



Date : 14th May, 2017

002794

To : Jordan Securities Commission

Subject : Quarterly Report
as of 31/3/2017

Attached the quarterly Report of Arab Jordan Investment Bank (AJIB)
as of 31/3/2017 .

Kindly accept our high appreciation and respect.

Yours Faithfully,

Arab Jordan Investment Bank

Dirar Haddadin
AGM / CFO

Yara Soudah
Financial Controller



ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING
LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR
THE THREE MONTHS
ENDED MARCH 31, 2017
TOGETHER WITH THE REVIEW REPORT

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
MARCH 31, 2017

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Review Report

AM/ 32772

To the Chairman and Members of the Board of Directors
Arab Jordan Investment 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 Arab Jordan Investment Bank (A Public Shareholding Limited Company) as of March 31, 2017 and the related condensed consolidated interim statements of income, comprehensive income, changes in 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 the preparation and fair presentation of these condensed consolidated interim financial statement in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed 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 the accompanying condensed consolidated interim financial statements are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Explanatory Paragraphs

1. The Bank's fiscal year ends on December 31 of each year. However, the condensed consolidated interim financial statements have been prepared in accordance with the Amman stock Exchange and Jordan Securities Commission instructions only.
2. The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements in the Arabic language to which reference is to be made.

Amman - Jordan
April 27, 2017


Deloitte & Touche (M.E.) - Jordan



ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		March 31, 2017 (Reviewed not audited)	December 31, 2016
	Notes	JD	JD
<u>Assets</u>			
Cash and balances at Central Bank of Jordan	4	66,745,373	73,679,105
Balances at banks and financial institutions	5	222,234,322	224,106,568
Deposits at banks and financial institutions	6	25,908,835	27,312,114
Financial Assets at fair value through Profit or Loss	7	56,011	223,760
Financial Assets at fair value through Comprehensive Income	8	15,110,442	15,066,496
Direct credit facilities - net	9	724,770,089	753,206,802
Financial Assets at Amortized Cost - net	10	621,652,312	594,028,333
Investment in an associate company	11	17,823,950	17,376,287
Property and equipment - net		65,927,655	65,692,484
Intangible assets - net		1,218,991	1,688,482
Deferred tax assets		921,308	936,420
Other assets		37,846,373	36,267,905
Total Assets		1,800,215,661	1,809,584,756
<u>Liabilities and Equity</u>			
Liabilities:			
Banks and financial institutions' deposits		506,763,470	420,474,428
Customers' deposits		982,534,763	1,077,556,467
Cash margins		63,184,827	62,460,574
Sundry provisions		1,887,358	1,984,077
Income tax provision	12	9,997,946	9,975,825
Other liabilities		11,672,633	16,719,105
Total Liabilities		1,576,040,997	1,589,170,476
Equity:			
Equity attributable to Bank's shareholders			
Paid-up capital		150,000,000	150,000,000
Share issuance premium		1,418,000	1,418,000
Statutory reserve		26,957,710	26,957,710
General banking risks reserve		5,788,551	5,788,551
Foreign currency translation adjustments		(3,961,893)	(4,178,654)
Fair value reserve - net after tax		(1,516,615)	(1,429,227)
Retained earnings	13	20,603,714	20,603,714
Profit for the period		4,835,707	-
Total Shareholders' Equity		204,125,174	199,160,094
Non - controlling interest		20,049,490	21,254,186
Total Equity		224,174,664	220,414,280
Total Liabilities and Equity		1,800,215,661	1,809,584,756

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

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

		For the Three Months Ended March 31,	
	Notes	2017	2016
		JD	JD
Interest income		19,533,616	19,883,756
Interest expense		(7,658,480)	(6,601,782)
Net Interest Income		11,875,136	13,281,974
Net commissions and fees income		2,014,463	2,059,033
Net Interest and Commissions Income		13,889,599	15,341,007
Foreign currencies income		1,077,306	950,099
Gain (Loss) from financial assets at fair value through profit or Loss	14	11,388	(114,512)
Cash dividends from financial assets at fair value through comprehensive income		344,979	341,804
Other revenues		447,300	457,899
Total Income		15,770,572	16,976,297
Employees expenses		4,601,251	5,075,596
Depreciation and amortization		799,453	496,285
Other expenses		2,735,224	2,721,623
Provision for impairment of direct credit facilities		272,270	755,000
Sundry provisions		32,332	164,804
Total Expenses		8,440,530	9,213,308
Bank's Share in the income of associate company		230,902	371,244
Profit for the period before income tax		7,560,944	8,134,233
Income tax expense	12/B	(2,311,555)	(2,517,742)
Profit for the Period		5,249,389	5,616,491
Attributable to:			
Bank's Shareholders		4,835,707	5,194,116
Non - controlling Interest		413,682	422,375
		5,249,389	5,616,491
Earning per share for the period (Bank's shareholders)		JD/Fils	JD/Fils
Basic and diluted earnings per share	15	0.032	0.035

