

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

Impairment of financial instruments

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

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

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

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

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

Credit risk grades

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

Generating the term structure of Probability of Default (PD)

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

Changes to Banks financial risk management objectives and policies

i. Credit Risk Measurement

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

ii. Credit risk grading

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

iii. Credit quality assessments

Pursuant to the adoption of IFRS 9, the Bank has mapped its internal credit rating scale to an approve rating scale as of 31 March 2018.

4. Cash and Balances at Central Banks

- Statutory cash reserve amounted to JD 49,242,242 as of March 31, 2018 (JD 49,257,821 as of December 31, 2017).
- Except for the statutory cash reserve and cash deposit for Palestine Monetary Authority amounted to JD 9,358,800, and there are no restricted balances as of March 31, 2018 and December 31, 2017.

5. Balances with Banks and Financial Institutions

- Non-interest bearing balances at banks and financial institutions amounted to JD 15,931,994 as of March 31, 2018 (JD 14,045,462 as of December 31, 2017).
- There is no restricted balances as of March 31, 2018 and December 31, 2017.
- The movement on the expected credit loss for balances with banks and financial institutions for the period / year was as follows:

	(Reviewed not audited) March 31, 2018			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance as of January 1, 2018	-	-	-	-
Impact of IFRS 9 implementation	660,133	-	-	660,133
Adjusted balance as of January 1, 2018	660,133	-	-	660,133
Net expected credit loss for the period	(74,608)	-	-	(74,608)
Balance at the end of the period	585,525	-	-	585,525

6. Direct Credit Facilities - Net

This item consists of the following:

	March 31, 2018 JD	January 1, 2018 JD	December 31, 2017 JD
Individual (Retail Customers):			
Overdraft accounts	501,056	421,730	421,730
Loans and bills *	172,495,768	173,627,163	173,627,163
Credit cards	3,707,775	3,686,365	3,686,365
Real estate loans	117,312,770	107,673,346	107,673,346
Companies:			
Corporate			
Overdraft accounts	77,208,147	78,290,206	78,290,206
Loans and bills *	285,018,419	274,780,596	274,780,596
Syndicated loans	3,494,400	3,402,000	3,402,000
SMEs			
Overdraft accounts	23,541,043	26,341,524	26,341,524
Loans and promissory bills *	52,790,818	53,430,269	53,430,269
Government and public sector	40,866,934	40,358,851	40,358,851
Total	776,937,130	762,012,050	762,012,050
Less: Provision for impairment in direct credit facilities	(45,904,410)	(42,519,550)	(30,663,171)
Less: Interest and commission in suspense	(14,574,760)	(13,331,963)	(13,331,963)
Net Direct Credit Facilities	716,457,960	706,160,537	718,016,916

- * Net after deducting interest and commission received in advance of JD 3,901,507 as of March 31, 2018 (JD 4,033,050 as of December 31, 2017).
- Non-performing credit facilities amounted to JD 66,092,203 representing 8/5% of the total direct credit facilities balance as of March 31, 2018 (JD 61,827,739 representing 8/1% of the total direct credit facilities as of December 31, 2017).
- Non-performing credit facilities after deducting suspended interest amounted to JD 52,358,135 representing 6/9% of direct credit facilities after deducting the suspended interest and commission as of March 31, 2018 (JD 48,903,773 representing 6/5% of direct credit facilities after deducting suspended interest and commission as of December 31, 2017).
- Direct credit facilities include a credit facilities granted to Palestinian National Authority amounted to JD 15,037,806 as of March 31, 2018 (JD 13,816,290 as of December 31, 2017). In addition to granted direct credit facilities guaranteed by the Government of Jordan in an amount of JD 10,000,000 as of March 31, 2018 (JD 12,500,000 as of December 31, 2017).

