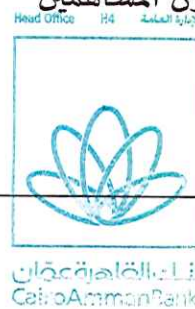




بنك القاهرة عمان  
CairoAmmanBank

لرؤس  
بورصة عمان  
مدير  
مكتب

<p>To: Jordan Securities Commission Amman Stock Exchange</p> <p>Date: 30/10/2018</p> <p>Subject: Quarterly Report as of 30/09/2019</p>	<p>السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2019/10/30 الموضوع: التقرير ربع السنوي كما هي في 2019/09/30</p>
<p>Attached the Quarterly Report of (Cairo Amman Bank) as of 30/09/2019.</p> <p>Attached the English copy of financial statement.</p>	<p>مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (بنك القاهرة عمان) كما هي بتاريخ 2019/09/30</p> <p>كما نرفق لكم نسخة عن البيانات المالية باللغة الانجليزية.</p>
<p>Kindly accept our highly appreciation and respect</p> <p>Cairo Amman Bank Chief Financial Officer Fuad Saleh</p>	<p>وتفضلوا بقبول فائق الاحترام،،، بنك القاهرة عمان المدير التنفيذي الادارة المالية وشؤون المساهمين فؤاد صالح</p>



www.cab.jo

الإدارة العامة وادي صقرة - ص.ب ٩٥٠٦٦١ عمان ١١١٩٥ الأردن - هاتف ٦٠٠٠ ٩٦٢٦٥٠٠ فاكس ٧١٠٠ ٩٦٢٦٥٠٠  
Head Office Wadi Saqra - PO Box 950661 Amman 11195 Jordan Tel +962 6 500 6000 Fax +962 6 500 7100

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

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION FOR THE  
PERIOD ENDED SEPTEMBER 30, 2019

CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
TOGETHER WITH THE REVIEW REPORT

TABLE OF CONTENTS

	<u>Page</u>
Review Report	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Profit or Loss	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Owners' Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 – 33

## Review Report

AM/009489

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

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Cairo Amman Bank (A Public Shareholding Limited Company) as of September 30, 2019 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three months and nine months ended September 30, 2019, condensed consolidated interim statement of changes in owners' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard No. (34) relating to interim financial reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standards No. (34) relating to condensed interim financial reporting.

### **Other Matters**

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

Amman – The Hashemite Kingdom of Jordan  
October 30, 2019

  
Deloitte & Touche (M.E.) – Jordan

**Deloitte & Touche (M.E.)**

ديلويت آند توش (الشرق الأوسط)

010101

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

		September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	Note	JD	JD
<b>Assets</b>			
Cash and balances at Central Banks	5	326,777,284	333,370,286
Balances at banks and financial institutions	6	101,115,719	117,852,700
Deposits at banks and financial institutions	7	90,529,745	89,579,213
Financial assets at fair value through profit or loss	8	9,122,568	11,503,790
Financial assets at fair value through other comprehensive income	9	55,608,461	52,322,447
Financial assets at amortized cost - net	10	712,336,455	539,067,213
Financial assets pledged as collateral	11	3,714,000	24,562,000
Direct credit facilities - net	12	1,637,544,053	1,649,570,401
Property and equipment - net		42,510,364	43,232,345
Intangible assets - net		6,651,938	8,120,517
Right of use assets - net	3/B	27,098,159	-
Deferred tax assets	16	9,345,645	8,699,628
Other assets	13	54,269,234	57,533,265
<b>Total Assets</b>		<b>3,076,623,625</b>	<b>2,935,413,805</b>
<b>Liabilities And Owners' Equity</b>			
<b>Liabilities:</b>			
Banks' and financial institutions' deposits		390,143,837	378,802,862
Customers' deposits	14	2,005,988,249	1,913,902,093
Margin accounts		58,993,856	49,580,969
Borrowed funds	15	151,593,139	162,109,306
Sundry provisions		14,915,335	15,403,533
Income tax provision	16	11,370,533	15,202,732
Lease contracts liabilities	3/B	24,993,686	-
Deferred tax liabilities		813,852	883,100
Other liabilities	17	68,372,103	53,189,141
<b>Total Liabilities</b>		<b>2,727,184,590</b>	<b>2,589,073,736</b>
<b>Owners' Equity</b>			
<b>Shareholders' Equity</b>			
Authorized and paid-up capital		190,000,000	180,000,000
Legal reserve		74,578,456	74,578,456
General banking risk reserve		3,596,082	3,230,765
Cyclical fluctuations reserve		10,894,653	10,891,362
Fair value reserve - net	18	(7,696,532)	(9,789,482)
Retained earnings	19	50,927,941	77,486,036
Profit for the period - after tax		17,636,730	-
<b>Total Shareholders' Equity</b>		<b>339,937,330</b>	<b>336,397,137</b>
Non-controlling interest		9,501,705	9,942,932
<b>Total Owners' Equity</b>		<b>349,439,035</b>	<b>346,340,069</b>
<b>Total Liabilities and Owners' Equity</b>		<b>3,076,623,625</b>	<b>2,935,413,805</b>

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

CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	For the Three Months		For the Nine Months	
		Ended September 30,		Ended September 30,	
		2019 (Reviewed)	2018 (Reviewed)	2019 (Reviewed)	2018 (Reviewed)
		JD	JD	JD	JD
Interest income	20	46,360,372	41,586,509	137,121,400	121,787,935
Interest expense	21	20,940,943	16,820,780	61,710,030	49,267,065
<b>Net interest income</b>		<b>25,419,429</b>	<b>24,765,729</b>	<b>75,411,370</b>	<b>72,520,870</b>
Net commission income		4,930,586	4,489,884	14,443,686	14,411,087
<b>Net interest and commission income</b>		<b>30,350,015</b>	<b>29,255,613</b>	<b>89,855,056</b>	<b>86,931,957</b>
Gain from foreign currencies		1,185,384	1,184,727	3,419,372	3,673,338
(Loss) from financial assets at fair value through profit or loss	22	(357,123)	(396,718)	(15,132)	(228,687)
Dividends from financial assets at fair value through other comprehensive income	9	92,414	-	2,902,829	2,734,178
Other income		2,284,086	1,782,324	6,747,428	5,626,707
<b>Total income</b>		<b>33,554,776</b>	<b>31,825,946</b>	<b>102,909,553</b>	<b>98,737,493</b>
Employees' expenses		10,442,522	10,235,146	31,893,318	31,229,355
Depreciation and amortization		2,374,577	2,445,739	7,036,028	7,213,304
Other expenses		9,333,312	7,770,895	26,773,138	22,361,507
Expected credit losses provision	23	1,480,364	2,215,166	8,311,394	5,517,794
Sundry provisions		291,323	(103,702)	349,887	1,707,874
<b>Total expenses</b>		<b>23,922,098</b>	<b>22,563,244</b>	<b>74,363,765</b>	<b>68,029,834</b>
<b>Profit for the period before tax</b>		<b>9,632,678</b>	<b>9,262,702</b>	<b>28,545,788</b>	<b>30,707,659</b>
Income tax expense	16	(3,892,872)	(2,683,952)	(10,981,677)	(9,730,357)
<b>Profit for the period</b>		<b>5,739,806</b>	<b>6,578,750</b>	<b>17,564,111</b>	<b>20,977,302</b>
<b>Attributable to:</b>					
Bank's shareholders		5,930,357	6,670,199	18,005,338	21,298,150
Non-controlling interest		(190,551)	(91,449)	(441,227)	(320,848)
<b>Profit for the period</b>		<b>5,739,806</b>	<b>6,578,750</b>	<b>17,564,111</b>	<b>20,977,302</b>
		JD/ Fls	JD/ Fls	JD/ Fls	JD/ Fls
Basic and diluted earnings per share (Bank's shareholders)	24	0/031	0/035	0/095	0/112

