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Date: 30/04/2018

التاريخ: 2018/04/30

Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الأوراق المالية
السادة بورصة عمان

Subject: Quarterly Report as of 31/03/2018

الموضوع: التقرير ربع السنوي كما هي في 2018/03/31

Attached the Quarterly Report of Bank Al
Etihad as of 31/03/2018.

مرفق طيه نسخة من البيانات المالية ربع السنوية لبنك
الاتحاد كما هي بتاريخ 2018/03/31.

Best Regards,,,

وتفضلوا بقبول فائق الاحترام...

Nadia Al Saeed
Chief Executive Officer

ناديا السعيد
الرئيس التنفيذي



بورصة عمان	
الدائرة الإدارية والمالية	
السيد	
٢٠١٨ أيار	
2719	الرقم المتسلسل:
11007	رقم الملف:
2114611	الجهة المختصة:

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN

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

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
MARCH 31, 2018

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Review Report

AM/ 81688

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Bank Al Etihad (a Public Shareholding Company) as of March 31, 2018 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this condensed interim financial information in accordance with IAS (34). 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 Entity". 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 information is not prepared, in all material respects, in accordance with amended International Accounting Standard (34) relating to interim financial reporting.

Other Matters

1. The condensed consolidated interim financial statements for the three months ended March 31, 2017 was reviewed by another auditor. An unqualified conclusion was issued on these condensed consolidated interim financial statements on April 27, 2017.
2. The fiscal year of the Bank ends on December 31 of each year, the accompanying condensed interim financial statements are prepared only for the purposes of management, Jordan Securities Commission and do not require the approval of the Central Bank of Jordan.
 - a. The accompanying condensed interim financial statements are a translation of the statutory condensed interim financial statements in the Arabic language to which reference should be made.

Amman – Hashemite Kingdom of Jordan
April 30, 2018

Deloitte & Touche (M.E.)
ديلويت آند توش (م.ع.) - Jordan
010400
(الشرق الأوسط)

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2018 (Reviewed Not Audited)	December 31, 2017
Assets:		JD	JD
Cash and balances at central bank	5	391,211,384	338,311,743
Balances at banks and financial institutions	6	204,898,674	326,075,874
Deposits at banks and financial institutions	7	3,583,235	8,325,098
Financial assets at fair value through profit or loss	8	9,955,393	7,509,280
Direct credit and financing facilities - net	9	2,106,808,044	2,084,327,989
Financial assets at fair value through other comprehensive income	10	28,795,497	30,877,736
Financial assets at amortized cost	11	631,072,361	617,696,128
Investment in an associate		377,262	377,262
Property and equipment - net		71,116,190	70,968,060
Deferred tax assets		9,735,338	4,559,081
Intangible assets - net		21,150,127	20,945,239
Other assets		69,980,156	62,301,763
TOTAL ASSETS		3,548,683,661	3,572,275,253
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Banks and financial institutions deposits		69,050,837	58,873,920
Customers deposits		2,708,185,807	2,691,335,921
Cash margins		160,180,570	210,088,710
Borrowed funds		88,139,433	88,211,995
Sundry provisions		265,595	234,615
Provision for income tax	12	13,533,968	14,773,872
Other liabilities	16	57,453,503	50,245,187
TOTAL LIABILITIES		3,096,809,713	3,113,764,220
OWNERS' EQUITY:			
Paid-up capital	19	160,000,000	160,000,000
Share premium		80,213,173	80,213,173
Statutory reserve	21	42,668,849	42,668,849
Voluntary reserve	21	29,271,414	29,271,414
General banking risks reserve		-	14,034,670
Fair value reserve - net		826,051	1,191,589
Retained earnings		44,699,150	43,243,353
Income for the period		6,948,727	-
TOTAL EQUITY - BANK'S SHAREHOLDERS		364,627,364	370,623,048
Non-controlling interest		87,246,584	87,887,985
TOTAL OWNERS' EQUITY		451,873,948	458,511,033
TOTAL LIABILITIES AND OWNERS' EQUITY		3,548,683,661	3,572,275,253

THE ACCOMPANYING NOTES FROM (1) TO (24) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH
THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

Chairman of the Board of Directors

Chief Executive Officer

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

		For the Three Months Ended March 31,	
	Note	2018	2017
		JD	JD
Interest income and returns		49,029,867	43,607,977
Interest expense		(20,458,217)	(15,775,712)
Net Interest Income and returns		28,571,650	27,832,265
Net commission income		5,609,307	5,365,374
Net Interest and Commission Income and returns		34,180,957	33,197,639
Foreign currency income		1,484,078	869,394
Gain from financial assets at fair value through profit or loss		323,864	1,066,062
Cash dividends from financial assets at fair value through comprehensive income		508,224	26,912
Other income		291,457	163,214
Gross Income		36,788,580	35,323,221
Expenses			
Employees expenses		10,425,933	9,189,365
Depreciation and amortization		2,641,832	2,369,544
Other expenses		6,929,265	6,440,716
Provision for impairment in direct credit and financing facilities	9	3,956,777	4,920,551
Provision for impairment in financial assets at amortized costs		136,875	136,875
Provision for impairment in foreclosed assets		-	280,000
Sundry provisions		32,480	19,713
Total Expenses		24,123,162	23,356,764
Income for the Period before Income Tax Expense		12,665,418	11,966,457
Income tax expense	12	(4,656,777)	(4,259,841)
Income for the Period		8,008,641	7,706,616
Attributed to:			
Bank's Shareholders		6,948,727	7,270,864
Non-Controlling Interest		1,059,914	435,752
		8,008,641	7,706,616