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ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three Months Ended March 31,	
	2017	2016
	JD	JD
Profit for the period	5,249,389	5,616,491
<u>Comprehensive Income Items:</u>		
Foreign Currency translation adjustments - Associate Company (Convertible on sale)	216,761	(641,527)
Cumulative change in fair value of financial assets through comprehensive income - net after tax (Non-Convertible)	<u>(110,516)</u>	<u>(654,344)</u>
Total other comprehensive profit (loss)	<u>106,245</u>	<u>(1,295,871)</u>
Total Comprehensive Income for the period	<u>5,355,634</u>	<u>4,320,620</u>
Total Comprehensive Income Attributable to:		
Bank's Shareholders	4,965,080	3,830,248
Non - Controlling Interest	<u>390,554</u>	<u>490,372</u>
	<u>5,355,634</u>	<u>4,320,620</u>

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

	Reserves										Non - Controlling Interest	Total Shareholders' Equity	Profit for the period	Retained Earnings**	Fair Value Reserve - Net after Tax ***	Foreign Currency Translation Adjustments	General Banking Risks Reserve*	Share Issuance Premium	Paid-up Capital
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD									
<u>For the three month ended March 31, 2017</u>																			
Balance - beginning of the period	150,000,000	1,418,000	26,957,710	5,788,551	(4,178,654)	(1,429,227)	20,603,714	-	199,160,094	21,254,186	220,414,280								
Profit for the period	-	-	-	-	-	-	4,835,707	-	4,835,707	413,682	5,249,389								
Cumulative change in fair value - net after tax	-	-	-	-	-	(87,388)	-	-	(87,388)	(23,128)	(110,516)								
Foreign currency translation adjustments - associate company	-	-	-	-	-	-	-	-	-	-	-								
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-								
Change in non-controlling interest	-	-	-	-	-	(87,388)	-	-	4,835,707	390,554	5,355,634								
Balance - End of the Period	<u>150,000,000</u>	<u>1,418,000</u>	<u>26,957,710</u>	<u>5,788,551</u>	<u>(3,961,893)</u>	<u>(1,516,615)</u>	<u>20,603,714</u>	<u>4,835,707</u>	<u>204,125,174</u>	<u>20,049,490</u>	<u>224,174,664</u>								
<u>For the three month ended March 31, 2016</u>																			
Balance - beginning of the period	150,000,000	1,418,000	23,917,637	5,788,551	(754,742)	(1,017,821)	20,747,416	-	200,099,041	21,509,930	221,608,971								
Profit for the period	-	-	-	-	-	-	-	5,194,116	5,194,116	422,375	5,616,491								
Cumulative change in fair value - net after tax	-	-	-	-	-	(722,341)	-	-	(722,341)	67,997	(654,344)								
Foreign currency translation adjustments - associate company	-	-	-	-	-	-	-	-	-	-	-								
Total Comprehensive Income	-	-	-	-	-	-	-	-	(641,527)	-	(641,527)								
Change in non-controlling interest	-	-	-	-	-	(722,341)	-	-	5,194,116	490,372	4,320,620								
Balance - End of the Period	<u>150,000,000</u>	<u>1,418,000</u>	<u>23,917,637</u>	<u>5,788,551</u>	<u>(1,396,269)</u>	<u>(1,740,162)</u>	<u>20,747,416</u>	<u>5,194,116</u>	<u>203,929,289</u>	<u>20,176,181</u>	<u>224,105,470</u>								

* The general banking reserve cannot be utilized without the approval of the Central Bank of Jordan.

** Retained earnings include a restricted amount of JD 921,308 against deferred tax benefits as of March 31, 2017. This restricted amount cannot be utilized through capitalization or distribution unless actually realized in accordance to the Central Bank of Jordan regulations.

*** The negative fair value reserve which amounts to JD 1,516,615 cannot be utilized through capitalization, distribution or any other way unless realized from the actual sales transactions in accordance to the Central Bank of Jordan regulations.