Provision for Impairment in Direct Credit Facilities:

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

	(Reviewed not audited) March 31, 2018			
	Stage (1) JD	Stage (2) JD	Stage (3) JD	Total JD
Balance as of January 1, 2018	-	914,214	29,748,957	30,663,171
Impact of IFRS 9 Implementation	6,906,796	265,138	4,684,445	11,856,379
Adjusted balance as of January 1, 2018	6,906,796	1,179,352	34,433,402	42,519,550
Transferred to Stage (1) during the period	196,621	-	-	196,621
Transferred to Stage (2) during the period	-	(40,439)	-	(40,439)
Transferred to Stage (3) during the period	-	-	3,231,207	3,231,207
Used from provision from the period (written-off) *	-	-	(2,529)	(2,529)
Net Credit Facilities Loss at the End of the Period	7,103,417	1,138,913	37,662,080	45,904,410

The following is the movement on the provision for impairment in direct credit facilities:

For the Three-Month Period Ended on March 31, 2018	Total
	JD
Balance – beginning of the period	30,663,171
Effect of IFRS 9 implementation	11,856,379
Adjusted opening balance	42,519,550
Provision for the period taken from revenues	3,387,389
Used from provision from the period (written-off) *	(2,529)
Balance – End of the Period	45,904,410

Related to:

Provision for performing credit facilities	8,242,330
Provision for non-performing credit facilities	37,662,080
Balance – End of the Year	45,904,410

For the Year Ended on December 31, 2017	Companies				Government and Public Sector	Total
	Individual	Real Estate	Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	4,506,428	674,206	14,049,485	2,884,826	-	22,114,945
Deducted from revenue (Surplus) for the year	3,917,412	13,338	4,541,900	168,581	-	8,641,231
Used from provision for the year (written-off) *	(4,077)	-	-	(18,168)	-	(22,245)
Provision for doubtful debts of the off-balance sheet items	(70,760)	-	-	-	-	(70,760)
Balance – End of the Year	8,349,003	687,544	18,591,385	3,035,239	-	30,663,171

Related to:

Provision for non-performing credit facilities	7,772,819	653,634	18,351,539	2,970,965	-	29,748,957
Provision for watch list credit facilities	576,184	33,910	239,846	64,274	-	914,214
Balance – End of the Year	8,349,003	687,544	18,591,385	3,035,239	-	30,663,171

* During the first quarter of the year 2018 an amount of JD 2,529 was written off based on the decision of the Board of Directors (JD 22,245 for the year 2017).

- Provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to JD 1,459,759 for three-month period ended on March 31, 2018 (JD 6,992,894 for the year ended on December 31, 2017).
- Comparative figures for the year ended December 31, 2017 are shown in accordance with IAS (39) (financial assets recognition and measurement).

Interest and Commission in Suspense:

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

For the Three-Month Period Ended on March 31, 2018	Companies					Government and Public Sector	Total
	Individuals	Real Estate	Large Corporate Customers	SMEs			
	JD	JD	JD	JD	JD		
Balance – beginning of the period	1,066,058	837,497	9,712,031	1,716,377	-	-	13,331,963
<u>Add:</u> Suspended interest during the period	269,325	77,409	900,570	171,715	-	-	1,419,019
<u>Less:</u> Interest in suspense reversed to income	(20,988)	(53,785)	(6,321)	(93,508)	-	-	(174,602)
Suspended interest which was write-off	-	(1,620)	-	-	-	-	(1,620)
Balance - End of the Period	<u>1,314,395</u>	<u>859,501</u>	<u>10,606,280</u>	<u>1,794,584</u>	-	-	<u>14,574,760</u>

For the Year Ended December 31, 2017	Companies				Government and Public Sector	Total
	Individuals	Real Estate	Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	454,805	615,161	9,434,257	1,595,369	-	12,099,592
<u>Add:</u> Suspended interest during the year	742,940	304,672	2,633,603	596,684	-	4,277,899
<u>Less:</u> Interest in suspense reversed to income	(82,046)	(77,718)	(2,348,809)	(146,539)	-	(2,655,112)
Interest in suspense written off during the year	(1,898)	(4,618)	(7,020)	(329,137)	-	(342,673)
Suspended interest which was write-off	(47,743)	-	-	-	-	(47,743)
Balance - End of the Year	<u>1,066,058</u>	<u>837,497</u>	<u>9,712,031</u>	<u>1,716,377</u>	-	<u>13,331,963</u>

There are direct credit facilities amounting to JD 94,153,568 together with its suspended interest of JD 51,208,186 and its related provision amounted to JD 42,945,382 as of March 31, 2018 were stated as off-statement of financial position items based on the approval of the Board of Directors, since all these accounts are fully covered as of the date of the condensed interim financial statements.

