

To: Jordan Securities Commission Amman Stock Exchange Date: 30/4/2019 Ref. : FIN1/2/1134/2019  <u>Subject Quarterly Report as of 31/3/2019</u>	السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ :- 2019/4/30 الرقم: مالية 2019/1134/2/1  <u>الموضوع: التقرير ربع السنوي باللغة الانجليزية كما هي في 2019/3/31.</u>
Attached English Version of Quarterly Financial Statements (Safwa Islamic Bank) as of 31/3/2019 .	مرفق طيه نسخة من القوائم المالية ربع السنوية باللغة الانجليزية لبنك صفوة الاسلامي كما هي بتاريخ 2019/3/31 م.
Kindly accept our high appreciation and respect Safwa Islamic Bank  Samer Tamimi CEO	وتفضلوا بقبول فائق الاحترام... بنك صفوة الاسلامي  سامر تميمي الرئيس التنفيذي

بورصة عمان  
الدائرة الإدارية والمالية  
الديوان

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الرقم التسلسل:

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الجهة المختصة:

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SAFWA ISLAMIC BANK  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN-THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019  
TOGETHER WITH THE REVIEW REPORT

SAFWA ISLAMIC BANK  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN-THE HASHEMITE KINGDOM OF JORDAN  
31 MARCH 2019

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In the Name of Allah, the Beneficent, the Merciful

Review Report

AM/ 019589

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

### Introduction

We have reviewed the condensed consolidated interim statement of financial position of Safwa Islamic Bank (a Public Shareholding limited Company) as of March 31, 2019 and the related condensed consolidated interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three month period ended in that date, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Our responsibility is to express a conclusion on these condensed Consolidated interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Company. A review of condensed consolidated 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 consolidated interim financial statements are not prepared, in all material respects, in accordance with the Financial accounting standards issued by accounting and auditing organisation for Islamic financial institutions (AAOIFI).

### Other matters

1. The fiscal year for the Bank ends on December 31, of each year. However, the accompanying condensed consolidated interim financial statements have been prepared for management purposes and Jordan Securities Commission only.
2. The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements in the Arabic language to which reference should be made.

Amman – The Hashemite Kingdom of Jordan  
29 April 2019

*Deloitte & Touche (M.E.)*  
Deloitte & Touche (M.E.) - Jordan  
ديلويت أند توش (الشرق الأوسط)  
010105



**Safwa Islamic Bank**  
**(Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Financial Position**

		31 March 2019	31 December 2018
	Note	(Reviewed not Audited)	
		JD	JD
<b><u>Assets</u></b>			
Cash and balances with the Central Bank	4	133,525,560	118,767,358
Balances at banks and the banking institutions	5	6,784,697	13,264,923
International wakala investments-net	6	89,828,710	56,020,856
Financial assets at fair value through statement of income		1,965,399	688,489
Deferred sales receivables and other receivables-net	7	488,196,839	448,797,124
Unconverted loans-net		6,040	767
Financial assets at fair value through shareholders' equity -self financed		385,500	340,500
Financial assets at fair value through unrestricted investment accounts' holders equity-net	8	27,476,666	28,115,798
Financial assets at amortized cost		92,191,000	92,191,000
Investment in associate		376,618	376,618
Net investment in a subsidiary under liquidation		79,717	79,717
Ijara Muntahia Bittamleek assets-net	9	340,668,780	327,252,472
Qard Hasan		509,660	509,660
Property and equipment-net		23,841,894	24,251,426
Intangible assets - net		1,804,578	1,600,907
Right of use assets	2/C	9,070,940	-
Deferred tax assets	11/C	343,606	723,606
Other assets	10	8,750,565	8,492,294
<b>Total Assets</b>		<b>1,225,806,769</b>	<b>1,121,473,515</b>
<b><u>Liabilities</u></b>			
Banks and financial Institutions accounts		1,080,806	436,283
Customers' current accounts		145,854,806	143,608,583
Cash margin accounts		15,094,776	12,470,264
Income tax provision	11/A	4,690,121	4,031,024
Other provisions		60,785	380,785
Lease liabilities-long term	2/C	8,342,186	-
Other liabilities	12	38,045,984	28,819,408
<b>Total Liabilities</b>		<b>213,169,464</b>	<b>189,746,347</b>
<b><u>Unrestricted Investment Accounts' Holders Equity</u></b>			
Unrestricted investment accounts	13	866,735,323	786,986,288
Fair value reserve - jointly financed	15/B	(121,599)	(552,665)
Profit equalization reserve related to unrestricted investment accounts		256,226	-
<b>Total Unrestricted Investment Accounts' Holders Equity</b>		<b>866,869,950</b>	<b>786,433,623</b>
<b><u>Investment Risk Fund</u></b>			
Investment risk fund	14/B	99,056	1,945,997
Income Tax provision for investment risk fund	14/C	2,189,898	2,052,566
<b><u>Shareholders' Equity</u></b>			
Paid up capital	16	100,000,000	100,000,000
Statutory reserve	16	24,181,881	24,181,881
Profit equalization reserve		243,774	-
Fair value reserve - self financed	15/A	20,490	(24,510)
Retained earnings		17,137,611	17,137,611
Profit for the period		1,894,645	-
<b>Total Shareholders' Equity</b>		<b>143,478,401</b>	<b>141,294,982</b>
<b>Total Liabilities, Unrestricted Investment Accounts Holders and Shareholders' Equity</b>		<b>1,225,806,769</b>	<b>1,121,473,515</b>
<b>Wakala Investments accounts</b>		<b>10,125,692</b>	<b>9,030,710</b>

The accompanying notes from (1) to (32) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

**Safwa Islamic Bank**  
**(Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Income and Comprehensive Income**  
**(Reviewed not Audited)**

		For The Three Month Period Ended 31 March	
	Note	2019	2018
		JD	JD
Deferred sales revenue	17	8,888,854	6,934,663
Ijara Muntahia Bittamleek assets revenue		7,147,192	5,678,776
Gains from International wakala investments		508,598	146,199
Gains from financial assets at fair value through unrestricted investment accounts' holders equity	18	240,113	366,696
Gains (losses) from financial assets at fair value through statement of income	19	12,215	(7,823)
Gains from financial assets at amortized cost		1,017,465	514,199
Gains from Foreign currencies evaluation		2,235	23,846
Other revenue - jointly financed		160,520	136,786
<b>Total revenue from unrestricted investment</b>		<b>17,977,192</b>	<b>13,793,342</b>
Profits equalization reserve		(500,000)	-
Share of unrestricted investment accounts holders'		(7,647,544)	(5,386,538)
Share of Investment risk fund	14/A	(1,797,719)	(1,379,334)
<b>Bank's share of revenue from unrestricted investments as a mudarib and rab mal</b>		<b>8,031,929</b>	<b>7,027,470</b>
Bank's self financed revenue	20	243,074	148,391
Banks share from the restricted investments revenue as agent (wakeel)		72,535	20,033
Gain from foreign currencies		191,382	82,598
Banking services revenue		1,201,658	1,077,518
Other revenue		24,233	19,794
<b>Gross Income</b>		<b>9,764,811</b>	<b>8,375,804</b>
Employees' expenses		(3,166,713)	(2,952,045)
Depreciation and amortization		(714,685)	(619,169)
Depreciation of Ijara muntahia bittamleek assets- self financed		(179,088)	(91,580)
(Provision) recoverd from expected credit loss on facilities - self financed		(1,584)	6,003
(Provision) for expected credit losses on Off - balance sheet items-self financed		(35,560)	-
Recoverd from provisions ceased to be required		320,000	-
Amortisation of right of use assets	2/C	(323,937)	-
Finance costs (discount rate)	2/C	(74,561)	-
Rent expenses		(56,829)	(374,833)
Other expenses		(1,445,951)	(1,702,200)
<b>Total expenses</b>		<b>(5,678,908)</b>	<b>(5,733,824)</b>
<b>Profit for the period before tax</b>		<b>4,085,903</b>	<b>2,641,980</b>
Income tax expense	11/B	(2,191,258)	(989,978)
<b>Profit for the period</b>		<b>1,894,645</b>	<b>1,652,002</b>
<b>Add: other comprehensive Income items after tax that will not be reclassified subsequently to the condensed consolidated interim statement of income:</b>			
Net change in fair value reserve for financial assets		45,000	(1,400)
<b>Total comprehensive Income for the period</b>		<b>1,939,645</b>	<b>1,650,602</b>
		JD/Fils	
Basic and diluted earnings per share for the period	21	0/019	0/017

The accompanying notes from (1) to (32) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

Safwa Islamic Bank  
(Public Shareholding Limited Company)  
Amman-The Hashemite Kingdom of Jordan  
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity  
(Reviewed not Audited)

For the three month period ended 31 March 2019

	Paid up capital	Statutory reserve	Profit equalization reserve	General banking risks reserve	Fair value reserve – self financed	Retained Earnings *	Profit for the period	Total Shareholders' Equity
	JD	JD	JD	JD	JD	JD	JD	JD
Balance as at the beginning of the year	100,000,000	24,181,881	-	-	(24,510)	17,137,611	-	141,294,982
Total comprehensive Income for the period	-	-	-	-	45,000	-	1,894,645	1,939,645
Shareholders share of profit equalizer reserve	-	-	243,774	-	-	-	-	243,774
<b>Balance as at the end of the period</b>	<b>100,000,000</b>	<b>24,181,881</b>	<b>243,774</b>	<b>-</b>	<b>20,490</b>	<b>17,137,611</b>	<b>1,894,645</b>	<b>143,478,401</b>

For the three month period ended 31 March 2018

Balance as at the beginning of the period	100,000,000	22,874,816	-	300,000	(576)	14,971,250	-	138,145,490
Profit for the period	-	-	-	-	-	-	1,652,002	1,652,002
Net change in fair value reserve for financial assets	-	-	-	-	(1,400)	-	-	(1,400)
Total comprehensive Income for the period	-	-	-	-	(1,400)	-	1,652,002	1,650,602
<b>Balance as at the end of the period</b>	<b>100,000,000</b>	<b>22,874,816</b>	<b>-</b>	<b>300,000</b>	<b>(1,976)</b>	<b>14,971,250</b>	<b>1,652,002</b>	<b>139,796,092</b>

- Retained earnings balance as at 31 March 2018 includes an amount of JD 343,606 (723,606 JD 31 March 2019) which represents deferred tax assets and it is restricted from use in accordance with the Central Bank of Jordan instructions.

