



بنك صفوة الإسلامي
Safwa Islamic Bank

<p>To: Jordan Securities Commission Amman Stock Exchange Date : 30/08/2018 Subject: Semi- Annual Report as of 2018/06/30</p>	<p>السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:- 2018/08/30 الموضوع: التقرير نصف السنوي باللغة الانجليزية كما هو في 2018/06/30</p>
<p>Attached English version of Semi- Annual Financial Statements (Safwa Islamic Bank) As of 30/06/2018(subject to Central Bank of Jordan approval) .</p>	<p>مرفق طيه نسخة من البيانات المالية نصف السنوية باللغة الانجليزية لبنك صفوة الاسلامي كما هي بتاريخ 2018/06/30 م (وهي خاضعة لموافقة البنك المركزي الأردني) .</p>
<p>Kindly accept our high appreciation and respect Safwa Islamic Bank General Manager</p>	<p>وتفضلوا بقبول فائق الاحترام... بنك صفوة الاسلامي المدير العام</p> <p>44</p>

بورصة عمان	
الدائرة الادارية والمالية	
الرجاء استلام	
٢٠ آب ٢٠١٨	
4253	الرقم التسلسلي:
11006	رقم الملف:
611	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 SIX- MONTH PERIOD ENDED 30 JUNE 2018
TOGETHER WITH THE REVIEW REPORT

SAFWA ISLAMIC BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN
30 JUNE 2018

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In the Name of Allah, the Beneficent, the Merciful

Review Report

AM/ 81689

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 accompanying condensed consolidated interim statement of financial position of Safwa Islamic Bank (a Public Shareholding limited Company) as of June 30, 2018 and the related condensed consolidated interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the six-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 interim financial statements in accordance with the financial accounting standards issued by Accounting and Auditing Organisation 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 the Central Bank of Jordan, Jordan Securities Commission and management purposes 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 – Jordan
August 19, 2018


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

ديلويت أند توش (الشرق الأوسط)

010101

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

		30 June 2018	31 December
	Note	(Reviewed not Audited)	2017
		JD	JD
Assets			
Cash and balances with Central Bank	4	120,403,068	119,934,135
Balances at banks and financial institutions	5	7,869,233	6,570,709
International wakala investments-net	6	54,779,567	33,861,572
Financial assets at fair value through statement of income	7	821,728	-
Deferred sales receivables and other receivables-net	8	406,583,714	416,155,544
Unconverted loans-net		33,038	37,748
Financial assets at fair value through shareholders' equity -self financed	9	7,159	17,700
Financial assets at fair value through unrestricted investment accounts' holders equity-net	10	36,118,070	38,875,345
Financial assets at amortized cost - net	11	54,878,000	54,878,000
Investment in associate		376,618	377,262
Net investment in a subsidiary under liquidation		79,717	-
Ijara Muntahia Bittamleek assets-net	12	313,900,266	255,708,619
Qard Hasan		509,660	509,660
Property and equipment-net		22,234,882	21,299,772
Intangible assets - net		1,426,348	1,449,583
Deferred tax assets	15/C	599,815	599,815
Other assets	13	8,580,879	7,527,176
Total Assets		1,029,201,762	957,802,640
Liabilities, Unrestricted Investment Accounts' Holders Equity and Shareholders' Equity			
Liabilities			
Banks and financial Institutions accounts		822,117	876,288
Customers' current accounts	14	130,249,148	120,068,965
Cash margin accounts		11,968,767	22,746,048
Income tax provision	15/A	2,325,364	2,603,048
Other provisions		84,603	84,603
Other liabilities	16	19,272,986	15,331,453
Total Liabilities		164,722,985	161,710,405
Unrestricted Investment Accounts' Holders Equity			
Unrestricted investment accounts	17	726,058,495	652,921,139
Fair value reserve	21	(652,434)	(820,121)
Total equity of unrestricted investment accounts' holders		725,406,061	652,101,018
Investment Risk Fund			
Investment risk fund	18	722,295	4,150,430
Income Tax provision for investment risk fund	18	1,368,951	1,695,297
Shareholders' Equity			
Paid up capital	19	100,000,000	100,000,000
Statutory reserve	19	22,874,816	22,874,816
General banking risk reserve		-	300,000
Fair value reserve -- self financed	21	(1,977)	(576)
Retained earnings	20	10,096,475	14,971,250
Profit for the period		4,012,156	-
Total Shareholders' Equity		136,981,470	138,145,490
Total Liabilities, Unrestricted Investment Accounts Holders and Shareholders' Equity		1,029,201,762	957,802,640
Restricted wakala accounts		9,544,872	5,062,108

The accompanying notes from (1) to (38) 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)

	Note	For The Three Month Period Ended 30 June		For The Six Month Period Ended 30 June	
		2018	2017	2018	2017
		JD	JD	JD	JD
Deferred sales revenue	22	7,654,357	7,022,715	14,589,020	13,512,021
Ijara muntahia bittamleek revenue		6,728,931	4,553,816	12,407,707	9,175,473
International wakala investments profits		271,818	97,821	418,017	193,980
Gains from financial assets at fair value through unrestricted investment accounts' holders equity	23	378,953	282,495	745,649	547,978
(Losses) from financial assets at fair value through statement of income	24	(5,197)	-	(13,020)	-
Gains from financial assets at amortized cost		519,913	368,886	1,034,112	605,688
Share of profit from investment in associate		8,356	16,900	8,356	16,900
Foreign currencies evaluation losses		(29,383)	(16,784)	(5,537)	(5,700)
Other revenue - jointly financed		138,470	145,839	275,256	394,951
Total revenue from unrestricted investments		15,666,218	12,471,688	29,459,560	24,441,291
Share of unrestricted investment accounts holders'	25	(6,153,016)	(4,760,476)	(11,539,554)	(9,126,254)
Share of Investment risk fund	18	(1,566,686)	(1,247,169)	(2,946,020)	(2,444,129)
Bank's share of revenue from unrestricted investments as a mudarib and rab mal	26	7,946,516	6,464,043	14,973,986	12,870,908
Bank's self financed revenue	27	199,875	163,654	348,266	300,971
Banks share from the restricted investment revenue as agent (wakeel)		41,412	4,534	61,445	4,534
Gain from foreign currencies		136,165	139,320	218,763	239,132
Banking services revenue		1,154,785	789,431	2,232,303	1,628,182
Other revenue		223,497	169	243,291	11,825
Gross Income		9,702,250	7,561,151	18,078,054	15,055,552
Employees' expenses		(2,952,225)	(2,609,483)	(5,904,270)	(5,189,479)
Depreciation and amortization		(598,602)	(717,614)	(1,217,771)	(1,455,912)
Depreciation of Ijara muntahia bittamleek assets- self financed		(137,547)	(106,452)	(229,127)	(186,794)
Provision for deferred sales receivables and other receivables - self financed		(27,615)	(164)	(21,612)	(4,581)
(Recovered from) expected credit losses for Off - balance sheet items-self financed		16,944	-	16,944	-
Other expenses		(2,377,754)	(2,258,488)	(4,454,787)	(4,202,412)
Total expenses		(6,076,799)	(5,692,201)	(11,810,623)	(11,039,178)
Profit for the period before tax		3,625,451	1,868,950	6,267,431	4,016,374
Income tax expense	15/B	(1,265,297)	(668,186)	(2,255,275)	(1,415,705)
Profit for the period		2,360,154	1,200,764	4,012,156	2,600,669
Add : other comprehensive Income items after tax that will not be reclassified subsequently to the interim statement of income					
Change in fair value reserve for financial assets		-	-	(1,401)	-
(losses) on sale of financial assets through comprehensive income statement		(2,283)	-	(2,283)	-
Total comprehensive Income for the period		2,357,866	1,200,764	4,008,467	2,600,669
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	28	0/024	0/012	0/040	0/026

The accompanying notes from (1) to (38) 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)

	Paid up capital	Statutory reserve	General banking risk reserve	Fair value reserve—self financed	Retained Earnings*	Profit for the period	Total Shareholders' Equity
	JD	JD	JD	JD	JD	JD	JD
For the six month period ended 30 June 2018							
Balance as the beginning of the period	100,000,000	22,874,816	300,000	(576)	14,971,250	-	138,145,490
Impact of implementing CBJ regulations no (13/2018)	-	-	(300,000)	-	108,397	-	(191,603)
Amended balance as the beginning of the period	100,000,000	22,874,816	-	(576)	15,079,647	-	137,953,887
Total comprehensive Income for the period	-	-	-	(1,401)	(2,288)	4,012,156	4,008,467
Disposal of an investment in a subsidiary	-	-	-	-	19,116	-	19,116
Distributed Dividends**	-	-	-	-	(5,000,000)	-	(5,000,000)
Balance as the end of the period	100,000,000	22,874,816	-	(1,977)	10,096,475	4,012,156	136,981,470
For the six month period ended 30 June 2017							
Balance as the beginning of the period	100,000,000	21,999,743	300,000	-	10,132,368	-	132,432,111
Total comprehensive Income for the period	-	-	-	-	-	2,600,669	2,600,669
Balance as the end of the period	100,000,000	21,999,743	300,000	-	10,132,368	2,600,669	135,032,780

- Retained earnings balance as at 30 June 2018 and 31 December 2017 includes an amount of JD 599,815 which represents deferred tax assets and it is restricted from use in accordance with the Central Bank of Jordan instructions.

* Based on CBJ 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 amounting to JD 108,397 is restricted from use without prior approval of the Central Bank of Jordan.

** The Board of Directors decided in their meeting number(1/2018) dated 28 January 2018 to recommend to the General Assembly to distribute cash dividends in an amount of JD 5 Millions to the shareholders for the year 2017, which represent 5% from the bank' capital. The General Assembly approved on this recommendation at their meeting held on 28 April 2018.