Earnings per Share for the Period Attributable to
the Bank's Shareholders

Basic	-/043	-/058
Diluted	-/043	-/058

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Chairman of the Board of Directors

Chief Executive Officer

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three Months Ended March 31,	
	2018	2017
	JD	JD
Income for the Period	8,008,641	7,706,616
<u>Items not subsequently transferable to condensed interim consolidated statement of income:</u>		
Net change in financial assets at fair value reserve - net	<u>(539,340)</u>	<u>(291,253)</u>
Total Comprehensive Income for the Period	<u>7,469,301</u>	<u>7,415,363</u>
<u>Total Comprehensive Income for the Period Attributed to:</u>		
Bank's shareholders	6,410,285	7,003,677
Non-controlling interest	<u>1,059,016</u>	<u>411,686</u>
	<u>7,469,301</u>	<u>7,415,363</u>

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BANK AL ETIHAD

- The general banking risk reserve is restricted and cannot be used without the approval of the Central Bank of Jordan

- Retained earning balance includes deferred tax assets amounted to JD 9,735,338 as of March 31, 2018 (JD 4,559,081 as of December 31, 2017), which is restricted from use according to the Central Bank of Jordan.

- Retained earnings balance includes an amount of JD 1,000,412 that represents unrealized gain from revaluation of financial assets at fair value through profit and loss.

- The Bank cannot use a restricted amount of JD 826,051 as of March 31, 2018, which represents the balance for the fair value reserve.

THE ACCOMPANYING NOTES FROM (1) TO (24) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2018	2017
Cash flow from operating activities		JD	JD
Income for the period before income tax		12,665,418	11,966,457
Adjustments			
Depreciation and amortization		2,641,832	2,369,544
Provision for impairment in direct credit and financing facilities	9	3,956,777	4,920,551
Provision for financial assets at amortized cost		136,875	136,875
Loss from sale of property and equipment		25,413	22,209
Various provisions		32,480	19,713
Provision for impairment in foreclosed assets		-	280,000
Revaluation (gain) of financial assets at fair value through profit or loss		(391,770)	(493,175)
Effect of exchange rate fluctuations on cash and cash equivalents		(963,409)	(503,273)
(Gain) on sale of foreclosed assets		-	(2,140)
Profit before changes in assets and liabilities		18,103,616	18,716,761
CHANGES IN ASSETS AND LIABILITIES:			
Restricted cash balances		(626,434)	(550)
Direct credit and financing facilities		(43,280,414)	(14,210,684)
Financial assets at fair value through profit or loss		(2,054,343)	(2,693,613)
Deposits at banks and financial institutions		4,616,098	(4,105,110)
Other assets		(7,678,393)	(9,305,502)
Customers' deposits		16,849,886	(52,397,225)
Cash margins		(49,908,140)	(9,088,762)
Other liabilities		4,551,206	151,812
Net Cash Flow (used in) Operating Activities before Income Tax		(59,426,918)	(72,932,873)
Income tax paid		(4,748,625)	(3,536,922)
Various provisions paid		(1,500)	-
Net Cash Flow (used in) Operating Activities		(64,177,043)	(76,469,795)
Net cash flow from Investing activities			
Net (purchase) of financial assets at fair value through other comprehensive income		1,387,248	(1,433,274)
Net (purchase) of financial assets at amortized cost		(13,748,299)	(76,012,703)
(Increase) of intangible assets		(974,208)	(240,208)
Purchase of property and equipment		(2,455,214)	(2,448,378)
Proceeds from sale of property and equipment		409,159	21,809
Net cash flows acquired from the acquisition of subsidiary		-	164,854,581
Net Cash Flow (used in) from Investing Activities		(15,381,314)	84,741,827
Cash Flow from Financing activities			
(Decrease) increase in loans and borrowings		(72,562)	10,381,444
Dividends paid		(22,918)	(9,496)
Capital increase fees		-	(235,338)
Increase in non-controlling interests		-	103,767
Net Cash Flow (used in) from Financing Activities		(95,480)	10,240,377
Effect of exchange rate changes on cash and cash equivalents		963,409	503,273
Net (Decrease) Increase in cash and cash equivalents		(78,690,428)	19,015,682
Cash and cash equivalents at the beginning of the year		600,016,203	409,009,567
Cash and Cash Equivalents at the End of the Period	14	521,325,775	428,025,249

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BANK AL ETIHAD
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. GENERAL

- Bank Al Etihad is a public shareholding company incorporated in Jordan during 1978, in accordance with the Companies Law No (12) of (1964). Its main branch located in Amman, and it was transformed to a bank during the year 1991.
- The Bank provides its financial and banking services through its main branch located in Amman and through its (44) branches and its subsidiaries in Jordan.
- The Bank shares are listed and traded on the Amman Stock Exchange.
- The Interim condensed consolidated financial statements were approved by the Board of Directors on April 29, 2018.

