البنك التجاري الأردني
Jordan Commercial Bank

To: Jordan Securities Commission Amman Stock Exchange Ref: FM/106/154 Date: 07/05/2016 **Subject: Audited Financial Statements for the fiscal year ended 31/12/2016**	السادة هيئة الاوراق المالية السادة بورصة عمان الرقم: إم/١٠٦/١٥٤ التاريخ: ٢٠١٦/٠٥/٠٧ **الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في ٢٠١٦/١٢/٣١**
Attached the Audited Financial Statements of (Jordan Commercial Bank) for the fiscal year ended 31/12/2016.	مرفق طيه نسخة من البيانات المالية المدققة لشركة (البنك التجاري الأردني) عن السنة المالية المنتهية في ٢٠١٦/١٢/٣١.
Kindly accept our high appreciation and respect. Commercial Jordan Bank Caesar Qulajen General Manager	وتفضلوا بقبول فائق الاحترام،،، البنك التجاري الأردني سيزر قولاجن المدير العام

البنك التجاري الأردني

البنك التجاري الأردني

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠٩ أيار ٢٠١٧
الرقم المتسلسل: 2963
رقم الملف: 11023
الجهة المختصة: [illegible]

ص.ب ٩٩٨٩ عمان ١١١٩١ الأردن هاتف: ٥٢٠٣٠٠٠ (٩٦٢ ٦) (١٢ خط) فاكس: ٥٦٦٤١١٠ (٩٦٢ ٦) البريد الإلكتروني: jcb@jcbank.com.jo
P.O.Box 9989 Amman 11191 Jordan Tel: (962 6) 520 3000 (12 lines) Fax: (962 6)5664110 E-mail: jcb@jcbank.com.jo www.jcbank.com.jo
الإدارة العامة
Head Office

JORDAN COMMERCIAL BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN

FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

JORDAN COMMERCIAL BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
DECEMBER 31, 2016

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche (M.E.) - Jordan
Jabal Amman, 5th Circle
190 Zahran Street
P.O Box 248
Amman 11118, Jordan

Tel : +962 (0) 6 5502200
Fax : +962 (0) 6 5502210
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Jordan Commercial Bank
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Commercial Bank, which comprise the statement of financial position as at December 31, 2016, and the statement of income and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Jordan Commercial Bank as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Bank's financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note (47) to the accompanying financial statements about the Central Bank of Jordan's approval of the Bank's Board of Directors' recommendation to distribute share dividends at 6.312%, so that the Bank's capital becomes JD 120 million instead of cash dividends at 5% of the year 2016 profits. Moreover, the Central Bank of Jordan's approval on such dividends was obtained on April 3, 2017. Accordingly, the disclosure related to proposed dividends was amended, and capital adequacy recalculated for the year 2016 - Note (38).

The audit procedures relating to the subsequent events are limited to the disclosure described above.

Deloitte.

Key Audit Matters

We have performed the tasks mentioned in the "Auditor's Responsibilities Paragraph" relating to the audit of the financial statements, in addition to all other related matters. Moreover, our audit includes performing the procedures prepared in response to our assessment of the risk regarding the material errors in the financial statements. Our performed audit procedures including the procedures relating to the treatment of the below-mentioned matters, provide a basis for our opinion on the attached financial statements. In addition, description of the manner of the study of each item below is provided within the audit procedures.

Adequacy of Provision for Impairment of Credit Facilities

The provision for impairment of credit facilities is a key matter to the financial statements, as its calculation requires assumptions and management's use of estimates for the drop in credit ratings and probabilities that debts will not be collected as a result of deteriorating economic and financial conditions of some sectors or debtors and inadequate collaterals, leading to suspension of interest according to the regulatory authorities' instructions, in light of inadequate collaterals.

Moreover, the net credit facilities granted by the Bank to customers amounted to JD 634 million, representing 50% of total assets as of December 31, 2016.

The nature and characteristics of credit facilities granted to customers vary from one sector to another, and from one country to another, due to the Bank's geographical spread. Consequently, the methodology for calculating the impairment in credit facilities provision differs due to the different sectors and different risk assessments for those countries, as well as their legal and statutory requirements and the requirements of the Central Bank of Jordan.

Scope of Audit to Address the Risk

The performed audit procedures included understanding the nature of credit facilities portfolios, examining the internal control system adopted in granting and monitoring credit, and evaluating the reasonableness of management's estimates of the provision for credit facilities impairment, collection procedures and follow-up, as well as suspension of interest. Furthermore, we reviewed and understood the Bank's policy for calculating provisions, and selected and reviewed a sample of performing, watch list, and non-performing credit facilities at the Bank's level as a whole. In addition, we evaluated the factors affecting the calculation of the provision for credit facilities impairment such as evaluating available guarantees and collaterals, customers' financial solvency, management's estimates of expected cash flows, and regulatory authorities' statutory requirements. We also discussed these factors with executive management to verify the adequacy of recorded provisions. Moreover, we re-calculated the provisions to be taken for those accounts and verified suspension of interest on non-performing or defaulted accounts and the Bank's adherence to the regulatory authorities' instructions, requirements and related International Accounting Standard No. (39), and assumptions used for the calculation of the provision for credit facilities impairment.

Meanwhile, we evaluated the appropriateness and adequacy of the disclosure in regard to credit facilities, provision for credit facilities impairment, and risks set out in Note (6).

Deloitte.

Unlisted Financial Assets Valuation	Scope of Audit to Address the Risk
The Bank holds financial assets at amortized cost of JD 330,870,200 as of December 31, 2016. In this regard, the Bank should measure the impairment in their value through comparing the recorded value to their fair value. Moreover, the Bank holds unquoted shares within the financial assets portfolio through the comprehensive income statement of JD 1,704,040 as of December 31, 2016. These assets should be stated at fair value in accordance with International Financial Reporting Standard No. (39). Moreover, fair value determination of financial assets requires the Bank's management to make several judgments and assessments and to rely on inputs other than quoted prices. Consequently, management's fair value estimation of these assets was a key audit matter to our audit.	Audit procedures included evaluating internal procedures relating to the determination of financial assets fair value and examination of their efficiency. In addition, audit procedures included evaluating the estimates adopted by the Bank's management to determine the fair value of non-current financial assets. Moreover, these estimates have been compared to the requirements of International Financial Reporting Standards and discussed in light of available information. The audit procedures also included evaluating the adopted methodology, appropriateness of evaluation models, and input used to determine the fair value of financial assets. They also included reviewing the reasonableness of the most significant input in the evaluation process through reviewing investee companies' financial statements or obtaining secondary market prices as well as other reviewed input.
Provision for Income Tax and Deferred Tax Assets	**Scope of Audit to Address the Risk**
The tax expense calculation for the year, tax provision for unassessed years, and deferred tax assets involve assumptions and estimates of significant amounts in the financial statements as a whole. In addition, the Bank undertakes complex and extensive operations within its normal activities, thus rendering tax judgments and estimates are considered a key audit matter.	We have performed audit procedures to gain an understanding of the nature of risks related to income tax and to assess the professionality of the Bank's legal and tax consultants relating to the evaluation and calculation of due taxes. We have also discussed with management the scope of work of the Bank's legal and tax consultant to verify his efficiency and capability to calculate the required provisions. Furthermore, we have also discussed management's point of view concerning the accuracy and adequacy of the provisions taken, reasonableness of the adopted accounting estimates, and the Bank's adoption of International Accounting Standard No. (12). In addition, we discussed the impact of any tax differences with the tax authorities and their impact on the financial statements.

Deloitte.

Other Matter
The accompanying financial statements are a translation of the original financial statements which are in Arabic language, to which reference should be made.

Other Information
Management is responsible for the other information. The other information comprises the other information in the annual report excluding the financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Deloitte.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards procedures.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records, duly organized and in line with the accompanying financial statements, and we recommend that they be approved by the general Assembly of shareholders.

Deloitte & Touche

Deloitte & Touche (M.E.) – Jordan
Amman – Jordan
January 31, 2017 / April 3, 2017 - Note (47)

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2016	December 31, 2015
ASSETS		JD	JD
Cash and balances at central banks	4	109,103,135	270,541,021
Balances at banks and financial institutions	5/a	52,611,438	84,558,182
Deposits at banks and financial institutions	5/b	-	7,090,000
Direct credit facilities - net	6	634,005,814	599,288,936
Financial assets at fair value through statement of income	7	1,928,452	3,115,160
Financial assets at fair value through statement of comprehensive income	8	8,185,950	9,721,806
Financial assets at amortized cost	9	330,870,200	393,040,896
Property and equipment - net	10	28,087,262	27,855,243
Intangible assets - net	11	1,474,632	1,033,856
Deferred tax assets	17/d	3,325,672	4,579,835
Other assets	12	95,707,805	86,738,231
TOTAL ASSETS		1,265,300,360	1,487,563,166
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Banks and financial institutions deposits	13	51,804,094	193,351,417
Customers deposits	14	957,337,624	1,041,471,213
Cash margins	15	69,931,443	73,008,129
Borrowed funds	16	12,787,691	6,912,838
Provision for income tax	17/a	3,792,448	8,368,127
Other provisions	18	777,307	605,351
Deferred tax liability	17/d	-	471,099
Other liabilities	19	23,054,962	25,393,560
TOTAL LIABILITIES		1,119,485,569	1,349,581,734
OWNERS EQUITY:			
BANK SHAREHOLDERS' EQUITY:			
Authorized and paid-up capital	20	112,875,000	105,000,000
Statutory reserve	21/a	13,448,365	12,245,038
General banking risks reserve	21/b	6,229,516	6,086,288
Cyclicality reserve	21/c	1,705,716	1,472,315
Fair value reserve - net	22	(1,852,705)	(3,524,034)
Retained earnings	23	13,408,899	16,701,825
Total Bank Shareholders' Equity		145,814,791	137,981,432
TOTAL LIABILITIES AND OWNERS' EQUITY		1,265,300,360	1,487,563,166

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDET AUDITOR'S REPORT.

CHAIRMAN OF BOARD OF DIRECTORS

GENERAL MANAGER

JORDAN COMMERCIAL BANK

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

STATEMENT OF INCOME

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
Interest income	24	71,579,594	72,654,665
Less: Interest expense	25	(32,987,374)	(35,782,252)
Net Interest Income		38,592,220	36,872,413
Net commission income	26	4,772,690	5,784,872
Net Interest and Commission		43,364,910	42,657,285
Foreign exchange income	27	1,630,059	2,560,743
Gain from financial assets at fair value through statement of income	28	655,292	204,869
Cash dividends from financial assets at fair value through statement of comprehensive income	8	216,682	81,856
Other income - net	29	3,773,704	18,517,562
Gross Income		49,640,647	64,022,315
Employees expenses	30	14,813,948	13,440,566
Depreciation and amortization	11 & 10	2,816,452	2,537,190
Provision for impairment in credit facilities	6	6,198,407	12,328,178
Other provisions	18	312,881	217,431
Provision for impairment in seized assets	12	1,417,680	688,115
Other expenses	31	12,103,000	10,696,775
Total Expenses		37,662,368	39,908,255
Income for the Year before Income Tax		11,978,279	24,114,060
Less: Income tax for the year	17/b	(2,652,873)	(8,357,183)
Income for the Year		9,325,406	15,756,877
Earnings per Share for the Year attributable to the Bank's Shareholders Basic and Diluted	32	-/082	-/139

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDET AUDITOR'S REPORT.

CHAIRMAN OF BOARD OF DIRECTORS

GENERAL MANAGER

JORDAN COMMERCIAL BANK

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Income for the year	9,325,406	15,756,877
Other Comprehensive Income Items:		
Items that are not transferable subsequently to statement of Income		
Net change in fair value reserve of financial assets through statement of comprehensive income - net	(1,653,310)	(1,473,868)
Fair value reserve released from sale of financial assets at fair value through statement of comprehensive Income	(3,324,639)	625,536
Total comprehensive income items	1,671,329	848,333
(Loss) from sale of financial assets at fair value through statement of comprehensive income	(3,163,376)	(709,760)
Total Comprehensive Income for the Year	7,833,359	14,198,784

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR'S REPORT.

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF CHANGES IN OWNERS' EQUITY

		Shareholders' Equity						
			Reserves					
Description	Note	Authorized and Paid-up Capital	Statutory	General Banking Risks	Cyclical	Fair Value Reserve-net	Retained Earnings	Total
		JD	JD	JD	JD	JD	JD	JD
For the Year Ended December 31, 2016								
Balance - beginning of the year		105,000,000	12,245,038	6,086,288	1,472,315	(3,524,034)	16,701,825	137,981,432
Profit for the year		-	-	-	-	-	9,325,406	9,325,406
Net change in fair value reserve for financial assets at fair value through statement of comprehensive income -net		-	-	-	-	(1,653,310)	-	(1,653,310)
Fair value reserve released from sale of financial assets at fair value through comprehensive income		-	-	-	-	3,324,639	(3,324,639)	-
Realized (losses) from sale of financial assets at fair value through statement of comprehensive income		-	-	-	-	-	161,263	161,263
Total comprehensive income for the year		-	-	-	-	1,671,329	6,162,030	7,833,359
Transferred to increase capital	20	7,875,000	-	-	-	-	(7,875,000)	-
Transferred to reserves		-	1,203,327	143,228	233,401	-	(1,579,956)	-
Balance - End of the Year		112,875,000	13,448,365	6,229,516	1,705,716	(1,852,705)	13,408,899	145,814,791
For the Year Ended December 31, 2015								
Balance - beginning of the year		100,000,000	9,833,632	5,395,871	1,317,633	(4,116,463)	7,981,137	120,411,809
Effect of Implementing International Accounting Standard No (12) related to deferred tax assets	44	-	-	-	-	1,440,762	1,930,077	3,370,839
Adjusted beginning balance		100,000,000	9,833,632	5,395,871	1,317,633	(2,675,701)	9,911,214	123,782,648
Income for year		-	-	-	-	-	15,756,877	15,756,877
Net change in fair value reserve for financial assets at fair value through statement of comprehensive income - net		-	-	-	-	(1,473,868)	-	(1,473,868)
Fair value reserve released from sale of financial assets at fair value through comprehensive income		-	-	-	-	625,535	(625,535)	-
Realized (losses) from sale of financial assets at fair value through statement of comprehensive income		-	-	-	-	-	(84,225)	(84,225)
Total comprehensive income for the year		-	-	-	-	(848,333)	15,047,117	14,198,784
Transferred to increase in capital		5,000,000	-	-	-	-	(5,000,000)	-
Transferred to reserves		-	2,411,406	690,417	154,682	-	(3,256,506)	-
Balance - End of the Year		105,000,000	12,245,038	6,086,288	1,472,315	(3,524,034)	16,701,825	137,981,432

- Retained earnings balance includes JD 3,325,672 as of December 31, 2016 , restricted against deferred tax assets according to Central Bank of Jordan instructions.

