



بنك صفوة الاسلامي
Safwa Islamic Bank

To: Jordan Securities Commission

Amman Stock Exchange

Date : 31/07/2017

Subject: Semi- Annual Report as of
2017/06/30

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ:- 2017/07/31

الموضوع: التقرير نصف السنوي باللغة الانجليزية
كما هو في 2017/06/30

Attached English version of Semi- Annual
Financial Statements (Safwa Islamic Bank)

As of 30/06/2017(subject to Central Bank of
Jordan approval) .

مرفق طيه نسخة من البيانات المالية نصف
السنوية باللغة الانجليزية بنك صفوة الاسلامي
كما هي بتاريخ 2017/06/30م (وهي خاضعة
لموافقة البنك المركزي الأردني) .

Kindly accept our highly appreciation and respect

وتفضلوا بقبول فائق الاحترام...

Safwa Islamic Bank

Chief of Finance & Corporate Strategies

بنك صفوة الاسلامي
رئيس المالية والاستراتيجيات المؤسسية

بورصة عمان
الدائرة الإدارية والمالية
الطابق ١١

٣١ تموز ٢٠١٧

٤١٩٥

١١٥٥٦

الرقم المتسلسل
رقم الملف
الجهة المختصة



ISO 9001:2008 Certificate in Management
System from SGS Global - UK

SAFWA ISLAMIC BANK

PUBLIC SHAREHOLDING LIMITED COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

30 JUNE 2017

**REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF SAFWA ISLAMIC BANK
AMMAN - HASHEMITE KINGDOM OF JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of SAFWA ISLAMIC BANK as at 30 June 2017, comprising of interim condensed consolidated statement of financial position as at 30 June 2017 and the related interim condensed consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the six months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies described in Note (2) to the interim condensed consolidated financial statements. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies described in Note (2) to the interim condensed consolidated financial statements.

Other matters

The consolidated financial statements for the year ended 31 December 2016 and the interim condensed consolidated financial statements for the period ended 30 June 2016 were audited and reviewed respectively by Ernst & Young - Jordan as the sole auditor of the Bank for the year 2016. Unqualified opinion and unqualified conclusion were issued on these financial statements on 29 January 2017 and 25 August 2016, respectively. Ernst & Young - Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors for the Bank for the year 2017 in accordance with Central Bank of Jordan regulations on corporate governance.

Ernst & Young – Jordan



Amman – Jordan
23 July 2017

Deloitte & Touche (Middle East) - Jordan



Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Financial Position
AS AT 30 June 2017

	Notes	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Assets			
Cash and balances with Central Bank	4	114,034,621	204,028,359
Balances at banks and financial institutions	5	7,600,632	5,644,597
International wakala investments		44,094,119	26,717,327
Deferred sales receivables and other receivables-net	6	383,174,285	378,337,528
Unconverted loans-net	7	42,718	47,428
Financial assets at fair value through unrestricted investment accounts	8	41,059,335	22,074,538
Financial assets at amortized cost - net	9	54,878,000	27,439,000
Investment in associate	10	377,262	370,362
Ijara muntahia bittamleek assets-net	11	228,774,317	223,743,971
Qard Hasan		509,660	509,660
Property and equipment-net		21,795,682	21,778,481
Intangible assets - net		1,487,480	1,742,566
Deferred tax assets	16/C	599,815	599,815
Other assets	12	7,368,193	6,569,368
Total Assets		905,796,119	919,603,000
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS AND SHAREHOLDERS' EQUITY			
Liabilities			
Banks and financial Institutions accounts	13	260,961	2,142,078
Customers' current accounts	14	113,686,258	104,741,900
Cash margin accounts		14,181,468	8,111,831
Income tax provision	16/A	1,541,653	2,438,733
Other provisions	15	84,603	84,603
Other liabilities	17	13,982,014	11,989,540
Total Liabilities		143,736,957	129,508,685
Unrestricted Investment Accounts' Holders Equity			
Unrestricted investment accounts	18	622,618,560	651,515,469
Fair value reserve – net		(550,734)	(976,767)
Total equity of unrestricted investment holders accounts		622,067,826	650,538,702
Investment Risk Fund			
Investment risk fund	19	3,914,048	5,526,435
Income Tax provision for investment risk fund	19	1,044,508	1,597,067
Shareholders' Equity			
Paid in capital	20	100,000,000	100,000,000
Statutory reserve		21,999,743	21,999,743
General banking risk reserve		300,000	300,000
Retained earnings		10,132,368	10,132,368
Profit for the period		2,600,669	-
Total Shareholders' Equity		135,032,780	132,432,111
Total Liabilities, Unrestricted Investment Accounts Holders and Shareholders' Equity		905,796,119	919,603,000

The accompanying notes from 1 to 33 are part of these interim condensed consolidated financial statements and should be read with them

Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Income And Comprehensive Income
For the six months ended 30 June 2017 (Unaudited)