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

CATRO AMMAN BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)	2019 (Reviewed)	2018 (Reviewed)
	JD	JD	JD	JD
Profit for the period	5,739,806	6,578,750	17,564,111	20,977,302
Other comprehensive income items:				
Items that will not be reclassified subsequently to the condensed consolidated interim statement of profit or loss:				
Net change in fair value reserve after tax	3,120,884	1,162,599	1,814,855	573,620
<b>Total Comprehensive Income for the period</b>	<b>8,860,690</b>	<b>7,741,349</b>	<b>19,378,966</b>	<b>21,550,922</b>
<b>Total Comprehensive income for the period attributable to:</b>				
Bank's shareholders	9,051,241	7,832,798	19,820,193	21,871,770
Non-controlling Interests	(190,551)	(91,449)	(441,227)	(320,848)
<b>Total Comprehensive Income for the period</b>	<b>8,860,690</b>	<b>7,741,349</b>	<b>19,378,966</b>	<b>21,550,922</b>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED FINANCIAL  
INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT

CAIRO AMMAN BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Authorized and Paid-up Capital	Statutory Reserve	General Banking Risk Reserve *	Cyclical Fluctuations Reserve	Fair Value Reserve - Net	Retained Earnings	Profit for the period	Bank's Shareholders' Equity	Non-controlling Interests	Total Owners' Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the nine months ended September 30, 2019</b>										
Balance at beginning of the period (Audited)	180,000,000	74,578,456	3,230,765	10,891,362	(9,789,482)	77,486,036	-	336,397,137	9,942,932	346,340,069
Total comprehensive income for the period	-	-	-	-	1,814,855	-	18,005,338	19,820,193	(441,227)	19,378,966
Transferred to reserves	-	-	365,317	3,291	-	-	(368,608)	-	-	-
Increase in capital ***	10,000,000	-	-	-	-	(10,000,000)	-	-	-	-
Capital increase related expenses	-	-	-	-	-	(80,000)	-	(80,000)	-	(80,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	278,095	(278,095)	-	-	-	-
Cash Dividends distributed **	-	-	-	-	-	(16,200,000)	-	(16,200,000)	-	(16,200,000)
Balance at September 30, 2019 (Reviewed)	190,000,000	74,578,456	3,596,082	10,894,653	(7,696,532)	50,927,941	17,636,730	339,937,330	9,501,705	349,439,035
<b>For the nine months ended September 30, 2018</b>										
Balance at beginning of the period (Audited)	180,000,000	69,955,203	16,597,081	7,756,997	(9,005,364)	71,279,760	-	336,583,677	10,469,283	347,052,960
Effect of Implementing IFRS (9) recalculation	-	-	-	-	-	182,767	-	182,767	-	182,767
Effect of Implementing IFRS (9)	-	-	-	-	-	(8,107,333)	-	(8,107,333)	(106,416)	(9,213,749)
Transfers to reserves	-	-	(1,746,652)	-	-	1,746,657	-	-	-	-
Balance at beginning of the period (adjusted)	180,000,000	69,955,203	14,850,424	7,756,997	(9,005,364)	65,101,851	-	328,659,111	10,362,867	339,021,978
Total comprehensive income for the period	-	-	-	-	573,620	-	21,298,150	21,871,770	(320,848)	21,550,922
Transferred to reserves	-	-	(9,618,624)	-	-	10,664,100	(1,045,476)	-	-	-
Capital increase related expenses	-	-	-	-	-	(2,950)	-	(2,950)	-	(2,950)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(6,500)	6,500	-	-	-	-
Cash Dividends distributed **	-	-	-	-	-	(21,600,000)	-	(21,600,000)	-	(21,600,000)
Balance at September 30, 2018 (Reviewed)	180,000,000	69,955,203	5,231,800	7,756,997	(9,438,244)	54,169,501	20,252,674	328,927,931	10,042,019	338,969,950

\* The general banking risk reserve and the credit balance of the fair value reserve are restricted from use without a prior approval from the Central Bank of Jordan.

\*\* In accordance with the Ordinary General Assembly meeting held on April 22, 2019, 9% of the bank's capital has been decided to be distributed in cash to shareholders which is equivalent to JD 16,200,000, (against 12% of the bank's capital in cash to shareholders equivalent to JD 21,600,000 in accordance with the Ordinary General Assembly meeting held on April 24, 2019).

\*\*\* In accordance with the Extraordinary General Assembly meeting held on April 22, 2019, the paid-up capital has been increased by JD 10,000,000 through distributing free shares to the shareholders.

- As of September 30, 2019, the restricted retained earnings balances resulting from the early implementation of IFRS 9 amounted to JD 13,969,506.

- According to the instructions of the supervisory regulators, the balance of deferred tax asset and the negative balance of the fair value reserve are restricted for utilization within the retained earnings.

- The Bank cannot use a restricted amount of JD (1,155,916) which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

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



CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

		For the Nine Months Ended September 30,	
	Note	2019 (Reviewed)	2018 (Reviewed)
<b>Cash Flows from Operating Activities:</b>		JD	JD
Profit before tax for the period		28,545,788	30,707,659
<b>Adjustments:</b>			
Depreciation and amortization		7,036,028	7,213,304
Provision for expected credit loss	23	8,311,394	5,517,794
Sundry provisions		349,887	1,707,874
Loss from the valuation of financial assets at fair value through profit or loss	22	850,639	599,516
Loss (Gain) from sale of property and equipment		133,938	(14,186)
(Gain) from sale of seized assets		(344,818)	(5,520)
Effect of exchange rate changes on cash and cash equivalents		(3,288,239)	(3,528,661)
<b>Cash flow from operating activities before changes in working capital</b>		<b>41,594,617</b>	<b>42,197,780</b>
(Increase) in restricted balance at central banks		-	(1,276,200)
(Increase) decrease in deposits at banks and financial institutions		(871,783)	7,866,591
Decrease (increase) in financial assets at fair value through profit or loss		1,530,583	(4,239,355)
Decrease (increase) in direct credit facilities		3,762,358	(80,338,790)
Decrease (increase) in other assets		3,587,976	(4,806,215)
Increase in banks and financial institution deposits (maturing after more than three months)		-	9,592,529
Increase in customers' deposits		92,086,156	106,180,976
Increase in margin accounts		9,412,887	4,907,385
Increase in other liabilities		12,582,561	1,258,836
<b>Net cash flows from operating activities before sundry provisions and income tax</b>		<b>163,685,355</b>	<b>81,343,537</b>
Sundry provisions paid		(838,085)	(2,559,116)
Income tax paid	16	(15,113,957)	(14,412,380)
<b>Net cash flows from operating activities</b>		<b>147,733,313</b>	<b>64,372,041</b>
<b>Cash Flows from Investing Activities:</b>			
(Purchase) of financial assets at fair value through other comprehensive income		(2,084,600)	(1,299,469)
Sale of financial assets at fair value through other comprehensive income		198,257	191,603
(Purchase) of other financial assets at amortized cost		(249,157,423)	(324,566,222)
Maturity and sale of other financial assets at amortized cost		97,126,829	86,014,471
(Purchase) of property and equipment		(4,240,905)	(6,272,011)
Sale of property and equipment - net		105,680	64,012
(Purchase) of intangible assets		(844,181)	(573,633)
<b>Net cash flow (used in) investing activities</b>		<b>(158,896,343)</b>	<b>(246,441,249)</b>
<b>Cash Flows from Financing Activities:</b>			
Distributed dividends to shareholders		(16,200,000)	(21,600,000)
Increase in borrowed funds		16,587,003	33,242,148
Repayment of borrowed funds		(27,103,170)	(6,415,727)
Capital increase related expenses		(80,000)	(2,950)
<b>Net cash flows (used in) from financing activities</b>		<b>(26,796,167)</b>	<b>5,223,471</b>
Effect of exchange rate changes on cash and cash equivalents		3,288,239	3,528,661
Net (decrease) in cash and cash equivalents		(34,670,958)	(173,317,076)
Cash and cash equivalents - beginning of the period		159,785,124	304,370,814
<b>Cash and cash equivalents - end of the period</b>	25	<b>125,114,166</b>	<b>131,053,738</b>
<b>Non-cash transactions:</b>			
Right of use assets - net		27,098,159	-
Lease contracts liabilities		24,993,686	-