- Use of retained earnings for an amount equal to the negative cumulative change in fair value of financial assets of JD 1,852,705 as of December 31, 2016 is restricted (including JD 404,032 against implementation of International Financial Reporting Standard No. (9)) according to Jordan Securities Commission and Central Bank of Jordan instructions.

- General Banking Risks Reserve balance is restricted and may not be released without the pre-approval of the Central Bank of Jordan.

- Use of the Cyclical Reserve is restricted and may not be released without the approval of the Palestinian Monetary Authority .

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE INDEPENDET AUDITOR'S REPORT.

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN - JORDAN
STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2016	2015
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before income tax		11,978,279	24,114,060
Adjustments:			
Depreciation and amortization	10 & 11	2,816,452	2,537,190
Provision for impairment loss in credit facilities	6	6,198,407	12,328,178
Provision for end-of-service indemnity	18	234,039	186,129
Provision for lawsuits against the Bank	18	78,842	31,302
(Gain) on sale of properties seized	29	(41,958)	(79,398)
(Gain) on sale of property and equipment	29	-	(18,849)
Loss on disposal of property and equipment		38,950	330,391
(Gain) loss from valuation of financial assets through statement of income	28	(358,045)	309,788
Provision for seized assets	12	1,757,634	1,053,195
Effect of exchange rate fluctuations on cash and cash equivalents	27	(1,208,435)	(2,207,944)
Total		21,494,165	38,584,042
CHANGES IN ASSETS AND LIABILITIES:			
(Increase) in direct credit facilities		(40,915,285)	(87,750,453)
Decrease in financial assets at fair value through statement of income		1,544,753	1,390,537
(Increase) in other assets		(10,685,250)	(18,457,617)
Decrease in restricted balances withdrawal		109,064	820,011
Decrease (Increase) in banks' and financial institutions deposits for more than three months		7,090,000	(7,090,000)
Decrease in banks' and financial institutions deposits for more than three months		-	5,000,000
(Decrease) increase in customers' deposits		(84,133,589)	231,215,618
(Decrease) increase in cash margins		(3,076,686)	3,583,284
(Decrease) increase In other liabilities		(2,338,598)	9,004,617
Net Change in Assets and Liabilities		(132,405,591)	137,715,997
Net Cash Flows (used in) from Operating Activities before Provisions Paid and Income Tax Paid		(110,911,426)	176,300,039
Paid from lawsuits provision	18	(59,321)	(60,292)
End-of-service indemnity provision paid	18	(81,604)	(228,522)
Income tax paid	17/a	(7,345,431)	(4,122,245)
Net Cash Flows (used in) from Operating Activities		(118,397,782)	171,888,980
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in financial assets at amortized cost		62,170,696	(44,778,720)
Decrease in financial assets at fair value through statement of comprehensive income		943,753	578,733
(Purchase) of property and equipment and advance payment for property and equipment	10	(2,713,903)	(5,462,686)
(Purchase) of intangible assets	11	(866,577)	(241,241)
Proceeds from sale of property and equipment		52,282	197,074
Net Cash Flows from (used in) Investing Activities		59,586,251	(49,706,840)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in borrowed funds		5,874,853	2,992,266
Net Cash Flows from Financing Activities		5,874,853	2,992,266
Effect of exchange rate fluctuations on cash and cash equivalents	27	1,208,435	2,207,944
Net (Decrease) Increase in Cash and Cash Equivalents		(51,728,243)	127,382,350
Cash and cash equivalents - beginning of the year		166,638,722	39,256,372
Cash and Cash Equivalents - End of the Year		114,910,479	166,638,722

Non-Cash transactions :

	Note	2016	2015
Write off property and equipment		-	4,865,720
Acquisition of seized assets against debts	12	21,137,449	24,354,230
Increase in paid up capital	20	7,875,000	5,000,000

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDET AUDITOR'S REPORT.

1. General

- Jordan Commercial Bank was established as a Jordanian Public Limited Shareholding Company on May 3, 1977 under No. (113) in accordance with the Jordanian Companies Law No. (12) for the year 1964 with a paid-up capital of JD 5 million divided into 5 million shares at a par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, Tel. +962 (6) 5203000, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

- During the year 1993, Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Mashrek Bank (Jordan branches) in terms of its rights and liabilities.

- At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned governmental parties, and on June 28, 2004, procedures relating to changing the Bank's name from Gulf Bank to Jordan Commercial Bank were completed.

- The Bank's capital was increased gradually, and the last increase was during the year 2016. In its extraordinary meeting held on April 10, 2016, the Bank's General Assembly resolved to approve the increase in the Bank's capital by JD/Share 7,875,000, so that authorized and paid-up capital would become JD/Share 112,875,000 through capitalizing part of retained earnings and distributing the amount to shareholders as stock dividends. The procedures for capital increase were completed on May 22, 2016.

- Jordan Commercial Bank is a Public Limited Shareholding Company listed on Amman Stock Exchange.

- The Bank is engaged in banking and related financial operations through its branches totaling (29) inside Jordan and (4) in Palestine.

- The financial statements have been approved by the Bank's Board of Directors, in its meeting No. (1/2017) held on January 26, 2017, and are subject to the approvals of the Shareholders General Assembly and the Central Bank of Jordan.

2. Significant Accounting Policies

Basis of Preparation of Financial Statements

- The accompanying financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB committee according to the instructions in force in the countries where the Bank operates as well as the Central Bank of Jordan regulations.

- The financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities stated at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives stated at fair value at the date of the financial statements. Moreover, hedged financial assets / liabilities are also stated at fair value.

- The reporting currency of the financial statements is the Jordanian Dinar, which is the functional currency of the Bank.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2015, except for the effect of what is stated in Note (46.a) to the financial statements.

Segments Information

- A business segment is a distinguishable component of an entity engaged in providing an individual product or service or a group of related products or services subject to risks and returns different from those of other business segments, which are measured according to the reports used by executive directors and the main decision makers at the Bank.

- A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments.

Financial Assets at Fair Value through Statement of Income

- These financial assets represent investments in companies' stocks and bonds, and the purpose from maintaining them is to generate gains from the fluctuations in market prices in the short term or from trading margins.

- These financial assets are initially stated at fair value at acquisition date, (while transaction costs are expensed in the statement of income, and are subsequently measured at fair value). Moreover, changes in fair value are recorded in the statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of income.

- Financial assets to / from this category may not be reclassified except for the cases specified in International Financial Reporting Standards.

- Dividends and interest from these financial assets are recorded in the statement of income.

Financial Assets at Fair Value through Statement of Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain in the long term and not for trading purpose.

- Financial assets at fair value though comprehensive income are initially stated at fair value plus transaction costs on the purchase date. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owners' equity, including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments should be recognized in the statement of comprehensive income and within owners' equity, and the balance of the revaluation reserve for these assets should be transferred directly to retained earnings and not to the statement of income.

- No impairment loss testing is required for those assets.

- Dividends are recorded in the statement of income in a separate-line item.

Financial Assets at Amortized Cost

- These financial assets represent financial assets the Bank's management intends, according to its business model, to hold for collecting contractual cash flows which comprise payments of principal and interest on the outstanding debt balance.

- Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount is amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part thereof are deducted. Any impairment is registered in the statement of income.

- The amount of the recognized impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

- Financial assets from / to this category may not be reclassified except for certain cases specified in the International Financial Reporting Standards (in the case of selling any of these assets before their maturity date, the result should be recorded in a separate-line item in the statement of income. Moreover, disclosures should be made according to the requirements of International Financial Reporting Standards).

Fair Value

The closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of financial statements in active markets represents the fair value of financial instruments and derivatives with market prices.

In case declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.

- Analysis of the present value of expected future cash flows for similar instruments.

- Option pricing models.

- Long-term assets and liabilities that bear no interest are evaluated in accordance with the discounted cash flows using effective interest rate. Premiums and discounts are amortized within interest revenues or expense in the statement of income.

The valuation methods aim to obtain a fair value that reflects market expectations, taking into consideration market factors and any expected risks and benefits upon estimating the value of financial assets. Moreover, financial assets whose fair value cannot be measured reliably are stated at cost net of any impairment in their value.

Impairment in the Value of Financial Assets

The Bank reviews the values of financial assets on the date of the statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated so as to determine the impairment loss.

Impairment loss is determined as follows:

- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.

- The impairment in value is recorded in the statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the statement of income.

Direct Credit Facilities

- Direct Credit facilities are financial assets with fixed or amended payments basically provided by the Bank or obtained with no available market value in active markets.

- Direct credit facilities are stated at amortized cost net of provision for impairment loss, interest and commissions in suspense.

- A provision for impairment in direct credit facilities is recognized when amounts due to the Bank become obviously irrecoverable, and when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment loss amount can be estimated according to the Central Bank of Jordan instructions, and in accordance with the central banks instructions in the countries the Bank's branches operate. The provision is taken to the statement of income.

- Interest and commissions on non-performing direct credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan or the applicable laws in the countries where the Bank's branches operate, whichever is more restricted.

- Impaired credit facilities, for which provisions have been taken, are written off by charging the provision after all collection efforts and procedures have failed. Any surplus in the provision is taken to the statement of income, while prior written-off debt recoveries are taken to other income.

- Credit facilities and the related suspended interest fully provided for are taken off the statement of financial position in line with the Board of Directors decisions in this regard.

Property and Equipment

- Property and equipment are stated at cost net of accumulated depreciation and any impairment in their value. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over their estimated useful lives, when ready for use, using the following annual rates:

	%
Buildings	2
Machines and office equipment	10 – 15
Decorations	15
Vehicles	15
Computers	20

- When the carrying amounts of property and equipment exceed their recoverable values, assets are written down, and impairment losses are recorded in the statement of income.

- The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimates.

- Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use.

Provisions

Provisions are recognized when the Bank has an obligation on the date of the statement of financial position arising from past events, and the costs to settle the obligation are both probable and can be reliably measured.

Provision for Employees' End-of-Service Indemnities

- The employees' end-of-service indemnities' provision (for employees not covered by Social Security) is calculated on the basis of one-month salary for each year of service.

- Payments to departing employees are deducted from the employees' end-of-service indemnities provision while the required provision for end-of-service indemnities for the year is recorded in the statement of income.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.

- Income tax expenses are accounted for on the basis of taxable income. Moreover, income subject to tax differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.

- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

- Deferred tax assets and liabilities are reviewed as of the date of the financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Share Capital

Costs of Issuing or Purchasing the Bank's Shares (Treasury)

Costs of issuing or purchasing the Bank's shares are recorded in retained earnings (net of the tax effect of these costs). In case the issue or purchase process is incomplete, these costs are charged to the statement of income as an expense.

Pledged Financial Assets

These assets are mortgaged to other parties with other party's the right for (selling or remortgaging). These assets are continuously assessed according to accounting polices used to evaluate each asset according to its original classification.

Custody Accounts

This item represents the accounts managed by the Bank on behalf of its customers and is not part of the Bank's assets. The fees and commissions for managing these accounts are shown in the statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Recognition of Income and Realization of Expenses

- Interest income is realized and recognized based on the effective interest method, except for interest and commission on non-performing facilities which are not recognized as revenue but taken to the interest and commission in suspense account.

- Expenses are recognized on the accrual basis.

- Commission is recorded as revenue when the related services are rendered, and dividend revenue from companies is recognized when earned (when approved by the Shareholders' General Assembly).

Recognition of Financial Assets Date

Purchase and sale of financial assets are recognized on the trade date (the date the Bank is liable to sell or purchase the financial asset).

Financial Derivatives and Hedge Accounting

Financial Derivatives Hedge

For hedge accounting purposes, the financial derivatives are stated at fair value, and hedges are classified as follows:

- **Fair value hedge**

  Hedge for the change in the fair value exposures of the Bank's assets and liabilities.

  When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the statement of income.

  When the conditions of effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the income statement for the same period.

- **Cash flows hedge**

  Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

  When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in the statement of comprehensive income / owners' equity. Such gain or loss is transferred to the statement of income in the period in which the hedge transaction impacts the statement of income.

- **Hedge for net investment in foreign entities**
  When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the statement of comprehensive income / statement of owners' equity while the ineffective portion is recognized in the statement of income. Moreover, the effective portion is recorded in the statement of income when the investment in foreign entities is sold.

- When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the statement of income in the same period.

Financial Derivatives for Trading

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the statement of financial position under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if they are not available, the measurement method should be disclosed. The change in their fair value is recognized in the statement of income.

Repurchase or Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risks and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest method.

Intangible Assets

- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is treated in the statement of income as an expense for the period.

- No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the statement of income for the period.

- Any indications of impairment in the value of intangible assets as of the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

- Computers software and applications are amortized according to the straight-line method over their estimated economic useful lives at an annual amortization rate of 20%.

<u>Assets Seized by the Bank against Due Debts</u>

Assets seized by the Bank against due debts are shown under "other assets" in the statement of financial position at the acquisition value or fair value, whichever is lower, and revalued individually at fair value as of the statement of financial position date. Any decline in their market value is taken to the statement of income whereas any such increase is not recognized. A subsequent increase is taken to the statement of income to the extent that it does not exceed the previously recorded impairment loss.

Provision for seized assets against debts acquired for more than four years is calculated according to the Central Bank of Jordan Circular No. 10/1/4076 dated on March 27, 2014.

