



To: Jordan Securities Commission
Amman Stock Exchange

Date:-30/03/2017

Subject: English version of Audited
Financial Statements for the fiscal
year ended 31/12/2016

Attached the English version of
Audited Financial Statements of
(Jordan Dubai Islamic Bank) for the
fiscal year ended 31/12/2016

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ:- 2017/03/30

الموضوع : البيانات المالية السنوية المدققة باللغة
الانجليزية للسنة المنتهية في 2016/12/31

مرفق طيه نسخة من البيانات المالية المدققة باللغة
الانجليزية (بنك الاردن دبي الاسلامي) عن السنة
المالية المنتهية في 2016/12/31

Kindly accept our high appreciation
and respect

Jordan Dubai Islamic Bank
Chief of Finance & Corporate Strategies

وتفضلوا بقبول فائق الاحترام،،،

بنك الاردن دبي الاسلامي
رئيس المالية والاستراتيجيات المؤسسية



JORDAN DUBAI ISLAMIC BANK

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Dubai Islamic Bank
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Dubai Islamic Bank – (a public shareholding Company "the Bank", which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Bank as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated 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* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Impairment of receivables (deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables) and Investment Risk Fund

Impairment of receivables (deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables) is one of the most significant matters, in addition of being an area that requires a considerable amount of judgment for determining impairment event and the measurement of impairment loss. The Bank appropriates 10% of net revenues from jointly financed facilities which is transferred to the investment risk fund in accordance with Central Bank of Jordan regulations.

Judgment is applied to the inputs of the measurement process of impairment including valuation of collateral and determining the default date, and as a result, impairment is calculated from that date.

How the Key Audit Matter was addressed

Our audit procedures include obtaining the non-performing and watch list loans schedules, samples were selected to test impairment which included collateral valuation and assessing the provision required based on the date of default. We also tested a sample from the performing receivables to determine whether management had identified all impairment events.

We have recalculated the amounts transferred to the investment risk fund in accordance with Central Bank of Jordan regulations.

Disclosures of impairment of receivables (deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables) are detailed in notes 8 and 13 to the consolidated financial statements and investment risk fund are detailed in note 25 to the consolidated financial statements.

2. Suspension of profit on non- performing deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables

Profit is suspended after 90 days from impairment event (default date) in accordance with Central Bank of Jordan regulations.

Judgment is applied as to determining when the default date occurred which affects the amount of profit to be suspended.

How the Key Audit Matter was addressed

Our audit procedures include selecting a sample from the schedules of non-performing deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables and profit in suspense, and tested suspended profit including recalculation in accordance with CBJ regulations, and assessing the criteria used by management in determining the impairment event.

Disclosures of profit in suspense are detailed in note 8 to the consolidated financial statements.

Other information included in the Bank's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2016 Annual Report is expected to be made available to us after the date of this auditor's report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Accounting and Auditing Standards for Islamic Financial Institutions (AAOIFI) 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 consolidated financial statements.

As part of an audit in accordance with Accounting and Auditing Standards for Islamic Financial Institutions, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Bank's 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 exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts and the accompanying consolidated financial statements and financial information presented in the Board of Directors' report are in agreement therewith.

Amman – Jordan
29 January 2017

Ernst & Young

Jordan Dubai Islamic Bank- Public Shareholding Company
Consolidated Statement of Financial Position
AS AT 31 DECEMBER 2016

	Notes	31 December 2016 JD	31 December 2015 JD
Assets			
Cash and balances with Central Banks	4	204,028,359	219,736,734
Balances at banks and financial institutions	5	5,644,597	3,962,594
International wakala investments	6	26,717,327	5,848,336
Financial assets at fair value through profit or loss	7	-	487,021
Deferred sales receivables and other receivables-net	8	378,337,528	309,010,003
Unconverted loans-net	9	47,428	104,077
Financial assets at fair value through unrestricted investment accounts	10	22,074,538	7,739,176
Financial assets at amortized cost - net	11	27,439,000	-
Investment in associate	12	370,362	363,466
Ijara muntahia bittamleek assets-net	13	223,743,971	203,357,885
Qard hasan		509,660	-
Property and equipment-net	14	21,778,481	21,019,122
Intangible assets	15	1,742,566	1,648,475
Deferred tax assets	22/C	599,815	984,815
Other assets	17	6,569,368	5,889,379
Total Assets		919,603,000	780,151,083
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDERS' EQUITY			
Liabilities			
Banks and financial Institutions accounts	18	2,142,078	-
Customers' current accounts	19	104,741,900	89,549,377
Cash margin accounts	20	8,111,831	12,286,170
Income tax provision	22/A	2,438,733	1,288,051
Other provisions	21	84,603	84,603
Other liabilities	23	11,989,540	15,140,727
Total Liabilities		129,508,685	118,348,928
Unrestricted Investment Accounts' Equity			
Unrestricted investment accounts	24	651,515,469	522,996,166
Fair value reserve — net	26	(976,767)	(1,040,513)
Total equity of unrestricted investment accounts		650,538,702	521,955,653
Investment Risk Fund			
Investment risk fund	25	5,526,435	4,668,725
Tax provision for Investment risk fund	25	1,597,067	1,442,982
Shareholders' Equity			
Paid in capital	27	100,000,000	100,000,000
Share discount	27	-	(1,100,000)
Statutory reserve	28	21,999,743	21,116,122
Voluntary reserve	28	-	1,943,336
General banking risk reserve	28	300,000	300,000
Retained earnings	29	10,132,368	11,475,337
Total Shareholders' Equity		132,432,111	133,734,795
Total Liabilities, Unrestricted Investment Accounts and Shareholders' Equity		919,603,000	780,151,083

The accompanying notes from 1 to 55 are part of these consolidated financial statements and should be read with them

Jordan Dubal Islamic Bank- Public Shareholding Company
Consolidated Statement of Income
For the Year ended 31 December 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		<u>JD</u>	<u>JD</u>
Deferred sales revenues	30	25 160,733	21,433,206
Ijara muntahia bittamleek revenues	31	18,340,817	15,782,451
International wakala investments profits	32	110,054	46,840
Gains from financial assets at fair value through unrestricted investment accounts	33	312,287	147,297
Gains (Losses) from financial assets at fair value through profit or loss	34	7,405	(160,132)
Gains from financial assets at amortized cost	35	417,844	-
Profit from investment in associate	12	6,896	2,963
Foreign currencies revaluation profit (losses)	36	(20,935)	4,041
Other revenues - joint		405,423	1,077,999
Legal expenses		(5,800)	(276,650)
Total Revenues from unrestricted Investments		44,734,724	38,058,015
Share of unrestricted investment accounts holders'	37	(17,526,931)	(15,544,269)
Investment risk fund	25	(4,473,473)	(3,805,801)
Bank's share of revenues from unrestricted Investments as a mudarib and rab mal	38	22,734,320	18,707,945
Bank's self financed revenues	39	642,626	638,449
Gain from foreign currencies	40	438,997	531,661
Banking services revenues	41	3,116,537	2,650,616
Other revenues	42	681,414	133,555
Total Income		27,613,894	22,662,226
Employees' expenses	43	(9,718,617)	(8,695,184)
Depreciation and amortization	14 & 15	(2,851,976)	(2,506,000)
Ijara muntahia bittamleek assets depreciation - self financed	31	(447,019)	(458,313)
Recovered from deferred sales receivables and other receivables provision-self financed.	8 & 9 & 21	1,090,461	9,700
Other expenses	44	(6,850,529)	(6,230,430)
Total expenses		(18,777,680)	(17,880,227)
Profit for the year before tax		8,836,214	4,781,999
Income tax expense	22/B	(3,138,898)	(1,500,072)
Profit for the year		5,697,316	3,281,927
		<u>Fils / JD</u>	<u>Fils / JD</u>
Basic and diluted earnings per share	45	0/057	0/033

The accompanying notes from 1 to 55 are part of these consolidated financial statements and should be read with them

Jordan Dubai Islamic Bank- Public Shareholding Company

Consolidated Statement of Changes in Equity

For the Year ended 31 December 2016

	Paid in capital	(Share discount) ^a	Statutory reserve	Voluntary reserve	General banking risk reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2016							
Beginning balance	100,000,000	(1,100,000)	21,116,122	1,943,336	300,000	11,475,337	133,734,795
Profit for the year	-	-	-	-	-	5,697,316	5,697,316
dividends distributed	-	-	-	(843,336)	-	(5,156,664)	(7,000,000)
Amortization of Share discount	-	1,100,000	-	(1,100,000)	-	-	-
Transfers to reserve	-	-	883,621	-	-	(883,621)	-
Balance as at 31 December 2016	100,000,000	-	21,999,743	-	300,000	10,132,368	132,432,111

For the year ended 31 December 2015

Beginning balance	100,000,000	(1,100,000)	20,637,922	1,943,336	300,000	8,671,610	130,452,868
Profit for the year	-	-	-	-	-	3,281,927	3,281,927
Transfers to reserve	-	-	478,200	-	-	(478,200)	-
Balance as at 31 December 2015	100,000,000	(1,100,000)	21,116,122	1,943,336	300,000	11,475,337	133,734,795

^a The general assembly approved in their meeting held on 10 March 2016 the recommendation of The Board of Directors to amortize the share discount from the voluntary reserve.

- Retained earnings balance as at 31 December 2016 includes an amount of JD 599,815 (2015: JD 984,815) 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 31 December 2016 is restricted from use subject to Central Bank of Jordan approval.

- An amount equal to the shortage in the investment risk reserve is restricted from use from retained earnings.

The accompanying notes from 1 to 55 are part of these consolidated financial statements and should be read with them

Jordan Dubai Islamic Bank- Public Shareholding Company
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2016

	Note	2016	2015
		JD	JD
<u>Cash flows from operating Activities</u>			
Profit for the year before tax		8,836,214	4,781,999
Adjustments for non monetary Items:			
Depreciation and amortization		2,851,976	2,506,000
(Profits) Losses from Investment in associate		(6,896)	3,787
Investment risk fund		4,473,473	3,805,801
(Recovered from) deferred sales receivables and other receivables provisions - self financed		(1,090,461)	(9,700)
Unrealized loss of financial assets at fair value through profit or loss		-	140,033
Bad debts written off -self financed		-	4,975
(Gain) on sale of property and equipment		(23,747)	(4,821)
(Gain) on sale of repossessed asset against debts		(21,487)	(880,167)
Cash flows from operating activities before changes in assets and liabilities		15,019,072	10,347,907
Changes in assets and liabilities:			
Decrease in restricted balances at banks and financial institutions		-	491,609
Decrease in financial assets at fair value through profit or loss		487,021	586,749
(Increase) in deferred sales receivables and other receivables		(71,163,752)	(17,114,640)
Decrease in unconverted loans		1,165,962	29,668
Decrease in local wakala investments		-	8,142
(Increase) in Ijara muntahia bittamleek assets		(20,386,086)	(36,532,366)
Decrease Investments in properties		-	8,190,981
(Increase) in Qard hasan		(509,660)	-
(Increase) in other assets		(925,776)	(346,732)
Increase in customers' current accounts		15,192,523	19,399,889
(Decrease) in cash margin accounts		(4,174,339)	(4,206,109)
(Decrease) in other liabilities		(3,151,187)	(8,233,930)
Net cash used in from operating activities before income tax paid		(68,446,222)	(27,378,832)
Income tax paid		(2,889,562)	(2,172,580)
Net cash used in operating activities		(71,335,784)	(29,551,412)
<u>Cash Flows from Investing Activities</u>			
(Purchase) of financial assets at fair value through unrestricted investment accounts		(14,629,573)	(1,921,187)
(Purchase) of financial assets at amortized cost-- net		(27,439,000)	-
(Purchase) of intangibles assets		(729,208)	(958,269)
(Purchase) of property and equipment		(2,989,144)	(3,225,906)
Proceeds from sale of property and equipment		36,673	10,273
Proceeds from sale of repossessed asset against debts		267,274	210,700
(Increase) Decrease in Sale of International wakala investments		(20,868,991)	10,299,151
Net cash (used in) from Investing activities		(66,351,969)	4,414,762
<u>Cash Flows from Financing Activities</u>			
Increase in unrestricted investment accounts		128,519,303	109,038,085
Dividends Paid		(7,000,000)	-
Net cash from financing activities		121,519,303	109,038,085
Net (Decrease) Increase In cash and cash equivalents		(16,168,450)	83,901,435
Cash and cash equivalents, beginning of the year		223,699,328	139,797,893
Cash and cash equivalents, end of the year	46	207,530,878	223,699,328

The accompanying notes from 1 to 55 are part of these consolidated financial statements and should be read with them

(1) GENERAL

Jordan Dubai Islamic Bank - Jordanian public shareholding Company (the "Bank") 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 Board of Directors have prepared the Bank's Articles of Association and bylaws in accordance with the Jordanian Companies Law and authorized by Companies Controller Department on 17 June 2008. The Bank's General Assembly decided to change the Bank's name to "Jordan Dubai Islamic Bank" after obtaining the required licenses from Central Bank of Jordan to operate as an Islamic bank, in accordance with the Banking Law.