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ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWD NOT AUDITED)

		For the Three Months Ended March 31.	
	Notes	2017	2016
		JD	JD
Cash Flows From Operating Activities			
Profit before income tax		7,560,944	8,134,233
Adjustments for:			
Depreciation and amortization		799,453	496,285
Unrealized (Gain) loss on financial assets at fair value through profit or loss		(1,438)	7,336
Gain from the sale of property and equipment		(12,099)	(32,199)
Provision for impairment of direct credit facilities		272,270	755,000
Bank's share in the income of associate company		(230,902)	(371,244)
Provision for end-of-service indemnity		12,332	104,804
Sundry Provisions		20,000	60,000
Effect of exchange rate fluctuations on cash and cash equivalents		(50,892)	(48,759)
Profit before Changes in Assets and Liabilities		<u>8,369,668</u>	<u>9,105,456</u>
Changes in Assets and Liabilities:			
Decrease in deposits at banks and financial institutions (maturing over 3 month)		1,403,279	4,351,761
Decrease (Increase) in financial assets at fair value though profit or loss		169,187	(44,586)
Decrease in direct credit facilities		28,164,443	8,731,698
(Increase) in other assets		(1,578,468)	(159,014)
(Decrease) in banks and financial institutions deposits (maturing over 3 months)		-	(63,720,000)
(Decrease) in customers' deposits		(95,021,704)	(30,009,361)
Increase (Decrease) in cash margins		724,253	(530,983)
(Decrease) in other liabilities		(4,172,256)	(3,241,450)
Net Cash Flows (used in) Operating Activities before Taxes		<u>(61,941,598)</u>	<u>(75,484,280)</u>
Income tax paid	12	(2,274,322)	(2,387,823)
Provisions paid		(129,051)	(8,477)
Net Cash Flows (used in) Operating activities		<u>(64,344,971)</u>	<u>(77,880,580)</u>
Cash Flows From Investing Activities:			
(Purchase) maturity of financial assets at amortized cost - net		(27,623,979)	(18,512,979)
(Purchase) of fianacial assets at fair value through comprehensive income		(154,462)	(675,000)
(Purchase) of property and equipment		(855,608)	(1,865,543)
(Purchase) of intangible assets		(55,295)	(23,663)
Proceeds from the sale of a property and equipment		357,869	65,548
Net Cash Flows (used in) Investing Activities		<u>(28,331,475)</u>	<u>(21,043,836)</u>
Cash Flows From Financing Activities:			
Change in non-controlling interest		(1,595,250)	(1,824,121)
Dividends paid to shareholders		(874,216)	(1,767,187)
Net Cash Flows (used in) Financing Activities		<u>(2,469,466)</u>	<u>(3,591,308)</u>
Net (Decrease) in Cash and Cash Equivalents		<u>(95,145,912)</u>	<u>(102,515,724)</u>
Effect of exchange rate fluctuations on cash and cash equivalents		50,892	48,759
Cash and cash equivalent - beginning of the period		(122,688,755)	(65,858,848)
Cash and Cash Equivalent - end of the period	16	<u>(217,783,775)</u>	<u>(168,325,813)</u>

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ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL

- The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman – Jordan, On January 1, 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No, (22) for the year 1997. Moreover the Bank's authorized and paid-up capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each.
- The Bank is engaged in commercial banking activities through its (33) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Jordan and Qatar (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage).
- The Bank's shares are listed and traded In the Amman Stock Exchange.
- The Condensed consolidated Interim financial statements have been approved by the Board of Directors on April 27, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

- The accompanying condensed consolidated interim financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting" , and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The condensed consolidated interim financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and Loss and financial assets at fair value through Comprehensive Income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements, Moreover hedged assets and liabilities are stated at fair value.
- The condensed consolidated interim financial statements are presented in Jordanian Dinar (JD) which is the base currency of the Bank.
- The accompanying consolidated condensed interim financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of the Bank's operations for the three-month period ended on March 31, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017. Therefore, this consolidated condensed interim financial statements should be read with The Bank's annual report for the year ended December 31, 2016 and it does not contain the appropriation of profit on current period, which is usually performed at the year end.

- The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2016 except for the following:
 - Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS (12).
 - Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.
 - Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Adoption of the above new standards had no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

Basis of Consolidation of Condensed Interim Financial Statements

- The condensed consolidated interim financial statements incorporate the financial statements of the Bank and the subsidiaries controlled by it and under its control. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from its activities. All intra-group transactions balances income and expenses are eliminated in full.
- The financial statements of the subsidiaries are prepared for the same financial year of the Bank using the same accounting policies adopted by the Bank, If the accounting policies adopted by the Bank are different from those used by the Bank the necessary adjustments to the financial statements of the subsidiaries are made to comply with the accounting policies used by the Bank.