2. Basis of Preparation of the Condensed Consolidated Interim Financial Statements

- The accompanying condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (34) Interim Financial Reporting.
- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities stated at fair value at the date of the condensed consolidated interim financial statements.
- The reporting currency of the condensed consolidated interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The condensed consolidated interim financial statements does not include all notes and information presented in the annual financial statements for the year ended December 31, 2017 and should be read with the Bank annual report for the year ended December 31, 2017. The results of the three months ended March 31, 2018 do not indicate the expected results for the year ending December 31, 2018, and do not contain the appropriation of profit of the three months ended March 31, 2018 which is usually performed at year end.

- Changes in Accounting Policies:

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

a. **New and revised IFRS in issue but not yet effective on the condensed consolidated interim Financial statements of the Bank**

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

Amendments to IFRS 2 Share Based Payment

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

Amendments to IFRS 4 Insurance Contracts

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

IFRIC 22 Foreign Currency Transactions and Advanced Consideration

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

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

Amendments to IAS 40 Investment Property

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

IFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

Amendments to IFRS 15 *Revenue from Contracts with Customers*

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

Amendments to IFRS 7 *Financial Instruments: Disclosures*

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

IFRS 7 *Financial Instruments: Disclosures*

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

B. Amendments effective on the condensed consolidated interim financial statements of the Bank

IFRS 9 *Financial Instruments*

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

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

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

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

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

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

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

Adoption of International Financial Reporting Standard No. 9 for the year 2014

The impact of implementing the amendments of changes in the accounting policies on the Banks' condensed consolidated interim financial statements as of January 1, 2018 is as follows:

	IAS 39	IFRS 9	The Change
	JD	JD	JD
Cash at banks and financial institutions	326,075,874	325,685,392	(390,482)
Deposits at banks and financial institutions	8,325,098	8,199,333	(125,765)
Financial assets at amortized costs	617,696,128	617,460,937	(235,191)
Direct credit facilities at amortized costs	2,084,327,989	2,067,484,408	(16,843,581)
Other liabilities	50,245,187	52,925,215	(2,680,028)
Deferred tax assets	4,559,081	10,727,741	6,168,660
General banking risks reserves	14,034,670	-	14,034,670
The Impact of IFRS 9 implementation			(71,716)
Attributable to:			
Bank's Shareholders			1,628,701
Non-Controlling Interests			(1,700,417)

3. Basis of Consolidation for Condensed Consolidated Interim Financial Statements

- The condensed consolidated interim financial statements include the interim financial statements of the Bank and controlled subsidiaries. Control exists when the Bank has the power to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. All transactions, balances, revenue and expenses between the Bank and its subsidiaries are eliminated.

The Bank owns the following subsidiaries as of March 31, 2018:

<u>Company's Name</u>	<u>Paid-up Capital</u> JD	<u>Ownership of the Bank</u> %	<u>Nature of Operation</u>	<u>Date of Acquisition</u>	<u>Location</u>
Al-Etiihad for Financial Brokerage Company L.L.C.	5,000,000	100	Financial Brokerage	2006	Jordan
Al-Etiihad for Financial Leasing Company L.L.C	5,000,000	100	Finance Leasing Acquisition of bonds and shares in companies and borrowing its necessary funds from banks	2015	Jordan
Al-Etiihad Islamic Investment Company L.L.C	65,562,636	58		2016	Jordan

- The results of operations of the subsidiaries are included in the condensed consolidated interim statement of income from the date of acquisition, which represents the date when control over the subsidiaries is passed on to the Bank. Moreover, the results of operations of the disposed of subsidiaries are consolidated in the condensed consolidated interim statement of income until the disposal date, which represents the date when the Bank loses control over the subsidiaries.
- The financial statements of the subsidiaries relating to the same fiscal period of the Bank are prepared using the same accounting policies adopted by the Bank. In case the accounting policies applied by the subsidiaries are different from those adopted by the Bank, necessary adjustments to the financial statements of the subsidiaries have to be made in order to match those applied by the Bank.
- Non-controlling interest represents the portion of the subsidiaries' equity not owned by the Bank.