\* Based on CBI instructions no.(13/2018) that was issued on 6 June 2018 the general banking risks reserve was transferred to retained earnings, the surplus of general banking risks reserve amounted to JD 108,397 is restricted from use without prior approval of the Central Bank of Jordan.

- The Board of Directors decided at their meeting number(1/2019) held on 11 February 2019 to recommend to the shareholders General Assembly to distribute cash dividends in an amount of JD 7 Millions to the shareholders for the year 2018, which represent 7% from the bank's capital.

The accompanying notes from (1) to (32) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

**Safwa Islamic Bank**  
**(Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Changes in Shareholders' Equity**  
**(Reviewed not Audited)**

	Note	For The Three Month Period Ended 31 March	
		2019	2018
		JD	JD
<b>Cash Flows from Operating Activities</b>			
Profit for the period before tax		4,085,903	2,641,980
<b>Adjustments for non monetary items:</b>			
Depreciation and amortization		714,685	619,169
Depreciation of Ijara Muntahia Bittamleek assets( self & jointly financed)		11,320,601	8,986,586
Amortization of right of use assets		323,937	-
Finance costs (discount lease liabilities)		74,561	-
Investment risk fund	14	1,797,719	1,379,334
Deducted for profit equalization reserve		500,000	-
Unrealized loss of financial assets at fair value through statement of income	19	21,875	12,535
Expected credit losses provision(Recovered from ECL) for facilities - self financed		1,584	(6,012)
Expected credit losses for Off - balance sheet items-self financed		35,560	-
Loss from disposal of property of property and equipment		79	-
(Gain) from sale of seized assets against debts		(23,380)	-
<b>Cash Flows from Operating Activities before Changes in working capital</b>		<b>18,853,124</b>	<b>13,633,592</b>
<b>Changes in operating working capital</b>			
(Increase) decrease in deferred sales receivables and other receivables		(40,896,985)	13,534,733
(Increase) decrease in unconverted loans		(5,273)	2,355
(Increase) in Ijara Muntahia Bittamleek assets		(24,736,909)	(40,624,040)
(Increase) in other assets		(965,728)	(1,295,383)
Increase (decrease ) in customers' current accounts		2,246,223	(6,562,920)
Increase (decrease ) in cash margin accounts		2,624,512	(5,409,922)
(Decrease) in other provisions		(320,000)	-
Increase in other liabilities		9,196,286	329,899
<b>Net cash (used in) operating activities before income tax paid</b>		<b>(34,004,750)</b>	<b>(26,391,686)</b>
Income tax paid	11 & 14	(2,268,831)	(1,069,959)
<b>Net cash (used in) flows from operating activities</b>		<b>(36,273,581)</b>	<b>(27,461,645)</b>
<b>Cash Flows from Investing Activities</b>			
Maturity and sale of financial assets at fair value through unrestricted investment accounts holders- net		740,928	1,725,087
(Purchase) of financial assets at fair value through statement of income		(1,298,785)	(847,170)
(Purchase) of intangibles assets		(364,316)	(151,970)
(Purchase) of property and equipment		(144,587)	(674,415)
Proceeds from sale of seized assets against debts		52,098	-
(Increase) in International Wakala Investments		(34,348,836)	(14,031,273)
<b>Net cash ( used in) investing activities</b>		<b>(35,363,498)</b>	<b>(13,979,741)</b>
<b>Cash Flows from Financing Activities</b>			
Increase(decrease) in unrestricted investment 'holders equity		79,749,035	44,199,919
Finance lease payments		(462,852)	-
Repayment of discount portion of the lease liability		(15,651)	-
<b>Net cash generated by financing activities</b>		<b>79,270,532</b>	<b>44,199,919</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,633,453</b>	<b>2,758,533</b>
Cash and cash equivalents at beginning of the period		131,595,998	125,628,556
<b>Cash and cash equivalents at end of the period</b>	22	<b>139,229,451</b>	<b>128,387,089</b>

The accompanying notes from (1) to (32) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.



**SAFWA ISLAMIC BANK**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN-THE HASHEMITE KINGDOM OF JORDAN**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**

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**(1) GENERAL**

Safwa Islamic Bank ("the Bank or group") is a Jordanian public shareholding limited company, licensed by the Central Bank of Jordan to practice and provide Islamic banking and services according to the law of banks and corporate law.

The Bank's General Assembly at its extraordinary meeting held on 17 May 2017, decided to change the name of the Bank from "Jordan Dubai Islamic Bank" to "Safwa Islamic Bank".

The Bank provide all financial banking and structured investment services on a non-Interest basis in accordance with Islamic shari'a through the Bank's head office and its thirty three branches and its subsidiaries within the Kingdom, in accordance with the effective Banking Law.

Etihad Islamic Investment Company owns 61.8% of Safwa Islamic Bank.

The condensed consolidated interim financial statements for the three months period were approved by the Bank's Board of Directors in their meeting No. (2/2019) held on 27 April 2019.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

**A-BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

- The accompanying condensed consolidated interim financial statements for the Bank have been prepared according to the financial accounting standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and in accordance with the applicable local laws and regulations of the Central Bank of Jordan. The standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee are applied in the absence of standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions and will be replaced later by Standards when the new standards are issued.
- The condensed consolidated interim financial statements are prepared on historical cost basis except for the financial assets at fair value through statement of income, financial assets at fair value through unrestricted investment accounts' holders equity and financial assets at fair value through shareholders' equity that have been measured at fair value.

- The condensed consolidated interim financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.
- The separation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders has been taken into consideration.
- Investment risks fund is decreased to cover the impairment loss and expected credit losses for financing and Investing accounts funded by the unrestricted investment accounts.
- Unrestricted investment accounts means joint investment accounts wherever it is mentioned.
- The condensed consolidated interim financial statements do not contain all information and disclosures required for annual consolidated financial statements prepared in accordance with the financial accounting standards for Islamic Financial Institutions issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and should be read with the Bank's annual report as at 31 December 2018. In addition, the results for the three month period ended 31 March 2019 do not necessarily indicate the results that may be expected for the financial year ending 31 December 2019. The Bank's profit for the three month period ended 31 March 2019, have not been appropriated; as such appropriations will be made at the end of the fiscal year.

#### **B-BASIS OF CONSOLIDATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Condensed interim financial statements comprise of the condensed consolidated interim financial statements of the Bank and its subsidiaries which are financed by the self and Joint Funds of the Bank where the Bank has the control to govern the operational and financial policies of the entities to obtain benefits from their activities. All intra-company balances, transactions, revenues, expenses and off-balance sheet items between the bank and its subsidiaries are eliminated.

The condensed consolidated interim financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using same accounting policies used by the Bank. The subsidiaries of the Bank as at 31 March 2019 are as follows:

<b>Subsidiary name</b>	<b>Paid in Capital</b>	<b>Source of Funding</b>	<b>Ownership %</b>	<b>Company Main Activity</b>	<b>Operation location</b>	<b>Acquisition Date</b>
	(JD)					
Misc for brokerage company	2,000,000	Self	100%	Brokerage	Amman	2011
Alahjar Real Estate for Construction Company (Jordan)						
Dubai Real Estate for Construction Company	100,000	Joint	100%	Real state Investment	Amman	2012
Previously) * under liquidation						



Subsidiaries operations results are consolidated in the condensed consolidated interim statement of income and comprehensive income from the acquisition date which is the date the Bank actually obtains control on the subsidiaries. The subsidiaries ceased operations result are consolidated in the condensed consolidated interim statement of income and comprehensive income, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of owners' equity not owned by the Bank in the subsidiaries.

\*A decision was issued by the general assembly for Alahjar Real Estate for construction Company in their extraordinary meeting held on 23 May 2018 to liquidate the Company. Therefore, the Company's balances deconsolidated when preparing the condensed consolidated interim financial statements. An impairment provision was recorded for the investment in Alahjar Real Estate for Construction Company when the liquidation process have not been completed yet.