	Notes	For The Three Months Period ended 30 June		For The Six Months Period ended 30 June	
		2017	2016	2017	2016
		JD	JD	JD	JD
Deferred sales revenues	21	7,022,715	5,964,398	13,512,021	11,810,778
Ijara muntahia bittamleek revenues		4,553,816	4,522,406	9,175,473	8,904,680
International wakala investments profits		97,821	28,068	193,980	43,219
Gains from financial assets at fair value through unrestricted investment accounts holders	22	282,495	191,277	547,978	171,902
Gains from financial assets at fair value through statement of income	23	-	14,391	-	7,581
Gains from financial assets at amortized cost		368,886	-	605,688	-
Share of profit from investment in associate		16,900	6,896	16,900	6,896
Foreign currencies revaluation (losses) profit		(16,784)	7,718	(5,700)	6,021
Other revenues - joint		145,839	106,077	394,951	199,240
Legal expenses		-	-	-	(5,800)
Total Revenues from unrestricted investments		12,471,688	10,841,231	24,441,291	21,144,517
Share of unrestricted investment accounts holders'	24	(4,760,476)	(4,214,333)	(9,126,254)	(8,664,812)
Share of Investment risk fund	19	(1,247,169)	(1,084,124)	(2,444,129)	(2,114,452)
Bank's share of revenues from unrestricted investments as a mudarib and rab mal	25	6,464,043	5,542,774	12,870,908	10,365,253
Bank's self finance revenues	26	163,654	119,739	300,971	238,223
Banks share from the restricted investment revenue as agent (wakeel)		4,534	-	4,534	-
Gain from foreign currencies		139,320	163,174	239,132	269,652
Banking services revenues		789,431	623,846	1,628,182	1,534,417
Other revenues		169	34,676	11,825	75,079
Gross Income		7,561,151	6,484,209	15,055,552	12,482,624
Employees' expenses		(2,609,483)	(2,494,659)	(5,189,479)	(4,973,678)
Depreciation and amortization		(717,614)	(696,019)	(1,455,912)	(1,381,306)
Ijara muntahia bittamleek assets depreciation - self financed		(106,452)	(74,577)	(186,794)	(147,959)
Provision expense for deferred sales receivables and other receivables -self financed		(164)	(15,969)	(4,581)	(15,969)
Other expenses		(2,258,488)	(1,770,040)	(4,202,412)	(3,453,510)
Total expenses		(5,692,201)	(5,051,264)	(11,039,178)	(9,972,422)
Profit for the period before tax		1,868,950	1,432,945	4,016,374	2,510,202
Income tax expense	16/B	(668,186)	(540,204)	(1,415,705)	(901,711)
Profit for the period		1,200,764	892,741	2,600,669	1,608,491
Add : other comprehensive Income items		-	-	-	-
Total comprehensive Income for the period		1,200,764	892,741	2,600,669	1,608,491
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share	27	0/012	0/009	0/026	0/016

The accompanying notes from 1 to 33 are part of these interim condensed consolidated financial statements
and should be read with them

Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months ended 30 June 2017 (Unaudited)

	Paid in capital	(Share discount)	Statutory reserve	Voluntary reserve	General banking risk reserve	Retained earnings	Profit for the period	Total Shareholders' Equity
	JD	JD	JD	JD	JD	JD	JD	JD
For the period ended 30 June 2017								
Beginning balance	100,000,000	-	21,999,743	-	300,000	10,132,368	-	132,432,111
Total comprehensive Income for the period	-	-	-	-	-	-	2,600,669	2,600,669
Balance as at 30 June 2017	100,000,000	-	21,999,743	-	300,000	10,132,368	2,600,669	135,032,780
For the period ended 30 June 2016								
Beginning balance	100,000,000	(1,100,000)	21,116,122	1,943,336	300,000	11,475,337	-	133,734,795
Total comprehensive Income for the period	-	-	-	-	-	-	1,608,491	1,608,491
Dividends distributed	-	-	-	(843,336)	-	(6,156,664)	-	(7,000,000)
Amortize share discount	-	1,100,000	-	(1,100,000)	-	-	-	-
Balance as at 30 June 2016	100,000,000	-	21,116,122	-	300,000	5,318,673	1,608,491	128,343,286

- Retained earnings balance as at 30 June 2017 and 31 December 2016 includes an amount of JD 599,815 which represents deferred tax assets restricted from use in accordance with the Central Bank of Jordan regulations.
- The general banking risks reserve amounting to JD 300,000 as at 30 June 2017 is restricted from use without prior approval of the Central Bank of Jordan .
- An amount equal to the shortage in the investment risk reserve is restricted from use from retained earnings.

The accompanying notes from 1 to 33 are part of these interim condensed consolidated financial statements and should be read with them

Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2017 (Unaudited)

	Notes	For The six Months Period ended 30 June	
		2017 JD	2016 JD
Cash flows from operating Activities			
Profit for the period before tax		4,016,374	2,510,202
Adjustments for non monetary items:			
Depreciation and amortization		1,455,912	1,381,306
Share of profits from investment in associate		(16,900)	(6,896)
Investment risk fund		2,444,129	2,114,452
Unrealized loss of financial assets at fair value through statement of income	23	-	8,245
Provision for deferred sales receivables and other receivables - self financed		4,581	15,969
Loss (Gain) on sale of property and equipment		87,436	(23,391)
Gain on sale of repossessed asset against debts		(2,140)	(12,807)
Net cash flows from operating activities before changes in assets and liabilities		7,989,392	5,987,080
Changes in assets and liabilities:			
Decrease in financial assets at fair value through statement of income		-	369,692
(Increase) in deferred sales receivables and other receivables		(7,645,941)	(66,329,656)
Decrease in unconverted loans		4,710	1,161,252
(Increase) in Ijara muntahia bittamleek assets		(5,030,346)	(12,189,086)
(Increase) In Qard Hasan		-	(509,660)
(Increase) in other assets		(1,154,685)	(761,130)
Increase in customers' current accounts		8,944,358	15,677,896
Increase in cash margin accounts		6,069,637	1,783,358
Increase (Decrease) in other liabilities		1,992,474	(1,412,503)
Net cash flows from (used in) operating activities before income tax paid		11,169,599	(56,222,757)
Income tax paid	16 & 19	(3,507,306)	(2,282,968)
Net cash flows from (used in) operating activities		7,662,293	(58,505,725)
Cash Flows from Investing Activities			
Net (Purchase) of financial assets at fair value through unrestricted investment accounts holders -net		(19,168,715)	1,314,756
Net (Purchase) of financial assets at amortized cost		(27,439,000)	(27,439,000)
Cash dividends from an associate		10,000	-
(Purchase) of intangibles assets		(59,305)	(306,914)
(Purchase) of property and equipment		(1,247,345)	(2,066,496)
Proceeds from sale of property and equipment		1,187	30,200
Proceeds from sale of repossessed asset against debts		358,000	33,906
(Increase) in international wakala investments		(17,376,792)	(4,350,172)
Net cash Flows used in investing activities		(64,921,970)	(32,783,720)
Cash Flows from Financing Activities			
(Decrease) Increase in unrestricted investment accounts		(28,896,909)	102,263,164
Dividends to shareholders		-	(6,984,065)
Net cash Flows (used in) from financing activities		(28,896,909)	95,279,099
Net (Decrease) increase in cash and cash equivalents		(86,156,586)	3,989,654
Cash and cash equivalents, beginning of the Year		207,530,878	223,699,328
Cash and cash equivalents, end of the period	28	121,374,292	227,688,982