<u>Foreign Currencies</u>

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

- Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the statement of financial position date and declared by the Central Bank of Jordan.

- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

- Gains and losses resulting from foreign currency translation are recorded in the statement of income.

- Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as shares) are recorded as part of the change in fair value.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents are balances, maturing within three months, which comprise of cash and balances with Central Banks, balances with banks and financial institutions, less bank deposits and balances due to banks and financial institutions maturing within three months and restricted funds.

3. Accounting Estimates

Preparation of the accompanying financial statements and application of accounting policies require 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 financial assets fair value reserve. In particular, this 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. Management believes that the estimates in the financial statements are reasonable. The details are as follows:

- A provision is set for lawsuits raised against the Bank. This provision is subject to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

- A provision for loans is taken based on estimates approved by management in conformity with the Central Bank of Jordan instructions.

- Impairment loss for the assets seized by the Bank is recorded based on recent real estate evaluations conducted by certified real estate appraisers. The impairment loss is reviewed periodically. Since the beginning of the year 2015, the Bank has started to calculate a gradual provision for the assets seized by the Bank for more than 4 years in accordance with the Central Bank of Jordan regulations Number 10/1/4076 dated March 27, 2014.

- 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 status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the statement of income.

- Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss is taken to the statement of income.

- Provision for income tax: The financial year is charged with its portion from the income tax expense according to the prevailing laws and regulations and International Financial Reporting Standards. Moreover, the necessary income tax provision is calculated and recorded.

- 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 categorized in their entirety, segregating fair value measurements in accordance with the levels defined in International Financial Reporting Standards. Differentiating 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 judgment and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial asset or liability, the Bank uses market information, if available. In the absence of the first level inputs, the Bank deals with the independent and qualified parties to prepare evaluation studies. Appropriate methods of assessment and inputs used to prepare the evaluation are reviewed by management.

4. Cash and Balances at Central Banks

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Cash in vaults	18,671,993	18,334,290
Balances at Central Banks:		
Current and call accounts	33,239,175	38,542,592
Time and notice deposits	8,224,400	163,154,856
Mandatory cash reserve	48,967,567	50,509,283
Total Balances at Central Banks	90,431,142	252,206,731
Total	109,103,135	270,541,021

- Except for the cash reserve and the capital deposits at the Palestinian Monetary Authority which amounted to JD 8,224,400, there are no restricted balances as of December 31, 2016 and 2015.

- There are no balances maturing within a period of more than three months as of December 31, 2016 and 2015.

- There are no certificates of deposit as of December 31, 2016 (JD 71,700,000 as of December 31, 2015).

5. Balances at Banks and Financial Institution's

a. The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Current and call accounts	4,260,188	3,587,432	14,281,455	16,580,223	18,541,643	20,167,655
Deposits due within 3 months	29,330,839	60,135,337	4,738,956	4,255,190	34,069,795	64,390,527
Total	33,591,027	63,722,769	19,020,411	20,835,413	52,611,438	84,558,182

- Non-interest bearing balances at banks and financial institutions amounted to JD 18,541,643 as of December 31, 2016 (JD 20,167,655 as of December 31, 2015).

- Restricted balances amounted to zero as of December 31, 2016 (JD 109,064 as of December 31, 2015).

b. There are no balances maturing within more than three months as of December 31, 2016 (JD 7,090,000 matured on May 2, 2016 as of December 31, 2015) .

6. Direct Credit Facilities - net

The details of this item are as follows:

	December 31, 2016	December 31, 2015
	JD	JD
Individuals (retail):		
Overdraft accounts	527,631	425,976
Loans and promissory notes *	155,220,754	151,468,107
Credit cards	3,046,084	3,454,636
Real estate loans	66,399,490	58,813,393
Companies:		
Large:		
Overdraft accounts	57,404,264	52,049,340
Loans and promissory notes *	234,959,577	235,037,164
Syndicated loans	3,707,000	-
SMEs		
Overdraft accounts	23,887,677	23,055,810
Loans and promissory notes *	65,942,173	56,601,959
Government and public sector	57,125,701	57,001,463
Total	668,220,351	637,907,848
Less: Provision for impairment in direct credit facilities	(22,114,945)	(27,748,626)
Interest in suspense	(12,099,592)	(10,870,286)
Net Direct Credit Facilities	634,005,814	599,288,936

* Net after deducting interest and commissions received in advance of JD 2,059,349 as of December 31, 2016 (JD 1,123,126 as of December 31, 2015).

- Non-performing credit facilities amounted to JD 52,469,614, equivalent to 7/8% of total direct credit facilities as of December 31, 2016 (JD 60,136,491, equivalent to 9/4% of total direct credit facilities as of December 31, 2015).

- Non- performing credit facilities net of interest and commissions in suspense amounted to JD 40,869,177, equivalent to 6/2% of total direct credit facilities balance as of December 31, 2016 (JD 49,520,649, equivalent to 7/9% of total credit facilities balance after deducting suspended interest as of December 31, 2015).

- Direct credit facilities include facilities granted to Palestinian National Authority of JD 15,168,585 as of December 31, 2016 (JD 10,061,132 as of December 31, 2015). They also include granted direct credit facilities guaranteed by the Government of Jordan of JD 15,000,000 as of December 31, 2016 and 2015.

Provision for Impairment in Direct Credit Facilities

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

For the Year Ended December 31, 2016	Individuals	Real Estate Loans	Companies Large	Companies Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	5,985,803	775,169	17,702,917	3,284,737	-	27,748,626
Deducted from income (surplus) during the year	4,129,263	(39,117)	1,257,477	850,784	-	6,198,407
Used from provision during the year (written-off)*	(5,857)	-	-	(1,062)	-	(6,919)
Provision for debts transferred to accounts off the statement of financial position **	(5,602,781)	(61,846)	(4,910,909)	(1,249,633)	-	(11,825,169)
Balance – End of the Year	4,506,428	674,206	14,049,485	2,884,826	-	22,114,945
Related to:						
Provision for impairment for non-performing credit facilities	4,174,079	637,710	13,498,021	2,836,450	-	21,146,260
Provision for impairment for watch list credit facilities	332,349	36,496	551,464	48,376	-	968,685
Total	4,506,428	674,206	14,049,485	2,884,826	-	22,114,945

For the Year Ended December 31, 2015	Individuals	Real Estate Loans	Companies Large	Companies Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	2,267,015	1,340,798	12,512,623	2,161,932	-	18,282,368
Deducted from income (surplus) during the year	3,721,875	(459,361)	7,531,738	1,533,926	-	12,328,178
Used from provision during the year (written-off)*	(3,087)	-	(46,732)	(76,499)	-	(126,318)
Provision for debts transferred to accounts off the statement of financial position **	-	(106,268)	(2,294,712)	(334,622)	-	(2,735,602)
Balance – End of the Year	5,985,803	775,169	17,702,917	3,284,737	-	27,748,626
Related to:						
Provision for impairment for non-performing credit facilities	5,767,193	753,271	17,333,574	3,254,475	-	27,108,513
Provision for impairment for watch list credit facilities	218,610	21,898	369,343	30,262	-	640,113
Total	5,985,803	775,169	17,702,917	3,284,737	-	27,748,626

* During the year 2016, an amount of JD 6,919 was written-off from non-performing direct credit facilities according to the Board of Directors' decision (JD 126,318 for the year 2015).

** During the year 2016, non-performing credit facilities of JD 15,243,639, interest in suspense of JD 3,418,470, and related provision of JD 11,825,169 were transferred to off the statement of financial position items according to the Board of Directors' decisions, (non-performing credit facilities of JD 5,357,766, interest in suspense of JD 2,622,164, and related provision of JD 2,735,602 as of December 31, 2015). Noting that direct credit facilities of JD 90,691,909, interest in suspense of JD 45,550,185, and related provision of JD 45,141,724 as of December 31, 2016 were transferred to off the statement of financial position items according to the Board of Directors' decision, as these accounts are fully covered as of the date of the financial statements.

- The provisions for debts calculated on the basis of the individual customer are disclosed above.

- Provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to JD 2,154,089 as of December 31, 2016 (JD 3,043,281 as of December 31, 2015).

Interests in Suspense

The movement on interest in suspense during the year was as follows:

For the Year Ended December 31, 2016	Individuals	Real Estate Loans	Companies Large	Companies Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	637,345	546,519	7,856,822	1,829,600	-	10,870,286
Add: Interest suspended during the year	1,043,598	187,653	4,619,391	666,006	-	6,516,648
Less: Interest reversed to income during the year	(150,142)	(20,988)	(1,346,392)	(154,841)	-	1,672,363-
Interest in suspense written off	(4,485)	(22,545)	(146,023)	(23,456)	-	196,509-
Interest in suspense transferred to accounts off the statement of financial position	(1,071,511)	(75,478)	(1,549,541)	(721,940)	-	3,418,470-
Balance - End of the Year	454,805	615,161	9,434,257	1,595,369	-	12,099,592

For the Year Ended December 31, 2015	Individuals	Real Estate Loans	Companies Large	Companies Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	360,539	687,109	6,276,945	1,414,082	-	8,738,675
Add: Interest suspended during the year	336,602	13,840	3,974,670	1,004,411	-	5,329,523
Less: Interest reversed to income during the year	(53,890)	(52,484)	(165,746)	(146,533)	-	(418,653)
Interest in suspense written off	(5,906)	-	(108,709)	(42,480)	-	(157,095)
Interest in suspense transferred to accounts off the statement of financial position	-	(101,946)	(2,120,338)	(399,880)	-	(2,622,164)
Balance - End of the Year	637,345	546,519	7,856,822	1,829,600	-	10,870,286

7. Financial Assets at Fair Value through Statement of Income

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Quoted shares in active markets	1,928,452	3,115,160
Total	1,928,452	3,115,160

8. Financial Assets at Fair Value through Statement of Comprehensive Income

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Quoted shares in active markets	6,481,910	7,367,532
Unquoted shares in active markets *	1,704,040	2,354,274
Total	8,185,950	9,721,806

- Realized loss from the sale of shares at fair value through the statement of comprehensive income amounted to JD 3,163,376 for the year ended December 31, 2016. The loss was directly recorded in retained earnings within owners' equity (realized loss of JD 709,760 for the year ended December 31, 2015).

- Cash dividends for the above investments amounted to JD 216,682 for the year ended December 31, 2016 (JD 81,856 for the year ended December 31, 2015).

* This item includes unquoted financial assets in active markets of local companies evaluated based on the latest available audited or reviewed financial statements.

9. Financial Assets at Amortized Cost

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Treasury bonds and bills - Central Bank of Jordan	314,091,026	377,060,177
Governments guaranteed bonds and debentures	11,081,274	9,999,723
Companies bonds and debentures	6,118,792	6,373,460
Total	331,291,092	393,433,360
Less: Provision for impairment in financial assets at amortized cost *	(283,600)	(283,600)
Interest in suspense **	(137,292)	(108,864)
Financial assets at amortized cost - Net	330,870,200	393,040,896

Bonds and Bills Analysis:

Fixed rate	330,870,200	393,040,896
Total	330,870,200	393,040,896

* The movement on the provision for impairment in financial assets at amortized cost during the year was as follows:

	2016	2015
	JD	JD
Balance – beginning of the year	283,600	283,600
Balance – Ending of the Year	283,600	283,600

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

	2016	2015
	JD	JD
Balance – beginning of the year	108,864	82,426
Interest in suspense during the year	28,428	26,438
Balance – Ending of the Year	137,292	108,864

10. Property and Equipment - Net

a. The details of this item are as follows:

Year 2016	Lands	Buildings	Machines and Office Equipment	Decorations	Vehicles	Computers	Payments for Property and Equipment	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance - beginning of the year	2,694,071	17,716,724	7,778,374	5,533,967	567,673	4,001,128	2,032,220	40,324,157
Additions	134,227	344,116	721,198	37,197	55,722	256,147	1,165,296	2,713,903
Disposals	-	-	(215,262)	(183,516)	(152,183)	(142,967)	-	(693,928)
Payments for acquisition of property and equipment	-	575,067	783,917	312,422	85,645	670,581	(2,427,632)	-
Balance - End of the Year	2,828,298	18,635,907	9,068,227	5,700,070	556,857	4,784,889	769,884	42,344,132
Accumulated Depreciation:								
Balance - beginning of the year	-	1,482,144	4,047,972	3,869,854	293,452	2,775,492	-	12,468,914
Depreciation for the year	-	359,345	946,914	522,953	79,137	482,302	-	2,390,651
Disposals	-	-	(205,369)	(153,732)	(100,630)	(142,964)	-	(602,695)
Balance - End of the Year	-	1,841,489	4,789,517	4,239,075	271,959	3,114,830	-	14,256,870
Net Book Value of Property and Equipment - End of the Year	2,828,298	16,749,418	4,278,710	1,460,995	248,898	1,670,059	796,884	28,087,262

Year 2015	Lands	Buildings	Machines and Office Equipment	Decorations	Vehicles	Computers	Payments for Property and Equipment	Total
Cost:								
Balance - beginning of the year	2,694,071	15,672,372	6,818,375	7,269,774	537,042	7,161,854	169,000	40,322,488
Additions	-	2,044,352	950,104	147,564	206,370	251,075	-	3,599,465
Adjustments*	-	-	276,316	(1,858,705)	-	(3,283,870)	-	(4,866,259)
Disposals	-	-	(266,421)	(24,666)	(175,739)	(127,931)	-	(594,757)
Payments for acquisition of property and equipment	-	-	-	-	-	-	1,863,220	1,863,220
Balance - End of the Year	2,694,071	17,716,724	7,778,374	5,533,967	567,673	4,001,128	2,032,220	40,324,157
Accumulated Depreciation:								
Balance - beginning of the year	-	1,192,436	3,895,232	4,671,918	355,335	5,211,828	-	15,326,479
Depreciation for the year	-	289,708	696,751	585,675	77,240	445,192	-	2,094,566
Adjustment *	-	-	(385,723)	(1,386,238)	(1,138)	(2,762,769)	-	(4,535,868)
Disposals	-	-	(158,288)	(1,501)	(137,985)	(118,759)	-	(416,533)
Balance - End of the Year	-	1,482,144	4,047,972	3,869,854	293,452	2,775,492	-	12,468,914
Net Book Value of Property and Equipment - End of the Year	2,694,071	16,234,580	3,730,402	1,664,113	274,221	1,225,636	2,032,220	27,855,243
Annual depreciation percentage %	-	2	10 - 15	15	15	20	-	

b - Property and equipment balance includes JD 5,833,398 as of December 31, 2016 (JD 5,281,035 as of December 31, 2015), representing fully depreciated property and equipment.