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

**CAIRO AMMAN BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN – THE HASHEMITE KINGDOM OF JORDAN**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

---

**1. INCORPORATION AND ACTIVITIES**

- Cairo Amman Bank was established as a public shareholding company, registered and incorporated in Jordan in 1960, in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964.
- The Bank provides its banking and financial services through its head office located in Amman and its 92 branches located in Jordan, 21 branches in Palestine, one in Bahrain and through its subsidiaries.
- The Bank's shares are listed on the Amman Stock Exchange.

**2. Basis of Preparation**

- The accompanying condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard No. (34) "Interim Financial Reporting".
- The reporting currency of the condensed consolidated interim financial information is the Jordanian Dinar, which is the functional currency of the Bank.
- The condensed consolidated interim financial information does not include all notes and information presented in the annual financial statements and should be read with the bank's annual report for the year ended December 31, 2018. The results of the nine months ended September 30, 2019 do not indicate the expected results for the fiscal year ending December 31, 2019.

**Judgments, estimates and risk management**

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended December 31, 2018, except as mentioned in Note 3.

The consolidated financial information include the financial information of the Bank and its subsidiaries under its control. Moreover, control is achieved when the Bank has the power to govern the financial and operating policies of its subsidiaries in order to obtain benefits from their activities. Transactions, balances, income and expenses between the Bank and its subsidiaries are eliminated.

- The Bank owns the following subsidiaries as of September 30, 2019:

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

- The most important financial information for the subsidiaries as of September 30, 2019 is as follows:

	Al-Watanieh for Financial Services Company (Awraq)		Al-Watanieh Securities Company	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	JD	JD	JD	JD
Total Assets	22,566,342	15,901,594	2,218,811	2,027,581
Total Liabilities	14,165,542	6,769,974	920,090	644,119
Net Assets	8,400,800	9,131,620	1,298,721	1,383,462

	For the Nine Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total Revenues	828,396	991,519	122,574	104,583
Total Expenses	487,809	505,336	207,315	216,735

	Tamallak For Financial Leasing Company		Safa Bank	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	JD	JD	JD	JD
Total Assets	38,306,634	32,906,333	157,397,794	117,722,507
Total Liabilities	31,968,220	26,895,364	112,124,610	70,346,989
Net Assets	6,338,414	6,010,969	45,273,184	47,375,518

	For the Nine Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	JD	JD	JD	JD
Total Revenues	1,208,403	1,056,598	2,357,186	2,066,749
Total Expenses	741,944	553,945	4,459,520	3,595,505

- \* Thimmar Company for Investment Services is fully owned by the subsidiary Al-Watanieh Securities Company.

**3. Significant accounting policies:**

The accounting policies used in the preparation of this consolidated condensed interim financial information are consistent with those used in the preparation of the Bank's annual consolidated financial information for the year ended 31 December 2018, except for the adoption of certain new and revised standards, that became effective on or after January 1<sup>st</sup>, 2019.

**a. Amendments that didn't have an effect on the condensed consolidated interim financial information of the Bank:**

**Annual improvements to IFRSs issued between 2015 and 2017:**

Improvements include amendments to IFRS (3) Business Combinations. (11) Joint Arrangements. International Accounting Standards (12). Income Taxes and (23) Borrowing Costs.

**IFRIC (23) Uncertainty on the Treatment of Income Tax.**

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate.
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

**Amendments to IFRS (9) "Financial Instruments".**

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

**Amendments to IAS (28) "Investment in Associates and Joint Ventures".**

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "*Financial Instruments*" to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

**Amendments to IAS (19) Employee Benefits.**

These amendments relate to adjustments to plans, reductions, or settlements.

**b. Amendments with material effect on the condensed consolidated interim financial information of the Bank:**

**Effect of Application of IFRS 16 "Leases"**

The Bank adopted IFRS (16) 'Leases' the standard replaces the existing guidance on leases, including IAS (17) 'Leases'. IFRIC (4) 'Determining whether an Arrangement contains a Lease'. SIC (15) "Operating Leases – Incentives" and SIC (27) "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Bank's financial position, unless the term is 12 months or less or the lease is for a low value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Bank has selected the simplified approach application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first application.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no adjustments on the retained earnings as of January 1<sup>st</sup>, 2019 using this approach.

The recognised right-of-use assets relate to leased properties as of September 30, 2019 and January 1<sup>st</sup>, 2019.

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

	Right-of-Use Assets	Lease Liabilities
	JD	JD
Balance as of January 1, 2019	27,172,080	27,172,080
Additions during the period	2,445,454	1,090,418
Amortization of prepaid rent expense as of January 1, 2019	-	(1,371,517)
Interest during the period	-	742,658
Amount paid during the period	-	(2,639,953)
Amortization during the period	(2,519,375)	-
Balance as of September 30, 2019	27,098,159	24,993,686

The Bank's leasing activities and how these are accounted for:

The Bank leases properties to be used in its activities. Rental contracts are typically made for fixed periods more than one year and may have extension options, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, the lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the end of the 2018 financial year, leases of properties were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and
- Restoration costs (renewal or repairation)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

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

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

**c. New and revised standards and interpretations but not effective yet.**

Effective for annual periods beginning on or after January 1, 2020

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business within IFRS (3)
- International financial reporting standard (17): Insurance Contracts
- Amendments to IFRS (10) Consolidated Financial Statements and IAS (28) Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.
- Amendments to IFRS (2), IFRS (3), IFRS (6), IFRS (14), IAS (1), IAS (8), IAS (34), IAS (37), IAS (38), IFRIC (12), IFRIC (19), IFRIC (20), IFRIC (22), and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

**4. Significant Accounting Judgments and key Sources of Uncertainty Estimates:**

Preparation of the condensed consolidated interim financial information and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believe that the estimates used in the preparation of these condensed interim financial information are consistent with those used in the annual consolidated financial information for the year ended December 31, 2018 except for the changes highlighted below:

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

The extension or termination options are included in a number of the leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the extension and termination options are exercisable by both the bank and the lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in case of occurrence of an important event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

**Discounting of lease payment**

The lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

## 5. Cash and Balances at Central Banks

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Cash on hand	138,434,779	113,091,651
Balances at Central Banks:		
Current and demand accounts	64,006,188	53,401,903
Time and notice deposits	10,635,000	10,635,000
Statutory cash reserve	109,519,295	100,843,314
Certificate of deposits	4,200,000	55,400,000
	326,795,262	333,371,868
Provision for expected credit loss (central banks)	(17,978)	(1,582)
Total	326,777,284	333,370,286

- Restricted balances amounted to JD 10,635,000 as of September 30, 2019 (JD 10,635,000 as of December 31, 2018).