The accompanying notes from (1) to (38) 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 Cash Flows
(Reviewed not Audited)

	Note	For the six- month period ended 30 June	
		2018	2017
		JD	JD
Cash Flows from Operating Activities			
Profit for the period before tax		6,267,431	4,016,374
Adjustments for non monetary items:			
Depreciations and amortization		1,217,771	1,455,912
Depreciation of ijara muntahia bittamleek assets		20,599,453	26,672,099
Share of joint funds from profits of associate companies		(8,356)	(16,900)
Investment risk fund	18	2,946,020	2,444,129
Unrealized loss of financial assets at fair value through statement of income	24	25,442	-
Provision for deferred sales receivables and other receivables - self financed		21,612	4,581
(Recovered from) expected credit losses for Off - balance sheet items-self financed	16	(16,944)	-
Disposal of an investment in a subsidiary		19,116	-
Loss on sale of property and equipment		-	87,436
(Gain) on sale of seized assets against debts		(217,791)	(2,140)
Cash Flows from Operating Activities before Changes in net working capital		30,853,754	34,661,491
Changes in operating net working capital			
Decrease (increase) in deferred sales receivables and other receivables		5,472,172	(7,645,941)
Decrease in unconverted loans		4,710	4,710
(Increase) in ijara muntahia bittamleek assets		(78,791,100)	(31,702,445)
(Increase) in other assets		(1,400,943)	(1,154,685)
Increase in customers' current accounts		10,180,183	8,944,358
(Decrease) increase in cash margin accounts		(10,777,281)	6,069,637
Increase in other liabilities		2,609,825	1,992,474
Net cash (used in) flows from operating activities before income tax paid		(41,848,680)	11,169,599
Income tax paid	15 & 18	(3,825,710)	(3,507,306)
Net cash (used in) flows from operating activities		(45,674,390)	7,662,293
Cash Flows from Investing Activities			
Maturity (purchase) of financial assets at fair value through unrestricted investment accounts holders- net		2,560,740	(19,168,715)
Sale of financial assets at fair value through shareholders' equity -self financed		6,852	-
Net (purchase) of financial assets at fair value through statement of income		(847,170)	-
Net (purchase) of financial assets at amortized cost		-	(27,439,000)
Cash dividends from an associate		9,000	10,000
Net investment in a subsidiary under liquidation		(79,717)	-
(Purchase) of intangibles assets		(243,371)	(59,305)
(Purchase) of property and equipment		(1,886,275)	(1,247,345)
Proceeds from sale of property and equipment		-	1,187
Proceeds from sale of seized assets against debts		500,000	358,000
(Increase) in international wakala investments		(21,273,554)	(17,376,792)
Net cash (used in) investing activities		(21,253,495)	(64,921,970)
Cash Flows from Financing Activities			
Increase(decrease) in unrestricted investment accounts		73,137,356	(28,896,909)
Dividends distributed to shareholders		(4,387,843)	-
Net cash flows from (used in) financing activities		68,749,513	(28,896,909)
Net Increase(decrease) in cash and cash equivalents		1,821,628	(86,156,586)
Cash and cash equivalents at beginning of the period		125,628,556	207,530,878
Cash and cash equivalents at end of the period	29	127,450,184	121,374,292

The accompanying notes from (1) to (38) 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)

(1) GENERAL

Safwa Islamic Bank (the Bank) is a Jordanian public shareholding limited company the legal successor of Industrial Development Bank that was established in 1965 in accordance with a special law (Industrial Development Bank Law). On 30 April 2008 Law No. (26) for the year 2008 was issued for the cancellation of Industrial Development Bank, which cancelled Industrial Development Bank Law No. (5) of 1972.

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

The Bank's principal activities include the provision of Shari'a compliant alternatives to the financial needs of customers currently being met through the Bank's head office and its Twenty seven branches and subsidiaries within the Kingdom, in accordance with the Banking Law.

Etihad Islamic Investment Company owns 61.8% of Safwa Islamic Bank, and their financial statements are consolidated within the financial statements of Bank Al Etihad.

The condensed consolidated interim financial statements were approved by the Bank's Board of Directors in their meeting No. (4/2018) held on 21 July 2018, and are still subject to the approval of the Central Bank of Jordan.

The Shari'a Supervisory Board held its meeting No. (4/2018) on 21 July 2018 and issued its semi-annual report for the period ended 30 June 2018 which confirms that the banks activities do not violate the principles of Islamic Shari'a .

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and in accordance with the applicable 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.
- Shareholders' equity is separated from the unrestricted investment accounts holders.
- Investment risk fund is decreased to cover the impairment loss and expected credit loss for 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 full financial statements prepared in accordance with the standards of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and should be read with the Bank's annual financial statements as of 31 December 2017. In addition, the results for the six-months period ended 30 June 2018 do not necessarily indicate the results that may be expected for the financial year ending 31 December 2018. The Bank's profit for the six-month-period ended 30 June 2018, have not been appropriated; as such appropriations will be made at the end of the fiscal year.

BASIS OF CONSOLIDATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements comprise the condensed consolidated interim financial statements of the Bank and its subsidiaries which are financed by the self and jointly financed accounts of the Bank where the Bank has the power to govern the operational and financial policies of the entities so as to obtain benefits from their activities. All intra-company balances, transactions, revenues and expenses between the bank and its subsidiaries are eliminated in full.

The condensed consolidated interim financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using some accounting policies used by the Bank.

The subsidiaries of the Bank as of 30 June 2018 are as follows:

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

Subsidiaries are fully consolidated in the condensed consolidated interim statement of income and comprehensive income from the date the Bank obtains control. The subsidiaries revenues and expenses are consolidated in the condensed consolidated interim statement of income and comprehensive income from the date the Bank obtains control, 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 Company for Construction) in their extraordinary meeting held in 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 Company for Construction)

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 2017. Except for the effect of the Central Bank of Jordan instructions No. (13/2018) that was issued on 6 June 2018 related to expected credit losses . and as for the remaining aspects they are subject to the requirements of Islamic Accounting Standard No. (25) and until the issuance of instructions related to Islamic banks in accordance with the requirements of Islamic Accounting Standard No.(30).

The Bank has evaluated the requirements of the Expected Credit Loss model and the amendments related to the classification and measurement of financial instruments. The Bank has applied the instructions retroactively and without adjusting the comparative figures. The effect of applying the instructions was recorded on 1 January 2018 by reversing the effect on retained earnings on the statement of shareholders' equity for self investments and financing activities. As for joint investments and financing, the Expected Credit Losses were covered by the investment risk fund.

Effect of the Central Bank instructions No. (13/2018):

The effect of the change in accounting policies on the condensed consolidated interim financial statements as at 1 January 2018 was as follows:

Self financed:

	<u>Before instructions</u>	<u>After instructions</u>	<u>Change</u>
	JD	JD	JD
Direct credit facilities - Net	5,740,583	5,738,710	(1,873)
Bank risk reserve	300,000	—	(300,000)

Jointly financed:

	<u>Before instructions</u>	<u>After instructions</u>	<u>Change</u>
	JD	JD	JD
International wakala investment	33,861,572	33,470,213	(391,359)
Financial assets at fair value thorough unrestricted investment accounts holders equity	38,875,345	38,724,752	(150,593)
Direct credit facilities - Net	666,670,988	666,670,988	(1,533,432)

Self and Jointly financed:

	<u>Before instructions</u>	<u>After instructions</u>	<u>Change</u>
	JD	JD	JD
Other liabilities *	15,331,453	14,757,424	(574,029)

*The effect of the change in other liabilities is due to the amount of JD 189,730 related to the provision for credit losses expected for Self-financed off-balance sheet items and JD 384,299 for the expected credit losses for jointly financed off-balance sheet items.

(3) USE OF ESTIMATES

The preparation of the condensed consolidated interim financial statements and the application of accounting policies requires the Bank's management to make estimates and judgments that affect the amounts of financial assets and liabilities and to disclose potential liabilities. These estimates and judgments also affect income, expenses and provisions, as well as changes in fair value that appear in each statement Income and other comprehensive income, shareholders' equity and the unrestricted investment accounts holders equity. In particular, the Bank's management is required to make judgments and significant judgments to estimate 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 resulting 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 our estimates in the financial statements for the year 2017, except for the calculation of expected credit losses based on the instructions of the Central Bank, which are detailed as follows:

- Provision for impairment of sales and facilities receivables: The Bank deducts 10% (2017: 10%) of the net income from the joint investment accounts and transferred to the investment risk Fund to meet the investment risks in accordance with Article (55) of the Banking Law. The expected losses of these receivables and financing are in accordance with the guidelines set by the Central Bank of Jordan.

- Income tax provision: The fiscal year is charged with the income tax expense, which is related to that fiscal year in accordance with the accounting regulations, laws and standards. Moreover, the required deferred tax assets and liabilities and the required tax provision are calculated and recognized.
- The management periodically reviews the financial assets that are recorded at cost to assess any impairment in value and the impairment is recorded in the financial statements in accordance with the source of funding.
- A provision is recorded for legal suits against the Bank based on a legal study prepared by the Bank's legal department, under which potential risks are identified in the future. These studies are reviewed periodically.
- The management periodically reviews the financial assets that are recorded at cost to assess any impairment in value and are taken to the Condensed consolidated interim statement of income and comprehensive income for the period for self-financed investments or the investment risk fund for Jointly financed investments.
- The management estimates the useful life and residual value of tangible and intangible assets at initial recognition and recalculates the useful lives of tangible and intangible assets periodically for calculating depreciation and amortization based on the overall condition of those assets and estimated future production work. The impairment provision (if any) is recorded in the condensed consolidated interim statement of income and comprehensive income. Factors affecting the estimated useful lives of tangible and intangible assets include management's estimates of the expected use of these assets by the Bank, technological development and obsolescence. In the event that the useful lives of tangible and intangible assets differ from management's estimates, And therefore will have a significant impact on the expense of depreciation and / or profit and loss from disposal.
- Expected credit losses:
The Bank applies a three-stage structured approach to measure expected credit losses on joint financing and investments, financial assets at amortized cost and debt instruments classified at fair value through unrestricted investment account holders equity. Assets are transferred during the following three stages based on the change in credit quality since the initial recognition.

Stage (1): 12-month Expected Credit Loss

stage (1) includes financial assets at initial recognition that do not involve a significant increase in credit risk since initial recognition or which involve a low credit risk at the date of preparation of the financial statements. With regard to these assets, the expected credit loss is recorded for 12 months and the profit is calculated on the total carrying amount of the asset (without deduction of the credit premium). Expected for 12 months Credit Losses also result from default events that may occur within 12 months of the reporting date and do not represent the projected cash deficit over a 12-month period but rather a full credit loss on an asset weighted by the probability of loss occurring in the next 12 months.

Stage (2): Expected Credit Loss over the lifetime of exposure - No credit impairment

The second stage includes financial assets that have seen a significant increase in credit risk since the initial recognition but there is no objective evidence that indicates a decline in value or a default. In respect of these assets, the Expected Credit Loss is recorded over the life of the exposure, but the profit is calculated on the total carrying amount of the asset. The Expected Credit Loss over the life of the exposure is the expected credit loss arising from all possible default events over the life of the instrument. The expected credit losses are the average of the credit losses with the possibility of default being considered as the lifetime of exposure as the weight.

Stage (3): Expected Credit Loss over the lifetime of exposure - There is a decline in credit

The third stage includes financial assets that have objective evidence of impairment or default as of the date of preparation of the financial statements in accordance with regulatory requirements. In respect of these assets, the Expected Credit Loss recognizes the lifetime of the exposure and is treated with the profits calculated in accordance with regulatory directives. When transferring financial assets from stage (2) to stage (3), the percentage of provisions for these assets shall not be less than the percentage of the provision taken before conversion.

- **Priority Investment / Equal Investment Opportunities and Profit Sharing:**

The principle of equal investment opportunities between the shareholders' funds and the funds of the investment account holders is applied in the joint Mudaraba and the Bank's own investments are shown in separate accounts for investments through the unrestricted Investment Accounts.

The joint investment accounts share the results of the investment profits. The profits are distributed to the unrestricted investment accounts holders based on every account and its proportion taking into consideration the weights of the respective investment accounts and the terms of the account signed between the bank and the depositor.

The weighting of the joint investment accounts is proposed by the Bank's management and approved by the Bank's Sharia Supervisory Board.