7. Financial Assets at Amortized Cost

The details of this item are as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Treasury bonds and bills	325,624,860	325,626,242
Companies bonds and debentures	<u>5,747,900</u>	<u>5,697,900</u>
Total	331,372,760	331,324,142
<u>less:</u> Impairment provision *	<u>(63,145)</u>	-
Financial assets at amortized cost - Net	<u>331,309,615</u>	<u>331,324,142</u>

- * The movement on the expected credit loss for the financial assets at amortized cost during the period / year was as follows:
- The comparative figures for the year ended December 31, 2017 for financial assets at amortized cost impairment provision are shown in accordance with IAS 39 (financial assets: recognition and measurement). The opening balances for the expected credit losses are shown in accordance with IFRS 9 financial assets:

(Reviewed not audited) March 31, 2018				
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance as of January 1, 2018	-	-	-	-
Impact of IFRS 9 Implementation	62,596	-	-	62,596
Adjusted balance as of January 1, 2018	62,596	-	-	62,596
Net expected credit loss for the period	549	-	-	549
Balance at the end of the period	63,145	-	-	63,145

8. Property and Equipment and Intangible Assets

- a- Additions on property and equipment for the three-month period ended March 31, 2018 amounted to JD 544,254 (JD 256,056 for the three-month period ended March 31, 2017 representing additions on furniture and tools and equipment). While the disposals for the three-month period ended March 31, 2018 was JD 193,525 (JD 71,743 for the three-month period ended on March 31, 2017).
- b- The addition on intangible assets amounted to JD 254,802 for the three-month period ended March 31, 2018 (JD 185,290 for the three-month period ended March 31, 2017) representing computer software and there were no disposals for the three-month period ended on March 31, 2018 and 2017.

9. Other Assets

This item consists of the following:

	March 31, 2018	December 31, 2017
	JD	JD
Accrued interest and revenue	8,518,399	8,101,272
Prepaid expenses	3,221,218	1,202,663
Assets seized by the Bank against due debts - net *	83,879,345	84,318,625
Assets seized by the Bank sold on instalments - net	1,958,238	1,832,713
Refundable deposits	959,621	950,972
Transactions under process between branches	1,272,665	-
Clearance checks-Palestine branches	324,326	981,208
Purchase of time withdrawals, policies and letter of credit	4,652,094	7,322,174
Others	1,417,875	1,767,660
Total	106,203,781	106,477,287

- * According to Central Bank of Jordan instructions, properties and shares seized by the Bank against past due customer debt should be disposed of within two years from acquisition date. For exceptional cases, the Central Bank of Jordan can extend this period for two more years.

- The following is the movement on the assets seized by the Bank in against debts of debts during the period / year is as follows:

	For the Three-Month Period Ended March 31, 2018			For the Year Ended December 31, 2017
	Seized Properties	Other / Shares Seized Assets	Total	Total
	JD	JD	JD	JD
Balance - beginning of the period/year (Net after impairment provision)	83,305,159	1,013,466	84,318,625	78,873,375
Additions for the period/year	49,919	-	49,919	11,481,421
Disposals for the period/year	(125,525)	-	(125,525)	(3,552,373)
Effect of impairment for the period/year	-	(363,674)	(363,674)	(2,483,798)
Balance - End of the Period/Year	83,229,553	649,792	83,879,345	84,318,625

The movement on impairment loss on assets seized by the Bank against debts during the period / year is as follows:

	For the Three-Month Period ended March 31, 2018			For the Period Ended March 31, 2017
	Seized Properties	Other Seized Assets / Shares	Total	Total
	JD	JD	JD	JD
Balance - beginning of the year	4,571,714	268,790	4,840,504	2,202,242
Booked provision during the period/year	-	23,553	23,553	143,237
Unrealized gain from other seized assets	-	340,121	340,121	-
Balance - End of the period/Year	4,571,714	632,464	5,204,178	2,345,479

- * This item includes JD 23,553 against provision for seized shares by the Bank for the period ended March 31, 2018, according to Central Bank of Jordan circular No. 10/1/3335 dated March 6, 2018. Accordingly, the Bank has started to calculate a provision gradually against these seized shares against debts which have been seized for more than 4 years.

10. Borrowed Funds

These funds have been granted under the signed agreements with the Central Bank of Jordan. These funds will be used to the purpose of financing micros, small and medium companies. Whereby the repayments will be through semi-annually instalments including interest, this item includes the following:

March 31, 2018	Total Loan	Utilized	Number of Premiums	Guarantees	Loan Interest Price
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	1,900,000	20 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	1,977,346	10 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Advances from Central Bank of Jordan	10,493,595	10,493,595	2 years payable on semi-annual instalments	-	2/25%
Total		14,370,941			

<u>December 31, 2017</u>	<u>Total Loan</u>	<u>Utilized</u>	<u>Number of Premiums</u>	<u>Guarantees</u>	<u>Loan Interest Price</u>
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	2,000,000	20 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Loan from Arab Monetary Funds through Central bank of Jordan	2,100,000	1,953,000	10 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Advances from Central Bank of Jordan	10,215,978	10,215,978	2 years payable on semi-annual instalments	-	2/25%
Total		<u>14,168,978</u>			

11. Other Liabilities

This details of this item are as follows:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	JD	JD
Accepted checks	7,506,575	6,805,309
Incoming transfers	49,767	428,228
Accrued interest not paid	8,487,891	7,817,424
Refundable and various deposits	3,208,398	2,895,072
Safe deposits boxes	98,274	97,703
Shareholders deposits	14,773	14,773
Income tax and social security withholding	422,465	394,990
Accrued expenses not paid	1,394,518	2,047,129
Board of Directors' remuneration	55,000	55,000
Transaction in transit between branches	-	506,299
Received amounts on the sale of land and real estate*	8,554,747	8,530,135
Others	684,194	467,034
Expected credit loss provision for off-balance sheet items **	<u>11,565,080</u>	<u>-</u>
Total	<u>42,041,682</u>	<u>30,059,096</u>

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

	<u>For the Three-Month Period Ended March 31, 2018</u>	<u>For the Year Ended December 31, 2017</u>
	JD	JD
Balance beginning of the period / year	8,530,135	5,123,526
Amounts received	24,612	3,711,609
Disposals	-	(305,000)
Balance - End of the Period / Year	<u>8,554,747</u>	<u>8,530,135</u>

** The movement on the expected credit loss during the period / year was as follows:

	<u>(Reviewed not audited) March 31, 2018</u>			
	<u>Stage (1)</u>	<u>Stage (2)</u>	<u>Stage (3)</u>	<u>Total</u>
	JD	JD	JD	JD
Balance as of January 1, 2018	-	-	-	-
Impact of IFRS 9 Implementation	<u>7,270,064</u>	<u>97,188</u>	<u>6,787,164</u>	<u>14,154,416</u>
Adjusted balance as of January 1, 2018	7,270,064	97,188	6,787,164	14,154,416
Net expected credit loss for the period	<u>(26,955)</u>	<u>-</u>	<u>(2,562,381)</u>	<u>(2,589,336)</u>
Balance at the end of the period	<u>7,243,109</u>	<u>97,188</u>	<u>4,224,783</u>	<u>11,565,080</u>

12. Cash and Cash Equivalent

This details of this item are as follows:

	March 31,	
	2018	2017
	JD	JD
Cash and balances at central banks due within three months	137,684,764	92,636,966
Add: Balances at banks and financial institutions due within three months	49,105,578	70,066,523
Less: Banks and financial institutions deposits due within three months	(52,956,021)	(88,369,157)
Total	<u>133,834,321</u>	<u>74,334,332</u>