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 four branches and subsidiaries within the Kingdom, in accordance with the Banking Law.

The consolidated financial statements were authorized for issuance by the Bank's Board of Directors in their meeting No. (3/2017) held on 29 Januray 2017 and it is subject to the approval of General Assembly, and Central Bank of Jordan.

The Consolidated financial statements were reviewed by Shari'a Supervisory Board and they issued their report in their meeting No. (1/2017) held on 29 January 2017.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

- The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the provisions and principles of Islamic Shari'a and in accordance with the report of Shari'a Supervisory Board and 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 consolidated financial statements are prepared on 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 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 account 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 released 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 then New Islamic standard is issued.
- The term Unrestricted investment Accounts, wherever mentioned, refers to Joint Investment Accounts.

Basis of Consolidation -

The consolidated financial statements comprise the 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 some accounting policies used by the Bank.

The subsidiaries included in the consolidated financial statements as of 31 December 2016 are as follows:

<u>Subsidiary name</u>	<u>Paid in Capital (JD)</u>	<u>Source of Funding</u>	<u>Ownership %</u>	<u>Main Activity</u>	<u>Location</u>	<u>Acquisition Date</u>
Misc for brokerage	2,000,000	Self	100%	Brokerage	Amman	2011
Jordan Dubai Real Estate Investment *	100,000	Joint	100%	Real state Investment	Amman	2012

* Jordan Dubai Real Estate company owns the following subsidiary:

AlFaid for Real State Investment	20,000	Joint	100%	Real state Investment	Amman	2012
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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 of profit or loss and net assets not held by the Bank.

Investments in subsidiaries are stated at cost when preparing stand-alone financial statements.

Changes in accounting policies -

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2016 are consistent with those of the previous financial year ended 31 December 2015.

Segment reporting

Business segments represent distinguishable components of the Bank that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision makers.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Basis of distribution of unrestricted investments profits between equity shareholders' and unrestricted investment accounts holders

The unrestricted investment profits are distributed between equity shareholders and unrestricted investment accounts holders for the year 2016 as follows:

	<u>Percentage</u>
Unrestricted investment accounts share (average)	49%
Equity shareholder's share (average)	41%
Investment risk fund share	10%

Joint investment account is involved in the results of the investment earnings and distributed to all depositors by taking into consideration their participation with weights of the concerned joint investment accounts and conditions of the account agreement which is signed between the bank and the depositor.

Unrestricted investment accounts participate in the profit as follows:

- 30% to 55% of the minimum balance of JD saving accounts.
- 20% to 25% of the minimum balance of foreign currencies saving accounts.
- 45% to 90% of the average JD term accounts.
- 18% to 43% of the average foreign currencies term accounts.
- 90% of the average balances of certificate of deposits in JD.
- 70% to 75% of average balances of certificate of deposits in foreign currencies.

The Bank bears all administrative expenses except for marketing and insurance for Ijara Muntahia Bittamleek assets which are allocated to the unrestricted investment accounts.

The Bank mixes its own funds and any other funds (not received on the basis of mudaraba contracts) with the unrestricted investment accounts.

Zakat

Due to the absence of an existing law that authorizes the Bank to directly collect and pay the Zakat without acknowledging the holders, the responsibility of Zakat solely rest on the shareholders and the unrestricted investment account holders.

Revenues, gains, expenses and losses incompatible with the Islamic Shari'a Law

The Bank records these amounts in a separate account within the statement of financial position in the other payables and it is not included in the Bank's revenues; these amounts are distributed to charities according to the Shari'a Supervisory Board resolutions.

Deferred sales receivables

Murabaha contracts

Murabaha is selling the commodity for a purchase price plus an agreed profit margin based on a percentage of the price or fixed amount and it is part of Amanah Bay'ou that depends on the price or cost.

Murabaha purchase orderer is the transaction whereby the Bank sells a commodity according to the specifications requested by the buyer for a purchase price plus a certain profit margin (Murabaha-by-promise profit).

The Bank applies the commitment to the promise principle in Murabaha purchase orderers in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions.

Deferred sales profit (by which the buyer will pay the price of the commodity at a future date in a lump sum or instalments) is recorded when the transaction takes place and is allocated to the financial periods until the maturity date of the contract, regardless whether the payment is settled through cash or credit payments.

Murabaha revenues are recognized when they occur by its nominal value, and are measured at the end of the financial period on the basis of monetary value expected to be recognized.

Impairment on deferred Sales receivable and receivables is recorded if there is a possibility that the amounts owed to the bank will not be collected and when there is an objective evidence that an event may impact negatively on the future cash flows of deferred Sales receivable and accounts receivable, and when the amount of impairment is reliably estimated, the amount of provision is recorded in the consolidated statement of income.

By the end of the financial period the financing assets are recorded at cost or at expected cash flow to be realized, whichever is less, and record the difference as impairment on funding.

Revenues from non-performing deferred sales to customers is suspended in accordance with the regulations of the Central Bank of Jordan.

Deferred sales receivables and financings funded are written off from unrestricted investment accounts in the event of the futility of the actions taken to collect the fund investment risk (except what is granted/ funded and then write-off of deferred sales receivables and financings in the same year, where it is recorded in the consolidated statement of income/ investment income) and added Proceeds from receivables / funds that had been previously written off to fund investment risk (except for what has been recorded in the consolidated statement of income / on investment income), regarding sales receivables and deferred funds financed from the funds of the bank and prepared her self impairment losses are written off in the event of the futility of the actions taken to collect downloaded from the dedicated and convert any surplus in the total allocation - if any - to the consolidated statement of income and added Proceeds from receivables / funds previously written off to income.

Financial assets at fair value through profit or loss :

Financial assets at fair value through profit or loss, are those purchased with the intent to resell in the near future to generate gains as a result of changes in market prices of such investments.

They are initially recognized at the fair value of consideration given (transaction costs are recorded in the consolidated statement of income) and subsequently re-measured at fair value. All realised and unrealised gains or losses are transferred to the consolidated statement of income including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.

Profit earned and dividends received are recorded in the consolidated statement of income.

Financial assets at fair value through unrestricted investment accounts:

These assets represent investments in equity instruments and funded by unrestricted investment accounts in order to keep them in the long term .

These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve in equity unrestricted investment account holders .

If losses occurred in some of the jointly financed operations that started and ended in the same year, they will be covered from the profits of the same year. If losses exceeded profits in the same year, they will be covered from the Investment Risk Fund.

If joint investment operations were initiated and continued from preceding years with losses and it was discovered that the operations resulted in losses, it should be covered from the investment risk fund given that they were implemented in a preceding year or preceding years.

The Shariah Supervisory Board will validate the existence of (Al Sanad Al Fiqhi) if the bank may incur losses in the scope of joint investment operations.

The impairment loss previously recognized in the consolidated statement of income Can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses within the fair value reserve in the joint investment accounts.

Since the unrestricted investment accounts are unsynchronized at the beginning or end of depositing period, the profits of deferred operations for upcoming period are distributed on a pro-rata basis.

Gains derived from these financial assets at the date of the distribution is recorded within the consolidated statement of income.

Gains and losses resulting from foreign currency translation differences for these assets are recorded within the fair value reserve.

Financial assets that can not be determined reliably at fair value are stated at cost, and tested for impairment at the end of each financial period and any impairment is recorded in the consolidated statement of income, and can not be reversed in subsequent periods

Financial assets at amortized cost:

Financial assets are measured at amortized cost only if these assets are held within a business model where the objective is to hold the asset to collect their contractual cash flows and contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and profit on the outstanding principal amount.

Debt instruments are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective profit method. The losses arising from impairment are recognized in the consolidated statement of comprehensive income.

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective profit rate.

Investments in Associates

The Bank's investment in associates is accounted for using the equity method of accounting. An associate is an entity in which the Bank has significant influence over financial and operating policies this is evidenced when the Bank hold a rate between 20% to 50% of the voting rights.

Under the equity method, investment in associate is carried in the statement of financial position at cost plus the Bank's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The consolidated statement of income reflects the share of the results of operations of the associate.

When there has been a change recognized directly in the equity of the associate, the Bank recognizes its share of any changes and disclose this, when applicable, in the statement of changes in equity. Profit and losses resulting from transactions between the Bank and the associate are eliminated to the extent of interest in the associate.

When issuing separate financial statements, the investment in associates is recorded at cost.

Leases and Ijara Muntahia Beltamleek

Leases are divided into:

- Operating leases:** Are leases which do not transfer the risks and benefits incidental to ownership of the leased item to the lessee.
- Ijara Muntahia Beltamleek:** Are leases which transfer to the lessee the entire risks and benefits incidental to ownership of the leased item according to the Financial Accounting Standard issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Assets acquired to be leased are measured at cost which includes direct costs incurred for making the asset ready for use at the date of lease agreement. Leased assets are depreciated over the useful life used by the Bank.

The carrying values of leased assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the leased assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of income.

Revenues from lease agreement are allocated according to the financial periods included in the lease agreement.

Maintenance expenses incurred in relation to the leased assets are recognized when incurred.

Investments in Real Estate

The measurement of real estate investment depends on the purpose whether for use or for sale.

Investments in real estate acquired for the purpose expected increase in the fair value and real estate acquired in order to obtain periodical income are classified within the category acquired for use and are recognized and measured at cost plus any related expenses. These properties are depreciated according to the depreciation policy adopted by the Bank (excluding lands). When the carrying value exceeds the estimated recovered amount, the investment property is written down to their recoverable amount and impairment is recognized in the consolidated statement of income.

Conversion of assets

- The Bank discloses transfers of tangible and financial assets which are transferred between funded assets through unrestricted investment accounts, equity, restricted investment accounts, investment funds and the basis for the transfer and the used accounting policies used for this purpose to show the financial effect and any asset balance which was affected by a transfer at the beginning of the financial period and changes during the financial period and the balance at year end.

- The Bank discloses all transfers made with related parties with the nature of the relationship and the type of operations that took place and the total value of transactions at the beginning of the financial period and end with the financial implications of it.
- The Bank discloses of the principles followed by the Bank in the revaluation of assets when making transfer processes.
- The Bank discloses the differences resulting from the transfer processes that are denominated in foreign currencies with the financial implications of it.
- The Bank discloses the nature and terms of the assets that have been converted whether they are indivisible and any related provisions.
- The Bank discloses the reasons and bases that govern the transfer of assets between different investment accounts.
- The Bank discloses any contractual agreements between unrestricted investment account holders and equity holders, if any.

Investment Risk Fund

The Bank appropriates 10% or more of the profit from the jointly fund (2015: 10%), this percentage increases based on the Central Bank of Jordan regulations, the amended percentage is applicable at beginning of the subsequent year. The balance of Investment Risk Fund returns to Zakat Fund after all expenses and losses covered, the investors do not have any right in the amounts deducted and accumulated in the Investment Risk Fund.

If losses occurred in some of the jointly financed operations that started and ended in the same year, they will be covered from the profits of the same year. If losses exceeded profits in the same year, they will be covered from the Investment Risk Fund.

If joint investment operations were initiated and continued from preceding years with losses, it should be covered from the fund. The Shariah Supervisory Board will validate the existence of (Al Sanad Al Fiqhi) if the bank may incur losses in the scope of joint investment operations.