The effect of implementing Central Bank of Jordan instructions no.(13/2018) on opening balances for the year 2018:

A - Self financed

	Balance as at 1st January 2018	Expected credit losses *	Amended balance as at 1st January 2018 After implementing CBj regulations	Effect of implementation resulting from reclassification	The financial position items affected by the implementation
	JD	JD	JD	JD	
Cash and balances with central bank	108,764,667	-	108,764,667	-	
Balances at banks and financial institutions	6,570,709	-	6,570,709	-	
General banking risk reserve	300,000	-	-	(300,000)	Retained earnings
Direct credit facilities	5,740,583	1,873	5,738,710	-	Retained earnings
Financial letter of guarantees	2,392,834	12,628	2,392,834	-	Retained earnings
Letters of credit and acceptances	47,499,285	177,102	47,499,285	-	Retained earnings

B - Jointly financed

	Balance as at 1st January 2018	Expected credit losses *	Amended balance as at 1st January 2018 After implementing CBj regulations	Effect of implementation resulting from reclassification	The financial position items affected by the implementation
	JD	JD	JD	JD	
International wakala investments	33,861,572	391,359	33,470,213	-	Investment risk fund
Financial assets at fair value through unrestricted investment accounts' holders equity	38,875,345	150,593	38,724,752	-	Investment risk fund
Direct credit facilities	666,670,988	1,533,432	665,137,556	-	Investment risk fund
Financial assets at amortized cost(guaranteed by the Government of the Hashemite Kingdom of Jordan)	54,878,000	-	54,878,000	-	
Unutilized credit limits	82,461,132	384,299	82,461,132	-	Investment risk fund

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

• Expected credit losses for 1 st January 2018 :

A - Self financed

	Stage 1 - Individual	Stage 1 - Collective	Stage 2 - Individual	Stage 2 - Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Direct credit facilities	-	2,389	-	22	54,197	56,608
Financial letter of guarantees	7,369	-	5,259	-	-	12,628
Letters of credit and acceptances	173,370	-	3,732	-	-	177,102

B -Jointly financed

	Stage 1 - Individual	Stage 1 - Collective	Stage 2 - Individual	Stage 2 - Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
International wakala investments	391,359	-	-	-	-	391,359
Direct credit facilities	979,752	152,000	658,995	37,617	12,995,646	14,824,010
Financial assets at fair value through unrestricted investment accounts' holders equity	150,593	-	-	-	-	150,593
Unutilized credit limits	369,705	-	14,594	-	-	384,299

• Expected credit losses for the period ended 30 June 2018 :

A - Self financed

	Stage 1 - Individual	Stage 1 - Collective	Stage 2 - Individual	Stage 2 - Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Direct credit facilities	-	4,679	20	5,481	68,040	78,220
Financial letter of guarantees	12,641	-	2,678	-	-	15,319
Letters of credit and acceptances	156,462	-	1,005	-	-	157,467

B -Jointly financed

	Stage 1 - Individual	Stage 1 - Collective	Stage 2 - Individual	Stage 2 - Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
International wakala investments	355,559	-	-	-	-	355,559
Direct credit facilities	1,100,082	237,143	2,373,171	69,991	13,586,364	17,366,751
Financial assets at fair value through unrestricted investment accounts' holders equity	179,360	-	-	-	-	179,360
Unutilized credit limits	542,169	-	4,596	-	-	546,765

Opening balances for expected credit losses after implementation of Central Bank of Jordan instructions no.(13/2018) :

A - Self financed

	Provision of current balances	Difference due to re- measurement	Balance in accordance with CBJ instructions
	JD	JD	JD
Direct credit facilities *	54,735	1,873	56,608
Financial letter of guarantees	-	12,628	12,628
Letters of credit and acceptances	-	177,102	177,102

* Distributed between watch list amounted to JD 538 and non- performing amounted to JD 54,197 .

B - jointly financed

	Provision of current balances	Difference due to re- measurement	Balance in accordance with CBJ instructions
	JD	JD	JD
International wakala investments	-	391,359	391,359
Direct credit facilities *	13,290,578	1,533,432	14,824,010
Financial assets at fair value through unrestricted investment accounts' holders equity	-	150,593	150,593
Unutilized credit limits	-	384,299	384,299

* Distributed between watch list amounted to JD 294,932 and non- performing amounted to JD 12,995,646 .

(4) CASH AND BALANCES WITH CENTRAL BANK

The details of this item are as follows:

	30 June 2018	31 December 2017
	JD	JD
Cash on hand	13,826,049	11,169,468
Balances with Central Bank of Jordan:		
Current accounts	48,858,056	54,875,638
Statutory cash reserve	57,718,963	53,889,029
Total	120,403,068	119,934,135

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 30 June 2018 and 31 December 2017.
- No need to record a provision for expected credit loss for balances with Central Bank of Jordan.

- The movement of balances with Central Bank of Jordan is as follows:

	Stage 1 -individual for the period ended 30 Jun 2018
	JD
Balance at the beginning of the period	108,764,667
New balances during the period	-
Repaid balances	(2,187,648)
Balance at the end of the period	106,577,019

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	1,396,166	647,126	6,473,067	5,923,583	7,869,233	6,570,709
Total	1,396,166	647,126	6,473,067	5,923,583	7,869,233	6,570,709

- There are no restricted balances as at 30 June 2018 and 31 December 2017.
- There are no balances at banks and financial institutions the bank receives profit as at 30 June 2018 and 31 December 2017.
- No need to record a provision for expected credit loss for balances at banks and financial institutions.

- The movement of balances with banks and financial institutions is as follows:

	Stage 1 -individual for the period ended 30 Jun 2018
	JD
Balance at the beginning of the period	6,570,709
New balances during the period	2,504,520
Repaid balances	(1,205,996)
Balance at the end of the period	7,869,233

(6) INTERNATIONAL WAKALA INVESTMENTS - NET

The details of this item are as follows:

	Joint	
	30 June	31 December
	2018	2017
	JD	JD
Matures:		
Within a month	50,744,753	26,771,572
Month to three months	1,229,835	4,963,000
Three to six months	3,160,538	2,127,000
Total international wakala investments	55,135,126	33,861,572
Less: Expected credit loss	355,559	-
International wakala investments-net	54,779,567	33,861,572

- The movement of international wakala investments was as follows:

Item	For the period ended 30 June 2018			
	Stage 1 -individual	Stage 2 -individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	33,861,572	-	-	33,861,572
New balances during the period	55,135,126	-	-	55,135,126
Repaid balances	33,861,572	-	-	33,861,572
Total balance at the end of the period	55,135,126	-	-	55,135,126

- Movement of the provision for expected credit loss (international wakala investments) as at the end of the period :

Item	For the period ended at 30 June 2018			
	Stage 1 -individual	Stage 2 -individual	Stage 3	Total
	JD	JD	JD	JD
Total balance at 1st January 2018	-	-	-	-
Effect of implementing CBJ instructions	391,359	-	-	391,359
Amended balance of the beginning of the period	391,359	-	-	391,359
Loss on new balances during the Period	355,559	-	-	355,559
Recovered from impairment loss on repaid balances	(391,359)	-	-	(391,359)
Total balance at the end of the period	355,559	-	-	355,559

(7) Financial assets at fair value through statement of income

The details of this item are as follows:

	Joint	
	30 June	31 December
	2018	2017
	JD	JD
Islamic sukuk listed in financial markets	821,728	-
Total	821,728	-

(8) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET

The details of this item are as follows:

	Jointly financed		Self financed		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Individuals (retail)						
Murabaha to the purchase orderer	134,363,285	133,919,513	1,430,128	1,313,278	135,793,413	135,232,791
Ijara Muntahia Beltamleek - receivables	712,017	508,358	579	2,872	712,596	511,230
Other receivables	-	-	248,016	232,415	248,016	232,415
Real estate finances	20,064,377	13,208,972	-	-	20,064,377	13,208,972
Corporate						
International Murabaha	21,014,977	7,122,702	-	-	21,014,977	7,122,702
Murabaha to the purchase orderer	175,027,506	194,099,725	-	-	175,027,506	194,099,725
Ijara Muntahia Beltamleek - receivables	2,030,128	1,370,908	-	-	2,030,128	1,370,908
Other receivables	-	-	17,279	16,629	17,279	16,629
Small and medium enterprises						
Murabaha to the purchase orderer	8,792,723	4,573,484	-	-	8,792,723	4,573,484
Ijara Muntahia Beltamleek - receivables	24,608	12,576	-	-	24,608	12,576
Other receivables	-	-	201,515	70,781	201,515	70,781
Governmental and public sector						
	106,376,945	117,888,781	-	-	106,376,945	117,888,781
Total	468,406,566	472,705,019	1,897,517	1,635,975	470,304,083	474,340,994
Less: deferred revenues	45,090,022	43,743,497	223,884	210,143	45,313,906	43,953,640
Suspended revenue	972,255	897,260	-	-	972,255	897,260
Expected credit loss	17,366,751	13,290,578	67,457	43,972	17,434,208	13,334,550
Deferred sales receivable and other receivables- Net	404,977,538	414,773,684	1,606,176	1,381,860	406,583,714	416,155,544

- The non-performing deferred sales receivables and other receivables and Ijara Muntahia Beltamleek receivables amounted to JD 15,964,831 as at 30 June 2018 representing 2.04% of deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables (JD 15,809,173 as at 31 December 2017 representing 2.17% of deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables).
- The non-performing deferred sales receivables and other receivables and Ijara Muntahia Beltamleek receivables after deducting the suspended revenues amounted to JD 14,992,576 as at 30 June 2018 representing 1.91% of deferred sales receivable and other receivables and Ijara Muntahia Beltamleek receivables (JD 14,911,913 as at 31 December 2017 representing 2.05% of deferred sales receivable and other receivables and Ijara Muntahia Beltamleek receivables).
- The balance of the investment risk fund, according to the Banking Law, article (55) amounted to JD 19,235,761 as at 30 June 2018 (JD 17,441,008 as at 31 December 2017). 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) amounted to JD 634,635 and the provision calculated based on "individual customer" (non-performing) amounted to JD 13,586,364 as at 30 June 2018 (JD 294,932 and JD 12,995,646 respectively as at 31 December 2017).
- The deferred sales receivables and other receivables granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 106,376,945 as at 30 June 2018 representing 22.62% of the balance of deferred sales receivables and other receivables (JD 117,888,781 as at 31 December 2017 representing 24.85% of the balance of deferred sales receivables and other receivables).
- Expected credit loss provision of the self financed facilities which is calculated based on individual customer amounted to JD 68,060 as at 30 June 2018 (JD 54,197 as at 31 December 2017).