4. Accounting Estimates

Preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the Bank's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, and the financial assets valuation reserve, and in a specific way, it requires the Bank's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

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

Changes in Accounting Policies and Significant Estimates and Judgements

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

Classification of financial assets and financial liabilities

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

Impairment of financial assets

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

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

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL - not credit impaired

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

Stage 3: Lifetime ECL - credit impaired

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

Key changes to the Significant Estimates and Judgements

Financial asset and liability classification

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

Impairment of financial instruments

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

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

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

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

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

Credit risk grades

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

Generating the term structure of Probability of Default (PD)

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

Changes to Banks financial risk management objectives and policies

i. Credit Risk Measurement

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

ii. Credit risk grading

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

iii. Credit quality assessments

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

5. Cash and Balances at Central Bank

- Mandatory cash reserve amounted to JD 181,645,729 as of March 31, 2018 (JD 181,725,910 as of December 31, 2017).
- Except for the statutory cash reserve, there are no restricted balances as of March 31, 2018 and December 31, 2017.

6. Balances at Banks and Financial Institutions

- Non-interest bearing balances at banks and financial institutions amounted to JD 16,402,085 as of March 31, 2018 (JD 48,064,730 as of December 31, 2017).
- Restricted balances amounted to JD 9,123,928 as of March 31, 2018 and (JD 8,497,494 as of December 31, 2017).

The movement on the provision of the expected credit losses for the balances at banks and financial institutions are as follows:

	March 31, 2018 (Reviewed not Audited)			
	Stage (1) JD	Stage (2) JD	Stage (3) JD	Total JD
Balance as of January 1, 2018	-	-	-	-
Impact of IFRS 9 Implementation	390,482	-	-	390,482
Adjusted balance as of January 1, 2018	390,482	-	-	390,482
Net expected credit loss for the period	-	-	-	-
Balance as at the end of the period	390,482	-	-	390,482

7. Deposits at Banks and Financial Institutions

Deposits at banks and financial institutions which is mature during a period more than 3 months amounted to JD 3,583,235 as at March 31, 2018 (JD 8,325,098 as at December 31, 2017)

- There are no restricted deposits as of March 31, 2018 and December 31, 2017.

The movement on the provision for expected credit losses for deposits at banks and financial institutions is as follows:

	March 31, 2018 (Reviewed not Audited)			
	Stage (1) JD	Stage (2) JD	Stage (3) JD	Total JD
Balance as of January 1, 2018	-	-	-	-
Impact of IFRS 9 Implementation	125,765	-	-	125,765
Adjusted balance as of January 1, 2018	125,765	-	-	125,765
Net expected credit loss for the period	-	-	-	-
Balance as at the end of the period	125,765	-	-	125,765

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	March 31, 2018 JD	December 31, 2017 JD
Quoted bonds in active markets	834,635	-
Quoted shares in active markets	3,267,029	3,658,948
Investments Funds	5,853,729	3,850,332
	9,955,393	7,509,280

9. Direct Credit and Financing Facilities - Net

The details of this item are as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Individuals (retail):		
Overdraft accounts	11,429,492	11,727,365
Loans and promissory notes*	357,066,073	346,626,917
Credit cards	8,298,523	7,967,050
Real estate loans	615,989,572	582,624,848
Companies:		
Large:		
Overdraft accounts	120,452,989	121,778,528
Loans and promissory notes*	834,172,895	835,326,438
Small and Medium		
Overdraft accounts	36,670,002	37,256,005
Loans and promissory notes*	98,717,119	94,077,515
Government and public sector	132,613,634	135,307,843
Total	2,215,410,299	2,172,692,509
Less: Provision of impairment loss in direct credit and financing facilities	(92,042,546)	(72,295,950)
Interest and returns in suspense	(16,559,709)	(16,068,570)
Net Direct Credit Facilities	2,106,808,044	2,084,327,989

- * Net after deducting interest and commission received in advance amounted to JD 1,998,986 as of March 31, 2018 (JD 1,510,539 as of December 31, 2017
- Non performing credit and financing facilities amounted to JD 109,888,607 representing 4.96% of the total credit and financing facilities as of March 31, 2018 (JD 107,481,008 with a 4.95% of the total credit and financing facilities as of December 31, 2017).
- Non performing financing and credit facilities after deducting interest and suspended commissions amounted to JD 93,328,898 representing 4.24% from the direct credit and financing facilities after deducting suspended interest and commissions as of March 31, 2018 (JD 91,412,438 representing 4.24% from the direct credit and financing facilities after deducting suspended interest and commissions as of December 31, 2017).
- The credit facilities granted to the government of Jordan or granted by the government guarantee amounted to JD 104,742,164 representing 4.73% of the total direct credit and financing facilities as of March 31, 2018 (JD 107,331,399 representing 4.94% from the total direct credit and financing facilities as of December 31, 2017).
- Islamic financing amounted to JD 686,071,188 representing %30.97 from the balance of direct credit and financing facilities as of March 31, 2018 (JD 678,302,346 representing 31.22% as of December 31, 2017).