13. Information about Bank Business Sectors

- Information about general business sectors:

- The Bank is regulated for managerial purposes, which are measured according to reports that are used by key decision makers at the Bank, through the following major sector:
- Personal accounts: Includes follow up on individual customer's deposits and grant them direct credit facilities and non-direct and credit cards and other services.
- Institutions accounts: Includes follow up on deposits and credit facilities and other banking services related to corporate customers.
- Treasury: Includes provide dealing services and manage Bank's funds.
- Other: Includes the activities that does not apply to the definition of the bank's business segments mentioned above.

The following are information about distributed bank businesses by activities:

	Personal's JD	Institutions JD	Treasury JD	Other JD	Total	
					For the Three-Month Period Ended March 31,	
					2018 JD	2017 JD
Total Income for the period	2,086,410	7,481,730	727,866	64,688	10,360,694	12,277,032
Impairment of direct facilities	(763,716)	39,721	-	-	(723,995)	(2,369,750)
Sector business results	1,322,694	7,521,451	727,866	64,688	9,636,699	9,907,282
Less: Expenses not distributed to the sectors	(1,679,237)	(5,899,071)	(598,468)	(82,218)	(8,258,994)	(7,506,152)
Profit for the period before income tax	(356,543)	1,622,380	129,398	(17,530)	1,377,705	2,401,130
Income tax for the period	-	-	-	(846,507)	(846,507)	(1,115,161)
Profit for the Period Before Income Tax	(356,543)	1,622,380	129,398	(864,037)	531,198	1,285,969
Capital expenditures	-	-	-	799,056	799,056	441,346
Depreciation and amortization	-	-	-	753,476	753,476	737,478

					Total	
					March 31, 2018	December 31, 2017
					JD	JD
Total Assets	212,645,140	459,613,610	549,053,715	140,907,615	1,392,220,080	1,382,261,194
Total Liabilities	635,890,718	313,726,333	134,012,137	180,421,298	1,264,050,486	1,232,720,595

b-Geographical Distribution Information

This sector represents geographical distribution for the bank's operation, the Bank mainly practices its activities mainly in Hashemite Kingdom of Jordan that represent local business and practices international activities through its branches in Palestine.

The following is distribution revenue and bank assets and capital expenses by geographical sector:

	Inside Kingdom		Outside Kingdom		Total	
	For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,	
	2018 JD	2017 JD	2018 JD	2017 JD	2018 JD	2017 JD
Total Income	10,035,357	11,034,561	325,337	1,242,471	10,360,694	12,277,032
Capital expenditures	366,568	431,540	432,488	9,806	799,056	441,346
	March 31,		March 31,		March 31,	
	2018		2018		2018	
	2018 JD	December 31, 2017 JD	2018 JD	December 31, 2017 JD	2018 JD	December 31, 2017 JD
Total assets	1,285,399,170	1,219,975,032	133,820,910	162,286,162	1,392,220,080	1,382,261,194

14. (Accumulated) Losses / Retained Earnings

The details of this item are as follows:

	March 31, 2018 (Reviewed not Audited)	December 31, 2017 (Audited)
	JD	JD
Balance - beginning of the year / period	8,125,824	13,408,899
Impact of implementing IFRS (9)	(14,776,694)	-
Adjusted balance at the beginning of the period / year	(6,650,870)	13,408,899
Profit for the period / year	-	3,788,813
(Transferred) to increase the paid-up capital	-	(7,125,000)
Transferred from / to reserves	-	(1,535,229)
(Losses) from selling financial assets at fair value through statement of comprehensive income	(1,134)	(411,659)
Balance at the end of the period / year	(6,652,004)	8,125,824

- Retained earnings include an amount of JD 8,932,387 as of March 31, 2018 restricted against deferred tax assets according to the Central Bank of Jordan instructions.