As of March 31, 2017, the Bank owns the following subsidiaries:

Company's Name	Company's Paid-up Capital	Ownership Percentage	Industry of the Company	Location	Acquisition Date
	JD	%			
United Arab Jordan Company for Investment and Financial Brokerage	2,500,000	100%	Financial brokerage	Amman-Jordan	February 5, 2002
Arab Jordan Invest Bank / Qatar	35,450,000	50% and two shares	Banking	Doha-Qatar	January 5, 2005

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage		Arab Jordan Invest Bank / Qatar	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	JD	JD	JD	JD
Total assets	3,169,164	2,344,150	225,590,188	232,208,146
Total liabilities	278,697	121,774	185,411,622	189,699,769
Net assets	2,890,467	2,222,376	40,178,566	42,508,377
	For the period Ended March 31,		For the period Ended March 31,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Total revenue	42,413	128,879	2,063,622	2,035,414
Total expenses	44,641	113,131	1,236,259	1,150,406

- The subsidiaries financial results are consolidated in the condensed consolidated interim statement of income from the date of their acquisition, which is the date on which the control of the Bank on the subsidiary takes place. In addition, the financial results of the disposed subsidiaries are consolidated in the condensed consolidated interim statement of income up to the date of the disposal, which is the date on which the Bank loses control over the subsidiary.
- Non-controlling interest represents the portion that is not owned by the bank in the owner's equity in the subsidiary companies.

3. Accounting Estimates

Management through applying the accounting policies uses assumptions and estimates with material impacts on the recognition of the balances recorded in the consolidated financial statements, Which the management believes is sufficient the details are as follows:

- A provision for credit facilities is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs), The outcome of these bases and estimates is compared against the adequacy of the provisions as per the instructions of the central banks where the bank branches operate, The strictest outcome that conforms with (IFRSs) is used for the purpose of determining the provision.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the condensed consolidated Interim statement of income.
- Management frequently reviews the financial assets stated at cost to estimate any impairment in their value, Impairment loss (if any) is taken to the Condensed consolidated Interim statement of income.

- A provision for lawsuits raised against the bank (if there is any need) is recorded based on a legal study prepared by the bank's legal advisor, Moreover the study highlights any potential risks that the Bank may encounter in the future, such legal assessments are reviewed periodically.
- A provision for income tax is recorded on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year.
- Fair value hierarchy
The bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety segregating fair value measurements in accordance with the levels defined in IFRS, The difference between Level 2 and Level 3 fair value measurements i.e, assessing whether inputs are observable and whether the unobservable inputs are significant may require judgement and a careful analysis of the inputs used to measure fair value including consideration of factors specific to the assets or liability.

In the opinion of the Bank's management the accounting estimates used within the condensed consolidated interim financial statements are reasonable.

4. Cash and Balances at the Central Bank of Jordan

- The statutory cash reserve at the Central Bank of Jordan amounted to JD 49,864,247 as of March 31, 2017 (JD 50,340,650 as of December 31, 2016).
- Except for the cash reserve, there are no restricted balances as of March 31, 2017 and December 31, 2016.
- * There are no certificates of deposit maturing withing a period exceeding three months as of March 31, 2017 and December 31, 2016.

5. Balances at Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2017 JD	December 31, 2016 JD	March 31, 2017 JD	December 31, 2016 JD	March 31, 2017 JD	December 31, 2016 JD
Current and Call accounts	154,117	134,579	60,863,341	53,992,274	61,017,458	54,126,853
Deposits maturing within 3 months or less	20,037,501	37,876,118	141,179,363	132,103,597	161,216,864	169,979,715
Total	<u>20,191,618</u>	<u>38,010,697</u>	<u>202,042,704</u>	<u>186,095,871</u>	<u>222,234,322</u>	<u>224,106,568</u>

- Balances at banks and financial institutions that bears no interest amounted to JD 61,016,267 as of March 31, 2017 (JD 54,125,501 as of December 31, 2016).
- There are no restricted balances at banks and financial institutions as of March 31, 2017 and December 31, 2016.

6. Deposits at Banks and Financial Institutions

This item consists of the following:

- Deposits maturing within a period exceeding three months as of March 31, 2017 amounted to JD 25,908,835 (JD 27,312,114 as of December 31, 2016).

7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Listed stocks in active markets	56,011	223,760
Total	56,011	223,760

8. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Listed stocks in active markets	13,672,348	13,782,864
Unlisted stocks in active markets *	1,438,094	1,283,632
Total	15,110,442	15,066,496

* The latest available audited financial statements issued by the investee companies has been used to evaluated the financial assets that are not listed in active markets. We believe that there is no need to book any impairment for these investments.

- Cash dividends on the investments above amounted to JD 344,979 for the period ended March 31, 2017 (JD 341,804 for the year ended March 31, 2016).