The movement on the provision for direct credit facilities as for the three months ended at March 31, 2018 is as follows :

	March 31, 2018 (Reviewed not Audited)			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance as of January 1, 2018	349,106	1,670,725	70,276,119	72,295,950
Impact of IFRS 9 Implementation	12,341,540	2,662,018	1,840,023	16,843,581
Adjusted balance as of January 1, 2018	12,690,646	4,332,743	72,116,142	89,139,531
Transferred to stage 1 during the period	677,701	(677,701)	-	-
Transferred to stage 2 during the period	(200,655)	200,655	-	-
Transferred to stage 3 during the period	(4,189)	(142,702)	146,891	-
Used from the provision during the period (Written off debts)	-	-	(11,622)	(11,622)
Surplus to Investment risks fund	-	-	(1,042,140)	(1,042,140)
Deducted during the period from revenue	92,659	(77,024)	3,941,142	3,956,777
Net direct credit facilities losses as at the end of the period	13,256,162	3,635,971	75,150,413	92,042,546

The movement on the provision for direct credit facilities as of December 31, 2017 is as follows:

For the Year Ended December 31, 2017

Balance as at the beginning of the year	58,468,561
Resulted from the acquisition of Safwa Islamic Bank	9,066,478
Surplus from the subsidiaries provisions	(843,358)
Deducted (recovered) during the year from revenues	15,229,285
Written-off debts	<u>(9,625,016)</u>
Balance as at the end of the period	<u>72,295,950</u>
Provision for non-performing credit facilities and financing as per client	70,625,225
Provision for watch lists credit facilities and financing as per client	<u>1,670,725</u>
Balance as at the end of the period	<u>72,295,950</u>

The comparative numbers for the year ended December 31, 2017 appears according to IAS 39 "Financial Instruments: Recognition and Measurement).

Provisions no longer needed due to reconciliations, or debts payment and transferred to other debts amounted to JD 4,227,743 as for the three months ended March 31, 2018 (JD 10,017,622 for the year ended December 31, 2017

Interest in Suspense

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

	<u>Total</u>
	JD
<u>For the Three Months Ended March 31, 2018</u>	
Balance – beginning of the period	16,068,570
<u>Add:</u> Interests and returns suspended during the period	562,552
<u>Less:</u> Interests and returns reversed to income	(71,413)
Interest in suspense written-off	<u>-</u>
Balance - End of the Period	<u>16,559,709</u>
<u>For the Year Ended December 31, 2017</u>	
Balance – beginning of the year	15,189,919
Resulted from the acquisition of Safwa Islamic Bank	639,410
<u>Add:</u> Interests and returns suspended during the period	2,963,777
<u>Less:</u> Interests and returns reversed to income	(2,353,121)
Interest in suspense written-off	<u>(371,415)</u>
Balance - End of the Period	<u>16,068,570</u>

10. Financial Assets at Fair Value through Comprehensive Income

The details of this item are as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Quoted shares in active markets	24,433,067	26,751,131
Unquoted shares in active markets	4,362,430	4,126,605
Total	28,795,497	30,877,736

- Losses transferred to retained earnings as a result of sale of the financial assets at fair value through other comprehensive income amounted to JD 172,504 as of March 31, 2018 (JD 1,117,743 as of December 31, 2017).
- Cash dividends on the above financial assets amounted to JD 508,224 for the three months ended March 31, 2018 (JD 26,912 for the three months ended March 31, 2017).

11. Financial Assets at Amortized Cost.

The details of this item are as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Quoted Financial Assets:		
Foreign treasury bonds	66,402,667	33,352,441
Companies' bonds and debentures	16,904,619	46,058,847
Unquoted Financial Assets:		
Governmental guaranteed bonds and bills	443,055,466	496,187,965
Companies' bonds and debentures	106,472,300	43,487,500
	632,835,052	619,086,753
Less: Provision of impairment loss in the financial assets at amortized costs	(1,527,500)	(1,390,625)
Provision of impairment loss in the financial assets within stage (1)	(235,191)	-
	631,072,361	617,696,128
Bonds and Bills Analysis:		
Fixed rate	632,049,973	618,000,425
Floating rate	785,079	1,086,328
	632,835,052	619,086,753

Provision for Impairment Loss

The following is the movement on the provision for impairment loss in the financial assets at amortized costs during the period / year:

The comparative numbers for the year ended December 31, 2017 for the provision of impairment in the financial assets at amortized costs appears based on IAS 39 (Financial Instruments: Recognition and Measurement). The beginning balances for the provision of the expected credit losses appears according to IFRS 9 (Financial Instruments) :

	March 31, 2018 (Reviewed not Audited)			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance as of January 1, 2018	-	-	1,390,625	1,390,625
Impact of IFRS 9 Implementation	235,191	-	-	235,191
Adjusted balance as of January 1, 2018	235,191	-	1,390,625	1,625,816
Net expected credit loss for the period	-	-	136,875	136,875
Balance as at the end of the period	235,191	-	1,527,500	1,762,691