#### **C- CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2018, Except for the impact of the Application of International Financial Reporting Standard No. 16

#### **AMENDMENTS TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**

##### **INTERNATIONAL FINANCIAL REPORTING STANDARD NO. 16 "LEASES"**

The Bank has adopted the International Financial Reporting Standard (IFRS) No. 16 "Leases", which replaced existing guidance on leases, including IAS No. 17 "Lease contracts", international interpretation (4) "Determining whether the lease contract requires an arrangement", Explanation of the Previous Interpretations Committee (15) "Operational Leases – Incentives" and Explanation of the Previous Interpretations Committee (27) "Evaluate the substance of the transactions that take the legal form of the lease".

IFRS 16 has been issued in January 2016 and is effective for financial periods beginning on or after 1 January 2019. IFRS 16 provides that all lease contracts and related contractual rights and obligations should be recognized generally in the financial position of the Bank unless the period is 12 months or less or a lease contract is of impaired assets. Accordingly, the classification required under IAS 17 "Leases" in operating or finance leases has been canceled for tenants. 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 for the simplified retrospective application permitted under IFRS 16 to apply for the first time to individual operating leases (for each lease separately). The right to use leased assets is generally measured at the amount of the lease liability using the discount rate at initial application.

The assets of the right to use are measured at an amount equal to the lease obligation after having been adjusted by any prepaid or payable lease payments relating to a lease contract

recognized in the statement of financial position as at 31 December 2018. No amendments were made to retained earnings as of 1 January 2019. Under this method, there were no lower leases requiring an amendment to the assets of the right of use at the date of initial application.

The recognized right to use assets are relate to leased properties as at 31 March 2019 and 1 January 2019.

**The movement on the right to use assets/ Lease liabilities-long term during the period :**

	<u>Right of use assets</u>	<u>Lease liabilities-long term</u>
	JD	JD
Balance for 1 st January 2018	8,845,038	8,196,290
Additions during the period	549,839	549,839
Amortisation for the period	(323,937)	-
Finance costs (discount rate)	-	74,561
Paid during the period	-	(478,503)
<b>Total balance at the end of the period</b>	<b>9,070,940</b>	<b>8,342,186</b>

**LEASING ACTIVITIES OF THE BANK AND ITS ACCOUNTING PROCESSING MECHANISM:**

The Bank rents real estate and stores. Lease contracts are usually fixed from 1 to 15 years. Some may include extension options and lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Leases do not include any commitments and may not be used as collateral for financing purposes.

Until the end of fiscal year 2018, leases of property and equipment have been classified either as an operating lease or a finance lease. Amounts paid in respect of operating leases are recorded in the statement of income on a straight-line basis over the lease term.

As of January 1, 2019, leases are recognized as assets of the right of use and the related obligations on the date on which the asset is ready for use by the Bank. The value of each lease payment is divided between lease commitments or financing costs. Finance costs are recorded in the statement of income during the lease term to achieve a constant periodic discount rate on the remaining balance of the liability for each period. Right to use assets are amortized over the useful life of the asset or lease term whichever is shorter based on the straight-line method.

Assets and liabilities arising from leases are initially measured at their present value. Rental commitments include the net present value of the following lease payments:

- Fixed payments (including embedded fixed payments) less rent incentives receivable;
- Variable rent payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of the purchase option if the lessee is reasonably sure of the exercise of this option.

The lease payments are discounted using the discount price of implicit lease contract or the rate of excess to finance to purchase 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 (renovation and restoration)

Payments associated with short term leases and leases of low value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less.

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the IFRS:

- The use of a single discount rate to a lease portfolio with reasonably similar characteristics,
- Reliance on previous assessments on whether leases are imputed
- 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 of measurement of the right-to-use assets at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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



### **(3) SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the condensed consolidated interim financial statements and the application of accounting policies require from the Bank's management to make estimates and judgments that affect the amounts of financial assets, liabilities and disclose potential liabilities. These estimates and judgements also affect income, expenses and provisions, as well as changes in fair value that appear in each of the statement at Income and comprehensive income, shareholders' equity and the unrestricted investment accounts holders' equity. In particular, the Bank's management is required to make judgments and significant estimates to measure the amounts and timing of future cash flows. These estimates are necessarily based on assumptions and factors that have varying degrees of estimation and uncertainty and that the actual results may differ from the estimates as a result of changes from the conditions and circumstances of those estimates in the future.

We believe that our estimates in the condensed consolidated interim financial statements are reasonable and consistent with the annual estimates in the financial statements for the year 2018, except for the effect of:

#### **Extension and termination options in lease contracts**

Extension and termination options are included in the number of leases. These conditions are used to increase operational flexibility in contract management. Most extension and termination options are exercisable by both the bank and the lessor.

When determining the duration of a lease, management takes into consideration all facts and circumstances that create an economic incentive to exercise the option of extension or not to exercise the option of termination. Extension options (or periods following termination options) are only included in the term of the lease if the lease contract is reasonably confirmed to be extended (or not terminated). An assessment is reviewed if an important event or a significant change occurs in the circumstances affecting the valuation that are under the control of the lessee.

#### **(4) CASH AND BALANCES WITH THE CENTRAL BANK**

The details of this item are as follows:

	31 March 2019	31 December 2018
	JD	JD
Cash on hand	16,689,588	15,994,902
<b>Balances with the Central Bank of Jordan:</b>		
Current accounts	51,100,555	40,430,074
Statutory cash reserve	65,735,417	62,342,382
<b>Total</b>	<b>133,525,560</b>	<b>118,767,358</b>

-Except for the statutory cash reserve, there are no other restricted cash balances as at 31 March 2019 and 31 December 2018.

-All balances with the Central Bank are classified as stage(1) in accordance with the application instructions of IFRS(9). There are no transfers between the (first, second and third) stages or written-off balances during the three month ended 31 March 2019. There is no need to record a provision for expected credit losses for balances with the Central Bank of Jordan.

#### **(5) BALANCES AT BANKS AND BANKING INSTITUTIONS**

The details of this item are as follows:

	Local banks and banking institutions		Foreign banks and banking institutions		Total	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	775,047	6,888,614	6,009,650	6,376,309	6,784,697	13,264,923
<b>Total</b>	<b>775,047</b>	<b>6,888,614</b>	<b>6,009,650</b>	<b>6,376,309</b>	<b>6,784,697</b>	<b>13,264,923</b>

-There are no restricted balances as at 31 March 2019 and 31 December 2018.

-There are no balances at banks and banking institutions the bank receives profit as at 31 March 2019 and 31 December 2018.

-All balances at banks and banking institutions are classified as stage(1) in accordance with the application instructions of IFRS(9). There are also no transfers between the (first, second and third) stages or written -off balances during the three months ended 31 March 2019. Moreover, there is no need to record a-provision for expected credit losses for balances at banks and banking institutions.

#### **(6) INTERNATIONAL WAKALA INVESTMENTS - NET**

The details of this item are as follows:

	Jointly financed	
	31 March 2019	31 December 2018
	JD	JD
<b>Matures:</b>		
Within a month	83,399,119	52,076,050
From a month to three months	4,838,852	2,771,656
From three to six months	2,218,032	1,259,461
<b>Total International Wakala Investments</b>	<b>90,456,003</b>	<b>56,107,167</b>
Less: Expected credit losses	627,293	86,311
<b>Net International Wakala Investments</b>	<b>89,828,710</b>	<b>56,020,856</b>

## **(7) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET**

The details of this item are as follows:

	Jointly financed		Self financed		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
<b>Individuals (retail)</b>						
Murabaha to the purchase orderer	164,787,950	156,188,787	1,493,525	1,529,463	166,281,475	157,718,250
Ijara Muntahia Bittamleek - receivables	984,151	797,483	855	-	985,006	797,483
Other receivables	284,472	-	240,080	312,981	524,552	312,981
<b>Real estate facilities</b>	25,159,101	25,225,628	-	-	25,159,101	25,225,628
<b>Corporate</b>						
International Murabaha	28,087,175	14,526,427	-	-	28,087,175	14,526,427
Murabaha to the purchase orderer	225,412,955	206,386,137	-	-	225,412,955	206,386,137
Ijara Muntahia Bittamleek - receivables	3,181,495	1,996,093	-	-	3,181,495	1,996,093
Other receivables	-	-	308,458	326,550	308,458	326,550
<b>Small and medium enterprises</b>						
Murabaha to the purchase orderer	16,424,825	14,362,941	-	-	16,424,825	14,362,941
Ijara Muntahia Bittamleek - receivables	62,761	27,560	-	-	62,761	27,560
Other receivables	-	-	9,339	16,889	9,339	16,889
<b>Government and the public sector</b>	92,196,771	95,355,159	-	-	92,196,771	95,355,159
<b>Total</b>	<b>556,581,656</b>	<b>514,866,215</b>	<b>2,052,257</b>	<b>2,185,883</b>	<b>558,633,913</b>	<b>517,052,098</b>
<b>Less: Deferred revenue</b>	48,852,519	48,249,840	229,685	233,379	49,082,204	48,483,219
Suspended revenue	1,140,653	1,054,808	-	-	1,140,653	1,054,808
Expected credit losses	19,995,663	18,506,017	218,554	210,930	20,214,217	18,716,947
<b>Net deferred sales receivable and other receivables</b>	<b>486,592,821</b>	<b>447,055,550</b>	<b>1,604,018</b>	<b>1,741,574</b>	<b>488,196,839</b>	<b>448,797,124</b>

The non- performing deferred sales receivables , other receivables , facilities and Ijara Muntahia bittamleek receivables amounted to JD 21,244,096 as at 31 March 2019 representing 2.36% of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables ( JD 19,350,246 as at 31 December 2018 representing 2.29% of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables).