* By the end of year 2014, all the Bank's property and equipment had been counted, and counting ended during the second quarter of the year 2015. Subsequently, the Bank implemented a special software for property and equipment, and some property and equipment have been reclassified in addition, property and equipment of JD 4,866,259 and accumulated depreciation of JD 4,535,868 were written off. This resulted in losses of JD 330,391, booked within other expenses in the statement of income for the year ended December 31, 2015.

11. Intangible Assets - Net

The details of this item during the year are as follows:

	Computers and software systems	
	2016	2015
	JD	JD
Balance-beginning of the year	1,033,856	1,235,239
Additions during the year	834,168	211,616
Payments for acquisition of intangible assets	32,409	29,625
Amortization for the year	(425,801)	(442,624)
Balance-End of the Year	1,474,632	1,033,856
Annual amortization percentage %	20	20

12. Other Assets

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Accrued interest and revenue	6,764,764	7,728,172
Prepaid expenses	834,598	546,456
Assets seized by the Bank against due debts - net *	78,873,375	70,663,375
Assets seized by the Bank sold on installments - net **	1,478,632	3,583,340
Refundable deposits	2,462,811	1,042,855
Transactions under process among branches	780,184	-
Clearing Cheques - Palestine branches	2,406,649	1,767,851
Other	2,106,792	1,406,182
Total	95,707,805	86,738,231

- The movement on assets seized by the Bank against due debts during the year is as follows :

	2016			2015
	Seized Properties	Other Seized Assets	Total	Total
	JD	JD	JD	JD
Balance - beginning of the year (Net after the impairment loss)	68,857,004	1,806,371	70,663,375	56,345,216
Additions during the year	12,137,449	-	12,137,449	24,354,230
Disposals during the year	(2,049,356)	(120,459)	(2,169,815)	(9,017,472)
Effect of impairment for the year	(1,081,289)	(676,345)	(1,757,634)	(1,018,599)
Balance - End of the Year	77,863,808	1,009,567	78,873,375	70,663,375

- The movement on impairment loss on assets seized by the Bank against debts during the year is as follows :

	2016			2015
	Seized Properties	Other Seized Assets	Total	Total
	JD	JD	JD	JD
Balance - beginning of the year	1,254,678	-	1,254,678	514,944
Booked provision during the year****	1,081,289	676,345	1,757,634	1,053,195
Utilized from provision during the year	(133,725)	-	(133,725)	(34,596)
Balance - End of the Year	2,202,242	676,345	2,878,587	1,533,543

* According to the Central Bank of Jordan instructions, properties and shares seized by the Bank against past due customer debts should be disposed of within two years from the acquisition date. For exceptional cases, the Central Bank of Jordan can extend this period for two additional years.

** This item includes JD 377,399 against provision for assets seized by the Bank for the year ended December 31, 2016 , according to the Central Bank's Circular No. 10/1/4076 dated March 27, 2014 and Circular No. 10/1/6841 dated June 3, 2015, whereby the Bank started to gradually calculate a provision for the properties seized against debt held for more than 4 years.

*** This item includes JD 1,040,281 against provision for assets seized by the Bank for the year ended December 31, 2016 (JD 688,115 for the year ended December 31, 2015) , according to the Central Bank's circular No. 10/1/4076 dated March 27, 2014 and Circular No. 10/1/6841 dated June 3, 2015 the Bank started to gradually calculate a provision for the properties seized against debt held for more than 4 years.

- The impairment provision for assets seized by the Bank against due debts and assets seized by the Bank sold on installments amounted to JD 1,417,680 for the year ended December 31, 2016 (JD 688,115 for the year ended December 31, 2015).

13. Banks and Financial Institutions Deposits

The details of this item are as follows:

	December 31, 2016			December 31, 2015		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	4,220,599	1,004,426	5,225,025	-	5,447,895	5,447,895
Term deposits	46,579,069	-	46,579,069	10,192,400	177,711,122	187,903,522
Total	50,799,668	1,004,426	51,804,094	10,192,400	183,159,017	193,351,417

- Banks deposits maturing within a period of more than three months amounted to JD 5,000,000 as of December 31, 2016 (JD 5,000,000 as of December 31, 2015).

14. Customers Deposits

The details of this item are as follows:

	December 31, 2016				
		Companies			
	Individuals	Large	Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	88,228,985	35,085,301	18,081,126	44,364,504	185,759,916
Saving deposits	105,918,730	2,044,538	910,775	12,084	108,886,127
Time certificates of deposit	26,285,391	10,000	258,785	-	26,554,176
Term deposits subject to notice	251,054,707	167,939,076	61,448,653	155,694,969	636,137,405
Total	471,487,813	205,078,915	80,699,339	200,071,557	957,337,624

	December 31, 2015				
		Companies			
	Individuals	Large	Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	96,706,737	58,393,855	11,020,732	58,541,481	224,662,805
Saving deposits	74,999,782	316,057	4,313	12,414	75,332,566
Time deposits subject to notice	272,945,273	194,505,076	75,115,439	198,910,054	741,475,842
Total	444,651,792	253,214,988	86,140,484	257,463,949	1,041,471,213

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 190,233,573, equivalent to 19/9 % of total deposits as of December 31, 2016 (JD 250,138,003, equivalent to 24% of total deposits of December 31, 2015).

- Non-interest bearing deposits amounted to JD 160,549,816, equivalent to 16/8 % of total customers' deposits as of December 31, 2016 (JD 208,322,257, equivalent to 20% of total deposits as of December 31, 2015).

- Restricted deposits amounted to JD 13,098,366, equivalent to 1/4 % of total customers' deposits as of December 31, 2016 (JD 17,313,844 equivalent to 1/7% of total deposits as of December 31, 2015).

- Dormant deposits amounted to JD 14,647,082 as of December 31, 2016 (JD 8,164,083 as of December 31, 2015).

5. Cash Margins

he details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
ash margins on direct credit facilities	56,012,744	53,166,951
ash margins on indirect credit facilities	13,105,743	18,006,548
arginal cash deals	812,956	1,834,630
Total	69,931,443	73,008,129

16. Borrowed Funds

These funds have been granted under the loan agreements signed with the Central Bank of Jordan whereby the repayment will be through semi - annual installments including interest. These funds will be used for the purpose of financing micro, small and medium companies.

This item includes the following:

December 31, 2016	Amount	Utilized	Number of Installment	Guarantees	Interest Rate
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	2,000,000	20 years including 5 years grace period settled in semi-annual installments	-	2.5%
Loan from Arab Monetary Fund through Central Bank of Jordan	2,100,000	2,100,000	10 years including 5 years grace period settled in semi-annual installments	-	2.5%
Advances from Central Bank of Jordan	8,687,691	8,687,691	2 years settled in semi-annual installments	-	2.25%
Total		12,787,691			

December 31, 2015	Amount	Utilized	Number of Installment	Guarantees	Interest Rate
Loan from World Bank through Central Bank of Jordan	2,000,000	2,000,000	20 years including 5 years grace period settled in semi-annual installments	-	2.5%
Loan from Arab Monetary Fund through Central Bank of Jordan	2,100,000	2,100,000	10 years including 5 years grace period settled in semi-annual installments	-	2.5%
Advances from Central Bank of Jordan	2,812,838	2,812,838	2 years settled in semi-annual installments	-	2.25%
Total		6,912,838			

17. Income Tax

a. Income tax provision

The movement on provision for income tax during the year was as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	8,368,127	3,852,086
Income tax incurred	2,769,752	8,638,286
Income tax paid - Palestine branches	(519,538)	(230,389)
Income tax paid - Jordan Branches	(6,825,893)	(3,891,856)
Balance - End of the Year	3,792,448	8,368,127

b. Income tax expense

ncome tax expense for the year in the statement of income consists of the following:

	2016	2015
	JD	JD
ncome tax incurred on current year profit - Jordan branches	2,215,319	7,863,106
ncome tax incurred on current year profit - Palestine branches	550,000	600,000
ncome tax incurred on prior year profit - Jordan branches	4,433	175,180
ffect of deferred tax assets	354,220	(752,202)
ffect of deferred tax liabilities	(471,099)	471,099
Total	2,652,873	8,357,183

. Tax status

. Jordan Branches

The Bank has reached a final settlement with the Income and Sales Department for Jordan branches until the end of the year 2014. The Bank submitted the income tax return for the year 2015, but it has not been reviewed yet.

. Palestine branches

The Bank has settled the income tax for Palestine branches up to the year 2010. As for the years 2011, 2012, 2013, 2014 and 2015, the Bank submitted its income tax returns, and is currently in the clearing of setting the tax status with the Income Tax Department in Palestine. However, no final settlement has been reached yet.

In the opinion of the Management and the Bank's Legal and Tax advisors in Jordan and Palestine, no liabilities in excess of the provision taken by the Bank and its branches will arise as of the date of the financial statements. Moreover, the booked income tax provision is sufficient to settle the potential tax obligations as of the date of the financial statements.

d. Deferred Tax Assets/Liabilities :

The details of this item are as follows:

	2016				December 31, 2016	December 31, 2015
	Balance - beginning of the year	Amounts Additions	Amounts Released	Balance - End of the Year	Deferred Tax	Deferred Tax
a. Deferred Tax Assets	JD	JD	JD	JD	JD	JD
Provision for doubtful debts before the year 2000	382,779	-	44,558	338,221	118,377	133,973
Provision for impairment in seized assets	566,565	41,009	90,635	516,939	180,929	198,298
Provision of seized properties held for more than four years	688,115	1,417,680	43,091	2,062,704	721,946	240,840
Impairment on shares seized against debts	406,296	676,345	69,540	1,013,101	354,585	142,204
Impairment loss on financial assets at amortized cost	283,600	-	-	283,600	99,260	99,260
Provision for lawsuits against the Bank	23,972	78,842	59,322	43,492	15,222	8,390
Provision for end-of-service indemnity	15,606	47,618	5,298	57,926	20,274	5,462
Provision for suspended legal fees and expense	1,317,757	198,387	2,129	1,514,015	529,905	461,215
Valuation losses on financial assets at fair value through statement of income	1,837,457	(358,045)	1,032,873	446,539	156,289	643,110
Fair value reserve *	5,421,590	753,365	3,324,639	2,850,316	997,611	1,897,557
Impairment loss on credit facilities	1,463,854	-	1,463,854	-	-	512,349
Other provisions	677,652	-	302,586	375,066	131,274	237,177
Total	13,085,243	2,855,201	6,438,525	9,501,919	3,325,672	4,579,835
b. Deferred Tax Liabilities						
Depreciation and amortization differences	1,345,997	-	1,345,997	-	-	471,099
Total	1,345,997	-	1,345,997	-	-	471,099

- Deferred tax benefits mentioned above represent deferred tax benefits for Jordan branches only, as there are no deferred taxes for the Bank's branches in Palestine.

* Deferred tax assets resulting from valuation loss of financial assets at fair value through comprehensive income appear within the valuation reserve for financial assets at fair value in the owners' equity statement.

b. The movement on deferred tax assets/liabilities during the year was as follows:

	2016 Assets	2016 Liabilities
	JD	JD
Balance - beginning of the year	4,579,835	471,099
Additions during the year	999,320	-
Disposal during the year	(2,253,483)	(471,099)
Balance - End of the Year	3,325,672	-

- Deferred tax assets for Jordan branches have been calculated using 35% as of January 1, 2016 according to the tax rate for banks as per the new Income Tax Law No (34) for the Year 2014, which came into effect on January 1st, 2015.

e. Summary of Reconciliation Between Declared Income and Taxable Income:

	2016	2015
	JD	JD
Declared income	11,978,279	24,114,060
Add: Non-deductible tax expenses	2,850,121	2,986,772
Less: Exempted tax income	(7,240,574)	(3,218,613)
Adjusted Taxable Income	7,587,826	23,882,219
Income Tax Rates:		
Jordan branches	35%	35%
Palestine branches	20%	20%

18. Other Provisions

The details of this item are as follows:

Year 2016	Balance - Beginning of the Year	Expense for the Year	Paid during the Year	Balance - End of the Year
	JD	JD	JD	JD
Provision for lawsuits against the Bank	29,267	78,842	(59,321)	48,788
Provision for end-of-service indemnity	576,084	234,039	(81,604)	728,519
Total	605,351	312,881	(140,925)	777,307

Year 2015	Balance - Beginning of the Year	Expense for the Year	Paid during the Year	Balance - End of the Year
	JD	JD	JD	JD
Provision for lawsuits against the Bank	58,257	31,302	(60,292)	29,267
Provision for end-of-service indemnity	618,477	186,129	(228,522)	576,084
Total	676,734	217,431	(288,814)	605,351

19. Other Liabilities

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Acceptable checks	6,583,153	7,129,913
Accrued interests	5,160,954	6,091,526
Refundable and various deposits	3,386,757	6,186,157
Safe deposits boxes	89,878	83,750
Shareholders' deposits	14,773	12,250
Income tax and social security	298,145	287,608
Accrued expenses	2,018,391	1,237,031
Transactions in transit among branches	-	370,359
Board of Directors' remunerations	55,000	73,160
Received amounts on the sale of land and real estate	5,123,526	2,638,977
Inward remittance	265,313	467,054
Other	59,072	815,775
Total	23,054,962	25,393,560

20. Authorized and Paid-up Capital

The Board of Directors recommended in their meeting held on March 30, 2017 to the General Assembly of Shareholders to increase the Bank's capital by JD/share 7,125,00,0 equivalent to 6.312 % of the paid-up capital, through stock dividends. Accordingly, the Bank's authorized and paid-up capital would become JD /share 120 million, This distribution is subject to the General Assembly's approval.