9. Direct Credit Facilities – Net

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Individual (Retail):		
Loans*	96,378,614	92,248,503
Credit cards	11,317,325	11,273,210
Real-estate Loans	96,623,123	97,906,564
Large companies		
Loans *	235,099,375	217,137,484
Overdraft accounts	77,039,161	112,685,776
Small and medium companies		
Loans	34,276,451	32,065,663
Overdraft accounts	8,185,897	12,399,580
Government and public sector	178,457,173	189,737,076
Total	737,377,119	765,453,856
Deduct: Provision for impairment of direct credit facilities	(10,482,071)	(10,236,282)
Deduct: Suspended interest	(2,124,959)	(2,010,772)
Net Credit Facilities	724,770,089	753,206,802

- * Net after deducting interests and commission received in advance.
- Non-performing credit facilities amounted to JD 13,953,690 representing 1.89% of direct credit facilities balance as of March 31, 2017 (JD 14,095,395 representing 1.84% as of December 31, 2016).
- Non-performing credit facilities net of interest in suspense amounted to JD 12,470,329 representing 1.69% of direct credit facilities balance net of interest in suspense as of March 31, 2017 (JD 12,667,048 representing 1.66% as of December 31, 2016).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 152,960,206 representing 20.74% of total direct credit facilities as of March 31, 2017 (JD 163,263,623 representing 21.33% as of December 31, 2016).

Provision for impairment of direct credit facilities:

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

	Individuals	Real-estate Loans	Large Companies	Small and Medium Companies	Total
	JD	JD	JD	JD	JD
<u>For the Three Months Ended March 31, 2017</u>					
Balance – beginning of the period	2,270,177	2,058,376	1,064,000	4,843,729	10,236,282
Provision for the period taken from revenues	72,087	16,298	-	183,885	272,270
Transferred to off-statement of financial position accounts *	(26,481)	-	-	-	(26,481)
Transfers	148,524	(294,347)	-	145,823	-
Balance – End of the Period	<u>2,464,307</u>	<u>1,780,327</u>	<u>1,064,000</u>	<u>5,173,437</u>	<u>10,482,071</u>
Provision on a single client basis	2,154,152	1,691,994	1,064,000	3,535,854	8,446,000
Provision for watch-list debts on a portfolio basis	310,155	88,333	-	1,637,583	2,036,071
Balance – End of the Period	<u>2,464,307</u>	<u>1,780,327</u>	<u>1,064,000</u>	<u>5,173,437</u>	<u>10,482,071</u>

	Individual	Real-estate Loans	Large Companies	Small and Medium Companies	Total
	JD	JD	JD	JD	JD
<u>For the Year Ended December 31, 2016</u>					
Balance – beginning of the year	2,675,220	1,353,720	1,064,000	4,037,432	9,130,372
Provision for the period taken from revenues used during the year	209,970	746,716	-	1,112,200	2,068,886
	-	(24,248)	-	-	(24,248)
Transferred to off-statement of financial position accounts *	(615,013)	(17,812)	-	(305,903)	(938,728)
Balance – End of the Year	<u>2,270,177</u>	<u>2,058,376</u>	<u>1,064,000</u>	<u>4,843,729</u>	<u>10,236,282</u>
Provision on a single client basis	1,991,695	1,987,424	1,064,000	3,262,264	8,305,383
Provision for watch-list debts on a portfolio basis	278,482	70,952	-	1,581,465	1,930,899
Balance – End of the Year	<u>2,270,177</u>	<u>2,058,376</u>	<u>1,064,000</u>	<u>4,843,729</u>	<u>10,236,282</u>

- Provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 792,528 as of March, 31, 2017 (JD 2,448,277 as of December 31, 2016).
- * There are direct credit facilities with a balance of JD 62,817,967 and interest in suspense of JD 16,772,295 with a provision of JD 45,160,015 and cash margins of JD 885,657 as of March 31, 2017 (Direct credit facilities have a balance of JD 62,164,887 and it's suspended interests JD 16,146,179 and a provision JD 45,133,534 and cash margins JD 885,174 as of December 31, 2016) that have been recorded within off – statement of financial position account as per the board of directors decision as these credit facilities are fully covered as of the date of the consolidated financial statements.

Interest in suspense:

The following is the movement on the interest in suspense:

	Individual	Real-estate Loans	Large Companies	Small and medium Companies	Total
For the Three Months Ended March 31, 2017	JD	JD	JD	JD	JD
Balance – beginning of the period	253,496	749,639	-	1,007,637	2,010,772
<u>Add:</u> Interest suspended during the period	76,810	93,251	-	126,458	296,519
<u>Less:</u> Interest in suspense reversed to revenues	(25,282)	(87,534)	-	(9,291)	(122,107)
<u>Less:</u> Interest in suspense transferred to off - statement of financial position accounts	(44,088)	(14,423)	-	(1,714)	(60,225)
Balance - End of the Period	<u>260,936</u>	<u>740,933</u>	<u>-</u>	<u>1,123,090</u>	<u>2,124,959</u>