The non- performing deferred sales receivables , other receivables ,facilities and Ijara Muntahia Bittamleek receivables after deducting the suspended revenue amounted to JD 20,103,443 as at 31 March 2019 representing 2.24% of deferred sales receivable , other receivables ,facilities and Ijara Muntahia Bittamleek receivables ( JD 18,295,438 as at 31 December 2018 representing 2.17% of deferred sales receivable , other receivables ,facilities and Ijara Muntahia bittamleek receivables).

The balance of the investment risk fund, according to the Banking Law, article (55) amounted to JD 21,193,746 as at 31 March 2019 ( JD 20,959,845 as at 31 December 2018 ). Provision for impairment of the jointly financed facilities which is calculated based on Central Bank of Jordan instructions no.(47/2009) and based on (watch list)portfolio amounted to JD 494,056 and the provision calculated based on "individual customer"(non-performing) amounted to JD 15,434,260 as at 31 March 2019 ( JD 665,405 and JD 14,223,543 respectively as at 31 December 2018).

The deferred sales receivables , other receivables and facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 92,196,771 as at 31 March 2019 representing 16.50% of the balance of deferred sales receivables , other receivables and facilities ( JD 95,355,159 as at 31 December 2018 representing 18.44% of the balance of deferred sales receivables , other receivables and facilities).

Expected credit losses provision of the self financed facilities which is calculated based on individual customer (non performing) amounted to JD 221,583 as at 31 March 2019 ( JD 212,956 as at 31 December 2018).



- The movement on credit financing after deducting suspended and deferred revenue :

A- Self financed (deferred sales receivables, unconverted loans and qard Hasan and )

For the period ended at 31 March 2019

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>Total balance at the beginning of the period</b>	515,759	1,560,910	153,629	29,604	213,792	2,473,694
New facilities during the period	23,797	175,885	8,375	5,998	8,139	222,194
Settled facilities	(6,019)	(278,276)	(43,544)	(19,170)	(5,884)	(352,893)
Transfer to Stage 1	-	11,368	-	(4,217)	(7,151)	-
Transfer to Stage 2	-	(5,865)	-	6,025	(160)	-
Transfer to Stage 3	-	(2,699)	(70)	(6,119)	8,888	-
Changes resulting from modifications	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>533,537</b>	<b>1,461,323</b>	<b>118,390</b>	<b>12,121</b>	<b>217,624</b>	<b>2,342,995</b>

- The movement of the credit loss provision / self financed :

For the period ended at 31 March 2019

Item	Corporates	Small and medium enterprises	Retail (individual)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
<b>Balance at the beginning of the period</b>	180,188	3,101	38,404	-	-	221,693
Impairment loss on new facilities during the period	679	22	694	-	-	1,395
Recovered from impairment loss on settled facilities	(870)	(2,662)	(7,271)	-	-	(10,803)
Transfer to Stage 1	-	2	533	-	-	535
Transfer to Stage 2	(1)	-	(74)	-	-	(75)
Transfer to Stage 3	1	(2)	(459)	-	-	(460)
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the year	(3,272)	2,432	11,832	-	-	10,992
Changes resulting from modifications	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period *</b>	<b>176,725</b>	<b>2,893</b>	<b>43,659</b>	<b>-</b>	<b>-</b>	<b>223,277</b>

**Redistribution:**

Provisions at an individual basis	176,725	2,867	37,802	-	-	217,394
Provisions at a collective basis	-	26	5,857	-	-	5,883

Of which an amount of JD 4,723 belong to unconverted loans.

The beginning balance for the period does not include ijara muntahia biltamlek balance.

The movement on credit financing after deducting suspended and deferred revenue :

B- Jointly financed

Item	For the three months ended at 31 March 2019					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>Total balance at the beginning of the period</b>	264,411,915	142,054,123	41,211,631	2,841,070	15,042,828	465,561,567
New facilities during the period	68,086,372	27,177,781	2,286,501	1,368,177	1,018,800	99,937,631
Settled facilities	(30,514,691)	(19,144,572)	(8,347,917)	(664,568)	(238,966)	(58,910,714)
Transfer to Stage 1	1,896,077	211,132	(1,896,077)	(207,024)	(4,108)	-
Transfer to Stage 2	(2,700,286)	(4,807,546)	3,106,637	5,028,796	(627,601)	-
Transfer to Stage 3	-	(378,202)	(677,252)	(332,409)	1,387,863	-
<b>Total balance at the end of the period</b>	<b>301,179,387</b>	<b>145,112,716</b>	<b>35,683,523</b>	<b>8,034,042</b>	<b>16,578,816</b>	<b>506,588,484</b>

The movement of the expected credit loss provision / jointly financed :

Item	For the three months ended at 31 March 2019					
	Corporates	Small and medium enterprises	Retail	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
<b>balance at the beginning of the period</b>	13,394,637	186,212	2,005,878	2,919,290	-	18,506,017
Impairment loss on new facilities during the period	191,415	52,728	39,809	280	-	284,232
Recovered from impairment loss on settled facilities	(290,592)	(45,340)	(11,064)	-	-	(346,996)
Transfer to Stage 1	(1,419)	(15,057)	(12,730)	52,881	-	23,675
Transfer to Stage 2	(38,287)	(2,466)	55,512	(57,232)	-	(42,473)
Transfer to Stage 3	39,706	17,523	(42,782)	4,351	-	18,798
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the year	1,009,599	48,334	408,035	86,442	-	1,552,410
Changes resulting from modifications	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>14,305,059</b>	<b>241,934</b>	<b>2,442,658</b>	<b>3,006,012</b>	<b>-</b>	<b>19,995,663</b>

\* The beginning balance for the year does not include ijara muntahia biltamlek balance.

Redistribution:

Provisions at an individual basis	14,305,059	170,407	1,978,289	2,992,821	-	19,446,576
Provisions at a collective basis	-	71,527	464,369	13,191	-	549,087

\*The beginning balance for the period does not include ijara muntahia biltamlek balance.

### Suspended revenue

Movement on suspended revenue was as follows:

	Jointly financed							
	For the period ended 31 March 2019				For the year ended 31 December 2018			
	Retail	Corporates	Small and medium enterprises	Total	Retail	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	229,935	821,328	3,545	1,054,808	203,447	693,320	493	897,260
Add: suspended revenue during the period/year	51,230	46,253	4,816	102,299	152,655	194,703	3,496	350,854
Less: suspended revenue transferred to revenue	15,870	-	584	16,454	126,167	66,695	444	193,306
<b>Balance at the end of the period/year</b>	<b>265,295</b>	<b>867,581</b>	<b>7,777</b>	<b>1,140,653</b>	<b>229,935</b>	<b>821,328</b>	<b>3,545</b>	<b>1,054,808</b>

### (8) FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS' HOLDERS EQUITY - NET

The details of this item are as follows:

	Jointly financed	
	31 March 2019	31 December 2018
	JD	JD
<b>Quoted Financial Assets :</b>		
Corporate Shares	54,770	210,477
Islamic Sukuk	20,322,778	20,786,749
<b>Total quoted Financial Assets</b>	<b>20,377,548</b>	<b>20,997,226</b>
<b>Unquoted Financial Assets</b>		
Corporate Shares	1,063,725	1,063,725
Islamic Sukuk	6,192,600	6,192,600
<b>Total unquoted financial assets</b>	<b>7,256,325</b>	<b>7,256,325</b>
<b>Total Financial Assets At Fair Value Through Unrestricted investment accounts holders equity-net</b>	<b>27,633,873</b>	<b>28,253,551</b>
Less: Expected Credit Losses provision of financial assets	157,207	137,753
<b>Net Financial Assets At Fair Value Through Unrestricted investment accounts holders equity</b>	<b>27,476,666</b>	<b>28,115,798</b>

The unquoted financial assets appears by cost due to inability to determine their fair value

**(9) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET**

The details of this item is as follows:

	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 March 2019									
Ibbara Mantachie Bittamleek assets-Real Estate	358,183,093	(69,135,868)	289,047,225	5,601,426	(1,485,485)	4,115,941	363,784,519	(70,621,353)	293,163,166
Ijara Muntahia Bittamleek assets-Machines	54,174,918	(6,669,304)	47,505,614	-	-	-	54,174,918	(6,669,304)	47,505,614
<b>Total</b>	<b>412,358,011</b>	<b>(75,805,172)</b>	<b>336,552,839</b>	<b>5,601,426</b>	<b>(1,485,485)</b>	<b>4,115,941</b>	<b>417,959,437</b>	<b>(77,290,657)</b>	<b>340,668,780</b>

	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
31 December 2018	JJD	JJD	JJD	JJD	JJD	JJD	JJD	JJD	JJD
Ijara Murabahah Bittamleek assets-Real Estate	343,062,891	(65,245,240)	277,817,651	5,646,183	(1,431,919)	4,214,264	348,709,074	(66,677,159)	282,031,915
Ijara Murabahah Bittamleek assets-Machines	49,952,588	(4,732,031)	45,220,557	-	-	-	49,952,588	(4,732,031)	45,220,557
<b>Total</b>	<b>393,015,479</b>	<b>(69,977,271)</b>	<b>323,038,208</b>	<b>5,646,183</b>	<b>(1,431,919)</b>	<b>4,214,264</b>	<b>398,661,662</b>	<b>(71,409,190)</b>	<b>327,252,472</b>

-The accrued Ijara instalments amounted to JD 4,229,262 as at 31 March 2019 ( JD 2,821,136 as at 31 December 2018 ), Were presented under deferred sales receivables and other receivables-Net (Note 7).