In addition to the statutory cash reserve as stated above.

- There are no balances that mature in a period more than three months as of September 30, 2019 and December 31, 2018.

- All balances at the Central Bank of Jordan are classified within stage (1) in accordance with the requirements of IFRS (9) and there are no transfers between stages (1), (2) and (3) or any written off balances during the period ended September 30, 2019.

The movement on the provision for expected credit loss for cash and balances with central banks is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	1,582	-
Effect of implementing IFRS (9) - net after tax	-	1,094
Adjusted balance after IFRS (9) implementation	1,582	1,094
Provision for expected credit loss during the period/year	16,396	488
Total	17,978	1,582

## 6. Balances at Banks and Financial Institutions

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
<u>Local Banks and Financial Institutions:</u>		
Current and demand accounts	505,477	1,043,055
Deposits maturing within 3 months or less	24,099,651	24,642,428
Total	24,605,128	25,685,483
<u>Foreign Banks and Financial Institutions:</u>		
Current and demand accounts	35,625,524	36,406,594
Deposits maturing within 3 months or less	40,916,794	55,787,873
Total	76,542,318	92,194,467
	101,147,446	117,879,950
Less: Provision for expected credit loss (balances at banks and financial institutions)	(31,727)	(27,250)
Total	101,115,719	117,852,700

- Non-interest bearing balances at banks and financial institutions amounted to JD 36,131,001 as of September 30, 2019 (JD 37,449,649 as of December 31, 2018).

- All balances at banks and financial institutions - JD are classified within stage (1) in accordance with the requirements of IFRS (9) and there are no transfers between stages (1), (2) and (3) or any written off balances during the period ended September 30, 2019.

- There are no restricted balances as of September 30, 2019 and December 31, 2018.

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

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	27,250	-
Effect of implementing IFRS (9) - net after tax	-	62,193
Adjusted balance after IFRS (9) implementation	27,250	62,193
Provision for expected credit loss during the period/year	4,477	(34,943)
Total	31,727	27,250



## 7. Deposits at Banks and Financial Institutions

The details for this item are as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Deposit maturing within:		
More than 6 to 9 months	-	612,376
More than 9 to 12 months	50,691,259	28,000,000
More than one year	40,000,000	61,207,100
Total	90,691,259	89,819,476
Less: Provision for expected credit loss (deposits at banks and financial institutions)	(161,514)	(240,263)
Total	90,529,745	89,579,213

- There are no restricted deposits as of September 30, 2019 and December 31, 2018.
- All deposits at banks and financial institutions - (JD) are classified within stage (1) in accordance with the requirements of IFRS (9) and there are no transfers between stages (1),(2) and (3) or any written off balances during the period ended September 30, 2019.
- Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of Jordan and the central banks of the respective countries. Accordingly, the Bank's management estimates the provision of loss on balances with banks at the end of the reporting period at an amount equal to 12 month expected credit loss. Taking into account the historical default experience and the current credit ratings of the banks.
- The movement on the provision for expected credit losses for deposits at banks and financial institutions is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	240,263	-
Effect of implementing IFRS (9) - net after tax	-	332,570
Adjusted balance after IFRS (9) implementation	240,263	332,570
Provision for expected credit loss during the period/year	(78,749)	(92,307)
Total	161,514	240,263

## 8. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Corporate shares	9,122,568	11,503,790
	9,122,568	11,503,790

#### 9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Quoted shares	49,810,801	48,264,787
Unquoted shares *	5,797,660	4,057,660
	<u>55,608,461</u>	<u>52,322,447</u>

- Dividends on investments amounted to JD 2,902,829 for the nine months ended September 30, 2019 (JD 3,903,996 for the nine months ended December 31, 2018).

\* Fair value calculation for unquoted investments is based on the most recent financial data available.

#### 10. Financial Assets at Amortized Cost - Net

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
<b>Quoted Investments</b>		
Foreign government treasury bonds	7,673,224	12,012,326
Corporate debt securities	18,003,477	17,410,154
Total quoted investments	<u>25,676,701</u>	<u>29,422,480</u>
<b>Unquoted Investments</b>		
Treasury bills	9,940,530	44,057,267
Government treasury bonds	621,740,899	410,312,489
Governmental debt securities	1,285,154	1,938,854
Corporate debt securities	54,250,000	54,283,600
Total unquoted investments	<u>687,216,583</u>	<u>510,592,210</u>
Total	712,893,284	540,014,690
Less: Provision for expected credit loss (Financial Assets at Amortized Cost)	(556,829)	(947,477)
	<u><b>712,336,455</b></u>	<u><b>539,067,213</b></u>
Analysis of bonds and treasury bills:		
Fixed rate	712,893,284	540,014,690
Variable rate	-	-
Total	<u><b>712,893,284</b></u>	<u><b>540,014,690</b></u>

- The movement on the provision for expected credit losses for financial assets at amortized cost is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period/year	947,477	-
Effect of implementing IFRS (9) - net after tax	-	745,183
Adjusted balance after IFRS (9) implementation	947,477	745,183
Provision for expected credit loss during the period/year	(390,648)	202,294
Total	<u><b>556,829</b></u>	<u><b>947,477</b></u>

#### 11. Financial Assets Pledged as Collateral

This item consists of the following:

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)	
	Financial Assets Pledged as Collateral	Related Financial Liabilities	Financial Assets Pledged as Collateral	Related Financial Liabilities
	JD	JD	JD	JD
Financial assets at amortized cost	3,714,000	3,714,000	24,562,000	24,562,000

These bonds were collateralized against the funds borrowed from the Central Bank of Jordan for SMEs and industrial financing loans.

#### 12. Direct Credit Facilities - Net

This Item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
<b>Consumer lending</b>		
Overdrafts	20,303,559	8,440,709
Loans and bills *	625,882,275	655,572,767
Credit cards	14,152,901	15,259,761
Others	6,499,298	6,434,899
<b>Residential mortgages</b>	217,371,207	212,744,385
<b>Corporate lending</b>		
Overdrafts	85,622,815	103,296,280
Loans and bills *	404,443,675	357,055,703
<b>Small and medium enterprises lending "SMES"</b>		
Overdrafts	23,950,056	22,273,715
Loans and bills *	124,759,537	119,181,918
<b>Government and public sectors</b>	195,742,831	221,114,559
	<b>1,718,728,154</b>	<b>1,721,374,696</b>
<b>Less: Suspended interest</b>	(11,057,385)	(10,288,548)
<b>Less: Provision for expected credit loss</b>	(70,126,716)	(61,515,747)
<b>Net Direct Credit Facilities</b>	<b>1,637,544,053</b>	<b>1,649,570,401</b>

\* Net of interest and commissions received in advance amounting to JD 6,680,957 as of September 30, 2019 (JD 10,639,644 as of December 31, 2018).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 98,737,186 as of September 30, 2019 (JD 82,778,735 as of December 31, 2018), representing 5.74% (December 31, 2018: 4.81%) of gross direct credit facilities granted.

- Non-performing credit facilities, in accordance with the instruction of the Central Bank of Jordan amounted to JD 87,870,886 as of September 30, 2019 as of December 31, 2018) representing 5.15% (December 31, 2018: 4.24%) of gross direct credit facilities granted after excluding the suspended interest.

- Credit facilities granted to the Jordanian Government and of which it guarantees amounted to JD 59,595,946 as of September 30, 2019 (JD 77,511,279 as of December 31, 2018), representing 3.47% (December 31, 2018: 4.50%) of gross direct credit facilities granted.