	Individual	Real-estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2016	JD	JD	JD	JD	JD
Balance – beginning of the year	225,345	629,180	-	799,131	1,653,656
<u>Add:</u> Interest suspended during the year	355,528	425,256	-	303,110	1,083,894
<u>Less:</u> Interest in suspense reversed to revenues	(51,555)	(118,150)	-	(9,087)	(178,792)
<u>Less:</u> Interest in suspense transferred to off - statement of financial position accounts	(275,822)	(148,492)	-	(85,517)	(509,831)
<u>Less:</u> Interest in suspense written off	-	(38,155)	-	-	(38,155)
Balance - End of the Year	<u>253,496</u>	<u>749,639</u>	<u>-</u>	<u>1,007,637</u>	<u>2,010,772</u>

10. Financial Assets at Amortized Cost - Net

This item consists of the following:

	March 31, 2017 JD	December 31, 2016 JD
Financial Assets with Market Price:		
Governmental bonds and with their guarantee	583,505,398	555,171,529
Foreign government bonds	4,282,702	4,286,146
Companies bonds	33,900,712	34,607,158
	<u>621,688,812</u>	<u>594,064,833</u>
<u>Less:</u> Impairment	(36,500)	(36,500)
Total Financial Assets with market price	<u>621,652,312</u>	<u>594,028,333</u>

11. Investment in Associate Company

The following is the movement on the investment in the associate company:

	For the Three Months Ended March 31, 2017 JD	For the Year Ended December 31, 2016 JD
Balance at the beginning of the period/year	17,376,287	19,680,613
The Bank's share in the associate company's gain	230,902	1,119,586
Foreign currency translation adjustment	216,761	(3,423,912)
Balance at the End of the Period/Year	<u>17,823,950</u>	<u>17,376,287</u>

The Bank's share of the associate company's profit for the period ended March 31, 2017 has been calculated according to the latest unaudited financial statements available as of March 31, 2017 with the Bank's contribution of the capital of 25% .

12. Income Tax

A- Income tax provision

The movement on the income tax provision is as follows:

	For the Three Months Ended March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Balance – beginning of the period / year	9,975,825	9,509,374
Income tax paid	(2,274,322)	(10,440,663)
Accrued income tax expense	2,296,443	10,907,114
Balance – End of the period / year	<u>9,997,946</u>	<u>9,975,825</u>

B - Income tax in the statement of income represents the following:

	For the Three Months Ended March 31,	
	2017	2016
	JD	JD
Accrued Income tax expense for the period	2,296,443	2,546,275
Deferred tax assets for the period	15,112	(28,533)
Total	<u>2,311,555</u>	<u>2,517,742</u>

According to the Income Tax Law which has come into force effective from January 1, 2015 a tax rate of 35% is used to calculate the income tax expense for the period ended March 31, 2017 and 2016.

- The tax rate on the Bank's branch in Cyprus and the subsidiary in Qatar is 10% and 24 % for the subsidiaries in Jordan.
- The deferred tax assets are calculated at 35% on the doubtful debts provisions balances and the provision of end-of-service indemnity as at the period ended March 31, 2017. In our opinion these benefits will be utilized during the coming years for the Bank.

C - Tax situation

- The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to 2014 and paid the taxes declared up to the year 2015 and there are no accrued balances due to the Department relating to previous years.
- The Bank has submitted its tax returns for the year 2016 and paid the declared taxes within its legal date, which hasn't been audited by the Income and Sales Tax Department .
- United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2014. In addition the company has already submitted its tax returns for the year 2015, 2016 which hasn't been audited by the Income Tax and Sales Department until the date of the condensed consolidated interim financial statements.
- A final tax settlement has been reached for the bank in Qatar up to the year 2015.
- A final tax settlement has been reached for Cyprus branch up to the year 2016.
- The Bank has booked a provision against any expected tax liabilities for the period ended March 31, 2017 and the above-mentioned years, In the opinion of the bank's management and its tax consultant the income tax provision booked in the condensed consolidated interim financial statements is sufficient to cover any future tax liabilities that may arise.

13. Retained Earnings

The movement on retained earnings account for the three months ended March 31, 2017 is as the following:

	March 31, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period / year	20,603,714	20,747,416
Income for the year	-	21,006,184
Gain from sale of financial assets through comprehensive income	-	(125,438)
Transferred to reserves	-	(3,052,573)
Effect of the sale of a subsidiary company	-	28,125
Distributed dividends	-	(18,000,000)
Balance – End of the Year	20,603,714	20,603,714

Retained earnings include a restricted amount of JD 921,308 against deferred tax benefits as of March 31, 2017 (JD 936,420 as of December 31, 2016). This restricted amount cannot be utilized through capitalization or distribution unless actually realized.