-The non-performing Ijara Muntahia Bittamleek amounted to JD 5,039,519 as at 31 March 2019 representing 1.48% from the balance of Ijara Muntahia Bittamleek assets ( JD 4,447,134 as at 31 December 2018 representing 1.36% from the balance of Ijara Muntahia Bittamleek assets ).

# **(10) OTHER ASSETS**

The details of this item are as follows:

	31 March 2019	31 December 2018
	JD	JD
Seized assets by the Bank against debts-Net*	4,883,035	4,917,783
Prepaid expenses	1,098,615	1,431,923
Accrued revenue	1,014,835	731,690
Stationery and printing inventory	135,667	145,898
withholding income tax	120,346	119,578
Petty cash	105,034	74,425
Other account receivables	438,340	444,068
Others	954,693	626,929
<b>Total</b>	<b>8,750,565</b>	<b>8,492,294</b>

\* The movement of the seized assets by the Bank against debts was as follows:

	For the period ended 31 March 2019			For the year ended 31 December 2018
	Seized real estates - self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Net balance at the beginning of the period/year	682,443	4,643,162	5,325,605	4,321,389
Additions	-	30,000	30,000	3,830,958
Disposal	(28,718)	-	(28,718)	(2,826,742)
<b>Total</b>	<b>653,725</b>	<b>4,673,162</b>	<b>5,326,887</b>	<b>5,325,605</b>
Provision for real estate (CBJ instructions)	(229,397)	-	(229,397)	(229,397)
Provision on real estate for impairment losses	(114,044)	(100,411)	(214,455)	(178,425)
<b>Net balance at the end of the period/year</b>	<b>310,284</b>	<b>4,572,751</b>	<b>4,883,035</b>	<b>4,917,783</b>

- Central Bank of Jordan regulations requires the disposal of seized assets during a maximum period of 2 years from the date of repossession, and in some cases the Central Bank of Jordan can extend the period for additional 2 years.

- The recorded provision for seized assets against debts that violates article no.(48) of bank law no.(28) for the year 2000 and its amendments the provision for seized real estates /self financed amounted to JD 229,397 as at 31 March 2019 (31 December 2018: JD 229,397).

**(11) INCOME TAX****A- Income tax provision**

The movement of the income tax provision is as follows :

	For the period ended 31 March 2019	For the period ended 31 December 2018
	JD	JD
Beginning balance for the period/year	4,031,024	2,603,048
Income tax expense	1,811,258	4,488,873
Add: Previous years adjustments	-	354,909
Less : Provisions ceased to be required (previous years)	(288,835)	-
Less : Income tax paid for previous years	(863,326)	(2,532,960)
Less: Income tax paid for the period/year	-	(882,846)
<b>Ending balance for the period/year</b>	<b>4,690,121</b>	<b>4,031,024</b>

**B- The income tax expense presented in the Condensed Consolidated Interim Statement of Income and Comprehensive Income consists of the following:**

	For the period ended 31-March	
	2019	2018
	JD	JD
Income tax expense for the period /year	(1,811,258)	(953,145)
Less : Deferred tax assets	190,000	-
Add: Amortise deferred tax assets	(570,000)	-
Add: Previous years income tax	-	(36,833)
<b>Total</b>	<b>(2,191,258)</b>	<b>(953,145)</b>

**The Bank :**

During the first quarter of 2019, a settlement was made with the income and sales tax department regarding tax issues for the years 2014 and 2015, and a final clearance was obtained until the end of 2015.

The Bank submitted its tax declarations for the years 2016 and 2017 and were not audited by the Income and Sales Tax Department yet up to the date preparing of the condensed consolidated interim financial statements.

\* 38% was used to calculate Income tax provision for the year 2019 in accordance with the Income Tax Law No. 38 of 2019, which was effective from 1 January 2019.

**The Subsidiary :**

**Misc for Brokerage company :** A final settlement has been reached until 2017 . Except for the years from 2011 to 2013 which were audited by the Income and sales department and it is still pending the court decision to carry forward the accumulated losses without any tax effect.

In the opinion of the Bank's management and the tax constant all provisions taken in the condensed consolidated interim financial statements are sufficient for all tax liabilities.

**C- Deferred tax assets**

The details of this item are as follows:

	For the period ended 31 March 2019				31 December 2018	
	Beginning Balance for the period	Released Amounts	Additional Amounts	Ending Balance for the period	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
<b>Deferred tax assets - self financed</b>						
lawsuits against the bank Provision	60,785	-	-	60,785	23,098	23,098
Impairment provision for seized assets	343,441	-	-	343,441	130,508	130,508
Legal expenses	1,500,000	1,500,000	-	-	-	570,000
Profit equalization reserve	-	-	243,774	243,774	92,634	-
<b>Total deferred tax assets - Self financed</b>	<b>1,904,226</b>	<b>1,500,000</b>	<b>243,774</b>	<b>648,000</b>	<b>246,240</b>	<b>723,606</b>
<b>Deferred tax assets - Joint financed</b>						
Profit equalization reserve related to unrestricted investment accounts	-	-	256,226	256,226	97,366	-
<b>Total deferred tax assets - Joint financed</b>	<b>-</b>	<b>-</b>	<b>256,226</b>	<b>256,226</b>	<b>97,366</b>	<b>-</b>



**The movement of deferred tax assets self financed is as follows:**

	For the period ended 31 March 2019	For the period ended 31 December 2018
	JD	JD
Beginning Balance for the period	723,606	599,815
Additional Amounts	92,634	123,791
Released Amounts	(570,000)	-
<b>Ending Balance for the period</b>	<b>246,240</b>	<b>723,606</b>

**The movement of deferred tax assets jointly financed was as follows:**

	For the period ended 31 March 2019	For the period ended 31 December 2018
	JD	JD
Beginning Balance for the period / year	-	-
Additional Amounts during the period / year	97,366	-
Released Amounts during the period / year	-	-
<b>Ending Balance for the period / year</b>	<b>97,366</b>	<b>-</b>

**(12) OTHER LIABILITIES**

The details of this item are as follows:

	31 March 2019	31 December 2018
	JD	JD
Accrued expenses (not paid)	867,762	377,339
Certified cheques	4,335,927	3,171,553
Expected credit losses for Off - balance sheet items-self financed *	100,567	65,007
Expected credit losses for unutilized credit limits - Jointly financed **	214,116	219,386
Shareholders and customers deposits	4,219,756	4,228,408
Customers' share of profits from unrestricted investment	10,721,844	9,637,646
Temporary deposits	16,287,095	9,798,244
Transactions in transit	24,489	-
Visa company Claims	762,578	714,920
Others	511,850	606,905
<b>Total</b>	<b>38,045,984</b>	<b>28,819,408</b>

**\* Expected credit losses**

**Expected credit loss of indirect facilities**

**A-Self financed**

- Movement on indirect facilities for the period ended 31 March 2019:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	44,760,986	-	1,826,159	-	50,000	46,637,145
New exposures during the period	20,692,713	-	878,787	-	-	21,571,500
Matured/derecognized exposures	(19,929,009)	-	(1,566,696)	-	-	(21,495,705)
Transfer to Stage 1	34,000	-	(34,000)	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	45,558,690	-	1,104,250	-	50,000	46,712,940

- Movement on the provision for expected credit loss( indirect facilities /self financed) for the period ended 31 March 2019:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
balance at the beginning of the period	55,646	-	9,361	-	-	65,007
Loss on new exposures during the period	51,545	-	7,517	-	-	59,062
Loss of matured / derecognized exposures	(18,108)	-	(9,085)	-	-	(27,193)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from modifications	3,339	-	352	-	-	3,691
Written off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	92,422	-	8,145	-	-	100,567

**\*\* Expected credit losses**

**Expected credit loss of indirect facilities**

**B -Jointly financed**

- Movement on indirect facilities for the period ended 31 March 2019:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	58,755,384	-	5,101,239	-	-	63,856,623
New exposures during the period	14,774,046	-	2,577,540	-	-	17,351,586
Matured / derecognized exposures	(38,574,602)	-	(2,330,371)	-	-	(40,904,973)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	(1,622,670)	-	1,622,670	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	<b>33,332,158</b>	-	<b>6,971,078</b>	-	-	<b>40,303,236</b>