Profit equalization reserve

The profit equalization reserve (PER) is the amount appropriated out of the mudaraba income before allocating the share of al-mudarib. This reserve aims to maintain a specified level of return on investment for holders, it represents a measure of profit stabilization over different financial periods. The main purpose of the establishment of this account, is that it acts as a cushion against extra ordinary variations in the market leading to the generation of a rate of return that do not meet investors expectations. In such case this account will be used to support the distribution of an adequately competitive a returns for the holders of restricted/unrestricted investment accounts.

This account is recognized with the conditional approval of the investment account holders and the sharia supervisory board. And in the vent of not having sufficient reserves in the account, the shareholders may grant the investment account holders a part of their revenues once approved by the board of directors and the sharia supervisory board.

Any outstanding amounts in this account are to be distributed to the investment account holders and the shareholders based on their contributions.

Fair value of financial assets

For investments quoted in an active market, fair value is determined by reference to quoted market prices.

For financial instruments where there is no active market, fair value is normally based on comparison with the current market value of a highly similar financial instruments:

Where the fair value of an investment cannot be reliably measured, it is stated at the fair value of consideration given or amortised cost and any impairment in the value is recorded in the consolidated statement of income.

Impairment of financial assets

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, the recoverable amount is estimated in order to determine the amount of impairment loss.

Fair value non-financial assets

Market prices represent the fair value for non-financial assets. In case market prices are not available, they are assessed by taking average value of 3 assessments from experienced and certified parties.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated (except for lands) using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. Depreciation rates used are as follows:

Buildings	2%
Equipments, tools and furniture	15%
Vehicles	15%
Computers	20%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Intangible assets

Intangible assets are classified according to their useful life for a specified or unspecified period of time. Intangible assets with finite useful life are amortized during that life, and amortization is recorded in the consolidated statement of income. For intangible assets with infinite useful life; Impairment in value is reviewed at the date of financial statements and any impairment in their value is recorded in the consolidated statement of income.

Intangible assets arising from the Bank's operations are not capitalized and are recorded in the consolidated statement of income as incurred.

Any indications of impairment of intangible assets are reviewed at the date of financial statements; in addition, the useful lives of these assets are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

Amortization rates as follows:

Software	25%
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Repossessed assets by the bank against debts

Repossessed assets are shown in the consolidated statement of financial position under "Other assets" at the lower of their carrying value or fair value. Assets are revalued at the reporting date on an individual basis and losses from impairment are recorded in the consolidated statement of income, while revaluation gains are not recognized as income. Reversal of previous impairment losses shall not result in a carrying value that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Income Tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the consolidated statement of income. Accounting profits may include non-taxable profits or tax deductible expenses which may be exempted in the current or subsequent financial years.

Tax is calculated based on tax rates and laws that are applicable in the country of operation.

The Bank calculates a provision for income tax in accordance with Income Tax Law No. (34) of 2014, and the International Accounting Standard No. (12), which requires recognition of deferred taxes arising from timing difference.

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.

The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Offsetting

Financial assets and financial liabilities are only offset and the net amount is reported when there is a legally enforceable right to set off the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue and expense recognition

Revenues and expenses are recognized based on accrual basis except for revenue on non performing deferred sales and non performing facilities, on which revenue is transferred to the revenue in suspense account and not recognized in the consolidated statement of income.

Commission income is recognized upon rendering the services. Dividend income is recognized when the right to receive payment is established (approved by the General Assembly of Shareholders).

Trade date accounting

Sale or purchase of financial assets is recognized at the trade date, i.e. the date that the Bank commits to purchase or sell the asset.

Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated to the functional currencies at the rates of exchange prevailing at the consolidated statement of financial position date as published by the Central Bank of Jordan. Any gains or losses are taken to the consolidated statement of income.

Non- monetary assets and liabilities in foreign currencies carried at fair value are translated at the date in which the fair value was determined.

Translation gains or losses on non monetary items carried at fair value (such as shares) are included as part of the fair value reserve.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and cash balances with banks and financial institutions that matures within three months, less banks and financial institutions accounts that mature within three months and restricted balances.

(3) USE OF ESTIMATES

The preparation of the 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 necessarily 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.

- Impairment provision for deferred sales and finances: the Bank appropriate 10% (2015: 10%) of net revenues from jointly financed accounts and are transferred to the investment risk fund in accordance with the provisions of Article (55) of the Banks Law and compared with provisions as required by the Central Bank of Jordan.
- Income tax provision: the fiscal year is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically revaluates the financial assets carried at cost in order to assess any impairment. Impairment on financial assets is allocated in accordance to the financing party.

(4) CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	2016	2015
	JD	JD
Cash on hand	9,754,330	9,504,754
Cash and balances with Central Bank of Jordan:		
Current accounts	141,536,865	168,355,146
Statutory cash reserve	52,737,164	41,876,834
Total	204,028,359	219,736,734

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 31 December 2016 and 31 December 2015.

(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	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	750,125	553,294	4,894,472	3,409,300	5,644,597	3,962,594
Total	750,125	553,294	4,894,472	3,409,300	5,644,597	3,962,594

- There is no restricted balances at 31 December 2016 and 31 December 2015.
- There is no balances at banks and financial institutions subject to profit at 31 December 2016 and 31 December 2015.

(6) INTERNATIONAL WAKALA INVESTMENTS

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
Matures		
Within a month	15,598,000	2,836,000
Month to three months	6,026,500	998,482
Three to six months	5,092,827	2,013,854
Total	26,717,327	5,848,336

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
Quoted shares	-	487,021
Total	-	487,021

(8) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET

The details of this item are as follows:

	Joint		Self financed		Total	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	JD	JD	JD	JD	JD	JD
Individuals (retail)-						
Purchase orderer Murabaha	117,205,801	95,567,800	1,247,555	646,012	118,453,356	96,213,812
Ijara Muntahia Beltamleek - receivables	1,224,638	1,174,435	-	-	1,224,638	1,174,435
Other receivable	-	-	137,628	122,451	137,628	122,451
Real estate funds	13,655,137	24,440,791	-	-	13,655,137	24,440,791
Corporate						
International Murabaha	1,261,840	-	-	-	1,261,840	-
Purchase orderer Murabaha	196,596,373	153,075,237	-	-	196,596,373	153,075,237
Ijara Muntahia Beltamleek - receivables	3,510,783	875,546	-	-	3,510,783	875,546
Other receivable	-	-	11,374	49,203	11,374	49,203
Small and medium companies						
Purchase orderer Murabaha	2,029,723	-	-	-	2,029,723	-
Ijara Muntahia Beltamleek - receivables	5,512	-	-	-	5,512	-
Other receivable	-	-	1,155	-	1,155	-
Governmental and public section						
	92,750,676	77,128,440	-	-	92,750,676	77,128,440
Total	428,240,483	352,262,249	1,397,712	817,666	429,638,195	353,079,915
Less: deferred revenues	41,400,706	36,337,208	211,948	81,725	41,612,654	36,418,933
Suspended revenues	632,298	431,491	-	-	632,298	431,491
Impairment provision	9,036,863	7,219,488	18,852	-	9,055,715	7,219,488
Deferred sales receivable, other assets — Net	377,170,616	308,274,062	1,166,912	735,941	378,337,528	309,010,003

- The non-performing deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables amounted to JD 11,768,469 representing 1.80% as at 31 December 2016 of deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables (31 December 2015: JD 8,513,592 representing 1.53%).
- The non-performing deferred sales receivables, other receivables, and the Ijara Muntahia Beltamleek receivables net of the suspended revenues amounted to JD 11,136,171 representing 1.71% as at 31 December 2016 of deferred sales receivable, other receivables, and the Ijara Muntahia Beltamleek receivables. (31 December 2015: JD 8,082,101 representing 1.45%).
- The balance of the fund investment risk, according to the Banking Law, paragraph (55) amounted to JD 14,563,298 as of 31 December 2016 compared to JD 11,888,213 as of 31 December 2015. 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 188,255 and the provision calculated based on "individual customer" amounted to JD 8,848,608 as at 31 December 2016 (31 December 2015: JD 193,263 and JD 7,026,225 respectively).
- The deferred sales receivables, other receivables, and other facilities granted to and guaranteed by the Government of Jordan amounted to JD 92,750,676 representing 21.59% share of the total deferred sales receivables, other receivables and facilities as at 31 December 2016 (31 December 2015: JD 77,128,440 representing 21.84%).
- Impairment provision of the self financed facilities amounted to JD 29,440 as at 31 December 2016 calculated based on individual customer (31 December 2015: JD 25,032).

Suspended revenues

Movement on suspended revenues were as follows:

	Joint					
	31 December 2016			31 December 2015		
	Retail	Corporate	Total	Retail	Corporate	Total
	JD	JD	JD	JD	JD	JD
Beginning balance	65,585	365,906	431,491	30,567	364,688	395,255
Add: Suspended revenues for the year	104,837	412,705	517,542	43,051	1,870	44,921
Less: suspended revenues reversed to revenues	20,096	296,639	316,735	8,033	652	8,685
Ending balance	150,326	481,972	632,298	65,585	365,906	431,491

(9) UNCONVERTED LOANS - NET

This item includes unconverted loan in accordance with the accepted financing methods. These unconverted loans were eliminated from common pool according to sharia board decision and treated as self finance until its full settlement.

The details of this item are as follows:

	Self financed					
	31 December 2016			31 December 2015		
	Retail	Corporate	Total	Retail	Corporate	Total
	JD	JD	JD	JD	JD	JD
Gross unconverted loans	47,428	17,875	65,303	102,741	1,139,830	1,242,571
Less: suspended revenues	-	7,112	7,112	-	7,112	7,112
Impairment provision	-	10,763	10,763	-	1,131,382	1,131,382
Net unconverted loans	47,428	-	47,428	102,741	1,336	104,077

Movement on unconverted loans impairment provision – self financed

	Corporate	
	31 December	31 December
	2016	2015
	JD	JD
Beginning balance	1,131,382	1,141,082
Provision	34	-
Less: Released to revenues	-	9,700
Provisions that are no longer required and transferred to other Provisions.	1,109,347	-
Used during the year (write offs)	11,306	-
Ending balance	10,763	1,131,382

- General banking risks reserve against receivables and self financed facilities amounted to JD 300,000 as at 31 December 2016 (31 December 2015: JD 300,000).
- The total provisions that are no longer required as a result of settlements, repayments, or being converted to other provisions are JD 1,109,347 as of 31 December 2016 compared to nil as of 31 December 2015.

Suspended revenues

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

	Self financed		
	Retail	Corporate	Total
	JD	JD	JD
31 December 2015			
Beginning balance	-	7,112	7,112
Add: Suspended revenues during the year	-	-	-
Deduct: suspended revenues transferred to revenues	-	-	-
Ending balance	-	7,112	7,112

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

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
Quoted Investments:		
Shares	1,588,936	2,315,788
Islamic Sukuk	20,378,828	5,316,614
Total quoted Investment	21,967,764	7,632,402
Unquoted Investments		
Shares	106,774	106,774
Total unquoted financial assets at fair value unrestricted investment	106,774	106,774
Total Financial Assets At Fair Value Through Unrestricted Investment accounts	22,074,538	7,739,176

- Financial assets stated at cost for which fair value cannot be measured reliably amounted to JD 106,774 as of 31 December 2016 and 31 December 2015

(11) Financial Assets at Amortized Cost- Net

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
Unquoted Investments:		
Islamic Sukuk	27,439,000	-
Total unquoted investments	27,439,000	-
Total Financial Assets at Amortized Cost- Net	27,439,000	-

- The assets mentioned above matures during 2021.