14. Gain (Losses) from Financial Assets at Fair Value through Profit or Loss

	Realized Gain	Unrealized Gain	Shares Dividends	Total
<u>For the Three Months Ended March 31, 2017</u>	JD	JD	JD	JD
Companies' shares	9,950	1,438	-	11,388
Total	9,950	1,438	-	11,388
	Realized (Losses)	Unrealized (Losses)	Shares Dividends	Total
<u>For the Three Months Ended March 31, 2016</u>	JD	JD	JD	JD
Companies' shares	(107,176)	(7,336)	-	(114,512)
Total	(107,176)	(7,336)	-	(114,512)

15. Earnings Per Share for the period

This item consists of the following:

	For the Three Months Ended March 31, 2017	2016
	JD	JD
Income for the period	4,835,707	5,194,116
Weighted average number of shares	150,000,000	150,000,000
Earnings per share (Bank shareholders) Basic and Diluted	0.032	0.035

The diluted earning per share for the period is equivalent to the basic earning per share for the period.

16. Cash and Cash Equivalents

This item consists of the following:

	For the Three Months Ended March 31, 2017	2016
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	66,745,373	80,794,043
Add: Balances at banks and other financial Institutions maturing within 3 months	222,234,322	175,494,583
Less: Deposits from banks and financial Institutions maturing within 3 months	(506,763,470)	(424,614,439)
Total	(217,783,775)	(168,325,813)

17. Segment Analysis

A. Information about the Bank's Business Segments

- The Bank is organized for administrative purposes so that the segments are measured according to the reports that are used by the Executive Director and the main decision-maker at the bank through the following main business segments:

- 1- Individual accounts: include following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.
- 2- Corporate accounts: include corporate transactions on loans credit facilities and deposits.
- 3- Treasury: principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.
- 4- Institutional Financing: The activity of this sector is related to arrangements for the structure of financing and shares underwriting.

- The Following represents information about the bank's sector activities:

	Total					
	For the Three Months Ended March 31,			2016		
	Individual	Corporate	Treasury	Others	2017	In Thousands
	JD	JD	JD	JD	JD	JD
Gross Income						
Provision for impairment of direct credit facilities	In Thousands	In Thousands	In Thousands	In Thousands	In Thousands	In Thousands
Bank's share of income from associate Company	2,756 (88)	9,175 (184)	9,961 -	1,537 -	23,429 (272)	23,578 (755)
Segment results	-	-	231	-	231	371
Undistributed segment expenses	2,668	8,991	10,192	1,537	23,388 (15,827)	23,194 (15,060)
Income before tax					7,561 (2,312)	8,134 (2,518)
Income tax					5,249	5,616
Income for the Period						
					March 31, 2017	December 31, 2016
					JD	JD
Undistributed assets	-	-	-	105,915	105,915	104,587
Investments in associate Company	-	-	17,824	-	17,824	17,377
Segment's Assets	192,993	531,777	951,707	-	1,676,477	1,687,621
Total Segment's Assets	<u>192,993</u>	<u>531,777</u>	<u>969,531</u>	<u>105,915</u>	<u>1,800,216</u>	<u>1,809,585</u>
Undistributed liabilities	-	-	-	23,558	23,558	28,681
Segment's liabilities	659,361	386,359	506,763	-	1,553,368	1,560,489
Total Segment's Liabilities	<u>659,361</u>	<u>386,359</u>	<u>506,763</u>	<u>26,558</u>	<u>1,576,041</u>	<u>1,589,170</u>
Capital expenses	-	-	-	-	910	1,889
Depreciation and ammortization	-	-	-	-	799	496

18. Related Parties Transactions

The Condensed Consolidated Interim Financial Statements includes the financial statements of the Bank and its subsidiaries include the following:

Company's Name	Ownership Percentage	Company's Capital	
		March 31, 2017	Decmeber 31, 2016
		JD	JD
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	2,500,000
Arab Jordan Investment Bank /Qatar	50% + two shares	35,450,000	35,450,000

The Bank has entered into transactions with members of the Board of Directors and Executive Management within the normal course of its activities at the commercial interest rates and commissions.

The following is a summary of the transactions with related parties during the period / year:

Statement of Financial Position Items:	Related party				Total	
	Subsidiary Companies	Board of Directors Members and Management Executives	Associate companies	Other	March 31, 2017	Decmeber 31, 2016
	JD	JD	JD	JD	JD	JD
Total Deposits for related parties	47,507,527	61,020,975	15,108,748	-	123,637,250	125,939,810
Total Bank Deposits with related parties	39,606,942	-	20,874,454	-	60,481,396	63,687,447
Loans and credit facilities granted to related parties	-	322,586	-	2,110,022	2,432,608	2,507,859
<u>Off-Statement of Financial Position Items:</u>						
Letter of Credit and Guarantee	160,000	429,793	-	-	589,793	160,000
					Total	
					For the Three Months Ended March 31,	
					2017	2016
					JD	JD
Credit interest and commission	96,739	57,172	78,318	34,709	266,938	141,028
Debit interest and commission	181,942	92,580	25,359	-	299,881	631,032

- The interest rate received on amounts granted as facilities to related parties reached 4% annually, and the interest rate paid to related parties reached 6.5% annually.