- Movement on the provision for expected credit loss( indirect facilities /jointly financed) for the period ended 31 March 2019:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
balance at the beginning of the period	171,286	-	48,100	-	-	219,386
Loss on new exposures during the period	28,100	-	1,155	-	-	29,255
Loss of matured /derecognized exposures	(32,551)	-	(18,965)	-	-	(51,516)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	(2,067)	-	2,067	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	-	-	-	-	-
Adjustments due to change in exchange rates	(73,942)	-	90,933	-	-	16,991
Written off facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	<b>90,826</b>	-	<b>123,290</b>	-	-	<b>214,116</b>

### **(13) UNRESTRICTED INVESTMENT ACCOUNTS**

The details of this item are as follows:

31 March 2019

	Retail	Corporate	Small and medium enterprises	Government and the Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	70,654,446	18,753,613	3,455,366	1,133,248	3,980,904	97,977,577
Term accounts/ Investing deposits	467,138,129	99,312,672	72,788,426	38,593,918	2,982,656	680,815,801
Certificates of investing deposit	47,202,837	1,501,666	3,905,282	12,860,121	14,824,495	80,294,401
<b>Total</b>	<b>584,995,412</b>	<b>119,567,951</b>	<b>80,149,074</b>	<b>52,587,287</b>	<b>21,788,055</b>	<b>859,087,779</b>
Depositors' share from investments' revenue	5,171,146	1,013,938	751,761	515,388	195,311	7,647,544
<b>Total unrestricted investment accounts</b>	<b>590,166,558</b>	<b>120,581,889</b>	<b>80,900,835</b>	<b>53,102,675</b>	<b>21,983,366</b>	<b>866,735,323</b>

31 December 2018

	Retail	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	67,321,480	11,995,514	1,641,543	673,954	266,520	81,899,011
Term accounts/ Investing deposits	425,635,661	90,179,907	64,270,710	36,750,026	986,353	617,822,657
Certificates of investing deposit	35,266,956	1,365,094	3,321,280	12,514,968	9,526,270	61,994,568
<b>Total</b>	<b>528,224,097</b>	<b>103,540,515</b>	<b>69,233,533</b>	<b>49,938,948</b>	<b>10,779,143</b>	<b>761,716,236</b>
Depositors' share from investments' revenue	17,167,511	3,381,306	2,428,326	1,805,532	487,377	25,270,052
<b>Total unrestricted investment accounts</b>	<b>545,391,608</b>	<b>106,921,821</b>	<b>71,661,859</b>	<b>51,744,480</b>	<b>11,266,520</b>	<b>786,986,288</b>

- Unrestricted investment accounts share of profit is calculated based on the following weights :

- 20% to 31% of the minimum balance of saving accounts in Jordanian Dinar.

- 14% to 35% of the minimum balance of saving accounts in foreign currencies.

- 48% to 90% of the average term accounts in Jordanian Dinar.

- 18% to 47% of the average term accounts in foreign currencies.

- 90% of the average balances of investing certificates of deposit in Jordanian Dinar.

- 80% to 85% of average balances of certificates of investing deposit in foreign currencies .

- The general percentage of the profit on the Jordanian Dinar for the period ended 30 september 2019 was 4.27% (for the period ended 31 March 2018 was 3.62%).

- The general percentage of the profit on USD for the period ended 31 March 2019 was 2.30% (for the period ended 31 March 2018 was 1.50%).

- The unrestricted investment accounts for the Government and Public sector amounted to JD 53,102,675 as at 31 March 2019, which represents 6.13% of the total unrestricted investment accounts (JD 51,744,480 as at 31 December 2018: which represents 6.58% of the total unrestricted investment accounts ).

- The restricted accounts amounted to JD 42,640 as at 31 March 2019 which represents 0.005% of the total unrestricted investment (JD 53,249 as at 31 December 2018 which represent 0.01% f the total unrestricted investment ).

- The dormant accounts as at 31 March 2019 amounted to JD 10,762,532 (JD 10,250,490, as at 31 December 2018).

#### **(14) INVESTMENT RISKS FUND**

A- The movement of the investment risks fund was as follows:

	For the period ended 31 March 2019	For the period ended 31 December 2018
	JD	JD
Balance at the beginning of the period/year	20,959,845	17,441,008
Additions: transferred from unrestricted investment revenues during the period/year	1,797,719	6,217,148
less : written-off debts	-	3,970
Less: losses from sale financial assets at fair value through unrestricted investment accounts holders equity related to previous years *	309,816	394,371
Less: previous years tax - joint revenue *	688,599	263,388
Less: accrued income tax	565,403	2,036,582
<b>Balance at the end of the period/year</b>	<b>21,193,746</b>	<b>20,959,845</b>

The investment risk fund balance will be transferred to the Zakat fund in case of liquidation.

The Central Bank of Jordan approved the deduction of the percentage to 10% starting from 1 January 2019 (2018:10%)

\* These represent prior years losses resulted from the sale of shares and sukuk from the portfolio of financial assets at fair value through unrestricted investment accounts holders equity and tax paid for previous years for joint revenues based on article no.( 12.4 ) and (15) of the policy outlining the relationship of the bank as Mudarib and the owners of unrestricted investments(Rab-al-mal), where it stipulates that if losses resulted from unrestricted investment transactions that were initiated in prior years, these losses would be covered through the Investment Risks Fund.

B- Investment risks fund balance is distributed as follows:

	Note	31 March 2019	31 December 2018
		JD	JD
Balance at the end of the period/year		21,193,746	20,959,845
Against ECL for Financial assets at fair value through unrestricted investment accounts' holders equity	8	157,207	137,753
Against ECL for International Wakala investments	6	627,293	86,311
Against ECL for Ijara Muntahia Bittamleek receivable	7	3,264,896	3,061,871
Against ECL for deferred sales receivables	7	16,730,767	15,444,146
Against ECL for off balance sheet items/ Jointly financed	12	214,116	219,386
Against impairment of seized assets by the Bank	10	100,411	64,381
<b>Remaining balance</b>		<b>99,056</b>	<b>1,945,997</b>

The remaining balance (the undistributed part) relates to the unrestricted investment accounts.

C- The movement of income tax on investment risks fund was as follows:

	For the period ended 31 March 2019	For the period ended 31 December 2018
	JD	JD
Balance at the beginning of the period/year	2,052,566	1,695,297
Income tax on transferred revenue from investment accounts	565,403	2,036,582
Less: Income tax paid	(428,071)	1,679,313
<b>Balance at the end of the period/year</b>	<b>2,189,898</b>	<b>2,052,566</b>

A final clearance with the income and sales tax department was obtained until the end of year 2015.

The Bank submitted its tax declarations for the years ended 2016 and 2017, which have not been audited yet up to the date the preparation of the consolidated financial statements.

### **(15) Fair value reserve**

#### **A- movement on fair value reserve -Self financed is as follows :**

	For the period ended 31 March 2019	For the period ended 31 December 2018
<b>Fair value reserve for financial assets at fair value through unrestricted investment accounts' holders equity</b>	JD	JD
Beginning balance of the period/year	(24,510)	(576)
Unrealized profits (losses ) shares	45,000	(24,510)
Losses on sale of financial assets	-	(4,172)
Losses of equity instrument at fair value trough stockholder rights - self financed are transferred to the retained earnings as a result of sale	-	4,748
<b>Balance at the end of the period/year</b>	<b>20,490</b>	<b>(24,510)</b>

#### **B- movement on fair value reserve -Jointly financed is as follows :**

	For the period ended 31 March 2019	For the period ended 31 December 2018
<b>Fair value reserve for financial assets at fair value through unrestricted investment accounts' holders equity</b>	JD	JD
Beginning balance of the period/year	(552,665)	(820,121)
Unrealized profits (losses) on debt instruments	114,759	(70,210)
Loss on sale of equity instruments at fair value through unrestricted investment accounts' holders equity which was transferred to investment risks fund as a result of sale.	309,816	394,371
Unrealized profits (losses ) shares	6,491	(49,082)
(Gain) on sale of financial assets	-	(7,623)
<b>Balance at the end of the period/year</b>	<b>(121,599)</b>	<b>(552,665)</b>

### **(16) PAID UP CAPITAL AND STATUTORY RESERVES**

#### **PAID UP CAPITAL**

The authorized and paid in capital amounted to JD 100,000,000 consisting of 100,000,000 shares, at a par value of JD 1 per share as at 31 March 2019 and 31 December 2018.

#### **STATUTORY RESERVES**

The bank has not deducted any statutory reserves according to Jordanian Companies' Law since these consolidated financial statements are condensd interim financial statments that is done at the end of each year.