12. Provision for Income Tax

The movement on the provision for income tax is as follows:

	For the Three Months Ended March 31, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance as at the beginning of the period/ year	14,773,872	10,595,594
Additional balance resulted from the acquisition of Safwa Islamic Bank	-	2,438,733
Income tax paid	(4,748,625)	(17,920,819)
Income tax for the period / year	3,021,521	17,226,452
Prior years income tax provision	487,200	2,433,912
Balance as at the End of the Period / Year	13,533,968	14,773,872

The income tax in the condensed consolidated interim income statements represent the following:

	For the Three Months Ended March 31,	
	2018	2017
	JD	JD
Accrued income tax for the profits of the period	3,021,521	4,256,076
Prior years income tax	487,200	-
Amortization of deferred tax assets	1,148,056	3,765
	<u>4,656,777</u>	<u>4,259,841</u>

A final settlement was reached with the Income and Sales Tax Department as a result of the Banks' activities in Jordan until the end of 2014. The bank has submitted the tax returns for the years 2016 and 2015. Moreover, there is a case under review in the court related to the year 2015 and no decision was issued yet. The Income Tax Department has not reviewed the Banks accounting records for the year 2016.

A final clearance with Safwa Islamic Bank has been reached up to the year 2013. Moreover, the Bank has filed its income tax return for the year 2014, 2015 and 2016. Also, the Income and Sales Tax Department has reviewed the tax return for the year 2014 and 2015 and a primary decision has been issued but it is still in the objection phase, in addition as of the date of the condensed consolidated financial statements, the income tax return for the year 2016 has been not reviewed yet.

A final settlement for Al Etihad for Financial Brokerage Service Co. LTD. has been reached up to the year 2014.

A final settlement with the Income Tax Department for Al Etihad for Financial Leasing Co. has been reached up to the year 2015.

The expected deferred tax rates is 35% and 10% and in management opinion these deferred taxes will be realized in the future.

13. Earnings Per Share for the Period Attributable to Bank's Shareholders

The details of this item are as follows:

	For the Three Months Ended March 31,	
	2018	2017
	JD	JD
Income for the period	6,948,727	7,270,864
Weighted average number of shares	160,000,000	125,000,000
Earnings per share pertains to the Bank's Shareholders (Basic and Diluted)	<u>-/043</u>	<u>-/058</u>

14. Cash and Cash Equivalent

The details of this item are as follows:

	For the Three Months Ended March 31,	
	2018	2017
	JD	JD
Balances at central banks due within three months	391,211,384	311,942,710
Add: Balances at banks and financial institutions due within three months	205,289,156	245,995,909
Less: Banks and financial institutions deposits due within three months	(66,050,837)	(121,295,975)
Restricted balances	<u>(9,123,928)</u>	<u>(8,617,395)</u>
	<u>521,325,775</u>	<u>428,025,249</u>

15. Retained Earnings

The details of this item are as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Balance at the beginning of the period/ year	43,243,353	35,055,974
Impact of IFRS 9 implementation	1,628,701	-
Adjusted balance at the beginning of the year/ period	44,872,054	35,055,974
Profit for the period/ year	-	31,364,269
Other comprehensive income statement	(172,904)	(1,117,743)
Transferred to reserves	-	(8,971,844)
Dividends	-	(12,500,000)
Capital increase fee	-	(587,303)
Balance at the End of the Period/ Year	44,699,150	43,243,353

- Retained earning balance includes deferred tax assets and the impact of IFRS (9) implementation amounted to JD 10,735,750 as of March 31, 2018 (JD 5,097,571 as of December 31, 2017), which is restricted from use according to the Central Bank of Jordan.

16. Other Liabilities

The details of this item are as follows:

	March 31, 2018	December 31, 2017
	JD	JD
Accrued interest expense	21,504,956	21,748,139
Interests received in advance	1,141,789	1,205,293
Accounts payable	511,595	194,978
Accrued expenses	7,267,519	6,633,949
Incoming transfers	3,034,664	9,367
Manager checks	5,395,226	4,172,457
Balance of the investment risk review fund	6,031,607	5,344,209
Provision on the expected credit losses for off- condensed interim consolidated statement of financial position items*	2,680,028	-
Other	9,886,119	10,936,795
Total	57,453,503	50,245,187

* The movement on the provision for expected credit losses for the off- condensed interim consolidated statement of financial position items is as follows:

	For the Three Months Ended March 31, 2018			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance as of January 1, 2018	-	-	-	-
Impact of IFRS 9 Implementation	1,679,445	23,587	976,996	2,680,028
Adjusted balance as of January 1, 2018	1,679,445	23,587	976,996	2,680,028
Net expected credit loss for the period	-	-	-	-
Balance as at the end of the period	1,679,445	23,587	976,996	2,680,028