- Credit facilities granted to the public sector in Palestine amounted to JD 63,850,686 as of September 30, 2019 (JD 55,351,850 as of December 31, 2018) representing 3.71% (December 31, 2018: 3.22%) of gross direct credit facilities granted.

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

**For the Period Ended September 30, 2019 (Reviewed)**

Balance - as of January 1, 2019	40,799,652	5,120,597	7,032,429	6,883,599	1,679,470	61,515,747
Credit loss on newly granted facilities during the period	2,497,207	358,253	667,945	702,033	183,958	4,409,396
Reversed from credit losses on settled facilities	(3,330,380)	(1,234,266)	(409,375)	(610,162)	(63,817)	(5,648,000)
Transferred to stage (1)	1,902,840	186,548	89,660	25,283	(5,468)	2,198,863
Transferred to stage (2)	238,720	187,934	(10,758)	19,392	5,468	440,756
Transferred to stage (3)	(2,141,560)	(374,482)	(78,902)	(44,675)	-	(2,639,619)
Effect on the provision at the end of the period - resulting from the reclassification between the three stages during the period	5,856,320	2,113,664	1,547,698	2,653,503	5,902	12,177,087
Changes resulting from adjustments	(3,743,026)	(22,845)	-	99,695	1,346,499	(2,319,677)
Written off facilities	(7,837)	-	-	-	-	(7,837)
Balance - end of the period	42,071,936	6,335,403	8,838,697	9,728,668	3,152,012	70,126,716

**For the Year Ended December 31, 2018 (Audited)**

Balance - as of January 1, 2018 (Adjusted)	42,536,594	4,085,511	5,079,507	5,295,164	493,059	57,489,835
Credit loss on newly granted facilities during the year	1,563,404	973,160	2,250,008	2,438,422	114,310	7,339,304
Reversed from credit losses on settled facilities	(4,942,698)	(788,362)	(283,527)	(801,828)	(6,672)	(6,823,087)
Transferred to stage (1)	1,118,978	244,379	550,817	758,117	438,738	3,111,029
Transferred to stage (2)	465,286	(199,513)	(435,822)	(14,127)	(438,738)	(622,914)
Transferred to stage (3)	(1,584,265)	(44,866)	(114,995)	(743,990)	-	(2,488,116)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	7,839,227	1,065,657	1,681,817	1,257,255	943,916	12,787,872
Changes resulting from adjustments	(5,012,628)	(215,369)	(720,929)	(1,305,414)	134,857	(7,119,483)
Written off facilities	(1,184,246)	-	(974,447)	-	-	(2,158,693)
Balance - end of the year	40,799,652	5,120,597	7,032,429	6,883,599	1,679,470	61,515,747

# Suspended Interest

## For the Period Ended September 30, 2019 (Reviewed)

Balance as of January 1, 2019

Suspended interest on new exposures during the period

Suspended interest on settled exposures transferred to revenue during the period

Transferred to stage (1)

Transferred to stage (2)

Transferred to stage (3)

Balance at the end of the period

	Consumer	Residential Loans	Corporate		Government and Public Sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2019	1,996,485	278,066	6,411,115	1,314,025	288,857	10,288,548
Suspended interest on new exposures during the period	653,750	135,029	526,372	366,564	4	1,681,719
Suspended interest on settled exposures transferred to revenue during the period	(333,078)	(112,679)	(312,284)	(65,139)	(89,702)	(912,882)
Transferred to stage (1)	35,460	13,425	188	1,678	-	50,751
Transferred to stage (2)	488	5,631	3	6,341	-	12,463
Transferred to stage (3)	(35,948)	(19,056)	(191)	(8,019)	-	(63,214)
Balance at the end of the period	<u>2,317,157</u>	<u>300,416</u>	<u>6,625,203</u>	<u>1,615,450</u>	<u>199,159</u>	<u>11,057,385</u>

## For the Year Ended December 31, 2018 (Audited)

Balance as of January 1, 2018 (Adjusted)

Suspended interest on new exposures during the year

Suspended interest on settled exposures transferred to revenue during the year

Transferred to stage (1)

Transferred to stage (2)

Transferred to stage (3)

Effect on suspended interest - end of year - resulting from reclassification between the three stages

Effect on suspended interest resulting from adjustments

Suspended interest on written off exposures

Balance at the end of the year

	Consumer	Residential Loans	Corporate		Government and Public Sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2018 (Adjusted)	7,095,997	158,438	2,000,892	1,274,837	23	10,530,187
Suspended interest on new exposures during the year	562,232	125,292	39,169	127,368	288,857	1,142,918
Suspended interest on settled exposures transferred to revenue during the year	(833,064)	(5,664)	(83,275)	(115,882)	(23)	(1,037,908)
Transferred to stage (1)	(38,690)	261	41,855	(924)	-	2,502
Transferred to stage (2)	8,409	808	(5,599)	6	-	3,624
Transferred to stage (3)	30,280	(1,069)	(36,256)	918	-	(6,127)
Effect on suspended interest - end of year - resulting from reclassification between the three stages	-	-	-	-	-	-
Effect on suspended interest resulting from adjustments	(4,808,967)	-	4,808,967	27,702	-	27,702
Suspended interest on written off exposures	(19,712)	-	(354,638)	-	-	(374,350)
Balance at the end of the year	<u>1,996,485</u>	<u>278,066</u>	<u>6,411,115</u>	<u>1,314,025</u>	<u>288,857</u>	<u>10,288,548</u>

### 13. Other Assets

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Accrued income	15,923,660	14,931,416
Prepaid expenses	6,615,355	7,878,593
Reposessed Assets – net *	10,061,640	8,675,310
Accounts receivable – net	5,684,251	5,260,313
Clearing checks	11,983,790	15,619,774
Settlement guarantee fund	31,000	30,000
Depository center settlement	42,574	5,829
Refundable deposits	671,713	574,650
Deposits at Visa International	1,999,401	1,999,401
Others	1,255,850	2,557,979
<b>Total</b>	<b>54,269,234</b>	<b>57,533,265</b>

\* As per the Central Bank of Jordan instructions the reposessed assets should be sold within two years of repossession, and can be extended under exceptional circumstances by the Central Bank of Jordan for a maximum of four years.

The movement on reposessed assets is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the Period / Year	10,361,210	14,872,868
Additions	1,487,412	1,538,424
Disposals	(101,082)	(1,146,481)
Transferred to accounts receivable*	-	(4,903,601)
<b>Total</b>	<b>11,747,540</b>	<b>10,361,210</b>
Impairment of reposessed assets	(469,994)	(495,909)
Impairment of reposessed assets as per the Central Bank of Jordan instructions	(1,215,906)	(1,189,991)
<b>Balance - end of the Period / Year</b>	<b>10,061,640</b>	<b>8,675,310</b>

As follows, the summary of the impairment movement on reposessed assets:

Balance - beginning of the year	1,685,900	2,053,900
Utilized during the period / year	-	(368,000)
<b>Balance - end of the Period / Year</b>	<b>1,685,900</b>	<b>1,685,900</b>

As per the Central Bank of Jordan Instructions reposessed assets should be sold within two years of repossession, and under exceptional circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the Bank has started to book a gradual provision for reposessed assets which are being held for more than four years in accordance to the central Bank of Jordan circular number 10/1/4076 dated March 27, 2014, and 10/1/7096 dated June 8, 2014. In light of IFRS (9) adoption and its direct impact on the consolidated financial statements of the Bank, it was decided to stop the Circular rules mentioned above for the year 2018 and continue on booking provisions in the year 2020 according to the Central Bank of Jordan circular number 10/1/13967 dated October 25, 2018.