**(17) DEFERRED SALES REVENUE**

The details of this item are as follows:

	For the three months ended 31 March			
	2019		2018	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
<b>Individuals(Retail)</b>				
Murabaha to the purchase orderer	3,357,533	23,132	2,869,507	19,905
<b>Real estate facilities</b>	491,961	-	235,123	-
<b>Corporate</b>				
International Murabaha	153,717	-	60,143	-
Murabaha to the purchase orderer	4,559,689	-	3,649,076	-
<b>Small and medium enterprises</b>				
Murabaha to the purchase orderer	325,954	-	120,814	-
<b>Total</b>	<b>8,888,854</b>	<b>23,132</b>	<b>6,934,663</b>	<b>19,905</b>

**(18) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS' HOLDERS EQUITY**

The details of this item are as follows:

	Jointly financed	
	For the three months ended 31 March	
	2019	2018
	JD	JD
Gains (losses) on sale of financial assets	(23,181)	63,635
Islamic Sukuk profits	263,294	303,061
<b>Total</b>	<b>240,113</b>	<b>366,696</b>

**(19) (LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME**

The details of this item are as follows:

	Jointly financed							
	For the three months ended 31 March							
	2019				2018			
	Realized gains	Unrealized losses	Dividends	Total	Realized gains	Unrealized losses	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Islamic Sukuk	34,090	(21,875)	-	12,215	4,712	(12,535)	-	(7,823)
<b>Total</b>	<b>34,090</b>	<b>(21,875)</b>	<b>-</b>	<b>12,215</b>	<b>4,712</b>	<b>(12,535)</b>	<b>-</b>	<b>(7,823)</b>

## **(20) BANK SELF FINANCED REVENUE**

The details of this item are as follows:

	Note	For the three months ended 31 March	
		2019	2018
		JD	JD
Ijara Muntahia Bittamleek revenue		219,942	128,486
Deferred sales revenue	17	23,132	19,905
<b>Total</b>		<b>243,074</b>	<b>148,391</b>

## **(21) EARNINGS PER SHARE**

The details of this item are as follows:

	For the three months ended 31 March	
	2019	2018
	JD	JD
Profit for the period	1,894,645	1,652,002
Weighted average number of shares	100,000,000	100,000,000
	JD / Fils	JD / Fils
Basic and diluted earnings per share for the period	0/019	0/017

## **(22) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	For the three months ended 31 March	
	2019	2018
	JD	JD
Cash balances with CBJ maturing within three months	133,525,560	124,888,864
Add: cash at banks and banking institutions maturing within three months	6,784,697	4,090,292
Less: banks and financial banking accounts maturing within three months	(1,080,806)	(592,067)
<b>Total</b>	<b>139,229,451</b>	<b>128,387,089</b>

### (23) RELATED PARTY TRANSACTIONS

The Bank enters into transactions with shareholders, board members and senior management within its normal operations using normal rates of Murabaha and trade commissions. All deferred sales receivables and facilities granted to related parties are performing and no provisions were taken for these balances, the related party transactions are detailed as follows :

	Main shareholders	Senior management	Board of Directors members	Al-Etiihad Islamic company for investment*	Shari'a Supervisory Board members	31 March 2019	31 December 2018
	JD	JD	JD	JD	JD	JD	JD
<b><u>Condensed consolidated interim statements of financial position items</u></b>							
Balances at banks and banking institutions	-	-	-	668,609	-	668,609	6,094,619
Unrestricted investments accounts and current accounts	14,820	649,910	11,695,002	18,418,134	17,709	30,795,575	33,923,436
Deferred sales receivables and facilities	-	495,999	258	-	-	496,257	472,222
Ijara Muntahia Bittamleek assets	-	736,363	992,132	-	-	1,728,495	747,121
<b><u>Off-statement of condensed consolidated interim financial position items</u></b>							
Letter of guarantees	-	-	-	-	-	-	-
<b><u>Condensed consolidated interim statement of Income and Comprehensive Income items</u></b>							
	For the three months ended 31 March						
	2019						2018
Dividends	29	3,888	154,000	152,551	15	310,483	254,278
Salaries and bonuses	-	407,474	13,753	-	11,097	432,324	516,304
Transportation	-	-	115,700	-	4,400	120,100	114,408

\*Al Etihad Islamic For Investment Company which owns 61,8% of Safwa Islamic Bank .

-The lowest and highest received Murabaha rate were 3.43% and 6.63% respectively.

-The lowest and highest rate of Ijara Muntahia Bittamleek received by the Bank were 3.81% and 8% respectively.

-The lowest and highest distributed profit rate were 1.09% and 4.80% respectively.

-Executive management salaries and benefits for the period ended 31 March 2019 amounted to JD 407,474 ( JD 490,166 as at 31 March 2018).

## **(24) BANK'S SEGMENT INFORMATION**

### **a. Information on the Bank's Activities**

The bank is structured for administrative purposes where sectors are measured to the reports that are used by executive director and main decision maker at the bank through three major business sectors :

#### **Retail Accounts :**

This sector handles following upon the unrestricted investment accounts, deferred sales receivables, facilities, and other banking services related to retail.

#### **Institutions Accounts**

This sector handles unrestricted investment accounts, deferred sales receivables, facilities and other banking services related to Institutions .

#### **Treasury:**

This sector handles the services of brokerage, treasury and management of the Bank's funds.

Information on the Bank's segments according to activities is as follows:

	For the three months ended 31 March					
	Retail	Institutions	Treasury	Others	2019	2018
	JD	JD	JD	JD	JD	JD
Total revenue (joint and self financed)	5,499,841	4,407,611	2,056,000	99,078	12,062,530	9,755,138
Investment risks fund share of joint Investment accounts holders revenue	-	-	-	(1,797,719)	(1,797,719)	(1,379,334)
Profits equalization reserve	-	-	-	(500,000)	(500,000)	-
<b>Results of segment's operations</b>	<b>5,499,841</b>	<b>4,407,611</b>	<b>2,056,000</b>	<b>(2,198,641)</b>	<b>9,764,811</b>	<b>8,375,804</b>
distributed expenses	(558,422)	(311,805)	(146,374)	-	(1,016,601)	-
Undistributed expenses	-	-	-	(4,662,307)	(4,662,307)	(5,733,824)
<b>Profit for the period before tax</b>	<b>4,941,419</b>	<b>4,095,806</b>	<b>1,909,626</b>	<b>(6,860,948)</b>	<b>4,085,903</b>	<b>2,641,980</b>
(Income tax expense) for the period	-	-	-	(2,191,258)	(2,191,258)	(989,978)
<b>Profit for the period</b>	<b>4,941,419</b>	<b>4,095,806</b>	<b>1,909,626</b>	<b>(9,052,206)</b>	<b>1,894,645</b>	<b>1,652,002</b>
					31 March 2019	31 December 2018
					JD	JD
Segments' assets	414,798,618	382,142,071	243,483,960	-	1,040,424,649	932,904,687
Undistributed assets	-	-	-	185,382,120	185,382,120	188,568,828
<b>Total assets</b>	<b>414,798,618</b>	<b>382,142,071</b>	<b>243,483,960</b>	<b>185,382,120</b>	<b>1,225,806,769</b>	<b>1,121,473,515</b>
Segments' liabilities and total unrestricted investment accounts' holders equity	770,721,745	143,643,244	115,398,258	-	1,029,763,247	930,789,602
Undistributed liabilities	-	-	-	52,565,121	52,565,121	49,388,931
<b>Total Liabilities, Unrestricted Investment Accounts Holders and Investment risks fund</b>	<b>770,721,745</b>	<b>143,643,244</b>	<b>115,398,258</b>	<b>52,565,121</b>	<b>1,082,328,368</b>	<b>980,178,533</b>
					For the three months ended 31 March	
					2019	2018
					JD	JD
<b>Capital expenditure</b>					508,903	826,385
<b>Depreciation and amortization</b>					714,685	619,169

### Information on Geographical Distribution

The following disclosure represents the geographical distribution. The Bank performs its operations mainly in the Hashemite Kingdom of Jordan which represent local operations.

Distribution of the Bank's revenues, assets and capital expenditure according to geographical area is detailed as follows:

	31 March 2019			31 December 2018		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
<b>Total assets</b>	<b>1,079,593,057</b>	<b>146,213,712</b>	<b>1,225,806,769</b>	<b>1,022,988,374</b>	<b>98,485,141</b>	<b>1,121,473,515</b>

	For the three months ended 31 March 2019			For the three months ended 31 March 2018		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Capital expenditure	508,903	-	508,903	826,385	-	826,385
<b>Total revenue</b>	<b>11,197,289</b>	<b>865,241</b>	<b>12,062,530</b>	<b>9,253,558</b>	<b>501,580</b>	<b>9,755,138</b>

### (25) CAPITAL MANAGEMENT

The Bank's management takes into consideration the Central Bank of Jordan requirements which require the Bank to have sufficient self financed resources to cover certain percentage of its risk weighted assets based on the nature of the finance given and the direct investment made. Accordingly, the capital considered for the purpose of the Central Bank of Jordan requirements is the regulatory capital (both basic and additional capital).

Capital management aims to invest the Bank's fund in various risk weighted investments (low and high risk) to ensure that the Bank gets a better rate of return and to maintain a capital adequacy of 12% as required by the Central Bank of Jordan.