Movement of the deferred sales receivables, ijara muntahia bittamleek, qard Hasan and unconverted loans (after deducting deferred revenue and suspended revenue) was as follows :

A- Self financed

Item	For the period ended at 30 June 2018					
	Stage 1		Stage 2		Stage 3	Total
	individuals	Collective	individuals	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	509,660	5,220,170	380	7,976	57,132	5,795,318
New facilities during the period	-	532,722	740	223,087	5,178	761,727
Repaid facilities	-	(124,846)	(380)	(3,066)	-	(128,292)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	(5,730)	5,730	-
Total balance at the end of the period	509,660	5,628,046	740	222,267	68,040	6,428,753

Movement of the provision for expected credit loss (deferred sales receivables, ijara muntahia bittamleek, Qard Hasan and Unconverted loans-self financed) was as follows :

Item	For the period ended at 30 June 2018					
	Corporate's	Small and medium enterprises	Retail	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	19,945	2,566	32,224	-	-	54,735
Effect of implementing CBJ instructions	(59)	(253)	2,185	-	-	1,873
Amended balance of the beginning of the period	19,886	2,313	34,409	-	-	56,608
Impairment loss on new facilities during the period	1,096	5,865	14,761	-	-	21,722
Recovered from impairment loss on repaid facilities	(1)	(8)	(101)	-	-	(110)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	(60)	(5,670)	-	-	(5,730)
Transfer to Stage 3	-	60	5,670	-	-	5,730
Total balance at the end of the period *	20,981	8,170	49,069	-	-	78,220
Redistribution:						
Provisions on an individual basis	20,981	2,833	44,246	-	-	68,060
Provisions at a collective basis	-	5,337	4,823	-	-	10,160

* Of which an amount of JD 10,763 belong to non-converted loans.

- Movement of the deferred sales receivables and ijara muntahia bittamleek (after deducting deferred revenue and suspended revenue) was as follows:

B- Jointly financed

Item	For the period ended at 30 June 2018					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Total balance at the beginning of the period	286,566,183	325,569,489	49,493,249	3,612,089	14,720,556	679,961,566
New facilities during the period	61,517,318	39,181,747	5,663,110	244,717	414	106,607,306
Repaid facilities	(30,079,123)	(15,820,621)	(5,965,171)	(2,303,265)	(357,796)	(54,525,976)
Transfer to Stage 1	13,103,653	-	(13,103,653)	-	-	-
Transfer to Stage 2	(13,688,378)	(3,880,780)	13,688,378	3,880,780	-	-
Transfer to Stage 3	-	(65,679)	(4,011)	(336,384)	406,074	-
Total balance at the end of the period	317,419,653	344,984,156	49,771,902	5,097,937	14,769,248	732,042,896

- Movement of the provision for expected credit loss (deferred sales receivables and ijara muntahia bittamleek/ jointly financed) was as follows:

Item	For the period ended at 30 June 2018					
	Corporates	Small and medium enterprises	Retail	Real estate loans	Government and the public sector	Total
	JOD	JOD	JOD	JOD	JOD	JOD
Balance at the beginning of the period	10,937,156	33,890	1,346,093	923,437	-	13,290,578
Effect of implementing CBJ instructions	1,119,288	(2,957)	68,021	349,080	-	1,533,432
Amended balance of the beginning of the period	12,106,444	30,933	1,414,116	1,272,517	-	14,824,010
Loss on new facilities during the period	650,892	62,057	249,062	1,759,902	-	2,721,913
Recovered from impairment loss on repaid facilities	(42,649)	(747)	(135,776)	-	-	(179,172)
Transfer to Stage 1	(136,371)	(9,530)	(207,544)	-	-	(353,445)
Transfer to Stage 2	135,369	19	31,187	-	-	166,575
Transfer to Stage 3	1,002	9,511	176,357	-	-	186,870
Total balance at the end of the period	12,714,687	92,243	1,527,402	3,032,419	-	17,366,751
Redistribution:						
Provisions on an individual basis	12,714,687	-	-	3,032,207	-	15,746,894
Provisions at a collective basis	-	92,243	1,527,402	212	-	1,619,857

Suspended revenue

Movement on suspended revenue is as follows:

	For the period ended 30 June 2018				For the year ended 31 December 2017			
	Retail	Corporates	Small and medium enterprises	Total	Retail	Corporate	Small and medium enterprises	Total
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Balance at the beginning of the period/year	203,447	693,320	493	897,260	150,326	481,972	-	632,298
Add: suspended revenue during the period/year	64,588	89,995	252	154,835	158,956	211,348	498	370,802
Less: suspended revenue transferred to revenue	79,840	-	-	79,840	105,835	-	5	105,840
Balance at the end of the period/year	188,195	783,315	745	972,255	203,447	693,320	493	897,260

Disclosure of credit exposures in accordance with Classification Instructions No. (427/2009) compared with the new Central Bank of Jordan Instructions as at 30 June 2018:

A- Self financed

	According to the instructions of classification No. (427/2009)									
	Stage 1					Stage 2				
	According to Central Bank of Jordan Instructions					Stage 3				
	Total	Deferred revenue	Suspended revenue	Impairment provision	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing debt	6,376,081	223,884	-	-	6,361,590	4,679	223,884	-	6,376,081	4,680
Watch list	207,616	-	-	6,457	207,616	5,500	-	-	207,616	5,500
Non-performing debts	75,152	-	7,112	68,040	-	-	-	7,112	75,152	68,040
Of which:										
Substandard	13,425	-	-	13,425	-	-	-	-	13,425	13,425
Doubtful	21,805	-	-	21,805	-	-	-	-	21,805	21,805
Loans written-off	39,922	-	7,112	32,810	-	-	-	7,112	39,922	32,810
Total	6,659,749	223,884	7,112	74,497	6,361,590	4,679	223,884	-	6,659,749	70,220

B- Jointly financed

	According to the instructions of classification No. (427/2009)									
	Stage 1					Stage 2				
	According to Central Bank of Jordan Instructions					Stage 3				
	Total	Deferred revenue	Suspended revenue	Impairment provision	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing debt	727,600,722	40,107,407	-	-	702,052,540	1,337,225	39,648,791	-	727,600,722	1,477,657
Watch list	34,596,898	4,736,565	-	6,4035	34,596,898	2,302,430	4,736,565	-	34,596,898	2,302,430
Non-performing debts	15,907,553	166,050	972,255	13,506,364	-	-	-	972,255	15,907,553	13,506,364
Of which:										
Substandard	331,507	26,068	2,662	85,885	-	-	-	26,068	331,507	85,885
Doubtful	506,870	53,683	17,640	296,548	-	-	-	17,640	506,870	296,548
Loans written-off	14,980,096	86,299	951,953	13,203,031	-	-	-	951,953	14,980,096	13,203,031
Total	778,105,173	45,090,022	972,255	14,230,999	702,052,540	1,337,225	39,648,791	972,255	778,105,173	17,346,791

* The facilities which impairment provision were calculated in accordance with instructions no. (427/2009) have been mapped with the result of calculating ECL in accordance with Central Bank of Jordan instructions.

Disclosures of credit exposures in accordance with Classification Instructions No. (42/2009) compared the new Central Bank of Jordan Instructions as at 31 December 2022.

A- Self financed

According to the instructions of classification No. (2009/47)										According to Central Bank of Jordan instructions									
Stage 1					Stage 2					Stage 3					Total				
Total	Deferred revenue	Suspended revenue	principle	Impairment provision	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue			
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD			
Performing debt	5,939,973	210,143	-	5,729,830	-	5,939,973	2,389	210,143	-	-	-	-	5,939,973	2,389	210,143	-			
Watch list	8,356	-	8,356	538	-	-	-	-	8,356	22	-	-	-	8,356	22	-			
Non-performing debts	64,244	-	7,112	57,132	54,197	-	-	-	-	-	-	-	64,244	54,197	-	7,112			
Of which:																			
Substandard	19,326	-	19,326	16,409	-	-	-	-	-	-	-	-	19,326	16,409	-	-			
Doubtful	9,900	-	9,900	9,881	-	-	-	-	-	-	-	-	9,900	9,881	-	-			
Losses written-off	35,018	-	27,906	27,907	-	-	-	-	-	-	-	-	35,018	27,907	-	7,112			
Total	6,072,573	210,143	7,112	5,795,318	54,735	5,939,973	2,389	210,143	-	8,356	22	-	64,244	54,197	-	7,112			

B- Jointly financed

		According to the Instructions of Classification No. (2009/47)										According to Central Bank of Jordan Instructions									
		Stage 1					Stage 2					Stage 3					Total				
		Total	Deferred revenue	Suspended revenue	principle	Impairment provision	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue			
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD			
Performing debt	694,788,516	42,898,238	-	651,890,278	-	650,087,915	1,131,752	37,952,243	-	44,700,601	141,234	4,945,995	-	694,788,516	1,272,986	42,898,238	-	-			
Watch list	14,051,004	700,272	-	13,350,732	294,032	-	-	-	-	14,051,004	555,378	700,272	-	-	14,051,004	555,378	700,272	-			
Non-performing debts	15,762,803	144,987	897,260	14,720,556	12,995,646	-	-	-	-	-	-	-	-	15,762,803	12,995,646	144,987	897,260	-			
Of which:																					
Substandard	252,819	18,481	1,150	233,188	68,476	-	-	-	-	-	-	-	-	252,819	68,476	18,481	1,150	-			
Doubtful	753,539	18,919	9,667	724,953	386,550	-	-	-	-	-	-	-	-	753,539	386,550	18,919	9,667	-			
Losses written-off	14,756,445	107,587	886,443	13,762,415	12,540,620	-	-	-	-	-	-	-	-	14,756,445	12,540,620	107,587	886,443	-			
Total	724,602,323	43,743,497	897,260	679,967,566	13,290,578	650,087,915	1,131,752	37,952,243	-	58,751,605	696,612	5,646,267	-	724,602,323	12,995,646	144,987	897,260	-			

* The facilities which impairment provision were calculated in accordance with instructions no. (42/2009) have been mapped with the result of calculating ECL in accordance with Central Bank of Jordan Instructions.

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY -SELF FINANCED

The details of this item are as follows:

	30 June 2018 JD	31 December 2017 JD
Quoted Financial Assets :		
Corporates shares	7,159	17,700
Total quoted Financial Assets	7,159	17,700
Total Financial Assets at fair value through shareholders' equity -self financed	7,159	17,700

Movement of the financial assets at fair value through equity - self financed for the period ended 30 June 2018 is as follows:

Item	Stage1 -individual JD	Stage2 - individual JD	Stage3 JD	Total JD
Fair value as at the beginning of period	17,700	-	-	17,700
New investments during the period	-	-	-	-
Sold investments	(9,140)	-	-	(9,140)
Change in fair value	(1,401)	-	-	(1,401)
Total ending balance	7,159	-	-	7,159

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

The details of this item are as follows:

	Jointly financed	
	30 June	31 December
	2018	2017
	JD	JD
Quoted Financial Assets :		
Corporate Shares	714,259	1,112,385
Islamic Sukuk	28,182,953	29,311,683
Total quoted Financial Assets	28,897,212	30,424,068
Unquoted Financial Assets		
Corporate Shares	175,518	194,477
Islamic Sukuk	7,224,700	8,256,800
Total unquoted financial assets	7,400,218	8,451,277
Total Financial Assets At Fair Value Through Unrestricted investment accounts holders equity-net	36,297,430	38,875,345
Less: Provision of expected credit loss	179,360	-
Total Financial Assets At Fair Value Through Unrestricted investment accounts holders equity-net	36,118,070	38,875,345

Financial assets stated at cost amounted to JD 7,400,218 as at 30 June 2018 (31 December 2017: JD 8,451,277), the fair value of these assets is close to the recorded amount.