- No impairment provisions were built against financial assets at amortized cost

(12) INVESTMENT IN ASSOCIATE

Investment in associated (joint)

	Percentage of ownership	Country	Principal activity	2016	2015
				JD	JD
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	370,362	363,466

- There is no dividends distributed from associated company during 2016 (2015: JD 6,750)

The movement on the investment in associate is as follows:

	Joint	
	2016	2015
	JD	JD
Beginning balance	363,466	367,253
Share of profit	11,248	17,552
Share of adjustments from previous year	(2,097)	(11,326)
Share of taxes	(2,255)	(3,263)
Dividends received	-	(6,750)
Ending balance	<u>370,362</u>	<u>363,466</u>

Share of associate assets and liabilities:-

	Joint	
	2016	2015
	JD	JD
Total assets	424,346	397,880
Total liabilities	53,984	34,414
Net assets	<u>370,362</u>	<u>363,466</u>
Total revenues	<u>230,653</u>	<u>322,994</u>

(13) IJARA MUNTALIA BITTAMLEEK ASSETS - NET

	Joint			Self financed			Total		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2016									
Ijara Muntalia Bittamleek assets-Real Estate	273,676,481	(54,382,088)	219,294,393	4,655,840	(354,027)	3,801,813	278,332,321	(55,236,115)	223,096,206
Ijara Muntalia Bittamleek assets-Machines	2,141,554	(1,493,789)	647,765	-	-	-	2,141,554	(1,493,789)	647,765
Total	275,818,035	(55,875,877)	219,942,158	4,655,840	(354,027)	3,801,813	280,473,875	(56,729,904)	223,743,971

	Joint			Self financed			Total		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2015									
Ijara Muntalia Bittamleek assets-Real Estate	235,374,777	(41,131,723)	194,243,054	4,220,856	(618,647)	3,602,209	239,595,633	(41,750,370)	197,845,263
Ijara Muntalia Bittamleek assets-Machines	6,656,254	(1,143,632)	5,512,622	-	-	-	6,656,254	(1,143,632)	5,512,622
Total	242,031,031	(42,275,355)	199,755,676	4,220,856	(618,647)	3,602,209	246,251,887	(42,894,002)	203,357,885

The accrued ijara installments amounted to JD 4,740,933 as at 31 December 2016 (31 December 2015: JD 2,049,981) and were presented under deferred sales receivables and other receivables (Note 8).

The non-performing Ijara Muntalia Bittamleek amounted to JD 4,051,274 representing 1,81% as at 31 December 2016 (31 December 2015: JD 522,952 representing 0,26%)

(14) PROPERTY AND EQUIPMENT - NET

	Lands	Buildings	Equipment, furniture & fixtures	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
31 December 2016						
Cost:						
At 1 January 2016	2,432,937	12,512,119	10,196,981	214,314	2,271,750	27,628,101
Additions	314,084	274,519	1,110,461	151,243	567,163	2,417,470
Disposals	-	-	25,526	62,613	45,912	134,051
At 31 December 2016	2,747,021	12,786,638	11,281,916	302,944	2,793,001	29,911,520
Accumulated depreciation:						
At 1 January 2016	-	644,878	4,972,877	181,584	1,308,693	7,108,032
Depreciation	-	254,718	1,578,419	30,873	352,849	2,216,859
Disposals	-	-	21,223	55,709	44,193	121,125
At 31 December 2016	-	899,596	6,530,073	156,748	1,617,349	9,203,766
Net book value At 31 December 2016	2,747,021	11,887,042	4,751,843	146,196	1,175,652	20,707,754
Advance payments on purchasing property and equipment	-	-	-	-	181,845	181,845
Projects under construction	-	-	877,316	-	11,566	888,882
Net property and equipment	2,747,021	11,887,042	5,629,159	146,196	1,369,063	21,778,481
31 December 2015						
Cost:						
At 1 January 2015	2,432,937	1,224,996	7,184,934	226,464	1,623,946	12,693,277
Additions	-	11,287,123	3,015,577	-	698,961	15,001,661
Disposals	-	-	3,530	12,150	51,157	66,837
At 31 December 2015	2,432,937	12,512,119	10,196,981	214,314	2,271,750	27,628,101
Accumulated depreciation:						
At 1 January 2015	-	472,556	3,663,933	170,485	992,422	5,299,396
Depreciation	-	172,322	1,312,088	23,248	362,363	1,870,021
Disposals	-	-	3,144	12,149	46,092	61,385
At 31 December 2015	-	644,878	4,972,877	181,584	1,308,693	7,108,032
Net book value At 31 December 2015	2,432,937	11,867,241	5,224,104	32,730	963,057	20,520,069
Payments on purchasing of property and equipment	-	-	-	148,628	300,220	448,848
Projects under construction	-	-	6,365	-	43,840	50,205
Net property and equipment	2,432,937	11,867,241	5,230,469	181,358	1,307,117	21,019,122

Fully depreciated property and equipment amounted to JD 1,145,861 as of 31 December 2016 (2015: JD 671,102).

The total estimated cost to complete projects under construction amounted to JD 689,921 as at 31 December 2016 and mainly Represent Cost of solar energy project.

(15) INTANGIBLE ASSETS

The details of this item are as follows:

	Computer Systems & Software	
	2016	2015
	JD	JD
Balance At 1 January	1,648,475	1,326,185
Additions	729,208	958,269
Amortization	635,117	635,979
Balance At 31 December	1,742,566	1,648,475

(16) INVESTMENTS IN PROPERTIES

The details of this item are as follows:

These investments are held for the purpose of increase in its fair value and within the category for use category.

	31 December 2016			31 December 2015		
	Joint	Self financed	Total	Joint	Self financed	Total
	JD	JD	JD	JD	JD	JD
Beginning Balance	-	-	-	7,438,445	-	7,438,445
Additions	-	-	-	344,001	-	344,001
Exclusions	-	-	-	(7,782,446)	-	(7,782,446)
Ending Balance	-	-	-	-	-	-

During 2015, properties were sold, with a net income of 752,536 JD and was classified with the common pool revenue.

(17) OTHER ASSETS

The details of this item are as follows:

	2016	2015
	JD	JD
Repossessed assets by Bank against debts	3,969,355	3,707,415
Prepaid expenses	1,343,214	1,077,671
Accrued revenues	261,185	97,099
Stationery and printing materials	106,825	80,840
Income tax deposit	58,990	56,544
Transactions in transit	5,317	26,282
Petty cash	65,721	94,595
Trading account settlement (Misc for brokerage)	-	58,533
Other receivables	283,721	152,053
Others	475,040	538,347
Total	6,569,368	5,889,379

The movement on the repossessed assets by Bank against debts during the year is as follows:

	2016			2015
	Repossessed real estates - self financed	Repossessed real estates- joint	Total	Total
	JD	JD	JD	JD
Beginning balance	887,316	2,820,099	3,707,415	3,790,484
Additions	-	507,727	507,727	-
Disposal	(245,787)	-	(245,787)	(83,069)
Ending Balance	641,529	3,327,826	3,969,355	3,707,415

- Central Bank of Jordan regulations requires the disposal at repossessed assets during a maximum period of 2 years from the date of repossession, and in some cases the Central Bank can exceed the period for additional 2 years.
- Allowance for repossessed assets against debts that violates article provisions no (48) of bank law no.(28) for the year 2000 and its amendments amounted to jd 343,441 as of 31 December 2016 (31 December 2015 :jd 343,441).

(18) BANKS AND FINANCIAL INSTITUTIONS ACCOUNTS

The details of this item are as follows:

	2016			2015
	Inside the Kingdom	Outside the Kingdom	Total	Total
	JD	JD	JD	JD
Current accounts	-	2,142,078	2,142,078	-
Total	-	2,142,078	2,142,078	-

(19) CUSTOMERS' CURRENT ACCOUNT

The details of this item are as follows:

	31 December 2016				
	Retail	Corporate	Small and medium companies	Public and governmental	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

31 December 2015

	Retail	Corporate	Small and medium companies	Public and governmental sectors	Total
	JD	JD	JD	JD	JD
Current accounts	61,733,961	6,830,532	18,430,951	2,553,933	89,549,377
Total	61,733,961	6,830,532	18,430,951	2,553,933	89,549,377

- Public sector accounts inside the Kingdom as at 31 December 2016 amounted to JD 1,033,864 representing 0.99% of the total customers' current accounts (31 December 2015: JD 2,553,933 representing 2.85%).

- The restricted accounts as at 31 December 2016 amounted to JD 1,871,219 representing 1.79% of the total customers' current accounts (31 December 2015: JD 1,313,625 representing 1.47%).

- The dormant accounts as at 31 December 2016 amounted to JD 4,510,945 (31 December 2015: JD 4,199,620).

(20) CASH MARGIN ACCOUNTS

The details of this item are as follows:

	2016	2015
	JD	JD
Margins against deferred sales receivables and finances	6,726,865	10,846,599
Margins against indirect facilities	1,120,116	1,221,006
Other margins	264,850	218,565
Total	8,111,831	12,286,170

(21) OTHER PROVISIONS

The details of this item are as follows:

	2016				
	Beginning balance	Provided during the year	Used during the year	Reversed to revenues	Ending balance
	JD	JD	JD	JD	JD
End of service indemnity	23,818	-	-	-	23,818
Lawsuits provision	60,785	-	-	-	60,785
Other provision (Note 9)	-	1,109,347	-	1,109,347	-
Total	84,603	1,109,347	-	1,109,347	84,603

	2015				
	Beginning balance	Provided during the year	Used during the year	Reversed to revenues	Ending balance
	JD	JD	JD	JD	JD
End of service indemnity	23,818	-	-	-	23,818
Lawsuits provision	60,785	-	-	-	60,785
Total	84,603	-	-	-	84,603

(22) INCOME TAX PROVISION

A- Income tax provision

	2016	2015
	JD	JD
Beginning balance	1,288,051	21,021
Income tax expense for the year	2,753,898	1,489,194
Add: Previous years adjustments	-	460,878
Deduct : Income tax paid for previous years	(1,242,531)	(460,878)
Deduct: Income tax paid for the current year	(360,685)	(222,164)
Ending balance	2,438,733	1,288,051

B- The income tax expense shown in the consolidated statement of income consists of the following:

	2016	2015
	JD	JD
Income tax expense	(2,753,898)	(1,489,194)
(Release) add deferred tax assets	(385,000)	450,000
Add : previous years adjustments	-	(460,878)
Total	(3,138,898)	(1,500,072)

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

The Bank submitted its tax declaration for the year ended 2014 and 2015 and the year 2014 is under review by the Income tax and sales tax department and the year 2015 is not reviewed up to the date of the consolidated financial statements.

The Bank's subsidiaries submitted their tax declaration for the years 2014 and 2015, It was obtained on a final clearance from Income tax and sales tax department as follow :

Misk for brokerage until the year 2013.

Other subsidiaries until the year 2014.

C- Deferred tax assets/liabilities

The details of this item are as follows:

	2016				2015	
	Balance Beginning	Released during the year	Additions during the year	Ending balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets - self financed						
End of services indemnity provision	23,818	-	-	23,818	8,336	8,336
Lawsuits provision	60,785	-	-	60,785	21,275	21,275
Impairment for repossessed assets	343,441	-	-	343,441	120,204	120,204
Impairment for credit facilities	1,100,000	1,100,000	-	-	-	385,000
Legal expenses	1,500,000	-	-	1,500,000	450,000	450,000
Total	3,028,044	1,100,000	-	1,928,044	599,815	984,815

The movement on self financed deferred tax assets / liabilities accounts is as follows:

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Beginning balance	984,815	-	534,815	-
Additions during the year	-	-	450,000	-
Amortized during the year	(385,000)	-	-	-
Ending balance	599,815	-	984,815	-

D- A reconciliation between tax profit and accounting profit were as follows:

	2016	2015
	JD	JD
Accounting profit	8,836,214	4,781,999
Less: Non-taxable profit	1,811,515	1,659,455
Add: Non-deductible expenses	934,496	1,119,701
Less: Accumulated losses/ previous year	196,799	187,993
Tax profit	7,762,396	4,054,252
Bank stand alone profit		
Tax profit for the bank	7,868,280	4,254,841
Subsidiaries losses	(105,884)	(200,589)
Statutory tax rate- bank	35%	35%
Statutory tax rate- subsidiaries	24%	24%
Effective tax rate	31.2%	31.1%

(23) OTHER LIABILITIES

The details of this item are as follows:

	2016	2015
	JD	JD
Accrued expenses	992,216	1,550,507
Issued cheques	1,846,646	5,147,273
Shareholders and customers deposits	1,197,509	860,217
Customers' share of profit from unrestricted investments	6,364,876	5,963,547
Brokerage payables	8,324	8,324
Temporary deposits	636,472	769,499
Others	943,497	841,360
Total	11,989,540	15,140,727

(24) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

	31 December 2016				
	Retail	Corporate	Small and medium companies	Public and governmental sectors	Total
	JD	JD	JD	JD	JD
Saving accounts	47,175,895	7,478,268	97,426	80,050	54,831,639
Term accounts	376,530,935	66,907,560	76,344,701	40,749,115	560,532,311
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

	31 December 2015				
	Retail	Corporate	Small and medium companies	Public and governmental sectors	Total
	JD	JD	JD	JD	JD
Saving accounts	36,224,293	1,112,618	1,380,023	44,223	38,761,157
Term accounts	307,871,090	80,689,663	26,483,443	40,131,228	455,175,424
Certificates of deposit	8,672,828	4,842,488	-	-	13,515,316
Total	352,768,211	86,644,769	27,863,466	40,175,451	507,451,897
Depositors' share from investments' revenues	10,580,813	2,779,401	884,746	1,299,309	15,544,269
Total unrestricted investment accounts	363,349,024	89,424,170	28,748,212	41,474,760	522,996,166

- Unrestricted investment accounts share of profit is calculated as follows:
- 30% to 55% of the minimum balance of saving accounts in JD.
- 20% to 25% of the minimum balance of saving accounts in foreign currencies.
- 45% to 90% of the average term accounts in JD.
- 18% to 43% of the average term accounts in foreign currencies.
- 90% of the average balances of certificates of deposit in JD.
- 70% to 75% of average balances of certificates of deposit in foreign currencies.
- The percentage of the profit on the Jordanian Dinar for the year 2016 is 2.98% (for the last year 3.32%).
- The percentage of the profit on USD for the year 2016 is 1.19% (2015: 0.94%).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 42,028,003 as at 31 December 2016, which represents 6.45% of the total unrestricted investment accounts (31 December 2015: JD 41,474,760 which represents 7.93% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 119,163 which represents 0.02% of the total unrestricted investment as at 31 December 2016 (2015: 33,278 JD which represent 0.01%).