The General Assembly of the Bank decided, in its extraordinary meeting held on April 10, 2016, to approve the capital increase of JD/share 7,875,000. Accordingly, the Bank's authorized and paid-up capital would become JD/share 112,875,000 through capitalizing part of retained earnings and distributing the amount free of charge to the shareholders. The procedures for the paid-up capital increase have been completed at the Companies Control Department in Jordan on May 22, 2016, whereby authorized and paid-up capital become JD/share 112,875,000 as of December 31, 2016.

In its extraordinary meeting held on June 11, 2015, the General Assembly of the Bank decided to approve the capital increase of JD/share 5 to bring the Bank's authorized and paid-up capital to JD/shares 105 million through capitalizing part of retained earnings and distributing the amount free of charge to the shareholders. The procedures for capital increase have been completed at the Companies Control Department in Jordan on November 25, 2015, whereby authorized and paid-up capital has reached JD/share 105 million as of December 31, 2015.

21. Reserves

The details of the reserves as of December 31, 2016 and 2015 are as follows:

a. Statutory Reserve

This account represents the accumulated amount of the appropriations from income before tax at 10% during the year and previous years according to the Banks Law and Jordanian Companies Law. This amount is not distributable to the shareholders.

b. General Banking Risks Reserve

This reserve represents the general banking risks reserve in accordance with the Central Bank of Jordan regulations and Palestinian Monetary Authority.

The following represents the general banking risks reserve according to the Banks' branches:

	December 31,	
	2016	2015
	JD	JD
Jordan branches	5,257,861	5,266,282
Palestine branches	971,655	820,006
Total	6,229,516	6,086,288

:. Cyclicality Reserve

This item represents the risk reserve taken in accordance with the Palestinian Monetary Authority at 15% of net income after tax for Palestine branches to support the Bank's capital in Palestine and to face risks relating to the Banking sector. This reserve will accumulate until reaching 20% of paid - up capital. The cyclicality fluctuation reserve may not be used, or reduced without obtaining the pre-approval from the Palestinian Monetary Authority.

Restricted reserves as of the financial statements date are as follows :

Reserve Name	December 31 2016	December 31 2015	Restriction Nature
	JD	JD	
tatutory Reserve	13,448,365	12,245,038	Restricted according to the Banks Law .and Companies Law
eneral Banking Risks Reserve	6,229,516	6,086,288	Restricted according the Central Bank of Jordan and the Palestinian Monetary Authority
yclicality Reserve	1,705,716	1,472,315	Palestinian Monetary Authority's requirements.

2. Fair Value Reserve - Net

ne movement on this item during the year is as follows :

	2016	2015
	JD	JD
alance - beginning of the year	(3,524,034)	(4,116,464)
ne effect of implementing International Accounting Standard o. (12) related to deferred tax assets	-	1,440,762
nrealized (losses)	(1,653,310)	(1,473,868)
eleased from selling financial assets at fair value through atement of comprehensive income	3,324,639	625,536
Balance - End of the Year	(1,852,705)	(3,524,034)

Fair value reserve balance includes JD 404,032 as of December 31, 2016 (JD 1,936,594 as of December 31, 2015) against implementation of International Financial Reporting Standard No. (9).

23. Retained Earnings

The movement on this item during the year is as follows:

	2016	2015
	JD	JD
Balance - beginning of the year	16,701,825	7,981,137
The effect of the implementation of International Accounting Standard No. (12) related to deferred taxes	-	1,930,077
Income for the year	9,325,406	15,756,877
(Transferred) to reserves	(1,579,956)	(3,256,506)
(Transferred) to increase the paid-up capital	(7,875,000)	(5,000,000)
Realized (losses) from selling financial assets at fair value through statement of comprehensive income	(3,163,376)	(709,760)
Balance - End of the Year	13,408,899	16,701,825

Retained earnings include an amount of JD 3,325,672 as of December 31, 2016 restricted against deferred tax assets according to the Central Bank of Jordan instructions.

- Use of General Banking Risks Reserve is restricted and requires the pre-approval of the Central Bank of Jordan.

- Use of the Cyclicality Reserve is restricted and requires the pre-approval by the Palestinian Monetary Authority.

- Use of retained earnings in an amount equal to negative cumulative change in fair value of financial assets of JD 1,852,705 as of December 31, 2016 is restricted (including JD 404,032 against implementation of International Financial Reporting Standard No. (9)) according to the Jordan Securities Commission and Central Bank of Jordan instructions.

24. Interest Income

The details of this item are as follows:

	2016	2015
Direct credit facilities:	JD	JD
Individuals (retail)		
Overdraft accounts	169,200	237,327
Loans and promissory notes	16,850,016	13,491,076
Credit cards	674,390	742,719
Real - estate loans	2,648,537	3,687,536
Companies		
Large		
Overdraft accounts	4,143,741	4,497,370
Loans and promissory notes	14,595,566	16,245,865
Syndicated loans	7,105	-
Small and medium		
Overdraft accounts	1,818,932	1,802,486
Loans and promissory notes	5,000,356	4,127,964
Government and public sector	3,375,982	2,538,700
Balances at central banks	940,762	1,073,007
Balances and deposits at banks and financial institutions	528,632	520,606
Financial assets at amortized cost	20,826,375	23,690,009
Total	71,579,594	72,654,665

25. Interest Expense

The details of this item are as follows:

	2016	2015
	JD	JD
Deposits at banks and financial institutions	1,263,846	4,871,289
Customers deposits		
Current and call accounts	881,790	686,904
Saving accounts	1,282,207	1,227,327
Deposits Certificates	204,215	-
Time and notice deposits	25,517,527	25,527,097
Cash margins	1,682,549	1,736,248
Borrowed funds	106,427	71,934
Deposit Insurance Corporation fees	2,048,813	1,661,456
Total	32,987,374	35,782,252

26. Net Commission Income

The details of this item are as follows:

	2016	2015
	JD	JD
Direct credit facilities commissions	2,547,590	3,076,325
Indirect credit facilities commissions	2,225,100	2,708,547
Total	4,772,690	5,784,872

27. Foreign Exchange Income

The details of this item are as follows:

	2016	2015
	JD	JD
Resulted from trading/transactions	1,244,505	2,269,927
Resulted from valuation	349,484	228,836
Margin trading accounts	36,070	61,980
Total	1,630,059	2,560,743

28. Gain from Financial Assets at Fair Value through Income Statement

The details of this item are as follows:

	Realized Gain	Unrealized Gains	Dividends	Total
Year 2016	JD	JD	JD	JD
Companies' quoted shares in active markets	247,492	358,045	49,755	655,292

	Realized Gains	Unrealized (Losses)	Dividends	Total
Year 2015	JD	JD	JD	JD
Companies' quoted shares in active markets	18,910	(309,788)	495,747	204,869

29. Other Income - Net

The details of this item are as follows:

	2016	2015
	JD	JD
Safe box rent	40,316	40,756
Transfers income	358,455	391,879
Cheques income	392,832	462,002
Telecommunication income	80,544	96,140
Recovery of debts previously written-off *	2,033,578	15,844,983
Income from selling seized properties	41,958	79,398
Income from selling property and equipment	-	18,849
Gain from real estate	18,136	21,183
Income from account services	511,591	679,116
Income from reversal of miscellaneous provisions	-	324,876
(Expenses) income from credit cards - net	(125,500)	98,604
Insurance income	66,675	116,116
Others	355,119	343,660
Total	3,773,704	18,517,562

* This item represents amounts recovered from written - off debts and suspended interest taken during the previous years off the statement of financial but recovered during the year ended December 31, 2016 and 2015.

30. Employees Expenses

The details of this item are as follows:

	2016	2015
	JD	JD
Salaries, allowances and employees' benefits	12,436,375	11,331,383
Bank's contribution in social security	1,230,721	1,081,714
Bank's contribution in provident fund	19,485	19,648
Medical expenses	615,872	579,230
Staff training expenses	272,444	185,437
Per diems	194,599	185,745
Employees life insurance expense	26,620	33,522
Uniforms	17,832	23,887
Total	14,813,948	13,440,566

31. Other Expenses

The details of this item are as follows:

	2016	2015
	JD	JD
Rent	859,738	839,591
Stationery and publications	559,444	578,778
Water, electricity and telecommunication expenses	1,355,723	1,358,547
Legal and lawyer fees	281,644	246,463
Maintenance, repair and car expenses	1,127,608	1,206,938
Insurance expenses	236,197	228,587
Programs and computers maintenance	889,258	799,526
Board of Directors' transportation and attendance of meeting fees	722,311	587,161
Fees, licenses and taxes	652,609	736,616
Advertisements	1,220,099	1,097,620
Subscriptions	577,434	455,142
Professional and consultancy fees	299,069	323,689
Collection incentives	97,370	454,235
Donations and social responsibility	382,907	373,595
Cleaning and security services	353,632	285,995
Hospitality	136,304	117,511
Board of Directors' remunerations	55,000	38,160
Capital increase expenses	63,241	16,081
Impairment loss on seized properties	41,009	233,015
Impairment loss on seized financial assets	1,548,445	132,065
Money shipping expenses	106,553	119,609
Others	537,405	467,851
Total	12,103,000	10,696,775

2. Earnings Per Share for the Bank's Shareholders

The details of this item are as follows:

	2016	2015
	JD	JD
Income for the year attributable to the Banks' shareholders	9,325,406	15,756,877
	Share	Share
Weighted average number of shares *	112,875,000	112,875,000
	JD / Share	JD / Share
Earnings per share for the Banks' shareholders	- /082	- /139

The weighted-average number of shares for basic and diluted earnings per share for the year (attributable to the Bank's shareholders) is calculated based on the number of authorized shares for the two years ended December 31, 2016 and 2015. The comparative figure was based on the average number of shares after the increase which was through stock dividends /capitalization as per the requirements of IAS (33).

3. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2016	2015
	JD	JD
Balances at central banks due within three months	109,103,135	270,541,021
Add: Balances at banks and financial institutions due within three months	52,611,438	84,558,182
Less: Banks and financial institutions deposits due within three months	(46,804,094)	(188,351,417)
Restricted balances - Note (5)	-	(109,064)
Total	114,910,479	166,638,722

34. Transactions with Related Parties

The Bank entered into transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal banking practice and according to the normal interest rates and trading commissions. All of the credit facilities granted to related parties are considered as performing facilities, and no impairment provision has been taken as of the date of the financial statements.

Financial statements include transactions and balances with related parties as follows:

	BOD Members	Companies Represented by the BOD	Executive Managers	Others	Total December 31, 2016	Total December 31, 2015
	JD	JD	JD	JD	JD	JD
In- Statement of Financial Position Items:						
Deposits	38,262,460	1,532,735	383,839	1,793,529	41,972,563	32,801,614
Direct credit facilities	2,297,607	15,129,599	826,136	-	18,253,342	29,073,499
Cash margins	709	21,498	-	19,055	41,262	622,155
ff- Statement of Financial Position Items:						
Letters of guarantee	-	585,391	-	74,550	659,941	697,281
Bills of collection	-	20,986	-	-	20,986	-

come statement items:	JD	JD	JD	JD	Total 2016 JD	Total 2015 JD
Interest and commission income *	1,377,409	68,447	13,666	559	1,460,081	1,062,029
Interest and commission expense **	50,835	1,069,353	37,599	7,838	1,165,625	1,265,706

Credit interest rate ranges from 8% to 8/25% .

' Debit interest rate ranges from 1% to 4/5% .

ecutive Management Remunerations

ecutive management salaries and remunerations for the Bank amounted to JD 3,076,104 for the year 2016 (JD 2,300,019 for the year 2015).

35. Fair Value of Financial Assets and Financial Liabilities not Shown at Fair Value in the Financial Statements

There are no significant differences between the book value and the fair value of the financial assets and liabilities as of year – end 2016 and 2015.

36. Risks Management

The Board of Directors performs its role in ensuring that the Bank manages the various risks and adopts the policies and procedures that streamline the Bank's risks management through the Risks and Audit Committee. Moreover, the Bank sets the risks acceptable limits (risk appetite).

The Risks Management Department evaluates, controls, and recommends mitigating risks, and submits the necessary reports to higher management independently from the other Bank's departments (Risk takers) which perform other banking activities in order to ensure the objectivity of the Risks Management Department in analyzing the various risk types.

Furthermore, the Risks Management Department is responsible for the market operating, credit, and liquidity risks (within the Assets and Liabilities Model) of the Bank's local and external branches. It submits its reports to the Risks and Audit Committee within the Board of Directors. These reports are audited by the Internal Audit Department.

Credit risk refers to the risk that a counterparty will default on its credit terms and/or its creditworthiness deteriorates resulting in financial loss to the Bank.

The Board of Directors periodically reviews the credit risk management policies compatible with the laws and the Central Bank of Jordan instructions after being prepared by the concerned departments. Moreover, the Board of Directors ensures that management of the Bank works according to their policies and executes the related requirements. These policies include the Bank's credit policy through which many factors are determined such as:

- Setting clear requirements, policies, and decision-making procedures relating to the new or to be renewed credit facilities or any material amendment thereon within specified authorities that match the size and specifications of the credit facilities. Among the factors taken into consideration when granting credit are the purpose of the credit facilities and payment sources.

- Taking decisions within qualified management levels. Moreover, the Bank has various credit committees at the executive management level and the Board of Directors level. This is done away from the impact of conflict of interest and in a manner that guarantees the soundness and independence of the evaluation procedures of the customer requesting credit and the related compatibility with the Bank's credit policy requirements.

- Laying out clear and effective policies and procedures for managing and executing credit including continuous analysis of the ability and readiness of the borrower to pay according to contractual terms, monitoring the credit documentation and any credit terms and covenants, and continuously controlling and evaluating guarantees.

- Establishing adequate policies and procedures to ensure evaluation and management of non-performing credit and its classification, as well as evaluating the adequacy of the provisions monthly based on the instructions of the Central Bank of Jordan and other regulatory authorities under which the Bank operates. This is in addition to a clear policy for writing off debt. Moreover, the Board of Directors approves the adequacy of these provisions.

- Having an independent department that follows up on troubled debts through amicable settlements prior to dealing with them legally.