- The movement of the financial assets at fair value through unrestricted investment accounts' holders equity for the period ended 30 June 2018:

Item	- Stage1 Individual	Stage2 -individual	Stage3	Total
	JD	JD	JD	JD
Fair value as at the beginning of the period	38,875,345	-	-	38,875,345
New investments during the period	10,644,591	-	-	10,644,591
Matured and sold investments	(13,390,193)	-	-	(13,390,193)
Change in fair value	167,687	-	-	167,687
Total balance at the end of period	36,297,430	-	-	36,297,430

- Movement of the provision for expected credit loss for the financial assets at fair value through unrestricted investment accounts' holders equity for the period ended 30 June 2018:

Item	Stage1 - individual	Stage2 -individual	Stage3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	-	-	-	-
Effect of implementing CBJ instructions	150,593	-	-	150,593
Amended balance as of the beginning of the period	150,593	-	-	150,593
Impairment loss on new investments during the period	54,550	-	-	54,550
Recovered from loss of impaired And sold investments	(25,783)	-	-	(25,783)
Total balance at the end of period	179,360	-	-	179,360

(11) FINANCIAL ASSETS AT AMORTIZED COST- NET

The details of this item are as follows:

	Jointly financed	
	30 June	31 December
	2018	2017
	JD	JD
Unquoted Financial Assets:		
Islamic Sukuk	54,878,000	54,878,000
Total unquoted Financial Assets	54,878,000	54,878,000
Total Financial Assets at Amortized Cost- Net	54,878,000	54,878,000

- The assets mentioned above mature during the years 2021 and 2022.
- No need to record a provision for expected credit loss against financial assets at amortized cost since these sukuk are guaranteed by the Jordanian Government.

(12) IJARA MUNTALIA BITTAMLEEK-ASSETS - NETU

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
<u>30 June 2018</u>									
Ijara Muntalia Bittamleek-assets-Real Estate	335,424,807	(68,969,962)	266,454,845	5,480,961	(1,279,302)	4,201,659	340,905,768	(70,249,264)	270,656,504
Ijara Muntalia Bittamleek-assets-Machines	44,697,499	(1,453,737)	43,243,762	-	-	-	44,697,499	(1,453,737)	43,243,762
Total	380,122,306	(70,423,699)	309,698,607	5,480,961	(1,279,302)	4,201,659	385,603,267	(71,703,001)	313,900,266
<u>31 December 2017</u>									
Ijara Muntalia Bittamleek-assets-Real Estate	313,499,944	(65,464,859)	248,035,085	4,942,319	(1,131,004)	3,811,315	318,442,263	(66,595,863)	251,846,400
Ijara Muntalia Bittamleek-assets-Machines	6,206,973	(2,344,754)	3,862,219	-	-	-	6,206,973	(2,344,754)	3,862,219
Total	319,706,917	(67,809,613)	251,897,304	4,942,319	(1,131,004)	3,811,315	324,649,236	(68,940,617)	255,708,619

- The accrued Ijara installments amounted to JD 2,767,332 as at 30 June 2018 (JD 1,894,714 as at 31 December 2017). The accrued Ijara installments and the expected credit losses were presented under deferred sales receivables and other receivables (Note 8).

- The non-performing Ijara Muntalia Bittamleek amounted to JD 4,324,218 as at 30 June 2018 representing 1.38% from the balance of Ijara muntalia bittamleek assets (JD 4,538,172 as at 31 December 2017 representing 1.77% from the balance of Ijara muntalia bittamleek assets)

(13) OTHER ASSETS

The details of this item are as follows:

	30 June 2018	31 December 2017
	JD	JD
Checks for collection	247,348	-
Seized assets by the Bank against debts**	3,965,995	3,977,948
Prepaid expenses	2,023,586	1,380,945
Accrued revenues	896,066	833,834
Stationery and printing inventory	112,560	140,861
withholding income tax	168,354	61,660
Transactions in transit	63,741	-
Petty cash	118,660	84,465
Other receivables	370,562	254,646
Advance payments on investments *	69,107	65,628
Others	544,900	727,189
Total	8,580,879	7,527,176

* This item includes an amount of JD 50,000 represents a payment for bank's investment in Islamic Banks Group Company to contribute to companies - a company under establishment, and an amount of JD 19,107 represents a payment for bank's investment in Jordan Islamic Banks Company for Investment Activities-a company under establishment

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

	For the period ended 30 June 2018			For the year ended 31 December 2017
	Seized real estates - self financed	seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Balance at the beginning of the period/year	621,211	3,356,737	3,977,948	3,969,355
Additions	-	335,287	335,287	599,629
Amortization	(282,209)	-	(282,209)	(591,036)
Total	339,002	3,692,024	4,031,026	3,977,948
Provision for impairment losses/jointly financed	-	(65,031)	(65,031)	-
Balance at the end of the period/year	339,002	3,626,993	3,965,995	3,977,948

- 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 exceed 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 amounted to JD 343,441 as at 30 June 2018 (JD 343,441 as at 31 December 2017).

(14) CUSTOMERS' CURRENT ACCOUNTS

The details of this item are as follows:

30 June 2018					
	Retail	Corporate	Small and medium enterprises	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	94,712,302	18,485,634	16,517,672	533,540	130,249,148
Total	94,712,302	18,485,634	16,517,672	533,540	130,249,148

31 December 2017					
	Retail	Corporate	Small and medium enterprises	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	83,181,658	17,680,323	18,942,041	264,943	120,068,965
Total	83,181,658	17,680,323	18,942,041	264,943	120,068,965

- Public sector deposits inside the Kingdom as at 30 June 2018 amounted to JD 533,540 representing 0.41 % of the total customers current accounts (As at 31 December 2017: JD 264,943 representing 0.22% of the total customers current accounts)

- The restricted accounts as at 30 June 2018 amounted to JD 440,723 representing 0.34% of the total customers' current accounts (As at 31 December 2017: JD 248,482- representing 0.21% of the total customers' current accounts)

- The dormant accounts as at 30 June 2018 amounted to JD 4,068,855 (As at 31 December 2017 : JD 4,674,953).

(15) INCOME TAX PROVISION

A- Income tax provision

The movement of the income tax provision is as follows:

	For the period ended 30 June 2018	For the period ended 31 December 2017
	JO	JO
Beginning balance for the period/year	2,603,048	2,438,733
Income tax expense	2,218,441	3,043,382
Add: Previous years adjustments	36,834	-
Less: income tax paid for previous years	(2,532,959)	(2,312,785)
Less: Income tax paid for the period/year	-	(566,282)
Ending balance for the period/year	2,325,364	2,603,048

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 30 June	
	2018	2017
	JO	JO
Income tax expense for the period /year	(2,218,441)	(1,415,705)
Add: Previous years income tax	(36,834)	-
Total	(2,255,275)	(1,415,705)

The Bank (Parent Company):

The Bank obtained a final settlement from the income and sales tax department up to the year 2013. The years 2014 and 2015 were audited by the Income and sales tax department and it is still pending the court, the income and sales tax department didn't approve the legal expenses for the related years and in addition not to deduct gain from sale of real state due to considering it as capital gain.

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

The Subsidiary:

Misc for Financial Brokerage : the company submitted its tax declarations for the years 2011, 2012 and 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. The tax declarations related to the years ended 2014, 2015, 2016 and 2017 were submitted. A final settlement was obtained in relation to the tax for the year 2014. The years 2015 and 2016 were accepted according to the sampling system issued by the income and sales tax department. The tax declarations related to the year 2017 were not audited yet up to the date of preparing the financial statements.

In the opinion of the Bank's management, 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 30 June 2018				31 December 2017
	Beginning Balance for the period	Released Amounts	Additional Amounts	Ending Balance for the period	Deferred tax
	JO	JO	JO	JO	JO
Deferred tax assets					
<u>Deferred tax assets - self financed</u>					
End of services indemnity provision	23,818	-	-	23,818	8,336
Provision of lawsuits against the bank	60,785	-	-	60,785	21,275
Impairment for seized assets	343,441	-	-	343,441	120,204
Legal expenses	1,500,000	-	-	1,500,000	450,000
Total	1,928,044	-	-	1,928,044	599,815

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

	For the period ended 30 June 2018	For the year ended 31 December 2017
	JD	JD
Balance at the beginning of the period / year	599,815	599,815
Balance at the End of the period / year	599,815	599,815

There is no material impact from the implementation of CBJ instructions on deferred tax assets / liabilities related to expected credit losses and re-classification of financial assets.

(16) OTHER LIABILITIES

The details of this item are as follows:

	30 June 2018	31 December 2017
	JD	JD
Accrued expenses	930,317	892,499
Certified cheques	2,051,867	1,489,006
Expected credit losses on Off - balance sheet items-self financed(Note 33)	172,786	-
Expected credit losses on unutilized credit limits - Jointly financed(Note 33)	546,765	-
Shareholders and customers deposits	3,625,627	2,841,316
Customers' share of profits from unrestricted investment	8,467,755	7,211,310
Temporary deposits	1,958,781	1,356,383
Transactions in transit	-	1,774
Visa Claims	577,842	460,845
Others	941,246	1,078,320
Total	19,272,986	15,331,453

• Expected credit losses

Expected credit loss of indirect facilities

A-Self financed

- Movement on indirect facilities for the period ended 30 June 2018:

Item	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	-	48,399,990	-	1,492,129	-	49,892,119
New exposures during the period	-	7,859,558	-	93,065	-	7,952,623
Accrued exposures	-	(42,471,519)	-	(1,459,012)	-	(43,930,531)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	(361,627)	-	361,627	-	-
Transfer to Stage 3	-	-	-	-	-	-
Total balance at the end of the period	-	13,426,402	-	487,809	-	13,914,211

- Movement of the provision for expected credit loss (indirect facilities /self financed) for the period ended 30 June 2018:

Item	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	-	-	-	-	-	-
Effect of implementing CBJ instructions	-	180,739	-	8,991	-	189,730
Amended balance of the beginning of the period	-	180,739	-	8,991	-	189,730
Loss on new exposures during the period	-	128,182	-	1,145	-	129,327
Loss of matured / derecognized exposures	-	(136,221)	-	(10,050)	-	-146,271
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	(3,597)	-	3,597	-	-
Transfer to Stage 3	-	-	-	-	-	-
Total balance at the end of the period	-	169,103	-	3,683	-	172,786

• Expected credit losses

Expected credit loss of indirect facilities

B-Jointly financed

- Movement on indirect facilities for the period ended 30 June 2018:

Item	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	-	78,912,677	-	3,548,455	-	82,461,132
New exposures during the period	-	-	-	-	-	-
Matured exposures	-	6,930,566	-	2,437,160	-	9,367,726
Total balance at the end of the period	-	71,982,111	-	1,111,295	-	73,093,406

- Movement of the provision for expected credit loss(indirect facilities /jointly financed) for the period ended 30 June 2018:

Item	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	-	-	-	-	-	-
Effect of implementing CBJ instructions	-	369,705	-	14,594	-	384,299
Amended balance of the beginning of the period	-	369,705	-	14,594	-	384,299
Loss on new exposures during the period	-	172,464	-	-	-	172,464
Loss of matured / derecognized exposures	-	-	-	(9,998)	-	(9,998)
Total balance at the end of period	-	542,169	-	4,596	-	546,765

(17) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

30 June 2018						
	Retail	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	61,254,718	14,719,747	2,400,745	10,707	-	78,385,917
Term accounts/ Investing deposits	416,610,776	85,367,475	59,943,037	25,705,498	-	587,626,786
Certificates of investing deposit	23,866,855	3,639,653	3,377,301	7,831,422	9,791,007	48,506,238
Total	501,732,349	103,726,875	65,721,083	33,547,627	9,791,007	714,518,941
Depositors' share from investments' revenue	7,977,863	1,614,857	1,120,962	616,879	208,993	11,539,554
Total unrestricted investment accounts	509,710,212	105,341,732	66,842,045	34,164,506	10,000,000	726,058,495
31 December 2017						
	Retail	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	51,991,272	4,610,509	138,518	10,606	-	56,750,905
Term accounts/ Investing deposits	388,232,370	64,112,259	61,793,069	21,895,787	-	536,033,485
Certificates of investing deposit	16,843,403	8,733,479	2,426,506	7,764,818	4,845,927	40,614,133
Total	457,067,045	77,456,247	64,358,093	29,671,211	4,845,927	633,398,523
Depositors' share from investments' revenue	13,856,152	2,433,966	2,115,902	962,523	154,073	19,522,616
Total unrestricted investment accounts	470,923,197	79,890,213	66,473,995	30,633,734	5,000,000	652,921,139

- Unrestricted investment accounts share of profit is calculated as follows:
- 20% to 31% of the minimum balance of saving accounts in Jordanian Dinar.
- 14% to 25% of the minimum balance of saving accounts in foreign currencies.
- 39% to 90% of the average term accounts in Jordanian Dinar.
- 16% 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 percentage of the profit on the Jordanian Dinar for the period ended 30 June 2018 is 3.68% (for the period ended 30 June 2017: 3.16%).
- The percentage of the profit on USD for the period ended 30 June 2018 is 1.58% (for the period ended 30 June 2017: 1.26%).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 34,164,506 as at 30 June 2018, which represents 4.71% of the total unrestricted investment accounts (As at 31 December 2017: JD 30,633,734 which represents 4.69% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 238,711 as at 30 June 2018 which represents 0.03% of the total unrestricted investment (As at 31 December 2017: JD 72,052 which represent 0.01% of the total unrestricted investment).
- The dormant accounts as at 30 June 2018 amounted to JD 13,804,434 (As at 31 December 2017: JD 1,177,489)

(18) INVESTMENT RISK FUND

The movement of the investment risk fund was as follows:

	For the period ended 30 June 2018	For the year ended 31 December 2017
	JD	JD
Balance at the beginning of the period/year	17,441,008	14,563,298
Additions: transferred from unrestricted investment revenues during the period/year	2,946,020	5,097,073
Less: losses from financial assets at fair value through unrestricted investment accounts related to previous years *	184,862	669,827
Less: income tax	966,405	1,549,536
Balance at the end of the period/year	19,235,761	17,441,008

- 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 2018 (2017:10%)

* These represent prior years losses resulted from the sale of shares and sukuk through unrestricted investment portfolio 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 Risk Fund.

Investment risk fund balance is distributed as follows:

	Note	30 June 2018 JD	31 December 2017 JD
Balance at the end of the period/year		19,235,761	17,441,008
Against ELC for Financial assets at fair value through unrestricted investment accounts' holders equity	10	179,360	-
Against ELC for International wakala investments	6	355,559	-
Against ELC for Ijara Muntahia Beltamleek receivable	8	3,328,982	3,103,632
Against ELC for deferred sales receivables	8	14,037,769	10,186,946
Against ELC for Irrevocable commitments to extend credit/jointly financed	16	546,765	-
Against impairment of seized assets by the Bank	13	65,031	-
Remaining balance		722,295	4,150,430

- The remaining balance (the undistributed part) relates to the unrestricted investment accounts.
- The movement of income tax on investment risk fund was as follows:

	For the period ended 30 June 2018 JD	For the year ended 31 December 2017 JD
Balance at the beginning of the period/year	1,695,297	1,597,067
Income tax on transferred revenue from investment accounts	966,405	1,549,536
Less: Income tax paid	1,292,751	1,451,306
Balance at the end of the period/year	1,368,951	1,695,297

(19) PAID IN 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 30 June 2018 and 31 December 2017.

STATUTORY RESERVES

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

(20) RETAINED EARNINGS

Movement of retained earnings balance was as follows:

Item	30 June 2018	31 December 2017
	JD	JD
Balance at the beginning of the period/year	14,971,250	10,132,368
Effect of implementing CBJ instructions	108,397	-
The amended Balance as at 1 January 2018	15,079,647	-
(Loss) on sale of financial assets through shareholders' equity-self financed	(2,288)	-
(Transferred) to reserves	-	(875,073)
Dividends distributed	(5,000,000)	-
Disposal of an investment in a subsidiary	19,116	6,605
Profit for the year	-	5,707,350
Balance at end of period/year	10,096,475	14,971,250

(21) Fair value reserve

A - Self financed

	For the period ended	For the year ended
	30 June 2018	31 December 2017
	JD	JD
Fair value reserve for financial assets at fair value through shareholders' equity -self financed		
Balance as at 31 December 2017	(576)	-
Effect of implementing CBJ instructions	-	-
The amended balance as at 1 January 2018	(576)	-
Loss on equity instruments at fair value through shareholders' equity trasfered to retained earnings	2,288	-
Unrealized (loss) shares	(3,689)	(576)
Balance at the end of the period/year	(1,977)	(576)

B - Jointly financed

	For the period ended	For the year ended
	30 June 2018	31 December 2017
	JD	JD
Fair value reserve for financial assets at fair value through unrestricted investment accounts' holders equity		
Balance as at 31 December 2017	(820,121)	(976,767)
Effect of implementing CBJ instructions	-	-
The amended balance as at 1 January 2018	(820,121)	(976,767)
Unrealized profits(losses)debt instruments	36,832	(232,145)
Loss on sale of equity instruments at fair value through unrestricted investment accounts' holders equity is transferred to investment risk fund	184,862	669,827
Unrealized (loss) shares	(46,384)	(233,966)
Gain on sale of financial assets	(7,623)	(47,070)
Balance at the end of the period/year	(652,434)	(820,121)

(22) DEFERRED SALES REVENUES

The details of this item are as follows:

	For the period ended 30 June			
	2018		2017	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Individuals(Retail)				
Murabaha to the purchase orderer	5,776,415	42,300	5,173,277	39,655
Real estate finances	953,391	-	497,334	-
Corporate				
International Murabaha	131,848	-	78,660	-
Murabaha to the purchase orderer	7,437,354	-	7,620,329	-
Small and medium enterprises				
Murabaha to the purchase orderer	290,012	-	142,421	-
Total	14,589,020	42,300	13,512,021	39,655

(23) 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 period ended 30 June	
	2018	2017
	JD	JD
Stock dividends	44,040	55,562
Gains on sale of financial assets	62,384	82,313
Islamic Sukuk profit	639,225	410,103
Total	745,649	547,978

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

The details of this item are as follows:

	Jointly financed							
	For the period ended 30 June							
	2018				2017			
	Realized Losses	Unrealized losses	Dividends	Total	Realized Losses	Unrealized losses	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Islamic Sukuk	12,422	(25,442)	-	(13,020)	-	-	-	-
Total	12,422	(25,442)	-	(13,020)	-	-	-	-

(25) SHARE OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS'

The details of this item are as follows:

	For the period ended 30 June	
	2018	2017
	JD	JD
Customers		
Revenues on saving accounts	252,684	288,549
Revenues on term accounts	10,244,500	8,413,892
Revenues on certificates of deposit	833,377	386,608
Total Customers Revenue	11,330,561	9,089,049
Banks		
Revenues on banks and financial Institutions accounts	208,993	37,205
Total Banks revenues	208,993	37,205
Total	11,539,554	9,126,254

(26) BANK'S SHARE OF REVENUES FROM UNRESTRICTED INVESTMENT ACCOUNTS AS MUDARIB AND RAB MAL

The details of this item are as follows:

	For the period ended 30 June	
	2018	2017
	JD	JD
Bank's share as Mudarib *	9,161,464	8,527,014
Bank's share as Rab Mal	5,812,522	4,343,894
Total	14,973,986	12,870,908

* The Bank's share of Revenue from unrestricted investments Accounts as a Mudarib amounted to JD 9,181,823 , and a total amount of JD 20,359

(27) BANK SELF FINANCED REVENUE

The details of this item are as follows:

Note	For the period ended 30 June	
	2018	2017
	JD	JD
Ijara Muntahia Beltamleek revenue	305,466	261,316
Deferred sales revenues	42,300	39,655
Cash dividends - financial assets at fair value through shareholders' equity- self financed	500	-
Total	348,266	300,971

(28) EARNINGS PER SHARE

The details of this item are as follows:

	For the period ended 30 June	
	2018	2017
	JD	JD
Profit for the period	4,012,156	2,600,669
Weighted average number of shares	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share	0/040	0/026

(29) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the period ended 30 June	
	2018	2017
	JD	JD
Cash balances with CBJ maturing within three months	120,403,068	114,034,621
Add: cash at banks and financial institutions maturing within three months	7,869,233	7,600,632
Less: banks and financial institutions accounts maturing within three months	(822,117)	(260,961)
Total	127,450,184	121,374,292

(30) RELATED PARTY TRANSACTIONS

The Bank entered 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 financing granted to related parties are performing and no provision was taken for these balances.

	Main shareholders		Senior management		Board of directors		Bank Al Etihad *		Shari'a Supervisory Board members		30 June 2018	31 December 2017
	JD		JD		JD		JD		JD		JD	JD
<u>Condensed consolidated interim statements of financial position items</u>												
Balances at banks and financial institutions	-		-		-		782,092		-		782,092	33,280
Unrestricted investments accounts and current accounts	10,741		438,151		930,448		-		22,570		1,401,910	908,032
Deferred sales receivables	-		539,901		154		-		-		540,055	491,395
Ijara muntahia bittamleek	-		768,124		-		-		-		768,124	703,721
<u>Off-statement of condensed consolidated interim financial position items</u>												
Letter of guarantees	-		-		-		-		-		-	-

Condensed consolidated interim statement of Income and Comprehensive Income items

											For the period ended 30 June	
											2018	2017
Dividends	56		2,363		10,496		-		51		12,966	27,873
Salaries and bonuses	-		871,034		26,790		-		26,198		924,022	754,761
Transportation	-		-		214,200		-		12,108		226,308	211,281

*Al Etihad Bank is the main shareholder in Al Etihad Islamic For Investment Company which owns 61.8% from 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 7.75% respectively.