\* The Bank has transferred these lands to accounts receivable due to finalization of the lawsuits held against the previous debtor during the last quarter of 2018, noting that the Bank is in the process of taking the necessary measures in accordance with policies.

#### 14. Customers Deposits

This item details are as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Current and demand accounts	443,778,991	400,618,274
Saving deposits	493,460,417	487,865,952
Time and notice deposits	1,068,748,841	1,025,393,761
Time and notice certificates	-	24,106
Total	<u>2,005,988,249</u>	<u>1,913,902,093</u>

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD289,086,466, equivalent to 14.41% of total deposits as of September 30, 2019 (JD 287,269,563, equivalent to 15.01% of total deposits as of December 31, 2018).

- Non-Interest bearing deposits amounted to JD 402,342,382 as of September 30, 2019 (JD 364,030,959 as of December 31, 2018) representing 20.06% (December 31, 2018: 19.02%) of total deposits.

# 15. Borrowed Funds

This item details are as follows:

## September 30, 2019 (Reviewed)

	Amount	No. of Installments		Payment Basis	Maturity Date	Collaterals	Interest Rate
		Total	Outstanding				
JD							
Amounts borrowed from Overseas Private Investments Corporation (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845% - 4.895%
Amounts borrowed from French Development Agency	2,127,000	20	12	Semi-annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	7,600,000	10	6	Semi-annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan**	32,232,748	169		At maturity per loan	2019 - 2026	Treasury Bills	1% - 2.25%
Amounts borrowed from Central Bank of Jordan*	1,560,000	14	9	Semi-annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development	3,034,286	7	3	Semi-annually	2021	None	4.750%
Amounts borrowed from European Bank for Reconstruction and Development	1,012,857	7	1	Semi-annually	2020	None	3.250%
Amounts borrowed from European Bank for Reconstruction and Development	14,180,000	7	7	Semi-annually	2025	None	5.250%
Amounts borrowed from Central Bank of Jordan*	4,100,000	20	20	Semi-annually	2031	None	2.800%
Jordan Mortgage Refinance Company ***	30,000,000	1	1	At maturity	2019	None	4.400%
Jordan Mortgage Refinance Company ***	5,000,000	1	1	At maturity	2020	None	5.750%
Amounts borrowed from Central Bank of Jordan	2,857,982	34	34	Semi-annually	2039	None	3.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2024	None	6.800%
Amounts borrowed from European Bank for Reconstruction and Development	3,545,000	7	7	Semi-annually	2023	None	4.560%
Amounts borrowed from French Development Agency	4,159,931	20	19	Semi-annually	2023	None	4.570%
Union Bank	3,000,000	48	48	Quarterly	2024	None	6.000%
Société Générale Banque de Jordanie	511,111	45	41	Monthly	2021	None	6.750%
Amounts borrowed from International Financial Markets (IFM)	1,074,224	1	1	-	None	None	-
<b>Total</b>	<b>131,593,139</b>						

## December 31, 2018 (Audited)

Amounts borrowed from Overseas Private Investments Corporation (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895% - 4.845%
Amounts borrowed from French Development Agency	2,304,250	20	13	Semi-annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	8,550,000	10	8	Semi-annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan**	31,471,064	186	186	At maturity / per loan	2018 - 2026	Treasury Bills	2.5% - 1%
Amounts borrowed from Central Bank of Jordan*	1,896,127	14	11	Semi-annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development	5,057,143	7	5	Semi-annually	2021	None	4.750%
Amounts borrowed from European Bank for Reconstruction and Development	3,038,571	7	3	Semi-annually	2020	None	3.250%
Amounts borrowed from European Bank for Reconstruction and Development	14,180,000	7	7	Semi-annually	2025	None	5.250%
Amounts borrowed from Central Bank of Jordan*	4,100,000	20	20	Semi-annually	2031	None	2.800%
Jordan Mortgage Refinance Company ***	30,000,000	1	1	At maturity	2019	None	4.400%
Jordan Mortgage Refinance Company ***	5,000,000	1	1	At maturity	2020	None	5.750%
Amounts borrowed from Central Bank of Jordan	1,434,528	34	34	Semi-annually	2039	None	3.000%
Jordan Mortgage Refinance Company ***	10,000,000	1	1	At maturity	2020	None	5.900%
Jordan Mortgage Refinance Company ***	19,000,000	1	1	At maturity	2019	Treasury Bills	5.500%
Amounts borrowed from European Bank for Reconstruction and Development	3,545,000	7	7	Semi-annually	2023	None	4.560%
Amounts borrowed from French Development Agency	4,349,288	20	20	Semi-annually	2023	None	4.570%
Union Bank	800,000	24	24	Quarterly	2024	None	6.000%
Société Générale Banque de Jordanie	711,111	45	44	Monthly	2021	None	6.750%
Amounts borrowed from International Financial Markets	1,074,224	1	1	-	None	None	-
<b>Total</b>	<b>162,109,306</b>						

\* The borrowed funds from Central Bank of Jordan for SMEs loans were re-lent on an average interest rate of 8.5%

\*\* The borrowed funds from Central Bank of Jordan for Industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 4.5%.

\*\*\* Residential loans acquired from Jordan Mortgage Refinance Company amounted to JD 43,760,778 as of September 30, 2019 at a fixed rate of 7%.



## 16. Income Tax

### a. Income Tax Provision

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

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period / year	15,202,732	17,321,461
Income tax paid	(15,113,957)	(14,440,422)
Income tax expense	11,281,758	12,321,693
<b>Balance - end of the period / year</b>	<b>11,370,533</b>	<b>15,202,732</b>

### b. Income tax appearing in the statement of profit or loss represents the following:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Income tax for the period	11,281,758	9,996,413
Deferred tax assets	(240,741)	(266,056)
Deferred tax liabilities	(59,340)	-
<b>Accrued income tax on the current period's profit</b>	<b>10,981,677</b>	<b>9,730,357</b>

- The income tax rate on banks in Jordan is 38% , and the income tax rate in countries where the Bank has Companies and branches, where tax rate ranges between 0% and 31% for banks in Palestine and are subject to an income tax rate of 15% and VAT of 16%.
- The Bank has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2018 for the Bank's branches in Jordan.
- A final settlement was reached for the Bank's branches in Palestine up to the end of the year 2017.
- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2014 for Al-Watanieh Financial Services Company. In addition, the Sales and Income Tax Department reviewed the Company's records for the years 2010 and 2011, and estimated the accrued tax amount for these years at JD 318,644 for the amounts paid. The Company objected this estimate in specialized courts where a decision was issued by the Court of First Instance in June 2016 to annul the claim , consider it void and return it to the Sales and Income Tax Department in order to correct the procedures. This decision has been confirmed during the appeal stage in October 2016. Based on the court's decision, the Income Tax Department re-issued certificates with the same amounts. As a result, the company appealed against the decision, for which an objection was issued in June 2017 . The court of first instance issued its decision to deny the Income and Sales Tax Department's claim and accept the Company's reports. This decision was confirmed by the appeal and discrimination courts and notices were issued accordingly. However, the Income and Sales Tax Department applied for a retrial in September 2018. A decision by the Court of First Instance to dismiss the request was issued and the case is now in appeal, even though the legal period available after submitting the statements has passed by 4 years. The Sales and Income Tax Department has not reviewed the accounts for the years 2015, 2016 and 2017 up to the date of these consolidated financial statement.
- A final settlement was reached for Al-Watanieh Securities Company - Palestine up to the year 2018.
- Tamallak for Financial Leasing Company has reached a final settlement with the Income and sales tax Department until the year 2017. Furthermore, the Income Tax Department did not review the 2018 records, up to the date of these condensed consolidated interim financial information.
- In the opinion of the Bank's management and the tax consultant, income tax provisions as of September 30, 2019 are sufficient to meet any future tax obligations.