The accompanying notes from 1 to 33 are part of these interim condensed consolidated financial statements and should be read with them

SAFWA ISLAMIC BANK
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2017 (UNAUDITED)

(1) GENERAL

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

The General Assembly decided in their extra-ordinary meeting held on 17 May 2017 to change the name of the Bank from Jordan Dubai Islamic Bank to Safwa Islamic Bank.

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

Etiihad Islamic Investment Company owns 61.8% of Safwa Islamic Bank, and its' financial statements is consolidated with the financial statements of Bank Al Etihad.

The Interim Condensed Consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (7/2017) held on 23 July 2017.

The Interim Condensed Consolidated financial statements were reviewed by Shari'a Supervisory Board in their meeting No. (3/2017) held on 20 July 2017.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim condensed consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with the standards of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and should be read in conjunction with the Bank's annual financial statements as of 31 December 2016. In addition, results for the six-months period ended 30 June 2017 do not necessarily indicate the results that may be expected for the financial year ending 31 December 2017. The Bank's profit for the six months period ended 30 June 2017, have not been appropriated; as such appropriations will be made at the end of year.

The interim condensed consolidated financial statements are prepared on the historical cost basis except for the financial assets at fair value through profit or loss and through unrestricted investment accounts that have been measured at fair value.

The interim condensed consolidated financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

Shareholders' equity is separated from the unrestricted investment accounts holders.

Investment risk fund is used to cover the impairment in financing and investment accounts funded by the unrestricted investment accounts.

The standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee are applied in the absence of an Islamic standard and will be replaced later by the Islamic Standards when the New Islamic standard is issued.

The term Unrestricted investment Accounts, refers to Joint Investment Accounts.

BASIS OF CONSOLIDATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim financial statements comprise the interim condensed consolidated financial statements of the Bank and its subsidiaries where the Bank has the power to govern the operational and financial policies of the entities so as to obtain benefits from their activities.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

The subsidiaries included in the financial statements as of 30 June 2017 are as follows:

Company	Paid in Capital (JD)	Source of Funding	Ownership %	Main Activity	Location	Acquisition Date
Misc for Financial Brokerage	2,000,000	Self	100%	Brokerage	Amman	2011
Jordan Dubai Real Estate	100,000	Joint	100%	Real state	Amman	2012
Investment *				Investment	Amman	2012

* Jordan Dubai Real Estate company owns the following subsidiary:

Company	Paid in Capital (JD)	Source of Funding	Ownership %	Main Activity	Location	Acquisition Date
AlFaid for Real State	20,000	Joint	100%	Real state	Amman	2012
Investment (under liquidation)				Investment	Amman	2012

Subsidiaries are fully consolidated from the date the Bank obtains control, and continue to be consolidated until the date that such control ceases. The subsidiaries revenues and expenses are in the consolidated statement of income from the date the Bank obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion that not held by the Bank from the equities of the subsidiaries.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those of the previous financial year ended 31 December 2016.

(3) USE OF ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions. Such estimates are necessary based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

We believe that our estimates within the interim condensed consolidated financial statements are consistent with the estimates used in the preparation of the financial statements for the year ended 31 December 2016.

(4) CASH AND BALANCES WITH CENTRAL BANK

The details of this item are as follows:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	15,314,832	9,754,330
Balances with Central Bank of Jordan:		
Current accounts	48,284,027	141,536,865
Statutory cash reserve	50,435,762	52,737,164
Total	114,034,621	204,028,359

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 30 June 2017 and 31 December 2016.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current and on -Demand ac	1,551,983	750,125	6,048,649	4,894,472	7,600,632	5,644,597
Total	1,551,983	750,125	6,048,649	4,894,472	7,600,632	5,644,597

- There are no restricted balances at 30 June 2017 and 31 December 2016.

- There are no balances at banks and financial institutions subject to profit at 30 June 2017 and 31 December 2016.

(6) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET

The details of this item are as follows:

	Joint		Self financed		Total	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Individuals (retail)-						
Murabaha to the purchase orderer	125,317,380	117,205,801	1,332,899	1,247,555	126,650,279	118,453,356
Ijara Muntahia Beltamleek - receivables	1,422,337	1,224,638	243	-	1,422,580	1,224,638
Other receivable	-	-	167,158	137,628	167,158	137,628
Real estate finances	13,483,892	13,655,137	-	-	13,483,892	13,655,137
Corporate						
International Murabaha	11,408,882	1,261,840	-	-	11,408,882	1,261,840
Murabaha to the purchase orderer	146,636,844	196,596,373	-	-	146,636,844	196,596,373
Ijara Muntahia Beltamleek - receivables	4,682,542	3,510,783	-	-	4,682,542	3,510,783
Other receivable	-	-	6,703	11,374	6,703	11,374
Small and medium companies						
Murabaha to the purchase orderer	3,424,656	2,029,723	-	-	3,424,656	2,029,723
Ijara Muntahia Beltamleek - receivables	27,004	5,512	-	-	27,004	5,512
Other receivable	-	-	5,510	1,155	5,510	1,155
Governmental and public sector	133,289,917	92,750,676	-	-	133,289,917	92,750,676
Total	439,693,454	428,240,483	1,512,513	1,397,712	441,205,967	429,638,195
Less: deferred revenues	45,149,580	41,400,706	221,924	211,948	45,371,504	41,612,654
Suspended revenues	795,279	632,298	-	-	795,279	632,298
Impairment provision	11,841,466	9,036,863	23,433	18,852	11,864,899	9,055,715
Deferred sales receivable and other receivables- Net	381,907,129	377,170,616	1,267,156	1,166,912	383,174,285	378,337,528

The non- performing deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables amounted to JD 16,012,201 representing 2,39% as at 30 June 2017 of deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables (31 December 2016: JD 11,768,469 representing 1.80%).

The non- performing deferred sales receivables, other receivables, and the Ijara Muntahia Beltamleek receivables net of the suspended revenues amounted to JD 15,216,922 representing 2,27% as at 30 June 2017 of deferred sales receivable, other receivables, and the Ijara Muntahia Beltamleek receivables, (31 December 2016: JD 11,136,171 representing 1,71%).

The balance of the investment risk fund, according to the Banking Law, paragraph (55) amounted to JD 15,755,514 as of 30 June 2017 compared to JD 14,563,298 as of 31 December 2016. Provision for impairment of the jointly financed facilities which is calculated based on Central Bank of Jordan regulations and based on (watch list) amounted to JD 477,135 and the provision calculated based on "individual customer" amounted to JD 11,364,331 as at 30 June 2017 (31 December 2016: JD 188,255 and 8,848,608 JD respectively).

The deferred sales receivables, other receivables, and other facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 133,289,917 representing 30,21% share of the balance of deferred sales receivables, other receivables and facilities as at 30 June 2017 (31 December 2016: JD 92,750,676 representing 21.59%)

Impairment provision of the self financed facilities which is calculated based on individual customer amounted to JD 33,656 as at 30 June 2017 (31 December 2016: JD 29,440).

Suspended revenues

Movement on suspended revenues was as follows:

	Joint					
	30 June 2017			31 December 2016		
	(Unaudited)			(Audited)		
	Retail JD	Corporate JD	Total JD	Retail JD	Corporate JD	Total JD
Beginning balance for the period/year	150,326	481,972	632,298	65,585	365,906	431,491
Add: Suspended revenues for the period/ year	80,588	108,597	189,185	104,837	412,705	517,542
Less: suspended revenues reversed to revenues	26,204	-	26,204	20,096	296,639	316,735
Ending balance for the period/year	204,710	590,569	795,279	150,326	481,972	632,298

(7) UNCONVERTED LOANS - NET

This item includes unconverted loans in accordance with the accepted financing methods. And in alliance with sharia - law, The sharia Supervisory Board issued a Fatwa regarding these loans to remain in holders account until these loans are either settled or converted and not to be included in the common pool. The proceeds of these loans are considered to be a right for the shareholders and to be reinvested again in the common pool.

The details of this item are as follows:

	Self financed					
	30 June 2017			31 December 2016		
	(Unaudited)			(Audited)		
	Retail JD	Corporate JD	Total JD	Retail JD	Corporate JD	Total JD
Gross unconverted loans	42,718	17,875	60,593	47,428	17,875	65,303
Less: suspended revenues	-	7,112	7,112	-	7,112	7,112
Less: Unconverted loans impairment provision	-	10,763	10,763	-	10,763	10,763
Net unconverted loans	42,718	-	42,718	47,428	-	47,428

Unconverted loans impairment provision – self financed

Movement on unconverted loans provision is as follows:

	Corporate	
	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	10,763	1,131,382
Provision	-	34
Deduct :Provisions that are no longer required and transferred to other Provisions	-	1,109,347
Deduct :Used during the period/ year (write offs)	-	11,306
Ending balance for the period/year	10,763	10,763

- General banking risks reserve against receivables and self financed facilities amounted to JD 300,000 as at 30 June 2017 (31 December 2016: JD 300,000).

The total provisions that are no longer required as a result of settlements, repayments, and being converted to other provisions are nil as at 30 June 2017 compared to JD 1,109,347 as at 31 December 2016.

Suspended revenues

	Self financed		
	30 June 2017		
	(Unaudited)		
	Retail	Corporate	Total
	JD	JD	JD
Beginning balance for the period	-	7,112	7,112
Add: Suspended revenues during the period	-	-	-
Deduct: suspended revenues transferred to Income	-	-	-
Ending balance for the period	-	7,112	7,112

	Self financed		
	31 December 2016		
	(Audited)		
	Retail	Corporate	Total
	JD	JD	JD
Beginning balance for the year	-	7,112	7,112
Add: Suspended revenues during the year	-	-	-
Deduct: suspended revenues transferred to Income	-	-	-
Ending balance for the year	-	7,112	7,112

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

	Joint	
	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Quoted Financial Assets :		
Corporate Shares	1,298,257	1,588,936
Islamic Sukuk	39,550,973	20,378,828
Total quoted Financial Assets	40,849,230	21,967,764
Unquoted Financial Assets		
Corporate Shares	210,105	106,774
Total unquoted financial assets through unrestricted investment accounts	210,105	106,774
Total Financial Assets At Fair Value Through Unrestricted investment accounts holders	41,059,335	22,074,538

Financial assets stated at cost for which fair value cannot be measured reliably amounted to JD 210,105 as at 30 June 2017 (31 December 2016: JD 106,774).