The following is a summary of the benefits (salaries and remunerations plus other benefits) of the executive management of the Bank:

	For the Three Months Ended March 31,	
	2017	2016
	JD	JD
Salaries, remunerations and other benefits	768,219	733,190
Travel and transportation	11,110	48,879
Total	779,329	782,069

19. Commitments and Contingent Liabilities (Off-Statement of Financial Position)

The following represents liabilities that may arise at the preparation of the financial statements date:

A. Contingent Liabilities:

	March 31, 2017 JD	December 31, 2016 JD
<u>Letters of credit</u>		
Export	26,785,222	26,706,876
Import (backed)	1,837,866	756,239
Import (not backed)	16,678,434	18,256,659
<u>Acceptance</u>		
Export / letter of credit	27,472,677	19,206,824
Export / policies	8,163,393	8,259,364
Import (not backed)	4,196,022	8,316,672
<u>Letters of guarantee</u>		
Payments	26,290,467	29,155,264
Performance	33,283,603	33,249,426
Other	24,586,993	24,461,043
Forward contracts	21,305,985	10,614,113
Un-utilized facilities	48,797,953	35,056,519
Total	<u>239,398,615</u>	<u>214,038,999</u>

20. Lawsuits against the Bank

The lawsuits against the bank amounted to JD 8,338,508 as of March 31, 2017 (JD 8,299,988 as of December 31, 2016) which represents mostly lawsuits that clients have raised to respond to lawsuits that the bank has raised against them. In the opinion of the Bank's lawyer the Bank will not incur any significant amounts against these lawsuits except for the booked provision which amounted to JD 127,000 as of December 31 2016. Moreover the amounts paid by the Bank against concluded or settled lawsuits are taken to the condensed consolidated interim statement of income upon payment.

20. Statutory reserves and fees

The Bank did not deduct any statutory reserve for the three months period ended March 31, 2017 in accordance with the Companies Laws and the Regulations issued, as these financial statements are interim statements and the deduction is made at the end of the year.

22. Fair Value Hierarchy

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

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

Financial Assets/Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation and key inputs	Significant unobservable inputs	Relationship of Unobservable Inputs to fair value
	March 31, 2017	December 31, 2016				
Financial assets at fair value:						
Financial assets at fair value through profit or loss						
Companies shares	56,011	223,760	Level 1	quoted rates in financial markets	Not Applicable	Not Applicable
	<u>56,011</u>	<u>223,760</u>				
Foreign currency futures contracts	21,305,985	10,614,113	level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Financial assets at fair value through comprehensive income						
Shares available at market price	13,672,348	13,782,864	level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Shares not available at market price	1,438,094	1,283,632	level 2	compare to similar financial	Not Applicable	Not Applicable
	<u>15,110,442</u>	<u>15,066,496</u>				
Total						
Total Financial Assets at fair value	<u>36,472,438</u>	<u>25,904,369</u>				

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

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

Except what is detailed in following table we believe that the carrying amounts of financial assets recognized in the Bank's financial statements approximate their fair values, due to that the bank's management believes that the item's book value are equals to the fair value which is due to its short term maturity or to the interest rates being revaluated during the period.

	March 31, 2017		December 31 2016		Hierarchy
	Book value	Fair value	Book value	Fair value	
Financial assets not calculated at fair value					
Balances at central banks	49,864,247	49,864,247	58,340,650	58,446,951	level 2
Balances at banks and financial institutions	222,234,322	222,796,117	224,106,568	224,202,941	level 2
Deposits at banks and financial institutions	25,908,835	25,928,457	27,312,114	27,415,167	level 2
Loans and other bills	628,227,706	632,285,489	616,958,309	622,357,028	level 2
Financial assets at amortized costs	<u>621,652,312</u>	<u>629,649,044</u>	<u>594,028,333</u>	<u>603,311,893</u>	level 1 & 2
Total Financial assets not calculated at fair value	<u>1,547,887,422</u>	<u>1,560,523,354</u>	<u>1,520,745,974</u>	<u>1,535,733,980</u>	
Liabilities not calculated at fair value					
Banks and financial institution deposits	506,763,470	507,377,705	420,474,428	420,783,974	level 2
Customer deposits	982,534,763	985,554,427	1,077,556,467	1,080,458,509	level 2
Cash margins	63,184,827	63,230,607	62,460,574	62,490,341	level 2
Total Liabilities not Calculated at Fair Value	<u>1,552,483,060</u>	<u>1,556,162,739</u>	<u>1,560,491,469</u>	<u>1,563,732,824</u>	

The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing. Models based on a discounted cash flow analysis with the most significant inputs being that discount rate reflects the credit risk of counterparties.