(25) INVESTMENT RISK FUND

The movement on investment risk fund is as follows:

	31 December 2016	31 December 2015
	JD	JD
Beginning balance	11,888,213	9,486,463
Additions: transferred from unrestricted investment accounts revenues during the year	4,473,473	3,805,801
Less: bad debts written off	-	2,731
Less: losses from financial assets at fair value through unrestricted investment accounts Pertaining to previous years *	357,957	108,070
Deductions: provision for income tax	1,440,431	1,293,250
Ending balance	14,563,298	11,888,213

- The investment risk fund balance will be transferred to the Zakat fund in case of liquidation.
- The Central Bank of Jordan approved to decrease the percentage to 10% starting from 1 January 2016 (2015:10%)
- * 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, 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:

	31 December 2016	31 December 2015
	JD	JD
Year end balance	14,563,298	11,888,213
Against Ijara Muntahia Beltamleek receivable	2,106,119	203,871
Against deferred sales receivables	6,930,744	7,015,617
Remaining balance	5,526,435	4,668,725

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

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

	31 December 2016	31 December 2015
	JD	JD
Beginning balance	1,442,982	1,639,270
Income tax on transferred revenues from investment accounts	1,440,431	1,293,250
Less: Income tax paid	1,286,346	1,489,538
Ending balance	<u>1,597,067</u>	<u>1,442,982</u>

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

(26) FAIR VALUE RESERVE – NET

The details of this item are as follows:

Financial assets at fair value through unrestricted investment accounts				
	2016			2015
	Shares	Sukuk	Total	Total
	JD	JD	JD	JD
Beginning balance	(909,641)	(130,872)	(1,040,513)	(647,180)
Unrealized (losses)	(318,502)	26,746	(291,756)	(457,767)
Gains on sale of financial assets	337,835	17,667	355,502	64,434
Ending balance	<u>(890,308)</u>	<u>(86,459)</u>	<u>(976,767)</u>	<u>(1,040,513)</u>

(27) PAID IN CAPITAL AND SHARE DISCOUNT

The authorized and paid in capital amounted to JD 100,000,000 consisting of 100,000,000 shares, at a par value of JD 1 per share as at 31 December 2016 and 31 December 2015.

The General Assembly approved in their meeting held on 10 March 2016 the recommendation of The Board of Directors to amortize the share discount from the voluntary reserve and approved a cash dividends to shareholders for the year 2015 of JD 7 million representing 7% of the nominal value of the shares and it was distributed from voluntary reserve balance and retained earnings

(28) RESERVES

Statutory reserve :

The accumulated amounts in this account represent the transferred 10% of annual profits before taxes during the years, according to Banks and Companies Laws. This reserve is not available for distribution to shareholders.

Voluntary reserve:

The accumulated amounts in this account represent the transferred 20% of annual profits before taxes during the years. This reserve is used for purposes determined by the Board of Directors, and the General Assembly is entitled to be distributed in full or part of it to the shareholders.

The General Assembly approved in their meeting held on 10 March 2016 to amortize the share discount from the voluntary reserve and distribute it to shareholders as dividends for the year 2015.

General banking risk reserve:

This item represents the general banking risks reserve for deferred sales receivables and the Bank's self financed in accordance with the Central Bank of Jordan's regulations.

The following reserves are restricted:

Reserve name	2016	2015	Note
	JD	JD	
Statutory reserve	21,999,743	21,116,122	Law
General banking risk reserve	300,000	300,000	Central Bank of Jordan regulations

(29) RETAINED EARNINGS

	2016	2015
	JD	JD
Beginning balance	11,475,337	8,671,610
Profit for the year	5,697,316	3,281,927
Transferred to statutory reserve	(883,621)	(478,200)
Dividends	(6,156,664)	-
Ending balance	10,132,368	11,475,337

Retained earnings balance as at 31 December 2016 includes an amount of JD599,815 (2015: JD 984,815) which represents deferred tax assets and it is restricted from use in accordance with the Central Bank of Jordan regulations.

(30) DEFERRED SALES REVENUES

The details of this item are as follows:

	31 December 2016		31 December 2015	
	Joint	Self financed	Joint	Self financed
	JD	JD	JD	JD
Retail				
Murabaha Purchase orderer	9,064,625	53,890	7,629,649	40,111
Real estate fund	1,283,626	-	1,757,830	-
Corporate				
International Murabaha	12,923	-	11,758	-
Murabaha Purchase orderer	14,715,266	-	12,033,969	-
Small and medium companies				
Murabaha Purchase orderer	84,293	-	-	-
Total	25,160,733	53,890	21,433,206	40,111

(31) IJARA MUNTALIA BELTAMLEEK REVENUES

The details of this item are as follows:

	31 December 2016		31 December 2015	
	Joint	Self financed	Joint	Self financed
	JD	JD	JD	JD
Ijara Muntalia Beltamleek – real state	52,274,149	588,736	50,137,862	591,363
Ijara Muntalia Beltamleek – equipments	670,485	-	3,360,951	-
Depreciation for Ijara Muntalia Beltamleek assets	(34,603,817)	(447,019)	(37,716,362)	(458,313)
Total	18,340,817	141,717	15,782,451	133,050

(32) INTERNATIONAL WAKALEH INVESTMENT PROFITS

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
International Wakala investment profits	110,054	46,840
Total	110,054	46,840

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

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
Stock dividends	56,596	87,818
Gains (Losses) on sale of financial assets	13,945	(110,825)
Islamic Sukuk profit	241,746	170,304
Total	312,287	147,297

(34) GAINS(LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The details of this item are as follows:

	Joint							
	31 December 2016				31 December 2015			
	Realized Losses	Unrealized losses	Dividends	Total	Realized Losses	Unrealized losses	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Shares	(3,598)	-	13,614	10,016	(57,177)	(140,033)	46,121	(151,089)
Total	(3,598)	-	13,614	10,016	(57,177)	(140,033)	46,121	(151,089)
Less:								
Contract commissions	2,611	-	-	2,611	9,043	-	-	9,043
Total	(6,209)	-	13,614	7,405	(66,220)	(140,033)	46,121	(160,132)

(35) Gains from financial assets at amortized cost

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
Islamic Sukuk	417,844	-
Total	417,844	-

(36) FOREIGN CURRENCIES REVALUATION (LOSSES) PROFITS

The details of this item are as follows:

	Joint	
	2016	2015
	JD	JD
Foreign currencies revaluation (losses) profits	(20,935)	4,041
Total	(20,935)	4,041

(37) SHARE OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS'

The details of this item are as follows:

	2016	2015
	JD	JD
Customers		
Revenues on saving accounts	469,774	357,442
Revenues on term accounts	16,472,355	14,747,212
Revenues on certificates of deposit	584,802	439,615
Total	17,526,931	15,544,269

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

The details of this item are as follows:

	2016	2015
	JD	JD
Bank's share as Mudarib	17,868,904	13,437,011
Bank's share as Rab Mal	4,865,416	5,270,934
Total	22,734,320	18,707,945

(39) BANK SELF FINANCED REVENUES

The details of this item are as follows:

	Note	2016	2015
		JD	JD
Unconverted loans profits*		-	6,975
Ijara Muntahia Beltamleek revenues	31	588,736	591,363
Deferred sales revenues	30	53,890	40,111
Total		642,626	638,449

* This item represents interest on unconverted loans that was not included in the investment pool for the shareholders until they recover the paid in capital. The Shareholders were advised to donate any excess amount to charity.

(40) GAIN FROM FOREIGN CURRENCIES

The details of this item are as follows:

	2016	2015
	JD	JD
Trading in foreign currencies	438,997	531,661
Total	438,997	531,661

(41) BANKING SERVICES REVENUES

The details of this item are as follows:

	2016	2015
	JD	JD
Indirect facilities commissions	756,959	763,203
Direct facilities commissions	1,043,460	736,372
Other commissions	1,316,118	1,151,041
Total	3,116,537	2,650,616

(42) OTHER REVENUES

The details of this item are as follows:

	2016	2015
	JD	JD
Gain from sale of fixed assets	23,747	4,821
Gain from sale of repossessed assets	21,487	127,631
Reversed accruals from previous years *	597,643	-
Other revenues	38,537	1,103
Total	681,414	133,555

- * This item represents management fees accruals for Dubai Islamic Bank (DIB) from previous years, and they were reversed based on an updated signed settlement agreement with DIB.

(43) EMPLOYEES' EXPENSES

The details of this item are as follows:

	2016	2015
	JD	JD
Salaries, benefits, allowances and bonuses	8,241,425	7,321,940
Bank's contribution for social security	875,078	731,293
Medical expenses	430,485	526,471
Training	132,188	73,446
Insurance expenses	39,441	42,034
Total	9,718,617	8,695,184

(44) OTHER EXPENSES

The details of this item are as follows:

	2016	2015
	JD	JD
Rent and vacancy compensation	1,066,266	800,006
Stationery and printing materials	206,782	222,966
Telecommunications	381,378	333,853
Utilities	734,254	700,163
Travel and transportation	113,837	102,436
Marketing and advertising	509,553	508,304
Subscription and fees	274,139	144,810
Cleaning expenses	384,795	288,634
Licences and governmental fees	267,644	334,175
Board of directors meetings expenses	228,021	238,360
Information technology expenses	740,598	601,271
Security and insurance expenses	253,127	247,961
Donations	86,087	147,796
Management and consulting fees	459,684	526,341
Professional fees	67,280	62,640
Board of directors remuneration	55,000	55,000
Bad debts written off- self financed.	-	4,975
Hospitality Expenses	56,358	50,932
Money transportation expenses	63,298	54,982
Electronics cards expensess	340,832	194,698
Others	561,596	610,127
Total	6,850,529	6,230,430

(45) EARNINGS PER SHARE

The details of this item are as follows:

	2016	2015
	JD	JD
Profit for the year	5,697,316	3,281,927
Weighted average number of shares	100,000,000	100,000,000
	JD/ Fils	JD/ Fils
Basic and diluted earnings per share	0/057	0/033

(46) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	2016	2015
	JD	JD
Cash balances with CBJ maturing within three months	204,028,359	219,736,734
Add: cash at banks and financial institutions maturing within three months	5,644,597	3,962,594
Less: banks and financial institutions accounts maturing within three months	(2,142,078)	-
Total	207,530,878	223,699,328

(47) RELATED PARTY TRANSACTIONS

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

Below is a summary of related party transaction :

	Main shareholders		Senior management		Board of directors		Dubai Islamic Bank ^a		Sharifa Supervisory Board members		31 December 2016		31 December 2015	
	ID		ID		ID		ID		ID		ID		ID	
<u>Consolidated statement of financial position items</u>														
Balances at banks and financial institutions	-		-		-		633,829		-		633,829		410,051	
Unrestricted investments accounts and current accounts	22,551,857		720,062		122,419		-		25,240		23,419,578		29,397,181	
Deferred sales receivables	363		581,122		220,309		-		3,500		805,294		221,416	
Ijara muntahia bittamleek	-		1,299,162		-		-		-		1,299,162		1,156,194	
<u>Off financial position items</u>														
Letters of guarantees	117,000		-		-		-		-		117,000		117,000	
<u>Consolidated statement of Income items</u>														
Dividends	1,057,044		21,051		-		-		16		1,078,111		1,431,845	
Salaries and bonuses	-		1,759,205		55,000		-		28,360		1,842,565		1,759,107	
Transportation	-		-		174,800		-		14,180		188,980		184,862	
Management and consulting fees	-		-		-		257,367		-		257,367		300,685	

^aDubai Islamic Bank is a shareholder in the parent Company of the Banks

The lowest and highest received Murabaha percentage were 3.61% and 6.42%.