(9) Financial Assets at Amortized Cost- Net

The details of this item are as follows:

	Joint	
	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Unquoted Financial Assets:		
Islamic Sukuk	54,878,000	27,439,000
Total unquoted Financial Assets	54,878,000	27,439,000
Total Financial Assets at Amortized Cost- Net	54,878,000	27,439,000

The assets mentioned above matures through the years 2021 and 2022.
No impairment provisions were taken against financial assets at amortized cost.

(10) INVESTMENT IN ASSOCIATE

Investment in associated company (joint)

	Percentage of ownership	Country	Principal activity	30 June 2017	31 December 2017
				JD	JD
				(Unaudited)	(Audited)
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	377,262	370,362
Cash dividend from the associate amounted JD 10,000 as at 30 June 2017 compared with nil as at 31 December 2016 .					

(11) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET

30 June 2017(Unaudited)	Joint		Self finance		Total	
	Cost JD	Accumulated Depreciation JD	Net Book Value JD	Cost JD	Accumulated Depreciation JD	Net Book Value JD
Ijara Muntahia Bittamleek assets-Real Estate	284,748,187	(60,165,112)	224,583,075	4,775,860	(978,148)	3,797,712
Ijara Muntahia Bittamleek assets-Machinery	2,141,225	(1,747,695)	393,530	-	-	-
Total	286,889,412	(61,912,807)	224,976,605	4,775,860	(978,148)	3,797,712

31 December 2016 (Audited)	Joint		Self finance		Total	
	Cost JD	Accumulated Depreciation JD	Net Book Value JD	Cost JD	Accumulated Depreciation JD	Net Book Value JD
Ijara Muntahia Bittamleek assets-Real Estate	273,676,481	(54,382,088)	219,294,393	4,655,840	(854,027)	3,801,813
Ijara Muntahia Bittamleek assets-Machinery	2,141,554	(1,493,789)	647,765	-	-	-
Total	275,818,035	(55,875,877)	219,942,158	4,655,840	(854,027)	3,801,813

- The accrued Ijara installments amounted to JD 6,132,126 as at 30 June 2017 (31 December 2016: JD 4,740,933) and were presented under deferred sales receivables and other receivables (Note 6).

- The non-performing Ijara Muntahia Bittamleek amounted to JD 4,643,088 representing 2.03% as at 30 June 2017 (31 December 2016: JD 4,051,274 representing 1.81%)

(12) OTHER ASSETS

The details of this item are as follows:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Reposessed assets by the Bank against debts _ net	3,773,766	3,969,355
Prepaid expenses	1,934,813	1,343,214
Accrued revenues	681,054	261,185
Stationery and printing inventory	111,393	106,825
Withholding income tax	60,169	58,990
Transactions in transit	-	5,317
Petty cash	105,813	65,721
Other receivables	290,995	283,721
Others	410,190	475,040
Total	7,368,193	6,569,368

The movement on the reposessed assets by the Bank against debts was as follows:

	30 June 2017			31 December 2016
	Reposessed real estates - self financed	Reposessed real estates- joint	Total	Total
	JD	JD	JD	JD
			(Unaudited)	(Audited)
Beginning balance for the period/year	641,529	3,327,826	3,969,355	3,707,415
Additions	-	160,271	160,271	507,727
Disposals	(1,860)	(354,000)	(355,860)	(245,787)
Ending Balance for the period/year	639,669	3,134,097	3,773,766	3,969,355

- Central Bank of Jordan regulations requires the disposal at reposessed assets during a maximum period of 2 years from the date of repossession, and in some cases the Central Bank can extend the period for additional 2 years.
- Provision for reposessed assets against debts that violates article provisions no.(48) of Banks' law no.(28) for the year 2000 and its amendments amounted to JD 343,441 as at 30 June 2017 and 31 December 2016.

(13) BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	30 June 2017 (Unaudited)			31 December 2016 (Audited)
	Inside the Kingdom	Outside the Kingdom	Total	Total
	JD	JD	JD	JD
Current accounts	-	260,961	260,961	2,142,078
Total	-	260,961	260,961	2,142,078

(14) CUSTOMERS' CURRENT ACCOUNTS

The details of this item are as follows:

	30 June 2017 (Unaudited)				
	Retail	Corporate	Small and medium companies	Government and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	81,837,208	13,981,172	17,710,709	157,169	113,686,258
Total	81,837,208	13,981,172	17,710,709	157,169	113,686,258

	31 December 2016 (Audited)				
	Retail	Corporate	Small and medium companies	Government and Public	Total
	JD	JD	JD	JD	JD
Current accounts	74,719,539	15,493,304	13,495,193	1,033,864	104,741,900
Total	74,719,539	15,493,304	13,495,193	1,033,864	104,741,900

- Public sector deposits inside the Kingdom as at 30 June 2017 amounted to JD 157,169 representing 0.14 % of the total customers' current accounts (31 December 2016: JD 1,033,864 representing 0,99%).

- The restricted accounts as at 30 June 2017 amounted to JD 1,320,182 representing 1,16% of the total customers' current accounts (31 December 2016: JD 1,871,219 representing 1,79%).

The dormant accounts as at 30 June 2017 amounted to JD 4,270,975 (31 December 2016 : JD 4,510,945).