The lowest and highest distributed profit rate were 1.07% and 3.89% respectively.

Executive management salaries and benefits for the period ended 30 June 2018 amounted to JD 871,034 (JD 713,077 as at 30 June 2017).

(31) 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 up upon the unrestricted investment accounts, deferred sales receivables, financings, and other services related to retail.

Corporate Accounts:

This sector handles unrestricted investment accounts, deferred sales receivables, financings, and other banking services related to corporate customers.

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 shown as follows:

	Retail	Corporate	Treasury	Others	For the period ended 30 June	
					2018	2017
	JD	JD	JD	JD	JD	JD
Total revenue (joint and self financed)	9,155,237	10,154,472	1,201,272	513,093	21,024,074	17,499,681
Investment risks fund share of joint	-	-	-	(2,946,020)	(2,946,020)	(2,444,129)
Investment accounts revenues	-	-	-	-	-	-
Results of segment's operations	9,155,237	10,154,472	1,201,272	(2,432,927)	18,078,054	15,055,552
distributed expenses	(900,392)	(303,061)	(371,626)	-	(1,575,079)	(1,402,069)
Undistributed expenses	-	-	-	(10,235,544)	(10,235,544)	(9,637,109)
Profit for the period before tax	8,254,845	9,851,411	829,646	(12,668,471)	6,267,431	4,016,374
(Income tax expense) for the period	-	-	-	(2,255,275)	(2,255,275)	(1,415,705)
Profit for the period	8,254,845	9,851,411	829,646	(14,923,746)	4,012,156	2,600,669

	Retail	Corporate	Treasury	Others	30 June 2018	31 December 2017
					JD	JD
					JD	JD
Segments' assets	356,537,517	340,097,067	171,239,649	-	867,874,233	793,499,400
Undistributed assets	-	-	-	161,327,529	161,327,529	164,303,240
Total assets	356,537,517	340,097,067	171,239,649	161,327,529	1,029,201,762	957,802,640
Segments' liabilities and total unrestricted investment	669,445,979	113,152,738	88,026,073	-	870,624,790	797,733,422
accounts' holders equity	-	-	-	21,595,502	21,595,502	21,923,728
Undistributed liabilities	-	-	-	-	-	-
Total Liabilities, Unrestricted Investment Accounts	669,445,979	113,152,738	88,026,073	21,595,502	892,220,292	819,657,150
Holders and Shareholders' Equity	-	-	-	-	-	-

	For the period ended 30 June	
	2018	2017
	JD	JD
Capital expenditure	2,129,646	1,306,650
Depreciation and amortization	1,217,771	1,455,912

Information on Geographical Distribution

The following disclosure represents the geographical distribution. The Bank performs its operations mainly in the Hashemate Kingdom of Jordan.

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

	30 June 2018			31 December 2017		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Total assets	917,573,911	111,627,851	1,029,201,762	881,583,100	76,219,540	957,802,640
	30 June 2018			31 December 2017		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Capital expenditure	2,129,646	-	2,129,646	1,306,650	-	1,306,650
Total revenues	19,955,119	1,068,955	21,024,074	16,952,295	547,386	17,499,681

(32) 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 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 based on the Islamic Banks 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. Following is the capital adequacy details:

	30 June 2018	31 December 2017
	JD*000	JD*000
Basic capital items	131,163	130,445
Paid up capital	100,000	100,000
Retained earnings	10,096	14,971
Statutory reserve	22,875	22,875
The Bank's share of the fair value reserve in full if the funds are mixed	(334)	(397)
Proposed dividends distribution	-	(5,000)
Intangible assets	(1,426)	(1,450)
The Bank's share in the deficit of investment risk fund	-	(546)
The Bank's share in banks and financial institutions capital	-	-
The bank's share in the capital of insurance companies	-	(8)
Investments in non-consolidated subsidiaries' capital accounts with bank accounts	(48)	-
Additional capital	-	-
The Bank's share of the fair value reserve	-	-
General banking risk reserve	-	-
The Bank's share in banks and financial institutions capital	-	-
The bank's share in the capital of insurance companies	-	-
Supporting capital	1,377	2,052
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)	1,409	2,057
The bank's share in the capital of insurance companies	-	(5)
Investments in non-consolidated subsidiaries' capital accounts with bank accounts	(32)	-
Total regulatory capital	132,540	132,497
Total risk weighted assets	443,122	429,521
Capital adequacy ratio (%)	%29.91	%30.85
Basic capital ratio (%)	%29.60	%30.37

(33) CONTINGENT COMMITMENTS (OFF BALANCE SHEET)

A- Contingent credit and commitments/self financed

	30 June 2018	31 December 2017
	JD	JD
Letters of credit	9,465,091	5,515,404
Acceptances	2,282,182	41,983,881
Letter of guarantees:		
Payment	1,032,314	1,249,115
Performance	1,093,192	1,080,654
Others	41,432	63,065
Total	13,914,211	49,892,119
B. Contingent credit and commitments/jointly financed		
Unutilized credit limits	73,093,406	82,461,132
Total	73,093,406	82,461,132

- The expected credit loss recorded against contingent credit commitments/self financed amounted to JD 172,786 as at 30 June 2018 recorded in the other liabilities (note 16).
- The expected credit loss recorded against contingent credit commitments/joint amounted to JD 546,765 as at 30 June 2018 recorded in the other liabilities (note 16).
- 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.

(34) CREDIT RISK

Definition of the Bank's Implementation of Default and the Mechanism of Handling Default.

The instructions of the Central Bank of Jordan regarding the concept of default is applied where the facilities shall be considered as defaulted (Non-performing) if its maturity or maturity of one of the installments is equal or more than 90 days. The non-performing facilities shall be classified as follows:

1. Substandard Facilities
2. Doubtful Facilities
3. Loss Facilities

It is possible to classify some of the accounts that the Bank believes that will become defaulted before the period of default for conservative purposes. The collection and special assets department is monitoring the payments of retail financing dues installments within a general framework and policies approved for collection process in the bank.

The Bank's Internal Credit Rating System and Its Working Mechanism.

Safwa Islamic Bank applies an Internal Credit Rating System for Corporate Banking Department clients which is a standard process to classify the clients in terms of the degree of credit risk to which the Bank is exposed on a periodic and regular basis where the classification process is based on qualitative and quantitative credit criteria and approved by the Bank's Board of Directors.

The credit rating system is a tool for assessing the creditworthiness of corporate clients and for improving the quality of the credit decision as well as being considered the base of development of the credit risk management system in accordance with the requirements of Basel and IFRS 9.

The credit rating includes two ratings one of them at the client level (Obligor Risk Rating (ORR)) and the other at the facility level (Facility Risk Rating (FRR)); the credit rating system is the base for calculating the probability of default (PD) as well as the losses in default within the concept of loss given default (LGD).

The Credit Rating System (ORR) determine into ten grades as follows:

- From level 1 to level 6 for performing facilities where the first grade is the best.
- Level 7 for watching-list facilities
- From level 8 to level 10 for non-performing facilities

The client is rated at least once a year in terms that no credit event occurs during the year. The Bank continuously seeks to review and develop the credit rating system in

accordance with international best practices and to meet international and local legislative requirements.

The Mechanism of Calculating the Expected Credit Losses (ECL)

The mathematical model for calculating the expected credit loss in accordance with CBJ instructions is as follows:

Expected Credit Loss = Probability of Default * Exposure at Default * Loss Given Default

The calculation of expected credit loss (ECL) depended on the calculation of the following variables:

1. Probability of Default (PD)

Definition and Mechanism of Calculating and Controlling the Probability of Default (PD):

The probability of default is measured for the purpose of calculating the expected credit loss for each stage of Expected Credit Losses stages based on historical data that reflecting historical default rates as well as stress testing associated with macroeconomic factors, where the probability of default is calculating yearly for stage I facilities and lifetime for stage 2 & 3 facilities.

2. Exposure at Default (EAD)

Definition and Mechanism of Calculating and Controlling the Exposure at Default (EAD):

Exposure at default is measured for the purpose of calculating the expected credit loss for each stage of Expected Credit Losses stages where the exposure at default (EAD) factor is used on-balance exposures and cash transfer factor (CCF) for off-balance exposures (LGs, LCs and Unutilized Limits). Exposure at default (EAD) is calculated by the total facilities for the first and second stage and net facilities for the third stage.

3. Loss Given Default (LGD)

Definition and Mechanism of Calculating and Controlling the Loss Given Default (LGD):

The loss given default is measured for the purpose of calculating the expected credit loss for each stage of Expected Credit Losses stages by calculating the recoverable amount of the different collateral (Cars, Real Estate, Cash, Land, Machinery, Equipment and Vehicles) provided to the Bank against the facilities granted and legally documented into credit contracts through a conversion factor for each type of collateral taking into account the timing of access to the collateral and their conversion into cash (expected cash flow and timing).

Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) are periodically followed up by preparing reports for the Risk Management Committee and the Board Risk Committee and making recommendations if necessary.

Governance of Implementing the CBJ regulations' requirements

The Bank as an Islamic bank for guidance purposes has calculated provisions according to CBJ instructions and adhered to a comprehensive system of corporate governance by presenting the methodology and results to the Risk Management Committee and then presented and approved by the Board Risk Committee.

The Bank's policy in Determining the Elements on which Credit Risk and Expected Credit Loss are Calculated on a Collective Basis

The expected credit loss (ECL) methodology has been constructed by classifying it on an individual or collective basis where the collective basis has been adopted for each retail product and the individual basis for corporate portfolio as well as for each investment in the Bank's investment portfolios which is subjected to the requirements of the CBJ instructions.

Determinants of the significant change in the credit risk on which the Bank depended on for calculating expected credit losses

A set of standards for significant changes in credit risk have been identified in the automated system for calculating expected credit losses on individual or collective basis at the portfolio level, where in IFRS 9 the accounts are classified into three stages and based on a set of standards/determinants such as: Number of dues installments, the credit rating of client, the legal account status, the number of restructuring and/or rescheduling and accordingly the expected credit losses are calculated.

The Main Economic Factors Used by the Bank in Calculating the Expected Credit Loss (PD)

The main economic factors (macroeconomic factors) were included in the automated system of CBJ instructions since the probability of default (PD) is based on the calculation of stress testing of the country's macroeconomic factors such as the GDP growth rate. Three scenarios (Baseline Scenario, Medium Scenario, Severe Scenario) were conducted and determine the impact of these scenarios on the probability of default and therefore on the calculation of expected credit losses.