Capital adequacy ratio is calculated as at 31 March 2019 based on the regulatory capital Regulation issued by Central Bank of Jordan number (72/2018) according to standard number (15) issued by IFSB and in accordance with article (99/B) of the Banks Law. The capital adequacy is detailed as follows:

	31 March 2019	31 December 2018
	JD"000	JD"000
<b>Basic capital items</b>	<b>134,298</b>	<b>132,349</b>
Paid up capital	100,000	100,000
Retained earnings	17,138	17,138
Statutory reserve	24,182	24,182
The bank's share of the fair value reserve in full if the fund's are mixed	(62)	(285)
The Bank's share of the fair value reserve in full if the funds are mixed	-	-
profit for the period after tax and after proposed dividends	1,895	-
Proposed dividend distribution	(7,000)	(7,000)
Full fair value reserve - self financed	20	(25)
Intangible assets	(1,805)	(1,601)
The Bank's share in the deficit of investment risks fund	-	-
The bank's share in the capital of banks and financial Institutions	-	-
The bank's share in the capital of insurance companies	(14)	(12)
Investments in non-consolidated subsidiaries' capital accounts with bank's accounts	(56)	(48)
<b>Additional capital</b>	<b>-</b>	<b>-</b>
The Bank's share of the fair value reserve	-	-
The bank's share in the capital of insurance companies	-	-
<b>Supporting capital</b>	<b>1,234</b>	<b>971</b>
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25% of the weighted of financial assets weighted by credit risks)	1,264	1,011
The Bank's share in the capital of insurance companies	(6)	(8)
Investments in non-consolidated subsidiaries' capital accounts with bank accounts	(24)	(32)
<b>Total regulatory capital</b>	<b>135,532</b>	<b>133,320</b>
<b>Total risk weighted assets</b>	<b>521,238</b>	<b>522,436</b>
Capital adequacy ratio (%)	%26.00	%25.52
Basic capital ratio (%)	%25.77	%25.33
First slide ratio Tier 1 (%)	%25.77	%25.33
Second slide ratio Tier 2 (%)	%0.24	%0.19
Leverage ratio	25.34%	%26.41



**(26) CONTINGENT COMMITMENTS (OFF BALANCE SHEET)****A- Contingent credit and commitments/self financed: \***

	31 March 2019	31 December 2018
	JD	JD
Letters of credit	19,349,182	25,498,756
Acceptances	781,101	628,217
Letters of guarantees:		
Payment	3,453,130	1,362,013
Performance	9,705,455	7,454,186
Others	13,424,072	11,693,973
<b>Total</b>	<b>46,712,940</b>	<b>46,637,145</b>
<b>B. Contingent credit and commitments/jointly financed</b>		
Unutilized credit limits	40,303,236	63,856,623
<b>Total</b>	<b>40,303,236</b>	<b>63,856,623</b>

\*Indirect unutilized credit limits / self financed amounted to JD (11,615,813) as of 31 March 2019 .

The expected credit losses recorded against contingent credit commitments/self according to implementing IFRS 9 instructions financed amounted to JD 157,432 as at 31 March 2019 recorded in the other liabilities ( note 14).

The expected credit losses recorded against contingent credit commitments/jointly according to implementing IFRS 9 instructions financed amounted to JD 226,646 as at 31 March 2019 recorded in the other liabilities ( note 14).

A letter was received by the Bank from the Central Bank of Jordan on 9 march 2016 along with a copy of the Prime Minister's letter and the legal opinion issued by the Legislation and Opinion Bureau regarding the balances of the so-called " The accounts of differences in interest rate of the loans given to the Industrial Development Bank previously". In response the management here assures that during the year 2010 the bank has recorded all balances of the Interest differences deposits( which relates to external loans granted to Jordanian institutions) to the Ministry of Planning and International Cooperation upon their request. Whereas the subject related to the Interest differences on the loans given to the Industrial Development Bank previously, in the management's opinion and the legal opinion, all the procedures followed by the Bank in relation to this subject are correct and have no effect on the accompanied condensed consolidated interim financial statements.

**(27) LAWSUITS AGAINST THE BANK**

The Bank is defendant in number of lawsuits amounted to JD 2,628,586 as at 31 March 2019 ( JD 2,638,686 as at 31 December 2018). Management and its legal advisor believes that the lawsuits provision which amounts to JD 60,785 is sufficient to face any liabilities that may arise from lawsuits.

**(28) COMPARATIVE FIGURES**

The comparative figures for the year 2018 balances in the condensed consolidated interim financial statements were reclassified to correspond with 31 March 2019 presentation. The reclassifications did not have any effect on profit and equity for the year 2018 as follows:

**Condensed Consolidated Interim Statement of Income and Comprehensive Income**

	After classification	Before classification
	31 March 2019	31 March 2018
Rent Expenses	(56,829)	
Other expenses	(1,445,951)	(1,702,200)

## (29) FAIR VALUE HIERARCHY

The standard requires the identification and disclosure of a level in the fair value hierarchy in which fair value measurements are categorized in full and the fair value measurements are classified according to the levels specified in IFRS. The difference between level (2) and level (3) for fair value measurements means assessing whether information or inputs are observable and the importance of information that is not observable, which requires careful judgment and analysis of the inputs used to measure fair value including consideration of all factors affecting original or obligation.

### A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/Financial Liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
	31 March 2019	31 December 2018				
	JD	JD				
<b>Financial assets at fair value through shareholders' equity -self financed</b>						
Quoted shares	385,500	340,500	Level 1	Quoted in financial markets	Not applicable	Not applicable
<b>Financial assets at fair value through unrestricted investment accounts' holders equity</b>						
Quoted shares	54,770	210,477	Level 1	Quoted in financial markets	Not applicable	Not applicable
Quoted sukuk	20,322,778	20,786,749	Level 1	Quoted in financial markets	Not applicable	Not applicable
<b>Financial assets at fair value through statement of income</b>	1,965,399	688,489	Level 1	Quoted in financial markets	Not applicable	Not applicable
<b>Financial assets at fair value through unrestricted investment accounts' holders equity</b>						
Unquoted shares	1,063,725	1,063,725	Level 2	Equivalent Financial Instrument	Not applicable	Not applicable
Unquoted sukuk	6,192,600	6,192,600	Level 2	Equivalent Financial Instrument	Not applicable	Not applicable
<b>Total</b>	<b>29,984,772</b>	<b>29,282,540</b>				

There were no transfer between level 1 and 2 during the nine month period ended 31 March 2019 and the year 2018.

### B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except what is detailed in the following table we believe that the book values of financial assets and financial liabilities recognized in the Bank's financial statements approximate their fair values.

	31 March 2019		31 December 2018		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
<b>Financial assets not measured at fair value</b>					
Deferred sales receivables and other receivables	488,196,839	537,279,043	448,797,124	497,280,343	Level 2
Financial assets at amortized cost	92,191,000	92,746,342	92,191,000	92,633,447	Level 2
<b>Total financial assets not measured at fair value</b>	<b>580,387,839</b>	<b>630,025,385</b>	<b>540,988,124</b>	<b>589,913,790</b>	
<b>Financial liabilities not measured at fair value</b>					
Customers' current accounts and unrestricted investment accounts	1,012,590,129	1,023,311,973	930,594,871	940,232,517	Level 2
Cash margin investment accounts	15,094,776	15,094,776	12,470,264	12,470,264	Level 2
<b>Total financial liabilities not measured at fair value</b>	<b>1,027,684,905</b>	<b>1,038,406,749</b>	<b>943,065,135</b>	<b>952,702,781</b>	

### **(30) Credit RISK**

The risk policy adopted on March 31, 2019 is consistent with those followed for the year ended 31 December 2018.

### **(31) Analysis of the impact of standards issued and not yet effective**

#### **Islamic Accounting Standards:**

##### **AAOIFI has issued the following Islamic accounting standards:**

- IAS 30 "Impairment in value and credit losses and liabilities expected to result in losses". This Standard sets out the accounting treatment of expected impairment and credit losses for financing, investments and high risk commitments in Islamic financial institutions. The requirements of this Standard with respect to expected credit losses is substantially similar to the requirements of IFRS 9 Financial Instruments (IFRS 9). The Bank has implemented the Central Bank's instructions in this regard and has been reversed On the consolidated financial statements, as the mandatory application of the Islamic Financial Accounting Standard No. Date (30) is the first in January 2020 with earlier application permitted.

- Islamic Accounting Standard No. 31, "Investment Agency". The Standard aims at determining the requirements for the preparation of reports related to the Investment Agency and the transactions that are in line with best practices of both the agent and the client. The mandatory implementation date of the Standard is January 1, 2020.

- Islamic Accounting Standard No. 33, "Investments in Sukuk, Shares and Similar Instruments", which replaces Islamic Accounting Standard No. 25, aims to improve the classification, measurement, presentation and disclosure of investments in sukuk, equities and similar financial instruments. The requirements of Islamic Financial Accounting Standard No. 33 are effective on January 1, 2020, with early application permitted.

- The new standard aims to ensure transparent and fair reporting to all stakeholders, particularly sukuk holders. The mandatory date of application of Islamic Financial Reporting Standard No. 34 is January 1, 2020 with early application allowed.

- IAS 35 "Risk reserve" . This accounting standard and financial reporting on risk reserves have been developed to mitigate the various risks faced by stakeholders, particularly investors. The mandatory date for applying IFRS 35 is January 1, 2021, with early application allowed.

### **(32) Subsequent events**

The General Assembly approved at its meeting held on 28 April 2019 on recommendation of the Board of Directors to distribute cash dividends of (7) million JD to shareholders for the year 2018 , which represent 7% from the bank' capital.