15. Earnings per Share for the Period Attributable to Banks Shareholders

The details of this item are as follows:

	For the Three-Month Period Ended March 31,	
	2018	2017
	JD	JD
Profit for the period	531,198	1,285,969
	Share	Share
Weighted average number of shares	120,000,000	120,000,000
	JD/Share	JD/Share
Earnings per share for the period (Basic and diluted)	-/004	-/010

- The weighted average for the number of shares was calculated based on basic and diluted profit which attributable to the Company's shareholders based on number of authorized shares for both periods ended as of March 31, 2018 and 2017.

16. Income Tax

a. Income Tax Provision:

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

	For the Three- Month Period Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Beginning balance for the period / year	3,145,154	3,792,448
Income tax incurred on current period / year	792,331	3,599,139
Income tax paid-Palestine branches	(187,755)	(2,038,097)
Income tax paid-Jordan branches	(467,995)	(2,208,336)
Ending Balance for the Period / Year	3,281,735	3,145,154

b. Income Tax Expense:

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

	For the Three-Month Period Ended March 31,	
	2018	2017
	JD	JD
Income tax paid on current period Profit - Jordan branches	692,331	594,396
Income tax paid on current period profit - Palestine branches	100,000	150,000
Income tax paid on prior period profit - Jordan branches	-	386,403
Effect on deferred tax assets	54,176	(15,638)
Total	846,507	1,115,161

c. Summary of Reconciliation between Declared Income and Taxable Income:

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

	For the Three-Month Period Ended March 31,	
	2018	2017
	JD	JD
Declared income	1,377,705	2,401,130
Add: Unacceptable tax expenses	724,706	735,453
Less: Exempted tax income	(125,140)	(1,065,058)
Taxable Income	1,977,271	2,071,525

Income Tax Rate

Bank branches in Jordan	%35	%35
Bank branches in Palestine	%20	%20

d. Tax Status:

Jordan Branches

The Bank has reached a final settlement with Income and Sales Tax Department for Jordan branches until the end of the year 2014. As for the years 2015, 2016 and 2017, the Bank submitted its tax returns 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 2016, while for the year 2017 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

	For the Three-Month Period Ended March 31, 2018				March 31, 2018	January 1, 2018	December 31, 2017
	Beginning Balance - of the Period	Additions	Released	Balance - End of the Period	Deferred Tax	Deferred Tax	Deferred Tax
<u>Deferred Tax Assets</u>	JD	JD	JD	JD	JD	JD	JD
Provision for doubtful debts before the year 2000	249,829	-	-	249,829	87,440	87,440	87,440
Provision for impairment in seized properties	432,379	-	-	432,379	151,333	151,333	151,333
Provision of seized properties held for more than four years	4,580,067	-	-	4,580,067	1,603,023	1,603,023	1,603,023
Provision of seized shares	268,790	23,552	-	292,342	102,320	94,077	94,077
Impairment loss on shares seized against debts	740,411	340,123	-	1,080,534	378,187	259,144	259,144
Provision for lawsuits against the Bank	105,543	-	-	105,543	36,940	36,940	36,940
Provision for end-of-service indemnity	10,705	2,091	-	12,796	4,479	3,747	3,747
Provision for suspended legal fees and expense	1,628,121	137,937	5,898	1,760,160	616,056	569,842	569,842
Valuation losses on financial assets at fair value through statement of income	360,763	(56,249)	-	304,514	106,580	126,267	126,267
Fair value reserve *	1,870,689	55,603	1,128	1,925,164	673,807	654,741	654,741
Provision for employees bonuses	900,000	175,000	826,513	248,487	86,970	315,000	315,000
Other provisions	375,065	-	-	375,065	131,273	131,273	131,273
Provision for impairment credit facilities based on IFRS 9	13,629,186	129,228	-	13,758,414	4,815,446	4,770,215	-
provisionon on financial assets at amortized cost based on IFRS 9	47,026	549	-	47,575	16,651	16,459	-
Provision on deposits and balnces at banks and financial institutions based on IFRS 9	478,014	-	74,608	403,406	141,192	167,305	-
Total	25,676,588	807,834	908,147	25,576,275	8,951,697	8,986,806	4,032,827

The details of the item are as follows:

- * Deferred tax benefits mentioned above represent deferred tax benefits for Jordan branches only since there are no deferred tax benefits for the Bank's 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.