Rate of Ijara muntahia bittamleek received by the Bank was 3.81%.

The lowest and highest distributed profit percentage were 0.53% and 3.61%.

Executive management salaries and benefits for the year ended 31 December 2016 amounted to JD 1,759,205 (31 December 2015: JD 1,673,620).

(48) Fair Value of Financial Assets and Liabilities Not recorded at Fair Value in the Financial Statements

There are no significant differences between book value and fair value of the financial assets and liabilities in the financial statements.

(49) Risk Management

The Board of Directors has the responsibility for managing the risks faced by the Bank through its Risk Committee. The executive management of the Bank through the risk management division designs policies concerned in managing, analyzing and measuring all types of risks; and developing advanced techniques to hedge against all risks affecting the Bank's profitability and capital adequacy. It also reports on a regular manner to the Board of Directors on the latest developments regarding the Risk Management Division in the Bank for their assessments and recommendations.

The Internal Audit Department reports on a regular manner to the Audit Committee about the compliance of all departments with risk policies and procedures. In addition, the Internal Audit Department reports on the work of the Risk Management Division.

The Bank applies the Central Bank of Jordan regulation whereby the Risk Management Division prepares periodically a plan for Internal Capital Adequacy Assessment Process (ICAAP), in addition, to applying banking stress tests and other Basel II requirements.

The Bank is currently developing the technology that is used at all levels to promote the Bank's services, close control risks and develop necessary programs to measure the risks in accordance with the nature and size of the Bank's activities. The Bank also pays attention to human resources by enhancing employees' skills and enrolling them in training programs on the application of Basel II and III.

The risks that the Bank is exposed to includes the following:

1. Credit Risk

Credit risk is generally defined as the risks arising from the borrower inability and / or unwillingness to fulfil its liabilities, according to the agreed conditions, which in turn causes financial losses to the Bank.

Credit Risk Department is developing the Bank's credit policy and meeting the requirements of the regulations issued by the Central Bank of Jordan and Basel II Committee.

The Credit risks that the Bank is exposed to, arises from financing and investment operations, includes:

- Credit and financing operations risks.
- The borrower and his activities risks.
- Concentration risks.
- Islamic financing instruments risks.

The Bank is concerned with controlling and monitoring credit risks throughout:

- Managing credit risk through a number of committees, such as the Risk Management Committee of the Board of Directors.
- Monitoring credit facilities, defining authorities, and adopting clear and specific conditions in financing operations through credit committees given specific authorised by the board of directors.
- Monitoring permitted credit and facilities limits, issuing reports necessary to ensure non-occurrence of exceeding these limits and controlling quality.
- Diversification of financing and investment activities to avoid credit concentration risk for retail, groups and customers in certain geographical areas, or economic activities, or in financing instruments or products.
- Managing nonperforming facilities, to achieve less credit losses by the Bank.
- Segregating business divisions from credit and risk management divisions.
- Separation of tasks related to the execution and oversight of credit.

Credit Risk Measurement:

The Bank applies the standardized approach to measure credit risk by measuring capital adequacy Ratio according to CBJ instructions. The Bank is heading toward the implementation of the Foundation Internal Rating Based Approach (FIRB) in which an internal rating system is in place to classify the corporate customers in order to determine their credit quality and to monitor it over the term of the credit facilities, which will be used as a key determinant for credit granting and pricing.

The Bank is currently applying a strategic portfolio system he manage the credit risk for corporate financial services, which includes tools that easily monitors the credit portfolio on a daily basis.

Information Security

In order to maintain the confidentiality and availability of the customers information and the highest level of safety and security within our banking services and products, an integrated strategies, standards and policies were developed based on the most developed international standards for developed information security in order to reach a secure working environment in order to achieve our goals on the protection of information assets and continuing emphasis on confidentiality, integrity and availability.

Several projects related to Information Security were initialed and implemented in order to adapt the best solutions to protect and monitor information systems in the bank, as well as to ensure the bank commitment to global standards and practice (Information Security Management System ISO 27001 standard, and The Payment Card Industry Data Security Standard (PCI DSS)

Also, the management of security risks to Information Technology assets of the bank is accomplished by maintaining and updating the risk profile matrix related to information technology and information security, and testing the current controls and following up the treatment of current controls gaps within our environment.

Business continuity

In order to deal with external events as mentioned in the definition of Operational Risk in the bank , Business Continuity Plan (BCP) was updated to enhance the bank ability to provide services/ products during the emergency period.

The plan includes the identification of resources, action plans and alternative producers as well as the recovery producers to return to normal working conditions.

The business continuity steering committee and specialized teams were established to handle this issue.

The plan is subjected to regular testing and updating to ensure the completeness and the applicability of the plan as a tool to enhance the bank's readiness to handle external risk factors.

4. Reputation Risks

Reputation risks is being viewed by the Bank as negative effects on the Bank's reputation arising from non- compliance with the Islamic rules and regulations and/or failure to fulfill its duties toward all cash providers, and/or manage its affairs in an efficient and effective manner, and/or manage all other risks faced by the Bank. This will lead to several negative impacts; including loss of confidence and accordingly decrease in the customers' base, increase in expenses and decrease in profits.

5. Non compliance risks

Non compliance risks represents sanctions on matters related to legal or regulatory or financial losses or reputation risks which the Bank might face as a result of non compliance to laws, regulations, standards and proper financial practices.

Non compliance might result in sanctions, financial losses or bad reputation to the Bank.

Non compliance risks falls under warnings and Central Bank violations which results in monetary fines and affects the Bank's reputation and which might result to Bank closure or cancelling it's license in case of non compliance to legislations

The Bank's compliance with the regulatory bodies' requirements is deemed as one of the most important factors of success and development of the Bank's operations and quality of services offered to customers. The Bank established the Compliance Control Department that is concerned with reviewing the requirements of regulatory bodies and ensuring their application on internal procedures and policies. This protects the Bank from risks arising from non-compliance with these requirements.

This Department also plays an effective role in protecting the regulatory of the Bank's products and services from money laundering and terrorism financing, in addition to identifying customers legal activities and money resources to ensure dealing with reputable customers. The department follow up on the polices and procedure for the products to ensure the compliance with anti-money laundry regulations.

6. Legal Risk Related to Operations

Legal risks are those risks that may arise directly or indirectly from one or more of events stated in the Operations Risks Definition (human resources, internal operations, systems and external events), or from the Bank's non-compliance with the laws and regulations which may incur fines or financial liabilities. Legal risks may arise also from judicial procedures raised by third parties against the Bank. Insufficient documents, absence of legal capacity, and invalidity or unenforceability of contracts resulting from improper documentation are deemed as causes of legal risks.

The Legal Division assumes the responsibility for these risks through verifying all contracts and documents related to the Bank's transactions in addition to the legal follow-up on the debtors of the Bank in coordination with the Risk Management Division, and the follow-up on the lawsuits to which the Bank is a party.

(49/ A) Credit Risk**1) Credit risk exposure (After impairment provision and before collateral and other risk reducers):**

	2016		
	Joint	Self financed	Total
	JD	JD	JD
Balances with Central Banks	-	194,274,029	194,274,029
Balances at banks and financial institutions	-	5,644,597	5,644,597
International Wakala investments	26,717,327	-	26,717,327
Deferred sales receivables and other receivables			
Retail	281,636,023	4,965,818	286,601,841
Real estate financing	38,398,973	-	38,398,973
Corporate	188,643,242	2,252	188,645,494
Small and medium companies	4,441,751	655	4,442,406
Public and governmental sectors	83,992,785	-	83,992,785
Unconverted loans			
Retail	-	47,428	47,428
Sukuk			
Financial assets at fair value through unrestricted investments accounts	20,378,828	-	20,378,828
Financial Assets at Amortized Cost	27,439,000	-	27,439,000
Qard hasan	-	509,660	509,660
Other assets	249,309	354,587	603,896
Total	671,897,238	205,799,026	877,696,264
Off financial position items:			
Letters of guarantees	-	3,054,479	3,054,479
Letters of credit	-	11,683,336	11,683,336
Acceptances	-	160,178	160,178
Unutilized limits	89,602,441	-	89,602,441
Total	761,499,679	220,697,019	982,196,698

	2015		
	Joint	Self financed	Total
	JD	JD	JD
Balances with Central Banks	-	210,231,980	210,231,980
Balances at banks and financial institutions	-	3,962,594	3,962,594
International Wakala investments	5,848,336	-	5,848,336
Deferred sales receivables and other receivables			
Retail	245,369,025	4,288,947	249,657,972
Real estate financing	40,399,317	-	40,399,317
Corporate	153,260,913	49,203	153,310,116
Public and governmental sectors	69,000,483	-	69,000,483
Unconverted loans			
Retail	-	102,741	102,741
Corporate	-	1,336	1,336
Sukuk			
Financial assets at fair value through unrestricted investments accounts	5,316,614	-	5,316,614
Other assets	-	208,597	208,597
Total	519,194,688	218,845,398	738,040,086
Off financial position items:			
Letters of guarantees	-	4,125,355	4,125,355
Letters of credit	-	2,775,003	2,775,003
Acceptances	-	60,934	60,934
Unutilized limits	49,419,868	-	49,419,868
Total	568,614,556	225,806,690	794,421,246

2) Classifications of the deferred sales receivables and other receivables, based on the level of risks according to Central Bank of Jordan regulations:

Credit exposures are classified by the level of risks according to the following table:

	Joint										Self-financed										Grand total						
	Retail		Real-estate financing		Corporate		Small and medium companies		Public and government sectors		International Waqfa Investment		Sukuk		Total		Real-estate financing		Corporate			Small and medium companies		Banks and financial institutions		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2016:																											
Low risk	2,823,571	740,192	581,953	21,900	92,750,676	-	37,760,000	134,678,292	13,488	-	509,660	-	523,148	135,201,440													
Acceptable risk	299,420,543	38,094,072	185,703,318	4,558,070	-	26,717,327	10,057,828	564,551,158	5,209,356	-	2,299	-	10,856,304	575,407,462													
Past due:																											
Up to 30 days	541,052	59,869	4,873,715	12,579	-	-	-	5,487,215	-	-	-	-	-	5,487,215													
From 31 to 60 days	220,214	33,027	2,555,323	2,353	-	-	-	2,810,917	-	-	-	-	-	2,810,917													
Watch list	478,747	602,562	10,657,185	-	-	-	-	11,738,494	2,396	-	32	-	654	11,741,576													
Non performing:																											
Substandard	363,195	-	-	-	-	-	-	363,195	115	-	-	-	115	363,310													
Doubtful	670,765	-	267,587	-	-	-	-	938,352	1,247	-	-	-	1,478	939,830													
Losses written off	1,281,883	762,566	8,403,856	-	-	-	-	10,448,305	7,822	-	-	-	34,958	10,483,263													
Total	305,038,704	40,199,392	205,613,899	4,579,970	92,750,676	26,717,327	47,817,828	722,717,796	5,234,424	-	538,909	-	11,419,005	724,136,881													
Less: Deferred Revenue	22,156,789	1,800,419	8,547,388	138,219	8,757,891	-	-	41,400,706	211,948	-	-	-	211,948	41,612,654													
Less: Suspended Revenue	150,326	-	481,972	-	-	-	-	632,298	-	-	-	-	7,112	639,410													
Less: Impairment provision	1,095,566	-	7,941,297	-	-	-	-	9,036,863	9,230	-	19,885	-	29,615	9,066,478													
Net	281,636,023	38,398,973	188,643,242	4,441,751	83,992,785	26,717,327	47,817,828	671,647,929	5,013,246	-	511,912	-	11,170,410	682,818,339													