17. Information on the Bank's Business Activities

1. Bank Activities Information

For management purposes the bank is organized into the following major business segments based on the reports sent to the chief operating decision maker:

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit.
- Small and Medium Enterprises: This item includes following up on the client's deposits and credit facilities and in which these clients are classified based on the volume of the granted deposits and facilities according to the Banks instructions and principles and in compliance with the regulatory bodies instruction.
- Corporate Accounts: This item includes following up on the client's deposits and credit facilities and in which these clients are classified based on the volume of the granted deposits and facilities according to the Banks instructions and principles and in compliance with the regulatory bodies instruction.
- Treasury: This item includes providing treasury and trading services, managing the Bank's funds and long terms investments at amortized costs which is maintained to collect the contractual cash flows.
- Others: This sector includes all the accounts not listed within the sectors mentioned above such as shareholder's rights, investments in associates, property and equipment, general management and supporting management.

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

	Total				
	For the Three Months Ended March 31,		December 31,		
	Individuals	Corporations	Treasury	Others	
	JD	JD	JD	JD	2017
Gross income for the period	19,677,226	27,504,195	10,165,754	65,646	51,274,401
Less: Provision of Impairment loss in direct credit and financing facilities	(758,843)	(3,197,934)	-	-	(4,920,551)
Results of Business Sector	6,808,394	18,442,208	7,515,555	65,646	30,402,670
Unallocated expenses					(18,436,213)
Income before Income Tax					11,966,457
Less: Income tax expense for the period					(4,259,841)
Income for the Period					7,706,616
Other Information					
Capital Expenditures					2,688,586
Depreciation and Amortization					2,369,544
	Individuals	Corporations	Treasury	Others	
	JD	JD	JD	JD	2017
Sector's Assets	820,383,438	1,280,491,066	1,143,565,091	-	3,279,921,356
Unallocated assets	-	-	-	304,244,066	292,353,897
				3,548,683,661	3,572,275,253
Sector's Liabilities	1,880,788,111	907,126,146	244,846,028	-	3,048,561,067
Unallocated liabilities	-	-	-	64,049,428	65,203,153
				3,096,809,713	3,113,764,220

18. Transactions and Balances with Related Parties

The Bank entered into transactions with major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All of the credit facilities granted to related parties are considered to be performing facilities, and no impairment provisions have been taken except for the below:

A- The following is a summary of the transactions with related parties during the period

	Others (employees and their relatives and relatives of board and management)					Total		
	Board of Directors Members		Executive Management		Subsidiaries		March 31, 2018	December 31, 2017
	JD		JD		JD			
On- Condensed Consolidated Interim Statement of Financial Position Items:								
Direct credit facilities *	1,927,370		3,286,052		1,000,000		JD	JD
Deposits	5,996,353		2,131,774		2,012,415		50,739,034	47,025,173
Banks and financial institutions deposits	-		-		8,574		25,856,566	27,914,695
							8,574	33,281
Off- Condensed Consolidated Statement of Financial Position Items:								
Letter of credits	-		-		-		-	247,157
Acceptances	-		-		24,433		24,433	145,024
Guarantees	12,962		-		778,000		4,419,629	4,432,629
For the Three Months Ended March 31								
	2018		JD		2017		JD	
Condensed Consolidated Statement of Income Items:								
Interests, returns and commissions payable	32,218		26,426		12,443		1,154,529	995,152
Interests, returns and commissions receivable	46,800		4,051		29,687		145,629	301,046
Non- performing facilities	-		-		-		-	1,802
Provision for non- performing facilities	-		-		-		-	1,233
Interest and revenues in suspense	-		-		-		-	570

- The Salaries, bonuses and transportation allowances of Executive management for the Bank amounted to JD 1,259,874 for period ended March 31, 2018 (JD 1,217,950 for period ended March 31, 2017).

19. Capital Adequacy

In addition to subscribed capital, the capital includes the statutory reserve, voluntary reserve, share premium, retained earnings, cumulative change in fair value, general banking risk reserve, other reserves and treasury stocks.

The bank is committed to apply the requirements set forth by regulators concerning capital adequacy as follows:

- 1- Central Bank of Jordan instructions that capital adequacy ratio does not go below 12%.
- 2- Comply with the minimum limit set for the paid capital for Jordanian Banks such that it is not less than JD 100 million.
- 3- The Bank's investments in stocks and shares which should not exceed 50% of the subscribed capital.
- 4- The ratio of credit limits (credit concentration) to regulatory capital.
- 5- Banks and Companies laws related to the deduction of the legal reserve at a rate of 10% of the Bank's profit before tax.