- Determining the type and size of the required guarantee based on the customer's credit risk evaluation according to clear acceptance procedures and customers' evaluation standards.

- Periodically monitoring the fair value of the guarantees. In case their value becomes less than what is specified in the loan terms, the customer is required to provide more guarantees. Upon assessing the adequacy of the provisions, the necessary evaluation of the guarantees is performed.

- Disposing of any guarantee owned after repayment of the customer's debts. In general, seized real estates are not used for the Bank's operations.

- Having an internal credit rating system for its customers documented and approved by the Board of Directors. Any factor contributing to the customer's default is considered in a manner that helps in measuring and rating the customer's risks, and consequently, faciliting the decision-making process and the pricing of credit facilities.

- Having clear rating standards taking into consideration the various financial and non-financial factors. The credit rating system is reviewed and evaluated independently from the credit department through the Risks Management Department in coordination with the concerned departments.

- Having specified and documented controls and ceilings with clear policies and procedures that guarantee commitment to these ceilings and the necessity to obtain prior approvals for any excesses. These controls and ceilings are reviewed and amended periodically, if necessary. Moreover, there are ceilings specified and approved by the Board of Directors relating to dealing with various banks, countries, and economic sectors.

- Providing the Board of Directors with a clear picture and analysis of the credit portfolio through the Risks Management Department that clarifies its quality and its various classifications and any concentrations therein, in addition to historical and banking benchmarks.

- The Bank adheres to the instructions of the Central Bank of Jordan relating to credit concentration and related parties. The Bank deals with them on an aggregate basis and accords them special care, exercises control, and expresses explicit and clear disclosure thereon when preparing the Bank' financial statements. The required credit facilities are presented by the related parties to the Board of Directors provided that the persons granted the credit facilities have no influence over the Board of Directors and receive no preferential treatment over the Bank's customers.

Credit risk exposure (after the provision for impairment and interest in suspense and before guarantees and other risks - mitigating factors)

	December 31,	
	2016	2015
On-Statement of Financial Position Items:	JD	JD
Balances at the central banks	90,431,142	252,206,731
Balances at banks and financial institutions	52,611,438	84,558,182
Deposits of banks and financial instructions	-	7,090,000
Direct Credit Facilities - Net:		
Individuals	153,833,236	148,725,571
Real estate loans	65,110,123	57,491,705
Companies		
Large companies	272,587,099	261,526,765
Small and medium institutions (SMEs)	85,349,655	74,543,432
Government and public sector	57,125,701	57,001,463
Financial assets at amortized cost - Net	330,870,200	393,040,896
Other assets	9,034,802	10,552,035
Total	1,116,953,396	1,346,736,780
)ff-Statement of Financial Position Items:		
.etters of guarantee	120,673,138	128,571,523
.etters of credit	32,824,094	47,925,137
.etters of acceptance	14,669,689	4,891,661
Jnutilized credit facilities ceilings	86,272,632	77,206,480
Total	254,439,553	258,594,801
Total	1,371,392,949	1,605,331,581

Credit exposures according to the degree of risk are categorized according to the following table:

December 31, 2016	Individuals	Real Estate Loans	Companies: Large	Companies: Small and Medium	Government and Public Sector	Other Assets	Bonds and Treasury Bills	Banks and Other Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	4,234,028	159,751	3,278,185	2,254,733	47,043,055	-	325,172,300	90,431,142	472,573,194
Acceptable risk	145,598,511	58,874,159	234,901,428	77,006,116	10,082,646	9,034,802	5,697,900	52,611,438	593,807,000
Of which is due:									
within 30 days	209,053	87,355	1,304,771	606,724	-	-	-	-	2,207,903
from 31 to 60 days	77,114	134,262	2,607,379	397,787	-	-	-	-	3,216,542
Watch list	3,382,225	3,325,329	21,602,275	4,008,297	-	-	-	-	32,318,126
Non-performing:									
Substandard	1,584,121	379,321	-	443,727	-	-	-	-	2,407,169
Doubtful	2,334,040	619,463	12,522,136	1,084,264	-	-	-	-	16,559,903
Bad debt	1,661,544	3,041,467	23,766,817	5,032,713	-	-	420,892	-	33,923,433
Total	158,794,469	66,399,490	296,070,841	89,829,850	57,125,701	9,034,802	331,291,092	143,042,580	1,151,588,825
Less: Provision for impairment loss	(4,506,428)	(674,206)	(14,049,485)	(2,884,826)	-	-	(283,600)	-	(22,398,545)
Interest in suspense	(454,805)	615,161	9,434,257	(1,595,369)	-	-	(137,292)	-	(12,236,884)
Net	153,833,236	65,110,123	272,587,099	85,349,655	57,125,701	9,034,802	330,870,200	143,042,580	1,116,953,396

December 31, 2015	Individuals	Real Estate Loans	Companies: Large	Companies: Small and Medium	Government and Public Sector	Other Assets	Bonds and Treasury Bills	Banks and Other Financial Institutions	Total
Low risk	4,398,184	1,666,754	3,252,499	3,870,645	57,001,463	-	377,060,177	252,206,731	699,456,453
Acceptable risk	140,281,594	51,390,714	202,321,080	66,598,077	-	10,552,035	15,980,719	91,648,182	578,772,401
Of which is due:									
within 30 days	241,660	36,911	1,464,277	516,681	417,109	-	-	-	2,676,638
from 31 to 60 days	111,533	21,346	1,107,415	523,219	-	-	-	-	1,763,513
Watch list	2,619,085	2,369,471	39,980,613	2,021,177	-	-	-	-	46,990,346
Non-performing:									
Substandard	1,308,968	741,444	-	363,681	-	-	-	-	2,414,093
Doubtful	3,320,512	819,461	15,651,000	1,376,109	-	-	-	-	21,167,082
Bad debt	3,420,376	1,825,549	25,881,312	5,428,080	-	-	392,464	-	36,947,781
Total	155,348,719	58,813,393	287,086,504	79,657,769	57,001,463	10,552,035	393,433,360	343,854,913	1,385,748,156
Less: Provision for impairment loss	(5,985,803)	(775,169)	(17,702,917)	(3,284,737)	-	-	(283,600)	-	(28,032,226)
Interest in suspense	(637,345)	(546,519)	(7,856,822)	(1,829,600)	-	-	(108,864)	-	(10,979,150)
Net	148,725,571	57,491,705	261,526,765	74,543,432	57,001,463	10,552,035	393,040,896	343,854,913	1,346,736,780

- The aggregate debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account is considered due when it exceeds the ceiling.

- Credit exposures include facilities, balances, deposits at banks, bonds and treasury bills and any other assets with credit exposure.

The following are details of the distribution of the fair value of collaterals against direct credit facilities:

December 31, 2016	Individuals	Real Estate Loans	Companies Large	Companies Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Guarantees against:						
Low risk	4,221,618	160,493	3,282,080	2,254,947	47,043,055	56,962,193
Acceptable risk	17,906,233	43,999,933	112,908,858	51,271,570	10,082,646	236,169,240
Watch list	1,942,024	2,522,776	15,726,733	3,068,758	-	23,260,291
Non-performing:						
Substandard	418,501	108,477	-	67,984	-	594,962
Doubtful	539,547	180,374	7,187,500	259,572	-	8,166,993
Bad debt	1,385,789	1,839,779	9,274,849	3,613,713	-	16,114,130
Total	26,413,712	48,811,832	148,380,020	60,536,544	57,125,701	341,267,809
)f it:						
:ash margins	5,509,418	5,489,258	21,584,966	13,329,438	-	45,913,080
teal estate	9,648,075	43,135,243	102,940,989	41,009,162	-	196,733,469
'rade stocks	46,644	4,982	19,709,501	812,381	-	20,573,508
'ehicles and equipment	11,209,575	182,349	4,144,564	5,385,563	-	20,922,051
ither	-	-	-	-	57,125,701	57,125,701
Total	26,413,712	48,811,832	148,380,020	60,536,544	57,125,701	341,267,809

December 31, 2015	Individuals	Real Estate Loans	Companies Large	Companies Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
uarantees against:						
ɔw risk	4,372,204	1,124,899	3,739,322	3,683,277	55,001,463	67,921,165
:cceptable risk	13,035,162	41,061,357	113,303,491	43,024,908	-	210,424,918
atch list	993,817	519,724	24,812,709	1,872,265	-	28,198,515
ɔn-performing:						
Substandard	297,662	440,100	-	438,526	-	1,176,288
Doubtful	817,149	416,220	15,516,375	562,540	-	17,312,284
Bad debt	1,091,444	1,071,910	9,574,015	3,104,040	-	14,841,409
Total	20,607,438	44,634,210	166,945,912	52,685,556	55,001,463	339,874,579
it:						
·sh margins	4,802,164	3,600,595	22,902,926	10,965,474	-	42,271,159
al estate	10,555,672	40,807,548	117,748,505	34,768,988	-	203,880,713
ade stocks	53,999	74,967	21,027,926	884,481	-	22,041,373
hicles and equipment	5,195,603	151,100	5,266,555	6,066,613	-	16,679,871
her	-	-	-	-	55,001,463	55,001,463
Total	20,607,438	44,634,210	166,945,912	52,685,556	55,001,463	339,874,579

Scheduled Debts:
Scheduled debts are debts previously classified as non-performing credit facilities taken out from the framework of non-performing credit facilities according to proper scheduling treatment and classified under watch list debts. Furthermore, scheduled debts amounted to JD 14,839,662 as of December 31, 2016 (JD 4,884,539 as of December 31, 2015).

Restructured Debts
Restructuring debts means reorganizing credit facilities in terms of adjusting payments, extending their terms, postponing some installments, or extending the grace period. Restructured debts amounted to JD 1,730,614 as of December 31, 2016 (JD 16,244,004 as of December 31, 2015).

Bonds, Bills and Treasury Bills
The following table illustrates the classification of bonds, bills, and debentures according to the external rating institutions:

Rating grade	December 31 2016	December 31 2015
	JD	JD
Unclassified	5,697,900	5,980,996
Governmental and guaranteed by government	325,172,300	387,059,900
Total	330,870,200	393,040,896

* All bonds, bills and treasury bills are included in the portfolio of financial assets at amortized cost.

Credit Risk Exposure according to Geographical Areas is as follows:

Geographical Area	Inside the Kingdom	Middle East Countries	Europe	Asia *	Africa *	America	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	72,739,698	17,691,444	-	-	-	-	90,431,142
Balances at banks and financial institutions	16,518,077	23,006,311	10,592,137	8,735	95,715	2,390,463	52,611,438
Direct credit facilities - Net:							
Individuals	140,671,171	13,162,065	-	-	-	-	153,833,236
Real estate loans	59,673,845	5,436,278	-	-	-	-	65,110,123
Companies							
Large	254,011,440	18,575,659	-	-	-	-	272,587,099
Small and medium (SMEs)	72,165,067	13,184,588	-	-	-	-	85,349,655
Government and public sector	41,957,116	15,168,585	-	-	-	-	57,125,701
Financial assets at amortized cost-net	330,870,200	-	-	-	-	-	330,870,200
Other assets	8,765,450	269,352	-	-	-	-	9,034,802
Total/for the Current Year	997,372,064	106,494,282	10,592,137	8,735	95,715	2,390,463	1,116,953,396
Total/Comparative Figures	1,216,720,175	113,629,549	16,155,212	37,871	95,715	98,260	1,346,736,780

* Excluding Middle East Countries.

Credit Risk Exposure according to Economic Sector is as follows:

Economic Sector	Financial	Industrial	Trade	Real - estate	Agricultural	Shares	Transportation Services	Tourism, Hotel and Restaurants	Services and Public	Individuals	Government and Public Sector	Other	Impairment Provision and Interest in Suspense	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	90,431,142	-	-	-	-	-	-	-	-	-	-	-	-	90,431,142
Balances at banks and financial institutions	52,611,438	-	-	-	-	-	-	-	-	-	-	-	-	52,611,438
Direct credit facilities - net	37,442,210	62,745,321	171,512,942	66,399,489	7,424,645	17,665,799	17,414,954	27,714,183	40,248,929	158,794,469	57,125,701	3,731,709	(34,214,537)	634,005,814
Financial assets at amortized cost	3,697,900	420,892	2,000,000	-	-	-	-	-	-	-	325,172,300	-	(420,892)	330,870,200
Other assets	9,034,802	-	-	-	-	-	-	-	-	-	-	-	-	9,034,802
Total / for the Current Year	193,217,492	63,166,213	173,512,942	66,399,489	7,424,645	17,665,799	17,414,954	27,714,183	40,248,929	158,794,469	382,298,001	3,731,709	(34,635,429)	1,116,953,396
Total / Comparative Figures	391,375,250	58,889,864	159,465,735	58,813,393	3,621,631	20,036,087	11,763,696	26,477,594	55,894,822	155,348,719	444,061,363	-	(39,011,376)	1,346,736,780

36/a- Market Risks

Market risks are the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, equity instrument prices, and consequently, the change in the fair value of the cash flows of the on-and off - statement of financial position financial instruments.

The Bank has specified policies and procedures through which market risks are identified, measured, monitored, and controlled. These policies and procedures are reviewed periodically.

Market risks can be measured and controlled by using several methods such as: sensitivity analysis, VAR (Value at Risk), Stress Testing and Stop Loss Limits.

The acceptable risks policy is set within the Treasury operations and includes ceilings that govern market risks. These ceilings are adopted and their application is ensured periodically and constantly through monitoring their implementation by the risks management Department and submitting various periodic reports to the Assets and Liabilities Committee as well as to the Board of Directors.

The Bank has shares and bonds' investment portfolio for trading purposes (Financial assets designated at fair value through profit or loss) and adopts the sensitivity analysis method thereon whereby present risks are measured according to the Standardized Approach for calculating minimum capital based on Basel Committee recommendations.