**c. The movement on deferred tax assets is as follows:**

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period / year	8,699,628	5,743,006
Effect of IFRS (9) implementation	-	3,310,327
Adjusted balance	8,699,628	9,053,333
Additions during the period / year	1,115,680	1,310,988
Disposal during the period / year	(469,663)	(1,664,693)
<b>Balance - End of the Period / Year</b>	<b>9,345,645</b>	<b>8,699,628</b>

- Deferred tax is calculated using the tax rates that are expected to be applied when the deferred tax assets will be realized or the deferred tax liabilities will be settled.

**17. Other Liabilities**

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Accrued interest	18,418,037	12,467,347
Accrued income	310,813	390,829
Accounts payable	13,388,641	5,444,344
Accrued expenses	9,083,048	10,156,785
Temporary deposits	16,579,537	14,041,406
Checks and withdrawals	4,494,624	4,091,790
Others	3,471,495	4,466,660
	65,746,195	51,059,161
Provision for expected credit losses (other liabilities)	2,625,908	2,129,980
	<b>68,372,103</b>	<b>53,189,141</b>

The movement on the provision for expected credit losses for other liabilities is as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Balance - beginning of the period / year	2,129,980	-
Effect of the implementation of IFRS (9)	-	1,556,232
Adjusted balance after IFRS (9) implementation	2,129,980	1,556,232
Provision for expected credit loss during the period / year	495,928	573,748
<b>Total</b>	<b>2,625,908</b>	<b>2,129,980</b>

#### 18. Fair Value Reserve - Net

The details of this item are as follows:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
<b>Balance - beginning of the period / year</b>	(9,789,482)	(9,005,364)
Unrealized gains	1,399,670	(377,275)
Loss (gain) from sale financial assets at fair value through other comprehensive income transferred to retained earnings	278,095	(6,500)
Deferred tax assets	405,277	(395,410)
Deferred tax liabilities	9,908	(4,933)
<b>Balance - end of the period / year</b>	<b>(7,696,532)</b>	<b>(9,789,482)</b>

#### 19. Retained Earnings

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
<b>Balance - beginning of the period / year</b>	77,486,036	71,279,760
Transferred to general banking risk reserve	-	12,554,111
Effect of implementing IFRS (9) reclassification	-	174,331
Effect of IFRS (9) implementation	-	(8,107,333)
Adjusted beginning balance	77,486,036	75,900,869
Profit for the year	-	30,126,670
Transferred to legal reserve	-	(4,623,253)
Transferred from general banking risk reserve	-	812,205
Transferred to cyclical fluctuations reserve	-	(3,134,365)
Cash dividends distributed to shareholders	(16,200,000)	(21,600,000)
Transferred to increase capital	(10,000,000)	-
Capital increase related expenses	(80,000)	(2,590)
Transfers resulting from the sale of financial assets at fair value through other comprehensive income	(278,095)	6,500
<b>Balance - end of the period / year</b>	<b>50,927,941</b>	<b>77,486,036</b>

- Retained earnings balance as of September 30, 2019 includes unrealized gains amounting to JD 13,969,506 resulting from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Securities Commission instructions, except for the amounts realized through sales transactions.
- Retained earnings include deferred tax assets amounting to JD 9,345,645 as of September 30, 2019 against (JD 8,699,628 as of December 31, 2018) which is not available for distribution in accordance with the Central Bank of Jordan instructions.
- The Bank cannot use a restricted amount of JD 7,696,532 which represents the negative change in fair value for financial assets through other comprehensive income in accordance with the instructions of the Central Bank of Jordan and the Jordanian Securities Commission.
- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

## 20. Interest Income

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
<b>Direct Credit Facilities:</b>	JD	JD
Overdrafts	15,687,184	14,326,642
Loans and bills	89,053,479	82,814,263
Credit cards	2,041,662	2,116,589
Balances at Central Banks	1,349,123	3,561,822
Balances and deposits at banks and financial institutions	4,149,633	4,676,151
Financial assets at amortized cost	24,633,570	14,091,241
Other	206,749	201,227
	<u>137,121,400</u>	<u>121,787,935</u>

## 21. Interest Expense

The details of this item are as follows:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Banks and financial institutions' deposits	10,655,935	8,065,671
<b>Customers' deposits:</b>		
Current and demand accounts	2,096,683	2,036,169
Saving deposits	2,967,669	3,144,480
Time and notice deposits	37,886,662	27,711,891
Certificates of deposit	73	548
Cash margins	639,528	507,180
Loans and borrowings	4,779,649	4,816,342
Deposit guarantee fees	2,683,831	2,984,784
<b>Total</b>	<u>61,710,030</u>	<u>49,267,065</u>

**22. Gains from Financial Assets at Fair Value through Profit or Loss**

This item consists of the following:

	Realized Gains	Unrealized (Losses)	Stock Dividends	Total
	JD	JD	JD	JD
<b>For the Nine Months Ended September 30, 2019 (Reviewed)</b>				
Equity Instruments	127,765	(850,639)	707,742	(15,132)
Total	127,765	(850,639)	707,742	(15,132)
<b>For the Nine Months Ended September 30, 2018 (Reviewed)</b>				
Equity Instruments	10,916	(599,516)	359,913	(228,687)
Total	10,916	(599,516)	359,913	(228,687)

**23. Provision for expected credit losses**

This item consists of the following:

	For the Nine Months Ended September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Balances at central banks	16,396	782
Balances at banks and financial institutions	4,477	-
Deposits at banks and financial institutions	(78,749)	(160,865)
Financial assets at amortized cost	(390,648)	(37,892)
Direct credit facilities	8,263,990	5,692,966
Indirect credit facilities	495,928	22,803
Total	8,311,394	5,517,794

24. Earnings per share for the Period - (Bank's Shareholders)

This item consists of the following:

For the Nine Months Ended September 30,		
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Profit for the period attributable to shareholders (JD)	18,005,338	21,298,150
Weighted average number of shares (share)	190,000,000	190,000,000
	(JD / Fils)	(JD / Fils)
Basic and diluted earnings per share for the period - (Bank's Shareholders)	0.095	0.112

- The weighted average number of shares was calculated on the basic and diluted profit attributable to the shareholders of the Bank based on the authorized number of shares for the nine months ended September 30, 2019 and 2018 whereas the numbers for the nine months ended September 30, 2018 were recalculated according to the average capital after the increase, thorough stock dividends distribution in accordance with the International Financial Reporting Standard No. (33).