• The whole balance is considered due if there is a default of one installment

		Joint										Self Financed																	
		Retail		Real-estate financing		Corporate		Small and medium companies		Public and government sectors		International Wakala investment		Sukuk		Total		Retail		Real-estate financing		Corporate		Banks and financial institutions		Total		Grand total	
	ID	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD	ID	JD
2015:																													
Low risk	2,516,703			4,168,420		803,962				77,128,440						84,617,525		46,153				1,110,133				1,156,286		85,773,811	
Acceptable risk	260,842,362			39,721,540		148,456,536						5,048,236				460,184,388		4,418,166				50,558			3,962,594		8,431,318		468,615,706
Past due:																													
Up to 30 days	788,261			36,262		42,601										867,224		7								7		867,231	
From 31 to 60 days	48,821			37,812		2,910										89,543											89,543		
Watch list	589,571					9,292,554										9,882,225		3,969				770			4,739		9,886,964		
Non performing:																													
Substandard	282,881															282,881		606							606		283,487		
Doubtful	197,949					48,642										246,591		1,635							1,635		248,226		
Losses written - off	436,505					7,532,760										7,969,265		2,884				27,572			30,456		7,999,721		
Total	264,866,071			43,889,960		166,132,454				77,128,440		5,848,336		563,182,875		4,473,413				1,189,033			3,962,594		9,525,040		572,887,915		
Less: Deferred Revenue	18,895,626			3,490,643		5,822,982				8,117,957				36,337,208		81,725									81,725		36,418,933		
Less: Suspended Revenue	65,585					265,906								431,491						7,112				7,112		438,603			
Less: impairment provision	515,815					6,683,653								7,219,488						1,131,382				1,131,382		8,350,870			
Net	245,369,025			40,399,317		152,260,913				69,000,483		5,848,336		519,194,688		4,391,688				50,539			3,962,594		8,404,821		527,599,509		

* The whole balance is considered due if there is a default of one installment

The following table shows the distribution of the fair value of collaterals on deferred sales and other receivables:

	Joint					Self financed				
	Real-estate financing		Corporate		Small and medium companies		Public and government sectors		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2016:										
Low risk	2,823,571	740,192	581,953	21,900	92,750,676	96,918,292	13,488	-	523,148	97,441,440
Acceptable risk	263,818,823	24,662,444	27,678,002	2,861,078	-	319,020,347	4,293,145	-	4,293,145	323,313,492
Watch list	329,564	602,562	6,313,061	-	-	7,245,187	-	-	-	7,245,187
Non performing:										
Substandard	231,432	-	-	-	-	231,432	-	-	-	231,432
Doubtful	505,181	-	-	-	-	505,181	-	-	-	505,181
Losses written - off	814,205	604,089	2,253,084	-	-	3,671,378	-	-	17,875	3,689,253
Total	268,522,776	26,609,287	36,826,100	2,882,978	92,750,676	427,591,617	4,306,633	-	4,824,168	432,425,985
Comprising of:										
Cash margin	2,823,571	740,192	581,953	21,900	-	4,167,616	13,488	-	13,488	4,181,104
Real-estate	186,979,641	25,869,095	35,823,353	2,645,910	-	251,317,999	3,802,194	-	3,820,069	255,138,068
Vehicles and machinery	78,719,564	-	420,794	215,168	-	79,355,526	490,951	-	490,951	79,846,477

3) sukuk

The following table illustrates sukuk grading under financial assets at fair value through unrestricted investment accounts holder in accordance with foreign grading institutions.

Classification grade	Grading institution	31 December 2016	31 December 2015
		JD	JD
A3	Moody's	1,082,930	1,813,799
A3	Moody's	1,407,478	1,391,767
A2	Moody's	3,536,918	-
A+	Fitch	1,420,836	-
A+	S & P's	2,124,533	-
N.R	-	485,133	2,111,048
Government	-	10,321,000	-
Total		20,378,828	5,316,614

4) Credit concentration based on geographic distribution is as follows:

	Inside Jordan	Other middle eastern countries	Europe	Asia*	Americas	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD
Balances with Central Banks	194,274,029	-	-	-	-	-	194,274,029
Balances at banks and financial institutions	750,125	858,051	3,302,583	422,668	304,345	6,825	5,644,597
International Wakala investments	-	26,717,327	-	-	-	-	26,717,327
Deferred sales receivable and other receivable							
Retail	286,601,841	-	-	-	-	-	286,601,841
Real-estate financing	38,398,973	-	-	-	-	-	38,398,973
Corporate	187,383,654	1,261,840	-	-	-	-	188,645,494
Small and medium companies	4,442,406	-	-	-	-	-	4,442,406
Public and governmental sectors	83,992,785	-	-	-	-	-	83,992,785
Unconverted loans							
Retail	47,428	-	-	-	-	-	47,428
Corporate	-	-	-	-	-	-	-
Sukuk							
Within financial assets at fair value through unrestricted investment accounts	10,321,000	10,057,828	-	-	-	-	20,378,828
Within Financial Assets at Amortized Cost- Net	27,439,000	-	-	-	-	-	27,439,000
Qard hasan	509,660	-	-	-	-	-	509,660
Other assets	603,896	-	-	-	-	-	603,896
Total / 2016	834,764,797	38,695,046	3,302,583	422,668	304,345	6,825	877,696,264
Total / 2015	723,465,836	12,000,553	2,274,715	181,485	104,322	13,175	738,040,086

*Except for the Middle East.

Scheduled deferred sales receivables, other receivables, and financings:

These are the receivables that are classified as "non-performing" facilities, and subsequently removed and included under "Watch List" based on proper rescheduling. The sum of these receivables amounted to JD 8,945,688 as of 31 December 2016 (2015: JD 2,636,739)

Rescheduled deferred sales receivables, other receivables, and financing:

Rescheduling includes terms of instalments, extending the term, deferral of instalments, or extending the grace period and accordingly are classified as "Watch List". The sum of these receivables amounted to JD 38,251,869 as of 31 December 2016 (2015: JD 21,102,002).

5- Concentration in credit exposures based on economic sectors is as follows :

	Financial	Industrial	Trade	Real-estate	Retail	Public and governmental sectors	Total
	JD	JD	JD	JD	JD	JD	JD
Balances with Central Banks	194,274,029	-	-	-	-	-	194,274,029
Balances at banks and financial Institutions	5,644,597	-	-	-	-	-	5,644,597
International Wakala investments	26,717,327	-	-	-	-	-	26,717,327
Deferred sales receivable and other	1,261,840	61,485,745	130,340,315	38,398,973	286,601,841	83,992,785	602,081,499
Unconverted loans	-	-	-	-	47,428	-	47,428
Sukuk investment							
Within financial assets at fair value through unrestricted investment accounts	10,057,828	-	-	-	-	10,321,000	20,378,828
within Financial Assets at Amortized Cost- Net	-	-	-	-	-	27,439,000	27,439,000
Qard hasan	509,660	-	-	-	-	-	509,660
Other assets	603,896	-	-	-	-	-	603,896
Total / 2016	239,069,177	61,485,745	130,340,315	38,398,973	286,649,269	121,752,785	877,696,264
Total / 2015	225,568,121	53,795,363	99,516,089	40,399,317	249,760,713	69,000,483	738,040,086

(49/B) Market Risks

The Bank follows certain financial policies to manage different risks within a specific strategy. There is also a committee concerned with managing assets and liabilities in the Bank and is charged with monitoring and controlling risks, and conducting the best strategic distribution of assets and liabilities whether on or off balance sheet. Its responsibilities include:

- Updating the investment policy followed by the Bank, submitting it to the Board of Directors to be approved on a regular basis, and reviewing the investment policy implemented and assessing its results against the banking market and competitive indicators.
- Forming investment decision-making committees and its authorities, according to the Bank's investment policy.
- Preparing the annual investment plan, in line with the Assets and Liabilities Committee expectations of revenues and changes in market rates, including low risk investment instruments available in the market.
- Preparing a report including market prices and present it on the Asset and Liabilities Committee to monitor any sudden change in prices of financial instruments to avoid changes in market prices.

1) Rate of Return Risks

Risks of rate of return arise from the unexpected changes in the market rates. Necessary procedures must be taken to ensure the existence of administrative procedures related to reviewing, measuring and monitoring of rate of return risks

The Bank is exposed to rate of return risks as a result of the gap between assets and liabilities according to their terms and re-pricing the rate on subsequent transactions.

The Bank manages these risks by determining the rates of future profits according to the expectations of market conditions and developing new instruments that comply with the Islamic rules and regulations through the Bank's risk management strategy:

- .1 Attaining the best returns available in the market based on market indicators as a standard and Benchmarks for both. The portfolios and the investments managed by the Bank
- .2 Tacking into account the risks resulting from these investments, depending on the diversification option based on countries and institutions to ensure the reduction of risks' impact.
- .3 The Bank is committed to manage investments based on matching between the Bank's liabilities, (represented by term accounts) and assets in foreign currencies (represented by investments in foreign currencies).

2) Foreign Currency Risks

Foreign currency risks are managed on spot basis transactions, where foreign currency positions are monitored daily in addition to the position limits of each currency, as the general policy adopted by the Bank in managing foreign currency is based on the immediate liquidation of positions and covering the required positions according to customers' needs

The maximum positions in foreign currencies shall not exceed 5% of shareholders' equity for each currency except for the US Dollar at a maximum of exceeds 15% of the total shareholders' equity. The total foreign currencies position shall not exceed 15% of the total equity

Below is the effect of foreign currency exchange against JD with the other variable being constant:

2016	increase in the	Impact on profit and	
currency	indicator	losses	Impact on equity
	(5%)	JD	JD
USD	-	-	-
Euro	(1,983)	(1,983)	(1,983)
GBP	901	901	901
Japanese Yen	4,972	4,972	4,972
Other currencies	(9,710)	(9,710)	(9,710)

2015	increase in the	Impact on profit and	
currency	indicator	losses	Impact on equity
	(5%)	JD	JD
USD	-	-	-
Euro	7,006	7,006	7,006
GBP	(329)	(329)	(329)
Japanese Yen	75	75	75
Other currencies	9,584	9,584	9,584

The impact of decreasing the exchange rate by 5% has the same impact with the opposite sign.

Concentration in foreign currencies risks :

31 December 2016						
	US Dollar	Euro	GBP	Japanese Yen	Others	Total
Assets						
Cash and balances with Central Banks	5,795,091	1,503,130	164,364	-	145,977	7,608,562
Balances at banks and financial institutions	2,972,923	685,288	16,982	217,373	1,163,671	5,056,237
Deferred sale receivables	26,578,653	-	1,261,840	-	-	27,840,493
International Wakala Investment	23,751,500	2,965,827	-	-	-	26,717,327
Financial assets at fair value through unrestricted investment accounts	10,106,024	-	-	-	-	10,106,024
Other assets	106,349	1,848	261	-	-	108,458
Total assets	69,310,540	5,156,093	1,443,447	217,373	1,309,648	77,437,101
Liabilities						
Banks and financial institutions' accounts	85,103	-	-	-	-	85,103
Customers' accounts(current, saving, term)	59,826,166	5,083,546	1,422,410	117,937	1,200,723	67,650,782
Cash margins accounts	144,083	-	-	-	303,132	447,215
Other liabilities	742,864	112,201	3,019	-	-	858,084
Total liabilities	60,798,216	5,195,747	1,425,429	117,937	1,503,855	69,041,184
Net concentration in current year's financial position	8,512,324	(39,654)	18,018	99,436	(194,207)	8,395,917
Contingent liabilities outside current year's financial position	11,712,691	-	-	-	436,610	12,149,301
31 December 2015						
	US Dollar	Euro	GBP	Japanese Yen	Others	Total
Total Assets	49,483,098	3,695,909	1,069,301	115,838	1,122,873	55,487,019
Total Liabilities	39,257,678	3,555,797	1,075,890	114,343	931,196	44,934,904
Net concentration in current year's financial position	10,225,420	140,112	(6,589)	1,495	191,677	10,552,115
Contingent liabilities outside current year's financial position	1,855,673	1,060,309	-	-	287,009	3,202,991

3- Financial assets price risk:

Financial assets price risk is related to the supply and demand in the financial markets which causes a change in the fair value of the investments portfolio. The Treasury Department uses scientific and advanced financial bases to mitigate the risk of price change and to ensure that the Bank and the Bank's customers get better rate of return on their investments. The Department uses segmental and geographical distribution methodology, credit rating is done by the best credit rating agencies (Moody's, Standard & Poor, ect ..) and analyzing the financial markets indexes related to investments portfolio to mitigate the risk of financial assets price change.