(15) OTHER PROVISIONS

The details of this item are as follows:

	30 June 2017				
	(Unaudited)				
	Beginning balance	Provided during the period	Used during the period	Reversed to Income	Ending balance
	JD	JD	JD	JD	JD
End of service indemnity	23,818	-	-	-	23,818
Provision of lawsuits against the Bank	60,785	-	-	-	60,785
Total	84,603	-	-	-	84,603

	31 December 2016				
	(Audited)				
	Beginning balance	Provided during the year	Used during the year	Reversed to Income	Ending balance
	JD	JD	JD	JD	JD
End of service indemnity	23,818	-	-	-	23,818
Provision of lawsuits against the Bank	60,785	-	-	-	60,785
Other provision (Note 7)	-	1,109,347	-	1,109,347	-
Total	84,603	1,109,347	-	1,109,347	84,603

(16) INCOME TAX PROVISION

A- Income tax provision

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	2,438,733	1,288,051
Income tax expense for the period/year	1,415,705	2,753,898
Deduct : income tax paid for previous year	(2,312,785)	(1,242,531)
Deduct: Income tax paid for the current period	-	(360,685)
Ending balance for the period/year	1,541,653	2,438,733

B- The income tax expense presented in the Interim Condensed Consolidated Statement of Income And Comprehensive Income consists of the following:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	
Income tax expense for the period	(1,415,705)	(901,711)
Total	(1,415,705)	(901,711)

The Bank obtained a final settlement from Income tax and sales tax department up to the year 2013.

The Bank submitted its tax declarations for the years ended 2014 , 2015 and 2016. The year 2014 is under review by the Income and sales tax department. However, no final settlement has been reached yet and the years 2015 and 2016 are not yet reviewed up to the date of the consolidated financial statements.

The Bank's subsidiaries submitted their tax declarations for the years 2015 and 2016, and it was accepted for the year 2015 for all subsidiaries according to Sampling system issued by the income and sales tax department.

C- Deferred tax assets

The details of this item are as follows:

	30 June 2017				31 December 2016
	Beginning Balance for the period	Released during the period	Additions during the period	Ending Balance for the period	Deferred tax
	JD	JD	JD	JD	JD
Deferred tax assets					(Unaudited)
Deferred tax assets - self finance					(Audited)
End of services indemnity	23,818	-	-	23,818	8,336
Lawsuits provision against	60,785	-	-	60,785	21,275
Impairment for repossessed	343,441	-	-	343,441	120,204
Legal expenses	1,500,000	-	-	1,500,000	450,000
Total	1,928,044	-	-	1,928,044	599,815

The movement on self finance deferred tax assets is as follows:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	599,815	984,815
Additions during the period/ year	-	-
Amortized during the period/ year	-	(385,000)
Ending balance for the period/year	599,815	599,815

(17) OTHER LIABILITIES

The details of this item are as follows:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Accrued expenses	769,705	992,216
Certified cheques	1,801,960	1,846,646
Shareholders and customers deposits	2,174,480	1,197,509
Customers' share of profit from unrestricted investments	6,428,680	6,364,876
Brokerage payables	8,324	8,324
Temporary deposits	1,679,321	636,472
Transactions in transit	74,547	-
Others	1,044,997	943,497
Total	13,982,014	11,989,540

(18) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

the details of this item are as follows.

30 June 2017						
(Unaudited)						
	Retail	Corporate	Small and medium companies	Government and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	50,085,642	2,104,069	107,927	117,113	-	52,414,751
Term accounts/ Investing deposits	379,949,939	56,867,826	67,610,620	22,783,899	8,970,795	536,183,079
Investing certificates of deposit	13,983,915	7,464,084	492,354	2,954,123	-	24,894,476
Total	444,019,496	66,435,979	68,210,901	25,855,135	8,970,795	613,492,306
Depositors' share from investments' revenues	6,557,384	1,035,362	1,086,025	410,278	37,205	9,126,254
Total unrestricted investment accounts	450,576,880	67,471,341	69,296,926	26,265,413	9,008,000	622,618,560

31 December 2016						
(Audited)						
	Retail	Corporate	Small and medium companies	Government and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	47,175,895	7,478,268	97,426	80,050	-	54,831,639
Term accounts/ Investing deposits	376,530,935	66,907,560	76,344,701	40,749,115	-	560,532,311
Investing certificates of deposit	11,275,350	7,349,238	-	-	-	18,624,588
Total	434,982,180	81,735,066	76,442,127	40,829,165	-	633,988,538
Depositors' share from investments' revenues	11,827,541	2,261,828	2,238,724	1,198,838	-	17,526,931
Total unrestricted investment accounts	446,809,721	83,996,894	78,680,851	42,028,003	-	651,515,469

- Unrestricted investment accounts share of profit is calculated as follows:
 - 20% to 31% of the minimum balance of saving accounts in JD
 - 20% to 25% of the minimum balance of saving accounts in foreign currencies
 - 32% to 90% of the average term accounts in JD
 - 18% to 46% of the average term accounts in foreign currencies
 - 90% of the average balances of investing certificates of deposit in JD
 - 70% to 80% of average balances of investing certificates of deposit in foreign currencies
 - The percentage of the profit on the Jordanian Dinar till end of June 2017 is 3.16% (for the same period from last year 3.13%)
 - The percentage of the profit on USD till end of June 2017 is 1.26% (for the same period in last year 1.18%)
 - The unrestricted investment accounts for the Government and Public sector amounted to JD 26,265,413 as at 30 June 2017, which represents 4.22% of the total unrestricted investment accounts (31 December 2016: JD 42,028,003 which represents 6.45% of the total unrestricted investment accounts).
 - The restricted accounts amounted to JD 84,513 which represents 0.01% of the total unrestricted investment as at 30 June 2017. (31 December 2016: JD 119,163 which represent 0.02%).