Interest Rate Risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of repricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee. Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

- Sensitivity Analysis:

For the Year 2016

Currency	Change - increase in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	5,100	-
Euro	1	2,395	-
GBP	1	(864)	-
ILS	1	1,421	-
Other currencies	1	(891)	-

Currency	Change - (decrease) in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	(5,100)	-
Euro	1	(2,395)	-
GBP	1	864	-
ILS	1	(1,421)	-
Other currencies	1	891	-

For the Year 2015

Currency	Change - increase in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	50,390	-
Euro	1	4,423	-
GBP	1	416	-
ILS	1	1,224	-
Other currencies	1	(1,765)	-

Currency	Change - (decrease) in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	(50,390)	-
Euro	1	(4,423)	-
GBP	1	(416)	-
ILS	1	(1,224)	-
Other currencies	1	1,765	-

36/b-Foreign Currencies Risk :

The following table illustrates the currencies to which the Bank is exposed, the potential and reasonable change in their rates against the Jordanian Dinar, and related impact on the Statement of Income. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

For the Year 2016

Currency	Change in Foreign Currency Rate	Effect on Profit or Loss	Effect on Owners' Equity
	%	JD	JD
USD	5	25,500	-
Euro	5	11,973	-
GBP	5	(4,320)	-
ILS	5	7,103	-
Other currencies	5	(4,454)	-

For the Year 2015

Currency	Change in Foreign Currency Rate	Effect on Profit or Loss	Effect on Owners' Equity
	%	JD	JD
USD	5	251,951	-
Euro	5	22,117	-
GBP	5	2,080	-
ILS	5	6,118	-
Other currencies	5	(8,828)	-

- Risks of Changes in Shares Prices :

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares indicators and the change in the value of shares individually.

For the Year 2016

Indicator of	Change in Indicator	Effect on Profit or Loss	Effect on Owners' Equity
	%	JD	JD
Amman and Palestine Stock Exchange	5	96,423	420,519
Amman and Palestine Stock Exchange	(5)	(96,423)	(420,519)

For the Year 2015

Indicator of	Change in Indicator	Effect on Profit or Loss	Effect on Owners' Equity
	%	JD	JD
Amman and Palestine Stock Exchange	5	155,758	524,135
Amman and Palestine Stock Exchange	(5)	(155,758)	(524,135)

Interest Rate Repricing Gap:

The Bank adopts the assets - liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever is nearer, to lower risks in interest rates, studying gaps in the related interest rates, and using hedging policies through the adoption of advanced financial instruments such as derivatives.

Reclassification is made in accordance with pricing interest periods or maturity, whichever is nearer.

Interest rate sensitivity is as follows:

	Interest Rate Repricing Gap							
December 31, 2016	Less than One Month	One Month Up to 3 Months	3 Months Up to 6 Months	6 Months Up to 1 Year	One Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets:								
Cash and balances at central banks	29,707,343					8,224,400	71,171,392	109,103,135
Balances at banks and financial institutions	34,069,794					-	18,541,644	52,611,438
Deposit at bank	-	-	-	-	-	-	-	-
Direct credit facilities -net	27,061,515	57,404,904	73,929,156	76,395,107	248,480,663	150,734,469	-	634,005,814
Financial assets at fair value through statement of income							1,928,452	1,928,452
Financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	-	8,185,950	8,185,950
Financial assets at amortized cost					208,909,461	121,960,739	-	330,870,200
Property and equipment - net	-	-	-	-	-	-	28,087,262	28,087,262
Intangible assets - net	-	-	-	-	-	-	1,474,632	1,474,632
Deferred Tax Assets	-	-	-	-	-	-	3,325,672	3,325,672
Other assets	-	-	-	-	-	-	95,707,805	95,707,805
Total Assets	90,838,652	57,404,904	73,929,156	76,395,107	457,390,124	280,919,608	228,422,809	1,265,300,360
Liabilities:								
Banks and financial institutions deposits	35,172,793	-	-	5,000,000	-	-	11,631,301	51,804,094
Customers' deposits	291,545,270	128,458,324	118,273,991	217,245,927	41,264,296	-	160,549,816	957,337,624
Cash margin	3,228,376	6,456,753	9,685,129	18,277,420	32,283,765	-	-	69,931,443
Borrowed funds	-	-	-	-	-	12,787,691	-	12,787,691
Income tax provision	-	-	-	-	-	-	3,792,448	3,792,448
Other provisions	-	-	-	-	-	-	777,307	777,307
Deferred Tax Liabilities	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	23,054,962	23,054,962
Total Liabilities	329,946,439	134,915,077	127,959,120	240,523,347	73,548,061	12,787,691	199,805,834	1,119,485,569
Interest Rate Repricing Gap	(239,107,787)	(77,510,173)	(54,029,964)	(164,128,240)	383,842,063	268,131,917	28,616,975	145,814,791
December 31, 2015								
Total Assets	299,589,244	78,018,749	63,595,127	95,420,434	253,863,791	436,477,870	260,597,951	1,487,563,166
Total Liabilities	527,776,657	297,506,591	145,463,963	204,233,634	106,833,986	6,912,838	60,854,065	1,349,581,734
Interest Rate Repricing Gap	(228,187,413)	(219,487,842)	(81,868,836)	(108,813,200)	147,029,805	429,565,032	199,743,886	137,981,432

Concentration in Foreign Currencies Risk:

December 31, 2016	US Dollar	Euro	Sterling Pound	Shekel	Others	Total
	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances at the central banks	13,683,647	1,426,564	226,415	8,176,871	85,513	23,599,010
Balances at banks and financial institutions	14,447,757	16,496,468	830,759	4,835,845	4,500,202	41,111,031
Direct credit facilities - net	45,337,700	4,304,843	10	20,070,690	10	69,713,253
Financial assets at fair value through statement of income	65,795	-	-	-	-	65,795
Financial assets at fair value through statement of other comprehensive income	944,069	-	-	-	-	944,069
Financial assets at amortized cost	17,799,126	-	-	-	-	17,799,126
Other assets	3,025,146	(31,717)	9,411	2,405,257	(88,198)	5,319,899
Total Assets	95,303,240	22,196,158	1,066,595	35,488,663	4,497,527	158,552,183
Liabilities:						
Banks and financial institutions deposits	3,811,654	232,581	70,505	9,424,003	1,128,799	14,667,542
Customers' deposits	85,461,722	20,441,922	1,389,406	23,962,955	3,073,554	134,329,559
Cash margins	5,040,318	1,273,690	(321,981)	1,181,622	383,521	7,557,170
Other liabilities	983,883	8,505	15,060	778,020	727	1,786,195
Shareholder equity	(504,331)	-	-	-	-	(504,331)
Total Liabilities	94,793,246	21,956,698	1,152,990	35,346,600	4,586,601	157,836,135
Net Concentration on - Statement of Financial Position for the Current Year	509,994	239,461	(86,395)	142,063	(89,074)	716,049
Off- Statement of Financial Position Contingent Liabilities for the Current Year	26,976,485	3,219,351	-	618,425	565,407	31,379,668

December 31, 2015	US Dollar	Euro	Sterling Pound	Shekel	Others	Total
Assets:						
Cash and balances at the central banks	12,842,160	1,001,036	128,212	7,565,178	400,748	21,937,334
Balances at banks and financial institutions	43,721,569	18,073,515	1,997,837	2,504,541	5,729,227	72,026,689
Direct credit facilities - net	42,794,642	111,704	-	18,642,193	809,254	62,357,793
Financial assets at fair value through statement of income	343,156	-	-	-	-	343,156
Financial assets at fair value through statement of other comprehensive income	1,563,693	-	-	-	-	1,563,693
Financial assets at amortized cost	8,862,500	-	-	-	-	8,862,500
Other assets	2,483,212	396	88	1,180,190	311	3,664,197
Total Assets	112,610,932	19,186,651	2,126,137	29,892,102	6,939,540	170,755,362
Liabilities:						
Banks and financial institutions deposits	14,342,222	286,954	3,247	6,085,556	661,973	21,379,952
Customers' deposits	83,362,675	17,044,599	1,215,888	21,526,993	6,339,863	129,490,018
Cash margins	8,834,103	16,843	847,369	1,153,191	214,336	11,065,842
Other liabilities	1,032,922	1,395,925	18,030	1,003,998	(100,150)	3,350,725
Total Liabilities	107,571,922	18,744,321	2,084,534	29,769,738	7,116,022	165,286,537
Net Concentration on - Statement of Financial Position for the Current Year	5,039,010	442,330	41,603	122,364	(176,482)	5,468,825
Off- Statement of Financial Position Contingent Liabilities for the Current Year	31,690,543	2,115,356	5,364	607,277	5,887,477	40,306,017

36/ c. Liquidity Risk

First: The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the financial statements:

Liquidity risk is defined as the loss to which the Bank might be exposed due to the unavailability of the necessary funds to finance its increased operations or obligations upon their maturity at the appropriate cost and time (considered as part of the Assets and Liabilities Management ALM).

- The Bank adheres to the liquidity ratios set by the Central Bank of Jordan and other regulatory authorities under which the Bank's external branches operate. Liquidity is monitored on a daily basis by the Bank.

- Liquidity is also monitored by the Assets and Liabilities Management Committee headed by the General Manager through periodic reports.

December 31, 2016	Less than One Month	More than One Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to One Year	More than One Year Up to 3 Years	More than 3 Years	Not Tied to A Specific Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks and financial institutions deposits	42,583,495	-	-	5,000,000	-	-	4,220,599	51,804,094
Customers' deposits	344,061,692	149,766,863	135,368,901	230,127,206	77,917,502	-	20,095,460	957,337,624
Cash margins	3,228,376	6,456,753	9,685,129	18,277,420	32,283,765	-	-	69,931,443
Borrowed funds	-	-	-	-	-	12,787,691	-	12,787,691
Income tax provision	853,194	-	738,975	-	-	-	2,200,279	3,792,448
Other provisions	-	-	-	101,419	-	-	675,888	777,307
Other liabilities	7,494,192	1,798,274	2,312,982	3,570,976	5,341,132	-	2,537,406	23,054,962
Total	398,220,949	158,021,890	148,105,987	257,077,021	115,542,399	12,787,691	29,729,632	1,119,485,569
Total assets based on expected maturity	125,032,887	58,776,403	79,560,052	59,177,740	433,835,929	302,365,144	206,552,205	1,265,300,360

December 31, 2015	Less than One Month	More than One Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to One Year	More than One Year Up to 3 Years	More than 3 Years	Not Tied to A Specific Maturity	Total
Liabilities:								
Banks and financial institutions deposits	40,293,868	148,057,549	-	-	5,000,000	-	-	193,351,417
Customers' deposits	489,567,015	142,721,703	135,372,954	184,573,120	68,197,289	-	21,039,132	1,041,471,213
Cash margins	3,363,670	6,727,339	10,091,009	19,189,415	33,636,696	-	-	73,008,129
Borrowed funds	-	-	-	-	-	6,912,838	-	6,912,838
Income tax provision	1,558,302	-	4,640,008	2,169,817	-	-	-	8,368,127
Other provisions	-	-	-	605,351	-	-	-	605,351
Deferred tax liabilities	-	-	-	471,099	-	-	-	471,099
Other liabilities	8,495,587	3,610,533	6,666,558	6,620,882	-	-	-	25,393,560
Total	543,278,442	301,117,124	156,770,529	213,629,684	106,833,985	6,912,838	21,039,132	1,349,581,734
Total assets based on expected maturity	299,068,227	78,018,749	63,595,127	94,809,216	269,324,441	451,754,696	230,992,710	1,487,563,166

Second: Off - statement of financial position items:

December 31, 2016	Up to One Year	From One Year to 5 Years	Total
	JD	JD	JD
Guarantees	120,673,138	-	120,673,138
Letters of credit and acceptances	47,493,783	-	47,493,783
Operating lease contract liabilities	848,652	-	848,652
Unutilized credit facilities ceilings	86,272,631	-	86,272,631
Total	255,288,204	-	255,288,204

December 31, 2015	Up to One Year	From One Year to 5 Years	Total
	JD	JD	JD
Guarantees	128,571,523	-	128,571,523
Letters of credit and acceptances	52,816,798	-	52,816,798
Operating lease contract liabilities	712,674	-	712,674
Unutilized credit facilities ceilings	77,206,480	-	77,206,480
Total	259,307,475	-	259,307,475

37. Information on the Bank's Business Segments

a. Information on the key business segments:

The Bank is organized, for managerial purposes, into four major sectors, which are measured according to reports used by the general manager and key decision makers at the Bank, through the following major sectors:

- Individual accounts: includes following up on individual customers deposits, and granting them credit, credit cards and other services.

- Corporate accounts: includes following up on deposits, credit facilities, and other banking services related to corporate customers.

- Treasury: includes providing dealing services and managing the Bank's funds.

- Others: includes the activities which do not meet the definition of the Bank's business segments mentioned above.

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

	Individuals	Corporations	Treasury	Others	Total For the Year Ended December 31, 2016	Total For the Year Ended December 31, 2015
	JD	JD	JD	JD	JD	JD
Gross income for the year	9,232,708	23,494,807	16,462,128	451,004	49,640,647	64,011,687
Less: Provision for impairment loss in direct credit facilities	(4,129,263)	(2,069,144)	-	-	(6,198,407)	(12,328,178)
Business Sector results	4,825,893	21,478,404	16,468,041	669,902	43,442,240	51,683,509
Less: Expenditures not distributed over sectors	(6,660,616)	13,719,127	9,262,394	(1,821,824)	(31,463,961)	(27,569,449)
Income for the year before income tax	(1,615,825)	7,759,277	7,205,647	(1,370,820)	11,978,279	24,114,060
Less: Income tax expense for the year	-	-	-	(2,652,873)	(2,652,873)	(8,357,183)
Income for the Year	1,557,171	7,706,536	7,199,734	(4,023,693)	9,325,406	15,756,877
Capital Expenditures	-	-	-	3,580,480	3,580,480	5,703,927
Depreciation and amortization	-	-	-	2,816,452	2,816,452	2,537,190
Total Assets	192,318,856	426,517,999	512,442,758	134,020,747	1,265,300,360	1,487,563,167
Total Liabilities	472,628,538	354,896,744	254,915,609	37,044,678	1,119,485,569	1,349,581,734

b. Information on the Geographical Allocation:

This sector represents the geographical distribution of the Bank's operations. The Bank performs its operations mainly in the Kingdom representing local operations. Moreover, the Bank conducts international operations through its branches in Palestine.