Distribution of exposures by economic sectors:

1. Total distribution of exposures by financial instrument - self financed :

Item	Financial		Industry		trade		real estates		Agriculture		Share's		Retail		Government and public sector		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	106,577,019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106,577,019	-
Balances at banks and financial institutions	7,869,233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,869,233	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International wakala investments-net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sukuk:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement of income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investment accounts'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
holders equity -net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	737,016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	737,016	-
Total / current period	115,183,268	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	121,533,801	-
Financial letter of guarantees	143,764	33,676	1,297,209	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,166,938	-
Letters of credit and acceptances	-	798,968	10,948,305	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,747,273	-
Unutilized credit limits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total	115,327,032	832,644	12,245,514	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	135,448,012	-

2. Distribution of exposures according to the CBJ instructions stages :

Item	Stage 1- Individual		Stage 1- Collective		Stage 2- Individual		Stage 2- Collective		Stage 3		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Financial	115,327,032	-	-	-	-	-	-	-	-	-	115,327,032	-
Industry	633,571	-	-	199,073	-	-	-	-	-	-	832,644	-
Trade	12,188,364	-	-	57,150	-	-	-	-	-	-	12,245,514	-
Real estates	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-
Share's	-	-	796,830	-	-	-	-	-	-	-	796,830	-
Retail	70,173	-	4,826,537	-	-	-	20,716	-	-	-	4,917,426	-
Government and public sector	509,660	-	-	-	-	-	-	-	-	-	509,660	-
Other	390,530	-	-	-	232,306	-	196,070	-	-	-	818,906	-
Total	129,119,330	5,623,367	488,529	216,786	-	-	-	-	-	-	135,448,012	-

3. Total distribution of exposures by financial instrument-jointly financed :

Item	Financial	Industry	trade	real estates	Agriculture	Share's	Retail	Government and public sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
International wakala investments -net	54,779,567	-	-	-	-	-	-	-	-	54,779,567
Direct credit facilities -net	20,992,849	40,492,125	146,202,959	42,262,061	-	30,360,964	301,980,366	98,103,815	34,281,006	714,676,145
Sukuk:										
Within financial assets at fair value through statement of income	821,728	-	-	-	-	-	-	-	-	821,728
Within financial assets at fair value through unrestricted investment accounts' holders equity -net	28,003,593	-	-	-	-	-	-	7,224,700	-	35,228,293
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	54,878,000	-	54,878,000
Other assets	881,371	-	-	-	-	-	-	-	-	881,371
Total / current period	105,479,108	40,492,125	146,202,959	42,262,061	-	30,360,964	301,980,366	160,206,515	34,281,006	861,265,104
Letter of guarantees	-	-	-	-	-	-	-	-	-	-
Letters of credit and acceptances	-	-	-	-	-	-	-	-	-	-
Irrevocable commitments to extend credit	-	14,306,054	47,147,159	10,907,776	-	-	-	-	652,417	73,093,406
Sub Total	105,479,108	54,878,179	193,350,118	53,169,837	-	30,360,964	301,980,366	160,206,515	34,933,423	934,358,510

4 . Distribution of exposures according to the CBJ instructions stages- joint :

Item	Stage 1 - Individual	Stage 1 - Collective	Stage 2 - Individual	Stage 2 - Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	105,479,108	-	-	-	-	105,479,108
Industry	51,726,184	-	3,138,476	-	13,519	54,878,179
trade	174,774,801	-	18,222,561	-	352,756	193,350,118
real estates	24,378,532	5,191,281	23,081,020	175,896	343,108	53,169,837
Agriculture	-	-	-	-	-	-
Share's	-	30,133,355	-	174,412	53,197	30,360,964
Retail	-	297,147,312	-	4,415,738	417,316	301,980,366
Government and public sector	160,206,515	-	-	-	-	160,206,515
Other	18,325,503	12,275,063	4,067,968	261,901	2,988	34,933,423
Total	534,890,643	344,747,011	48,510,025	5,027,947	1,182,884	934,358,510

Concentration in credit exposures by geographical distribution as follows:

1. The total distribution of exposures by geographical region-self financed

	Within the Kingdom	Other Middle Eastern countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	106,577,019	-	-	-	-	-	-	106,577,019
Balances at banks and financial institutions	1,396,166	1,319,273	900,146	428,824	-	3,810,672	14,152	7,869,233
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities -net	6,350,533	-	-	-	-	-	-	6,350,533
Sukuk:								
Within financial assets at fair value through statement of income	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investment accounts' holders equity -net	-	-	-	-	-	-	-	-
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	-
Other assets	737,016	-	-	-	-	-	-	737,016
Total / current period	115,060,734	1,319,273	900,146	428,824	-	3,810,672	14,152	121,533,801
Letter of guarantees	2,166,938	-	-	-	-	-	-	2,166,938
Letters of credit and acceptances	11,747,273	-	-	-	-	-	-	11,747,273
Unutilized credit limits	-	-	-	-	-	-	-	-
Sub Total	128,974,945	1,319,273	900,146	428,824	-	3,810,672	14,152	135,448,012

2. Distribution of exposures according to the CBJ instructions stages-self financed :

Item	Stage 1 - Individual	Stage 1 - Collective	Stage 2 - Individual	Stage 2 - Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	122,646,263	5,623,367	488,529	216,786	-	128,974,945
Other Middle Eastern countries	1,319,273	-	-	-	-	1,319,273
Europe	900,146	-	-	-	-	900,146
Asia	428,824	-	-	-	-	428,824
Africa	-	-	-	-	-	-
America	3,810,672	-	-	-	-	3,810,672
Other countries	14,152	-	-	-	-	14,152
Total	129,119,330	5,623,367	488,529	216,786	-	135,448,012

3. The total distribution of exposures by geographical region-jointly financed

	Within the Kingdom	Other Middle Eastern countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-
International wakala investments -net	-	47,536,166	7,243,401	-	-	-	-	54,779,567
Direct credit facilities -net	693,683,296	20,992,849	-	-	-	-	-	714,676,145
Sukuk:	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement of income	-	821,728	-	-	-	-	-	821,728
Within financial assets at fair value through unrestricted investment accounts' holders equity -net	7,224,700	20,245,093	7,758,500	-	-	-	-	35,228,293
Within financial assets at amortized cost - net	54,878,000	-	-	-	-	-	-	54,878,000
Other assets	881,371	-	-	-	-	-	-	881,371
Total / current period	756,667,367	89,595,836	15,001,901	-	-	-	-	861,265,104
Letter of guarantees	-	-	-	-	-	-	-	-
Letters of credit and acceptances	-	-	-	-	-	-	-	-
Unutilized credit limits	73,093,406	-	-	-	-	-	-	73,093,406
Sub Total	829,760,773	89,595,836	15,001,901	-	-	-	-	934,358,510

4. Distribution of exposures according to the CBJ instructions stages-jointly financed :

Item	Stage 1 - Individual	Stage 1 - Collective	Stage 2 - Individual	Stage 2 - Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	430,292,906	344,747,011	48,510,025	5,027,947	1,182,884	829,760,773
Other Middle Eastern countries	89,595,836	-	-	-	-	89,595,836
Europe	15,001,901	-	-	-	-	15,001,901
Asia	-	-	-	-	-	-
Africa	-	-	-	-	-	-
America	-	-	-	-	-	-
Other countries	-	-	-	-	-	-
Total	534,890,643	344,747,011	48,510,025	5,027,947	1,182,884	934,358,510

Credit exposures that have been reclassified:

1. Total credit exposures classified:

Item	Stage 2		Stage 3		Total exposures that have been reclassified	Percentage of rated exposures
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
A. Self financed						
Direct credit facilities-net	223,007	(5,730)	68,040	5,730	-	0.00%
Total	223,007	(5,730)	68,040	5,730	-	0.00%
Letter of guarantees	376,096	361,627	-	-	361,627	96.15%
Letters of credit and acceptances	111,713	-	-	-	-	0.00%
Sub Total	710,816	355,897	68,040	5,730	361,627	46.43%

Item	Stage 2		Stage 3		Total exposures that have been reclassified	Percentage of rated exposures
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
B. Jointly financed						
Direct credit facilities-net	54,869,839	4,125,110	14,769,248	406,074	4,531,184	6.51%
Total	54,869,839	4,125,110	14,769,248	406,074	4,531,184	6.51%
Unutilized credit limits	1,111,295	-	-	-	-	0.00%
Sub Total	55,981,134	4,125,110	14,769,248	406,074	4,531,184	6.40%

2. Credit losses expected for exposures that have been reclassified:

Item	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified		
	Total exposures rated from Stage 2	Total exposures rated from Stage 3	Total exposures that have been reclassified	Stage 2 - Individual	Stage 3 - Individual	Stage 3 - Collective
A. Self financed						
Direct credit facilities	(5,730)	5,730	-	(5,730)	5,730	-
Total	(5,730)	5,730	-	(5,730)	5,730	-
Letter of guarantees	361,627	-	361,627	3,597	-	-
Sub Total	355,897	5,730	361,627	(2,133)	5,730	-
						3,597

Item	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified		
	Total exposures rated from Stage 2	Total exposures rated from Stage 3	Total exposures that have been reclassified	Stage 2 - Individual	Stage 3 - Individual	Stage 3 - Collective
B. Jointly financed						
Direct credit facilities	4,125,110	406,074	4,531,184	31,206	185,868	1,002
Total	4,125,110	406,074	4,531,184	31,206	185,868	1,002
						353,445

(35) LAWSUITS AGAINST THE BANK

The Bank is defendant in number of lawsuits amounted to JD 2,532,550 as at 30 June 2018 (JD 2,512,624 31 as at December 2017). 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.

(36) STANDARD ISSUED AND NOT YET IMPLEMENTED

The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has issued financial accounting standard 30 "Impairment, credit losses and onerous commitments", which aims to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions. The requirements of this standard regarding expected credit losses are similar to those of IFRS 9 in accordance with CBI instructions no. (13/2018). This standard shall be effective from the financial periods beginning on or after 1 January 2020, early adoption is permitted.

(37) COMPARATIVE FIGURES

The comparative figures for the year 2017 balances in the condensed consolidated interim financial statements were reclassified to correspond with 30 June 2018 presentation. The reclassifications did not have any effect on profit and equity for the year 2017.

(38) 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	Relationship of unobservable inputs to fair value
	30 June	31 December				
	2018	2017				
	JD	JD				
Financial assets at fair value through shareholders' equity - self financed						
Quoted shares	7,159	17,700	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through unrestricted investment accounts' holders equity						
Quoted shares	714,259	1,112,385	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	28,182,953	29,311,683	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through statement of income	821,728	-	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through unrestricted investment accounts' holders equity						
Unquoted shares	175,518	194,477	Level 2	A similar financial instrument	Not applicable	Not applicable
Unquoted sukuk	7,224,700	8,256,800	Level 2	A similar financial instrument	Not applicable	Not applicable
Total	37,126,317	38,893,045				

There were no transfer between level 1 and 2 during the six month period ended 30 June 2018 and the year 2017.

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 carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statements approximate their fair values.

	30 June 2018		31 December 2017		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Deferred sales receivables and other receivables	406,583,714	451,897,620	416,155,544	460,109,184	Level 2
Financial assets at amortized cost	54,878,000	55,312,775	54,878,000	55,315,243	Level 2
Total financial assets not calculated at fair value	461,461,714	507,210,395	471,033,544	515,424,427	
Financial liabilities not calculated at fair value					
Customers' current accounts and unrestricted investment accounts	856,307,643	864,775,398	772,990,104	780,201,414	Level 2
Cash margin accounts	11,968,767	11,968,767	22,746,048	22,746,048	Level 2
Total financial liabilities not calculated at fair value	868,276,410	876,744,165	795,736,152	802,947,462	