(19) INVESTMENT RISK FUND

The movement on investment risk fund was as follows:

	30 June 2017 JD (Unaudited)	31 2016 JD (Audited)
Beginning balance for the period/year	14,563,298	11,888,213
Additions: transferred from unrestricted investment revenues during the period/year	2,444,129	4,473,473
Less: bad debts written off	-	-
Less: losses from financial assets at fair value through unrestricted investment accounts Pertaining to previous years *	609,951	357,957
Deductions: provision for income tax	641,962	1,440,431
Ending balance for the period/year	15,755,514	14,563,298

- The investment risk fund balance will be transferred to the Zakat fund in case of liquidation.
- The Central Bank of Jordan approved the deduction of the percentage to 10% starting from 1 January 2017 (2016:10%)
- * These represent prior years losses resulted from the sale of shares and sukuk through unrestricted investment portfolio based on article no.(12.4) and (15) of the policy outlining the relationship of the bank as Mudarib and the owners of unrestricted investments (rab-al-mal), where it stipulates that if losses resulted from unrestricted investment transactions that were initiated in prior years, these losses would be covered through the Investment Risk Fund.

Investment risk fund balance is distributed as follows:

	30 June 2017 JD (Unaudited)	31 2016 JD (Audited)
Ending balance for the period/year	15,755,514	14,563,298
Against impairment of Ijara Muntahia Beltamleek receivable	3,032,900	2,106,119
Against impairment of deferred sales receivables	8,808,566	6,930,744
Remaining balance	3,914,048	5,526,435

- The remaining balance (the undistributed part) relates to the unrestricted investment accounts.

- The income tax on Investment risk fund consist of the following:

	30 June 2017 JD (Unaudited)	31 2016 JD (Audited)
Beginning balance for the period/year	1,597,067	1,442,982
Income tax on transferred revenues from investment accounts	641,962	1,440,431
Less: Income tax paid	1,194,521	1,286,346
Ending balance for the period/year	1,044,508	1,597,067

- The Bank obtained a final settlement from Income and sales tax department up to the year 2013.
- The Bank submitted its tax declaration for the years ended 2014, 2015 and 2016. The year 2014 is under review by the Income tax and sales tax department .

(20) PAID IN CAPITAL

The authorized and paid in capital amounted to JD 100,000,000 divided into 100,000,000 shares, at a par value of JD 1 per share as at 30 June 2017 and 31 December 2016.

(21) DEFERRED SALES REVENUES

The details of this item are as follows:

	30 June 2017		30 June 2016	
	(Unaudited)		(Unaudited)	
	Joint	Self financed	Joint	Self financed
	JD	JD	JD	JD
Individuals (Retail)				
Murabaha to the Purchase orderer	5,173,277	39,655	4,310,332	20,445
Real estate finances	497,334	-	488,187	-
Corporate				
International Murabaha	78,660	-	5,326	-
Murabaha to the Purchase orderer	7,620,329	-	6,994,724	-
Small and medium companies				
Murabaha to the Purchase orderer	142,421	-	12,209	-
Total	13,512,021	39,655	11,810,778	20,445

(22) GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS

The details of this item are as follows:

	Joint	
	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Stock dividends	55,562	55,475
Gains (Losses) on sale of financial assets	82,313	(19,134)
Islamic Sukuk profit	410,103	92,452
Gains of Unlisted Companies	-	43,109
Total	547,978	171,902

(23) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

The details of this item are as follows:

	Joint							
	30 June 2017				30 June 2016			
	(Unaudited)				(Unaudited)			
	Realized Gains	Unrealized losses	Dividends	Total	Realized Gains	Unrealized losses	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cooperative Shares	-	-	-	-	4,231	(8,245)	13,614	9,600
Total	-	-	-	-	4,231	(8,245)	13,614	9,600
Less:								
Shares Contract commissions	-	-	-	-	2,019	-	-	2,019
Total	-	-	-	-	2,212	(8,245)	13,614	7,581

(24) SHARE OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS

The details of this item are as follows:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Customers		
Revenues on saving accounts	288,549	216,059
Revenues on term investments accounts	8,413,892	8,168,657
Revenues on certificates of deposit accounts	386,608	280,096
Revenues on banks and financial institutions accounts	37,205	-
Total	9,126,254	8,664,812

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

The details of this item are as follows:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Bank's share as Mudarib *	8,527,014	8,507,597
Bank's share as Rab Mal	4,343,894	1,857,656
Total	12,870,908	10,365,253

* Bank's share of revenues from unrestricted investment accounts as Mudarib reached an amount of JD 8,798,068 , a donation has been made with an amount of JD 271,054 to the unrestricted investment Accounts Holders'.

(26) BANK SELF FINANCE REVENUES

The details of this item are as follows:

	Note	30 June 2017	30 June 2016
		JD	JD
		(Unaudited)	(Unaudited)
Ijara Muntahia Beltamleek Assets revenues		261,316	217,778
Deferred sales revenues	21	39,655	20,445
Total		300,971	238,223

(27) EARNINGS PER SHARE

The details of this item are as follows:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period	2,600,669	1,608,491
Weighted average number of shares	100,000,000	100,000,000
	JD/ Fils	JD/ Fils
Basic and diluted earnings per share	0/026	0/016

(28) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Cash balances with Central Bank of Jordan maturing within three months	114,034,621	224,106,499
Add: cash at banks and financial institutions maturing within three months	7,600,632	3,868,902
Less: banks and financial institutions accounts maturing within three months	(260,961)	(286,419)
Total	121,374,292	227,688,982

The Bank entered into transactions with shareholders, board of directors members, senior management and subsidiary Companies using normal rates of Murabaha and trade commissions. All deferred sales receivables and financing granted to related parties are performing and no provision was taken for these balances

<u>Off interim condensed consolidated financial position items</u>					
Letters of guarantees	-	-	-	-	117,000

[illegible]

Executive management salaries and benefits for the year ended 30 June 2017 amounted to JD 713,077 (30 June 2016 : JD 969,199)

(30) SEGMENT INFORMATION

a. Information on the Bank's Activities

The bank is structured for administrative purposes where sectors are measured to the reports that are used by executive director and main decision maker at the bank through three major business sectors.