The following is the Bank's revenue, assets, and capital expenditures according to geographic allocation:

	Inside the Kingdom		Outside the Kingdom		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Gross income	46,752,358	59,258,983	2,888,289	4,752,704	49,640,647	64,011,687
Capital expenditures	3,138,911	3,476,649	441,569	2,197,653	3,580,480	5,703,927

	December 31,		December 31,		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total assets	1,108,952,704	1,390,544,438	156,347,656	97,018,728	1,265,300,360	1,487,563,166

38 - Capital Management

a. Description of Capital:

Capital is categorized into various categories, such as paid-up capital, economic capital, and regulatory capital. Moreover, regulatory capital is defined, according to the Banks Law, as the total value of the items determined by the Central Bank for control purposes to meet the requirements of the capital adequacy ratio prescribed in the Central Bank of Jordan instructions.

Furthermore, regulatory capital consists of two parts: (1) Primary Capital (Tier 1) made up of paid-up capital, declared reserves (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings after excluding restricted amounts and non-controlling interests net of loss for the period (if any), costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank, restructuring balance and goodwill Support capital; and

(2), additional paid-in capital(Tier 2) which consists of foreign currencies translation differences, general banking risks reserve, instruments with debt-equity shared characteristics, support debts and 45% of the financial assets valuation reserve, if positive, and is deducted in full, if negative.

A third part of capital (Tier 3) might be formed in case the capital adequacy ratio goes below 12% due to factoring capital adequacy ratio into market risks.

Investments in the capitals of banks, insurance and other financial institutions are deducted.

b. The requirements of the regulatory parties concerning capital and the manner in which they are met.

Instructions of the Central Bank require that paid-up capital not to be less than JD 100 million and shareholders' equity-to-assets ratio not to be less than 6%. Moreover, the Central Bank instructions require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12% which the Bank considers to meet. Furthermore, the Bank increased its issued and paid-up capital during the year 2016 to become JD/share 112,875,000 as of December 31, 2016, whereby the capital increase procedures were completed on May 22, 2016.

The Bank complies with Article (62) of the Banks Law, which requires the Bank to appropriate 10% of its annual net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. This meets the requirements of the statutory reserve prescribed by the Companies Law.

The Bank complies with Article (41) of the Banks Law, which requires adherence to the limits set by the Central Bank of Jordan relating to:

1. The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.

2. Ratio of total loans to regulatory capital the Bank is allowed to grant to one person, his allies, or to related stakeholders.

1. Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

c. Method of Achieving Capital Management Goals.

The Bank considers the compatibility of the size of its capital with the size, nature, and complexity of the risk the Bank is exposed to in a manner that does not contradict the prevailing regulations and instructions. This is reflected in its strategic plans and annual budgets.

When entering into investments, the impact on capital adequacy ratio is considered. Moreover, capital and its adequacy are monitored periodically as capital adequacy ratio is monitored at the Group level and the individual Bank every quarter. Furthermore, capital adequacy is reviewed by internal audit, and capital ratios are monitored monthly. Such ratios are financial leverage, shareholders' equity to assets, shareholders' equity to customers' deposits, internal growth of capital, provisions, and free capital. This should achieve the appropriate financial leverage, and consequently, the targeted return on shareholders' equity not less than 10% as prescribed by the Bank's strategy.

No dividends are paid to shareholders out of the regulatory capital if such payment leads to non-adherence to the minimum capital requirement. The Bank concentrates on the internal growth of capital and can resort to public subscriptions to meet expansionary needs and future plans, or the requirements of the regulatory bodies according to specified studies.

Capital Adequacy

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions. The following is the percentage of capital adequacy for the year 2016 in accordance with Basel III:

	December 31, 2016
	JD
Core capital items:	
Authorized and paid-up capital	112,875,000
Retained earnings	13,408,899
Other comprehensive income items	
Fair value reserve – net	(1,852,705)
Statutory reserve	13,448,365
Cyclicality reserve	1,705,716
Total Core Capital before Regulatory Amendments	**139,585,275**
Less:	
Intangible assets – net	(1,474,631)
Deferred tax assets	(3,325,672)
Total Regulatory Amendments	**(4,800,303)**
Total Core Capital	**134,784,972**
Authorized and paid-up capital items:	
General banking risks reserve	6,229,516
Total supplementary capital	**141,014,488**
Assets Weighted By Risks	
Credit risk	816,019,579
Market risk	4,659,347
Operation risk	99,086,633
Total Assets Weighted by Risks	**919,765,559**
Ratio of regulatory capital - (Note 47)	15.33%
Core capital ratio – (Note 47)	14.65%

Capital Adequacy

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions. The following is the percentage of capital adequacy for the year 2015 in accordance with Basel II:

	December 31, 2015
	JD
Core capital items:	
Authorized and paid-up capital	105,000,000
Statutory reserve	12,245,038
Cyclicality Reserve	1,472,315
Retained earnings	11,056,864
Less:	
Investments in banks capital and other financial institutions	(449,295)
Intangible assets – net	(1,033,856)
Seized shares against debts	(1,438,167)
Total Core Capital	**126,852,899**
Authorized and paid-up capital items:	
Financial assets valuation reserve	(3,524,034)
General banking risks reserve	6,086,288
Investments in banks capital and other financial institutions	(2,562,254)
Total supplementary capital	-
Total Core and Regulatory Capital	126,852,899
Total Regulatory Capital	**126,852,899**
Total assets weighted by risks	892,594,542
Ratio of regulatory capital	14.21%
Core capital ratio	14.21%

39. Accounts Managed on Behalf of Customers

There are no investment portfolios managed by the Bank on behalf of customers.

40. Analysis of Maturities Assets and Liabilities

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement:

December 31, 2016	Up to One Year	More than One Year	Total
	JD	JD	JD
ASSETS			
Cash and balances at central banks	109,103,135	-	109,103,135
Balances at banks and financial institutions	52,611,438	-	52,611,438
Direct credit facilities -net	234,790,682	399,215,132	634,005,814
Financial assets at fair value through statement of income	1,928,452	-	1,928,452
Financial assets at fair value through statement of comprehensive income	2,606,972	5,578,978	8,185,950
Financial assets at amortized cost-net	3,000,000	327,870,200	330,870,200
Property and equipment - net	-	28,087,262	28,087,262
Intangible assets - net	-	1,474,632	1,474,632
Deferred tax	2,992,865	332,807	3,325,672
Other assets	95,707,805	-	95,707,805
TOTAL ASSETS	502,741,349	762,559,011	1,265,300,360
LIABILITIES			
Banks and financial institutions deposits	51,804,094	-	51,804,094
Customers deposits	842,707,945	114,629,679	957,337,624
Cash margins	37,647,678	32,283,765	69,931,443
Borrowed funds	-	12,787,691	12,787,691
Provision for income tax	3,792,448	-	3,792,448
Other provisions	101,419	675,888	777,307
Other liabilities	23,054,962	-	23,054,962
TOTAL LIABILITIES	959,108,546	160,377,023	1,119,485,569
NET ASSETS	(456,367,197)	602,181,988	145,814,791

December 31, 2015	Up to One Year	More than One Year	Total
	JD	JD	JD
ASSETS			
Cash and balances at central banks	256,992,257	13,548,764	270,541,021
Balances at banks and financial institutions	84,558,182	-	84,558,182
Deposits of bank and financial institutions	7,090,000	-	7,090,000
Direct credit facilities -net	223,847,598	375,441,338	599,288,936
Financial assets at fair value through statement of income	3,115,160	-	3,115,160
Financial assets at fair value through statement of comprehensive income	9,721,806	-	9,721,806
Financial assets at amortized cost-net	85,584,924	307,455,972	393,040,896
Property and equipment - net	-	27,855,243	27,855,243
Intangible assets - net	-	1,033,856	1,033,856
Deferred tax assets	4,579,835	-	4,579,835
Other assets	86,738,231	-	86,738,231
TOTAL ASSETS	762,227,993	725,335,173	1,487,563,166
LIABILITIES			
Banks and financial institutions deposits	188,351,417	5,000,000	193,351,417
Customers deposits	935,573,111	105,898,102	1,041,471,213
Cash margins	39,371,433	33,636,696	73,008,129
Borrowed funds	-	6,912,838	6,912,838
Provision for income tax	8,368,127	-	8,368,127
Other provisions	605,351	-	605,351
Deferred tax assets	-	471,099	471,099
Other liabilities	25,393,560	-	25,393,560
TOTAL LIABILITIES	1,197,662,999	151,918,735	1,349,581,734
NET ASSETS	(435,435,006)	573,416,438	137,981,432

41. 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/Financial Liabilities	Fair Value December 31, 2016	Fair Value December 31, 2015	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
	JD	JD				
Financial Assets at Fair Value Through Statement of Income						
Companies' shares	1,928,452	3,115,160	Level One	Financial markets rates	Not applicable	Not applicable
Total	1,928,452	3,115,160				
Financial Assets at Fair Value through Statement of Comprehensive Income						
Shares that have available market price	6,481,910	7,367,532	Level One	Financial markets rates	Not applicable	Not applicable
Shares that doesn't have available market price	1,704,040	2,354,274	Level Two	Financial Statements Issued by Companies	Not applicable	Not applicable
Total	8,185,950	9,721,806				
Total Financial Assets at Fair Value	10,114,402	12,836,966				

There were no transfers between level 1 and level 2 during the year 2016.

B -The fair value of 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 financial statements of the Bank approximates their fair value.
because the Bank's management believes that the carrying value of the items is equivalent to their fair value. This is due to either maturity or short-term interest rates that have been repriced during the year.

	December 31,				
	2016		2015		The Level of
	Book value	Fair Value	Book value	Fair Value	Fair Value
Financial Assets of non-specified Fair Value	JD	JD	JD	JD	
Cash at Central Banks	90,431,142	90,431,953	252,206,731	252,206,986	Level Two
Cash at banks and financial institutions	52,611,438	52,751,729	84,558,182	84,568,608	Level Two
Deposit at banks and financial institutions	-	-	7,090,000	7,090,215	Level Two
Loans and bills and others	634,005,814	635,188,800	599,288,936	600,556,799	Level Two
Financial assets at amortized cost	330,870,200	336,310,876	393,040,896	399,901,830	Level One & Two
Total Financial Assets of non-specified Fair Value	1,107,918,594	1,114,683,358	1,336,184,745	1,344,324,438	
Financial Liabilities of non-specified Fair Value					
Deposits at banks and financial institutions	51,804,094	52,090,128	193,351,417	194,395,249	Level Two
Customer's deposits	957,337,624	961,800,208	1,041,471,213	1,044,234,190	Level Two
Cash margin	69,931,443	70,313,289	73,008,129	73,225,806	Level Two
Cash insurance	12,787,691	12,818,181	6,912,838	6,933,624	Level Two
Total Financial Liabilities of non-specified Fair Value	1,091,860,852	1,097,021,806	1,314,743,597	1,318,788,869	

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

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

a. Credit commitments and contingencies:

	December 31,	
	2016	2015
	JD	JD
Letters of credit	32,824,094	47,925,137
Letters of acceptances	14,669,689	4,891,661
Letters of guarantee :		
Payments	27,840,449	27,959,034
Performance bonds	45,151,925	44,825,782
Others	47,680,764	55,786,707
Unutilized credit facilities ceilings	86,272,631	77,206,480
Total	254,439,552	258,594,801

b. Operating leases amounted to JD 848,652 as of December 31, 2016 (JD 712,674 as of December 31, 2015).

43. Lawsuits against the Bank

The Bank is a defendant in lawsuits amounting to JD 7,204,006 as of December 31, 2016 (JD 2,031,735 as of December 31, 2015). In the opinion of the Bank's management and the Bank's legal advisor, no liabilities shall arise against the Bank exceeding the existing booked provision of JD 48,787 as of December 31, 2016 (JD29,267 as of December 31, 2015).

44. Effect of Opening Balances Adjustments

A- The Bank has recorded the effect of deferred tax assets as of January 2015 from the balance of fair value reserve and related earnings at the beginning of 2015.

The effect of changes on some balances as of January 1st, 2015 is as follows:

	January 1st 2015		
		Effect of Change	
December 31, 2015	Announced Balance	(Applying Standard)	Adjusted Balance
	JD	JD	JD
ASSETS:			
Deferred tax assets	-	3,370,839	3,370,839
Owners Equity:			
Fair value reserve	4,116,463	1,440,762	(2,675,701)
Retained earnings	7,981,137	1,930,077	9,911,214

45. Comparative Figures

Some of the comparative figures for the prior year have been reclassified to correspond with those of the current year as of December 31, 2016 without any effect on the prior year's financial statements.

46. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

46. a. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts.
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

46. b. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018 and the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.

Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealized losses.	January 1, 2017
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.	January 1, 2017
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions	January 1, 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018
-Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied

IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) 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*. The standard contains requirements in the following areas:	January 1, 2018

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. However, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 15 *Revenue from Contracts* with Customers 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.

January 1, 2018

IFRS 15 *Revenue from Contracts with Customers*

January 1, 2018

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.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 , may have no material impact on the financial statements of the Bank in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank's financial statements for the annual period beginning after 1 January 2018 and that IFRS 16 will be adopted in the Bank's financial statements for the annual period beginning after 1 January 2019.

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of revenue from contracts with customers and the Bank's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of its leases.

47. Subsequent Events

The Board of Directors recommended in their meeting number 1/2017 held on January 26, 2017 to the General Assembly of Shareholders to approve cash distribution of 5% of paid-up capital of JD/share 112,875,000, i.e. JD 5,643,750 from retained earnings to the shareholders. This distribution is subject to the Central Bank of Jordan's approval. However, Central Bank of Jordan did not approve cash distribution, therefore, the Board of Directors in their meeting number 4/2017 held on March 30, 2017, recommended to the General Assembly of Shareholders to distribute share dividends at 6.312%, bringing the Bank's capital to JD 120 million. Moreover, the Central Bank of Jordan's approval on such dividends was obtained on April 3, 2017. Accordingly, the disclosures relating to proposed dividends, and capital adequacy calculation for the year 2016 were amended - Note (38).