## 25. Cash and Cash Equivalents

This item consists of the following:

	September 30,	
	2019 (Reviewed)	2018 (Reviewed)
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within three months	326,777,284	307,073,588
Add: Balances at banks and financial institutions maturing within three months	101,115,719	158,544,714
Less: Banks and financial institutions' deposits maturing within three months	292,143,837	323,929,564
Restricted balances	10,635,000	10,635,000
Total	125,114,166	131,053,738

## 26. Balances and Transactions with Related Parties

The condensed consolidated interim financial information includes the financial information of the Bank the following subsidiaries:

Company Name	Ownership	Paid in Capital	
		September 30, 2019	December 31, 2018
	%	JD	JD
Al-Watanieh Financial Services Company Limited Liability	100	5,500,000	5,500,000
Al-Watanieh Securities Company private shareholding	100	1,600,000	1,600,000
Tamallak for Financial Leasing Company	100	5,000,000	5,000,000
Safa Bank	79	53,175,000	53,175,000
Thimar for Investment Services	100	70,900	70,900

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

Related parties as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The balances and movements resulting from transactions with related parties are as follows:

	Related Parties				Total	
	Board of Directors and Relatives	Main Shareholder	Executive Management	Other *	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD	JD	JD	JD	JD
<b>Statement of Financial Position Items:</b>						
Direct credit facilities	39,575,254	8,847,882	3,228,150	34,175,548	85,826,834	45,469,892
Deposits at the Bank	44,509,604	7,158,175	2,389,406	5,238,927	59,296,112	52,889,054
Cash Margins	65,201	24,982	101	107,957	198,241	244,488
<b>Off Statement of Financial Position Items:</b>						
Indirect credit facilities	2,211,479	677,370	300	293,592	3,182,741	2,702,755

For the Nine Months Ended September 30,

	2019 (Reviewed)	2018 (Reviewed)
<b>Statement of Profit or Loss Items:</b>	JD	JD
Interest and commission income	2,588,044	65,190
Interest and commission expense	150,254	12,064
	619,352	225,277
	250,536	638,131
		436,116

- \* Other parties include the rest of the bank employees and relatives up to the third degree.
- Credit interest rates on credit facilities in Jordanian Dinar range between 2.75% - 10.5%
  - Credit interest rates on credit facilities in foreign currency range between 4.5% - 6.12%
  - Debit interest rates on deposits in Jordanian Dinar range between 0% - 5.8%
  - Debit interest rates on deposits in foreign currency range between 0% - 2.25%

Salaries, wages and bonuses of executive management amounted to JD 2,039,543 as of September 30, 2019 (JD 1,896,367 as of September 30, 2018).



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

- Retail banking : Includes Individual customers' deposits, and providing consumer type loans, credit cards facilities and fund transfer facilities.
- Corporate banking: Includes handling loans and other credit facilities and deposit and current accounts for corporate and Institutional customers.
- Treasury: Includes providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

**The Bank's segment information is as follows:**

- 30 -

b. Geographical Information:

This disclosure represents the geographical distribution of the Bank's activities. The Bank operates mainly in Jordan, which represents local activities, and in Palestine.

	Inside Jordan			Outside Jordan			Total	
	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	2019	2018	2018	2019	2018	2019	2019	2018
Total revenue	JD 133,741,081	JD 117,877,187	JD 117,877,187	JD 30,878,502	JD 30,127,371	JD 164,619,583	JD 164,619,583	JD 148,004,558
Capital expenditures	3,151,563	3,076,788		1,933,523	3,768,856	5,085,086		6,845,644
	Inside Jordan			Outside Jordan			Total	
	September 30,	December 31,	December 31,	September 30,	December 31,	September 30,	September 30,	December 31,
	2019	2018	2018	2019	2018	2019	2019	2018
Total assets	JD 2,291,421,237	JD 2,165,453,634	JD 2,165,453,634	JD 785,202,388	JD 769,960,171	JD 3,076,623,625	JD 3,076,623,625	JD 2,935,413,805

## 28. Contingent Liabilities and Commitments

This item consists of the following:

	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	JD	JD
Letters of credit	21,245,185	17,169,363
Acceptances	3,031,453	11,686,023
Letters of guarantee:	55,168,537	56,138,730
- Payments	23,084,000	22,215,218
- Performance	19,612,327	20,781,390
- Other	12,472,210	13,142,122
Utilized direct credit facility limits	136,550,550	97,951,571
Total	215,995,725	182,945,687

## 29. Lawsuits raised against the bank

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 39,673,716 as of September 30, 2019 (JD 41,372,238 as of December 31, 2018). In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

Provisions against the lawsuits amounted to JD 1,345,005 and JD 1,497,389 as of September 30, 2019 and December 31, 2018, respectively.

On January 1, 2019 multiple civil lawsuits have been filed at US courts against multiple banks and financial institutions claiming financial compensation using the US antiterrorism law for damages allegedly resulting from attacks by groups listed under the US sanctions list in 2001. These lawsuits have been filed at courts hours before their filing deadline, and have been filed by an attorney office which has filed several similar complaints against other banking institutions on behalf of the same plaintiffs claiming the damages. Cairo Amman Bank is one of the banks the aforementioned lawsuit has been filed against. The lawsuit is still in the initial preliminary phase.

In the opinion of management and legal counsel, no provisions should be recorded for the lawsuits filed at US courts against the Bank as of September 30, 2019 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favor of the Bank and that there are no legal or judicial grounds for the lawsuits. Also, there were no updates during the three months ended September 30, 2019.

## 30. Statutory Reserve

The Bank did not deduct the statutory reserves during the period due to the fact that these information are condensed consolidated financial information, as it is done in the year end.

## 31. Distributed dividends

In its ordinary meeting held on April 22, 2019, the General Assembly of Shareholders approved the recommendation of the Bank's Board of Directors to distribute dividends of 9% which is equivalent to JD 16,200,000 in addition to increasing the paid-up capital by JD 10,000,000 or 5.6% through distributing free shares to the shareholders.

## 32. Approval of condensed consolidated interim financial information

These condensed consolidated interim financial information was approved by the Board of Directors and authorized for issue on October 30, 2019.

### 33. Fair Value Hierarchy

#### a. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Some financial assets and liabilities of the Bank are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial

Financial Assets / Financial Liabilities	Fair Value		The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	September 30, 2019 (Reviewed)	December 31, 2018 (Audited)				
	JD	JD				
<b>Financial Assets at Fair Value in Statement of Profit or Loss</b>						
Equity Securities	9,122,568	11,503,790	Level I	Prices issued in market values	N/A	N/A
Total	9,122,568	11,503,790				
<b>Financial Assets at Fair Value in Other Comprehensive Income</b>						
Quoted shares	49,810,801	48,264,787	Level I	Prices issued in market values	N/A	N/A
Unquoted shares	5,797,660	4,057,660	Level II	Comparable markets	N/A	N/A
Total	55,608,461	52,322,447				
Financial Assets at Fair Value	64,731,029	63,826,237				

There were no transfers between the first level and second level during the period.

#### b. The fair value of financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing basis):

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Company approximates their fair value, as the Bank's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the period.

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
<b>Financial Assets with an Unspecified Fair Value</b>				
Balances at Central Banks	188,342,505	188,357,128	220,278,635	220,278,635
Balances at Banks and other Financial Institutions	101,115,719	101,431,818	117,852,700	117,852,700
Deposits at Banks and other Financial Institutions	90,529,745	91,038,904	89,579,213	91,083,517
Loans, bills, and other	1,637,544,053	1,645,045,400	1,649,570,401	1,656,138,158
Financial assets at amortized costs	712,336,455	719,919,887	539,067,213	545,828,210
Mortgaged financial assets	3,714,000	3,714,000	24,562,000	24,562,000
Total Financial Assets with an Unspecified Fair Value	2,733,582,477	2,749,506,137	2,640,810,162	2,655,841,578
<b>Financial Liabilities with an Unspecified Fair Value</b>				
Balances at Central Banks	390,143,837	394,079,215	378,802,862	381,296,222
Customer deposits	2,005,988,249	2,019,453,590	1,913,902,093	1,922,834,863
Cash margins	58,993,856	58,999,507	49,580,969	49,582,053
Borrowed funds	151,593,139	152,604,802	162,109,306	163,149,439
Total Financial Assets with an Unspecified Fair Value	2,606,719,081	2,625,137,119	2,504,395,230	2,516,862,577

For the above-mentioned items, the second level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.