Retail Accounts:

This sector handles following up upon the unrestricted investment accounts, deferred sales receivables, financings, and other services related to Retail.

Corporate Accounts:

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

Treasury:

This sector handles the services of brokerage, treasury and management of the Bank's funds.

Information on the Bank's segments according to activities is shown as follows:

	Retail	Institutions	Treasury	Others	30 June 2017	30 June 2016
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Total revenues (joint and self finance)	8,291,646	8,292,532	646,918	268,585	17,499,681	14,597,076
Investment risks fund share of joint	-	-	-	(2,444,129)	(2,444,129)	(2,114,452)
Investment accounts holders revenues	-	-	-	-	-	-
Results of segment's operations	8,291,646	8,292,532	646,918	(2,175,544)	15,055,552	12,482,624
Undistributed expenses	(801,491)	(269,772)	(330,806)	(9,637,109)	(11,039,178)	(9,972,422)
Profit for the period before tax	7,490,155	8,022,760	316,112	(11,812,653)	4,016,374	2,510,202
(Income tax expense) for the period	-	-	-	(1,415,705)	(1,415,705)	(901,711)
Profit for the period	7,490,155	8,022,760	316,112	(13,228,358)	2,600,669	1,608,491
					30 June 2017	31 December 2016
					JD (Unaudited)	JD (Audited)
Segments' assets	309,999,952	285,524,571	154,246,031	-	749,770,554	673,184,890
Undistributed assets	-	-	-	156,025,565	156,025,565	246,418,110
Total assets	309,999,952	285,524,571	154,246,031	156,025,565	905,796,119	919,603,000
Segments' liabilities and total equity of unrestricted investment accounts holders	594,978,575	84,098,846	73,383,840	-	752,461,261	766,191,643
Undistributed liabilities	-	-	-	13,343,522	13,343,522	13,855,744
Total liabilities and Total equity of unrestricted investment accounts holders	594,978,575	84,098,846	73,383,840	13,343,522	765,804,783	780,047,387
					30 June 2017	30 June 2016
					JD (Unaudited)	JD (Unaudited)
Capital expenditure					1,306,650	2,373,410
Depreciation and amortization					1,455,912	1,381,306

b. Geographical Distribution Information

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

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

	30 June 2017			31 December 2016		
	(Unaudited)			(Audited)		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Total assets	813,982,396	91,813,723	905,796,119	876,671,533	42,931,467	919,603,000

	30 June 2017			30 June 2016		
	(Unaudited)			(Unaudited)		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Capital expenditure	1,306,650	-	1,306,650	2,373,410	-	2,373,410
Total revenues	16,952,295	547,386	17,499,681	14,472,953	124,123	14,597,076

(31) CAPITAL MANAGEMENT

The Bank's management takes into consideration the Central Bank of Jordan requirements which require the Bank to have sufficient self finance resources to cover certain percentage of its risk weighted assets based on the nature of the finance given and the direct investment made. Accordingly, the capital considered for the purpose of Central Bank of Jordan requirements is the regulatory capital (both basic and additional capital).

Capital management aims to invest the Bank's fund in various risk weighted investments (low and high risk) to ensure that the Bank gets a better rate of return and to maintain a capital adequacy of 12% as required by the Central Bank of Jordan.

Capital adequacy ratio is calculated based on the Islamic Banks Regulation No. (50/2010) issued by Central Bank of Jordan in accordance to article (99/B) of the Bank's Law. Following is the capital adequacy Ratio details:

	30 June 2017	31 December 2016
	JD '000	JD '000
	(Unaudited)	(Audited)
Basic capital items	129,537	129,568
Authorised and Paid in capital	100,000	100,000
Statutory reserve	22,000	22,000
Retained earnings	9,532	9,532
Intangible assets	(1,487)	(1,743)
The Bank's share in the banks and financial institutions capital (50%)	-	(78)
The bank's share in the insurance companies capital (50%)	(7)	(5)
The Bank's share in the investment risk fund deficit	(501)	(138)
Additional capital	2,147	1,626
Fair value reserve	(265)	(348)
General banking risk reserve	2,419	2,057
The Bank's share in the banks and financial institutions capital (50%)	-	(78)
The bank's share in the insurance companies capital (50%)	(7)	(5)
Total regulatory capital	131,684	131,194
Total risk weighted assets	367,155	318,351
Capital adequacy ratio (%)	35.87%	41.21%
Basic capital adequacy ratio (%)	35.28%	40.70%

(32) CONTINGENT LIABILITIES (OFF FINANCIAL POSITION)

A- Contingent credit liabilities:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	5,756,368	11,683,336
Acceptances	17,758,862	160,178
Letter of guarantees:		
Payment	1,425,035	1,431,979
Performance	1,098,058	1,589,862
Others	18,840	32,638
Unutilized limits	93,315,692	89,602,441
Total	119,372,855	104,500,434

Based on the letter from The Prime Minister and the legal opinion issued by the Legislation and Opinion Divan, a dispute arise with The Ministry Of Finance regarding the benefit's variances with an amount of JD 4,418,908 related to the granted loans to the Industrial Development Bank (formerly) by The German Bank Of Reconstruction and European Investment Bank and other parties. Management and its legal advisor considers these variances as a part of the Banks' right and it is a correct procedure.

(33) LAWSUITS AGAINST THE BANK

The Bank is defendant in number of lawsuits amounted to JD 83,030 as at 30 June 2017 (31 December 2016: JD 84,790). According to the Legal Advisor, the lawsuits provision which amounts to JD 60,785 is sufficient to face any liabilities that may arise from lawsuits.