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

	For the Three- Month Period Ended March 31, 2018	For the year ended December 31, 2017
	JD	JD
Balance beginning of the period/year	4,032,827	3,325,672
Effect of IFRS 9 Implementation on Impairment	4,953,979	-
Adjusted balance	8,986,806	3,325,672
Provided during the period/year	282,742	1,329,447
Disposed during the period/year	(317,851)	(622,292)
Balance - End of the Period/Year	8,951,697	4,032,827

- Deferred tax assets for Jordan branches have been calculated using 35% as of January 1, 2015 according to the Income Tax Law No. (34) for the year 2014 and effective from January 1, 2015.

17. Fair Value Reserve - Net

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

	For the Three-Month Period Ended, March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance - beginning of the period/year	(1,504,051)	(1,852,705)
Unrealized (losses) - net	(122,258)	21,561
Released from selling financial assets at fair value through comprehensive income	731	327,093
Balance - End of the Period/Year	(1,625,578)	(1,504,051)

- The fair value reserve contains JD 311,112 as of March 31, 2018 (JD 311,112 as of December 31, 2017) related to the effect of implementation of IFRS 9.

18. Balances and Transactions with Related Parties

The Bank entered into transactions with the board of directors and related parties and representing companies with board of directors and upper management within the normal Bank activities, and according to the normal interest's rates and commissions. The credit facilities granted to related parties considered performing and no provision has taken for it as of the condensed interim financial statements date.

The following are balances and transactions with related parties during the period/year:

	BOD Members	Companies Represented by the BOD	Executive Managers	Others	Total	
	JD	JD	JD	JD	March 31,2018 JD	December 31,2017 JD
<u>On-Statement of Financial Position Items</u>						
Deposits	11,800,110	1,424,794	836,424	286,632	14,347,960	39,293,290
Direct credit facilities	949,214	18,327,432	781,324	-	20,057,970	19,804,921
Cash margins	-	7,131,271	-	13,055	7,144,326	7,199,290

Off-statement of Financial Position Items

Guarantees	-	588,295	-	80,550	668,845	662,452
Collection Policies	-	16,562	-	-	16,562	16,562

	JD	JD	JD	JD	Total	
					For the Three-Month Period Ended March 31, 2018 JD	2017 JD
<u>Condensed Interim Statement of Income Items</u>						
Interest and Commission Income**	35,165	161,152	14,277	-	210,594	419,500
Interest and commission expense***	223,765	98,864	11,109	2,829	336,567	709,797

** Credit interest rates vary between 8% to 8/25%.

*** Debit interest rates vary between 1% to 4/5%.

Executive Management Salaries and paid incentives

Executive management salaries and bonuses for the Bank JD 856,455 for the period ended on March 31, 2018 (JD 856,422 for the period ended on March 31, 2017).

19. Commitments and Contingent Liabilities

The Bank has contingent liabilities at the date of condensed interim financial statements as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Letters of credit	40,511,420	44,276,648
Letters of acceptance	25,338,516	14,084,232
Letters of guarantees:		
Payments	29,984,299	28,972,949
Performance bonds	52,933,360	56,130,337
Other	72,299,059	71,475,577
unutilized credit facilities ceilings	70,100,044	74,043,374
Total	<u>291,166,698</u>	<u>288,983,117</u>

20. Lawsuits against Bank

The Banks is defendant in lawsuits amounting to JD 8,245,067 as of March 31, 2018 (JD 8,096,422 as of December 31, 2017).

In opinion of Bank's management and Bank's legal consultant, the bank will not incur obligations exceeding the booked provision amounted to JD 109,838 as of March 31, 2018 (JD 110,838 as of December 31, 2017).

21. Statutory Reserves

According to Jordanian Companies Law, the Bank did not appropriate the profit of the current period as this is an interim statements and these allocations usually performed at the year end.