	March 31 2018 JD	December 31 2017 JD
Common Equity Shareholders Rights		
Paid-up capital	160,000,000	160,000,000
Retained earnings after deduction of the expected distributions	28,699,150	27,243,353
The cumulative change in fair value	826,051	1,191,589
Share premium	80,213,173	80,213,173
Statutory reserve	42,668,849	42,668,849
Voluntary reserve	29,271,414	29,271,414
Non- controlling interests	21,000,069	23,424,090
Interim profit (losses) after tax and deduction of the expected distributions	2,948,727	-
Total Common Equity Tier 1 before regulatory adjustments	365,627,433	364,012,468
Regulatory Adjustments (Propositions of the Capital)		
Goodwill and intangible assets	21,150,127	20,945,239
Deferred tax assets resulting from investments within Tier 1 (10%)	9,735,338	4,559,081
Total Tier 1 capital	334,741,968	338,508,148
Additional Capital		
Non- controlling interests allowed to be recognized	3,705,895	4,133,663
Net Primary Capital (Tier 1)	338,447,863	342,641,811
Tier 2 Capital		
General Banking risk reserve	-	14,034,670
Provision for debts instruments listed in Tier 1	15,687,045	-
Non- controlling interests allowed to be recognized	4,941,193	5,511,551
Total Supporting Capital	20,628,238	19,546,221
Total Regulatory Capital	359,076,101	362,188,032
Total Risk Weighted Assets	2,395,908,775	2,464,358,929
Capital Adequacy Ratio (%)	%14/99	%14/70
Primary Capital Ratio (%)	%14/13	%13/90
Supporting Capital Ratio (%)	%0/86	%0/79

20. Paid-up Capital

The authorized and paid in capital amounted to JD 160,000,000 divided into 160,000,000 shares at a par value of JD 1 per share as of March 31, 2018 and December 31, 2017.

21. Reserves

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

22. Contingent Liabilities and Commitments:

The details of this item is as follows:

	March 31, 2018 JD	December 31, 2017 JD
Letters of credit	206,007,930	195,853,744
Acceptances	146,584,004	182,116,425
Letters of guarantee:		
- Payments	47,824,676	48,260,272
- Performance	72,789,046	71,307,780
- Other	58,778,153	58,854,936
- Unused Limits of Direct Credit Facilities and Financing	189,147,446	212,326,848
	<u>721,131,253</u>	<u>768,720,005</u>

23. Lawsuits against the Bank

The value of the cases against the Bank within the normal activity amounted to JD 3,489,451 as of March 31, 2018 (JD 3,497,551 as of December 31, 2017). Provisions amounted to JD 241,777 as of March 31, 2018 (JD 210,797 as of December 31, 2017). Management of the Bank and legal counsel declare that the provisions deducted for these cases are sufficient.

24. Fair Value Hierarchy

A- The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	March 31, 2018	December 31, 2017				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Profit or Loss						
Companies bonds	834,635	-	Level 1	Quoted prices in financial markets	N/A	N/A
Companies shares	3,267,029	3,658,948	Level 1	Quoted prices in financial markets	N/A	N/A
Investment Fund	5,853,729	3,850,332	Level 2	The treasury manager evaluation of fair value	N/A	N/A
Financial Assets at Fair Value Through Other Comprehensive Income						
Quoted Shares in active markets	24,433,067	26,751,131	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted Shares in active markets	4,362,430	4,126,605	Level 3	Through using equity method and based on the latest available financial information	N/A	N/A
Total Financial Assets at Fair Value	28,795,497	30,877,736				
	38,750,890	38,387,016				

There were no transfers between level 1 and level 2 during the period ended March 31, 2018 and December 31, 2017.

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

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the condensed consolidated interim financial statements of the Bank approximates their fair value.

	March 31, 2018		December 31, 2017		The level of Fair Value
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Term deposits, and certificate of deposits at Central Bank	391,211,384	391,247,369	338,311,743	338,219,140	Level 2
Current accounts, and balances at Banks and Financial Institutions	208,481,909	208,647,945	334,400,972	334,514,049	Level 2
Direct credit facilities at amortized costs	2,106,808,044	2,112,798,777	2,084,327,989	2,100,310,512	Level 2
Other financial assets at amortized costs	631,072,361	637,402,344	617,696,128	624,646,198	Level 1 & 2
Total Financial Assets of Non-specified Fair Value	3,337,573,698	3,350,096,435	3,374,736,832	3,397,789,899	
Financial Liabilities of Non-specified Fair Value					
Banks and Financial Institutions Deposits	69,050,837	69,225,451	58,873,920	58,985,911	Level 2
Customers' Deposits	2,708,185,807	2,716,937,099	2,691,335,921	2,712,076,501	Level 2
Cash Margin	160,180,570	160,242,701	210,088,710	210,150,635	Level 2
Borrowed Funds	88,139,433	88,649,502	88,211,995	89,101,327	Level 2
Total Financial Liabilities of Non-specified Fair Value	3,025,556,647	3,035,054,753	3,048,510,546	3,070,314,374	

The fair value of the financial assets and liabilities for level 2 and level 3 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.