Below is the effect of market index movement by 5% with the other variable being constant:

2016	increase in the indicator (5%)	Impact on profit and losses	Impact on equity
Indicator		JD	JD
Amman Stock Market	79,447	-	79,447
Foreign markets	-	-	-

2015	increase in the indicator (5%)	Impact on profit and losses	Impact on equity
Indicator		JD	JD
Amman Stock Market	140,140	24,351	115,789
Foreign markets	-	-	-

The impact of decreasing the exchange rate by 5% has the same impact with the opposite sign.

4- Commodities Risks

Commodities risks are caused by any fluctuations in prices of tradable or leasable assets, and related to the current and future fluctuations in market values of specific assets. The Bank is exposed to fluctuations in prices of fully-paid commodities after concluding the sale contracts and during the year of possession, in addition to being exposed to the fluctuation in the residual value of leased asset at the end of lease term.

(49/C) Liquidity Risks

The cash Liquidity Division ensures the Bank's ability to meet short- and long-term cash obligations. The Bank's cash liquidity is reviewed and managed regularly. The cash obligations and available funds are assessed daily by the finance department and treasury department. Moreover, review and analysis of cash liquidity of Bank's assets and liabilities are done on a monthly basis, in addition to analyzing maturity of assets and liabilities, in addition to analyzing maturity of assets and liabilities. This also includes the analysis of sources of funds according to the nature of sources and uses.

First: below is a summary of the maturities of the Bank's undiscounted liabilities, based on contractual payment date as of the date of the consolidated financial statements :

	Less than one month	1-3 months	3-6 months	6 months to 1 year	1-3 year	More than 3 years	Total
	JD	JD	JD	JD	JD	JD	JD
2016 :							
Bank and financial institutions' accounts	2,142,078	-	-	-	-	-	2,142,078
Customers' current accounts	104,741,900	-	-	-	-	-	104,741,900
Cash margins accounts	6,663,910	1,178,572	332,811	-	-	-	8,175,293
Income tax provisions	2,438,733	-	-	-	-	-	2,438,733
Other provisions	84,603	-	-	-	-	-	84,603
Other liabilities	9,246,028	1,999,350	248,054	496,108	-	-	11,989,540
Unrestricted investment accounts	115,131,101	194,229,409	135,767,509	193,294,161	19,394,704	-	657,816,884
Total	240,448,353	197,407,331	136,348,374	193,790,269	19,394,704	-	787,389,031
Total assets maturities as expected due dates	291,001,577	56,806,731	78,902,396	61,455,349	110,470,173	297,445,727	919,603,000
2015 :							
Bank and financial institutions' accounts	-	-	-	-	-	-	-
Customers' current accounts	89,549,377	-	-	-	-	-	89,549,377
Cash margins accounts	10,878,726	639,335	371,927	650,707	-	-	12,540,695
Income tax provisions	1,288,051	-	-	-	-	-	1,288,051
Other provisions	84,603	-	-	-	-	-	84,603
Other liabilities	12,108,889	1,868,957	387,627	775,254	-	-	15,140,727
Unrestricted investment accounts	111,274,252	147,604,338	119,657,428	150,169,170	-	-	528,705,188
Total	225,183,898	150,112,630	120,416,982	151,595,131	-	-	647,308,641
Total assets maturities as expected due dates	269,959,802	82,577,152	38,064,950	47,001,677	121,941,516	197,938,389	780,151,083

Second: Off-financial position items

	Up to 1 year	
	2016	2015
	JD	JD
letters of credit and acceptances	11,843,514	2,835,937
Guarantees	3,054,479	4,125,355
Unutilized limits	89,602,441	49,419,868
Total	104,500,434	56,381,160

(50) 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 retail, unrestricted investment accounts, deferred sales receivables, financings, and other services.

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	Corporate	Treasury	Others	2016	2015
	JD	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	15,980,508	16,234,510	(1,178,135)	1,050,484	32,087,367	26,468,027
Investment risks fund share of joint						
Investment accounts revenues	-	-	-	(4,473,473)	(4,473,473)	(3,805,801)
Results of segment's operations	15,980,508	16,234,510	(1,178,135)	(3,422,989)	27,613,894	22,662,226
Undistributed expenses	(1,530,678)	(515,207)	(631,769)	(16,100,026)	(18,777,680)	(17,880,227)
Profit for the year before tax	14,449,830	15,719,303	(1,809,904)	(19,523,015)	8,836,214	4,781,999
Income tax expense	-	-	-	(3,138,898)	(3,138,898)	(1,500,072)
Profit for the year	14,449,830	15,719,303	(1,809,904)	(22,661,913)	5,697,316	3,281,927
					2016	2015
					JD	JD
Segments' assets	292,268,491	300,719,112	80,197,287	-	673,184,890	521,200,832
Undistributed assets	-	-	-	246,418,110	246,418,110	258,950,251
Total assets	292,268,491	300,719,112	80,197,287	246,418,110	919,603,000	780,151,083
Segments' liabilities	592,258,100	95,955,600	77,977,943	-	766,191,643	626,630,969
Undistributed liabilities	-	-	-	20,979,246	20,979,246	19,785,319
Total liabilities	592,258,100	95,955,600	77,977,943	20,979,246	787,170,889	646,416,288
					2016	2015
					JD	JD
Capital expenditure					3,718,352	4,184,175
Depreciation and amortization					2,851,976	2,506,000

B- Information on Geographical Distribution

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

	31 December 2016			31 December 2015		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Total assets	876,671,533	42,931,467	919,603,000	765,576,833	14,574,250	780,151,083
Total revenues	31,754,028	333,339	32,087,367	26,245,516	222,511	26,468,027
Capital expenditure	3,718,352	-	3,718,352	4,184,175	-	4,184,175

(51) CAPITAL MANAGEMENT

The Bank's management takes into consideration the Central Bank of Jordan requirements which require the Bank to have sufficient self financed 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 Banks Law. Following is the capital adequacy details:

	31 December 2016	31 December 2015
	JD"000	JD"000
Basic capital items	129,568	123,523
Paid in capital	100,000	100,000
Share discount	-	(1,100)
Statutory reserve	22,000	21,116
Voluntary reserve	-	1,943
Retained earnings	9,532	10,490
Proposed dividends distribution	-	(7,000)
Repossessed assets by Bank	-	-
Intangible assets	(1,743)	(1,648)
The Bank's share in the banks and financial institutions capital (50%)	(78)	(77)
The bank's share in the capital of insurance companies (50%)	(5)	(5)
Bank's share in the investment risk fund	(138)	(196)
Additional capital	1,626	1,287
Fair value reserve	(348)	(352)
General banking risk reserve	2,057	1,721
The Bank's share in the banks and financial institutions capital (50%)	(78)	(77)
The Bank's share in the capitals of insurance companies (50%)	(5)	(5)
Total regulatory capital	131,194	124,810
Total risk weighted assets	318,351	264,053
Capital adequacy ratio (%)	41.21%	47.27%
Basic capital ratio (%)	40.70%	46.78%

(52) ASSETS AND LIABILITIES MATURITY ANALYSIS:

assets and liabilities, expected to be received or settled, is detailed per period as follows:

31 December 2016	Within one year	More than one year	Total
	JD	JD	JD
<u>Assets</u>			
Cash and balances with Central Banks	204,028,359	-	204,028,359
Balances at Banks and financial institutions	5,644,597	-	5,644,597
International Wakala Investments	26,717,327	-	26,717,327
Financial assets at fair through profit and loss	-	-	-
Deferred sale receivables and other receivables, net	221,619,047	156,718,481	378,337,528
Unconverted loans-net	23,714	23,714	47,428
Financial assets at fair value through unrestricted investment accounts	7,357,161	14,717,377	22,074,538
Financial Assets at Amortized Cost- Net	-	27,439,000	27,439,000
Investment in associate	370,362	-	370,362
Ijara Muntahia Beltamleek assets, net	15,236,303	208,507,668	223,743,971
Qard hasan	-	509,660	509,660
Property and equipment	-	21,778,481	21,778,481
Intangible assets	-	1,742,566	1,742,566
Deferred tax assets	599,815	-	599,815
Other assets	6,569,368	-	6,569,368
Total assets	488,166,053	431,436,947	919,603,000
<u>Liabilities and unrestricted investment account's equity</u>			
Banks and financial institutions' accounts	2,142,078	-	2,142,078
Customers' current accounts	104,741,900	-	104,741,900
Cash margins accounts	8,111,831	-	8,111,831
Income tax provision	2,438,733	-	2,438,733
Other provisions	84,603	-	84,603
Fair value reserve – net	(976,767)	-	(976,767)
Other liabilities	11,989,540	-	11,989,540
Unrestricted investment accounts	632,306,079	19,209,390	651,515,469
Investment risk fund	-	5,526,435	5,526,435
Provision of investment risk fund tax	1,597,067	-	1,597,067
Total liabilities , unrestricted investment accounts' and shareholders' equity	762,435,064	24,735,825	787,170,889
Net	(274,269,011)	406,701,122	132,432,111

31 December 2015	Within one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances with Central Banks	219,736,734	-	219,736,734
Balances at Banks and financial institutions	3,962,594	-	3,962,594
International Wakala investments	5,848,336	-	5,848,336
Financial assets at fair through profit and loss	487,021	-	487,021
Deferred sale receivables and other receivables, net	175,889,204	133,120,799	309,010,003
Unconverted loans-net	104,077	-	104,077
Financial assets at fair value through unrestricted investment accounts	2,422,562	5,316,614	7,739,176
Financial Assets at Amortized Cost- Net	-	-	-
Investment in associate	363,466	-	363,466
Ijara Muntahia Beltamleek assets, net	21,915,393	181,442,492	203,357,885
Qard hasan	-	-	-
Property and equipment	-	21,019,122	21,019,122
Intangible assets	-	1,648,475	1,648,475
Deferred tax assets	984,815	-	984,815
Other assets	5,889,379	-	5,889,379
Total assets	437,603,581	342,547,502	780,151,083
Liabilities and unrestricted investment account's equity			
Banks and financial institutions' accounts	-	-	-
Customers' current accounts	89,549,377	-	89,549,377
Cash margins accounts	12,286,170	-	12,286,170
Income tax provision	1,288,051	-	1,288,051
Other provisions	84,603	-	84,603
Fair value reserve – net	(1,040,513)	-	(1,040,513)
Other liabilities	15,140,727	-	15,140,727
Unrestricted investment accounts	522,996,166	-	522,996,166
Investment risk fund	-	4,668,725	4,668,725
Provision of investment risk fund tax	1,442,982	-	1,442,982
Total liabilities, unrestricted investment accounts' and shareholders' equity	641,747,563	4,668,725	646,416,288
Net	(204,143,982)	337,878,777	133,734,795

(53) CONTINGENT COMMITMENTS (OFF BALANCE SHEET)**A- Contingent credit commitments.**

	31 December 2016	31 December 2015
	JD	JD
Letters of credit	11,683,336	2,775,003
Acceptances	160,178	60,934
Letter of guarantees:		
Payment	1,431,979	2,365,744
Performance	1,589,862	1,695,153
Others	32,638	64,458
Irrevocable commitments to extend credit	89,602,441	49,419,868
Total	104,500,434	56,381,160

B- Contractual commitments.

	31 December 2016	31 December 2015
	JD	JD
Consulting contracts	-	300,685
Total	-	300,685

Based on the letter from The Prime Minister and the legal opinion issued by the Legislation and Opinion Divan, a dispute arose 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 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.

(54) LAWSUITS AGAINST THE BANK

The Bank is defendant in number of lawsuits amounted to JD 84,790 as at 31 December 2016 (31 December 2015: JD 91,590). Management and its legal advisor believes that the lawsuits provision which amounts to JD 60,785 is sufficient to face any liabilities that may arise from lawsuits.

(55) COMPARATIVE FIGURES

Some of 2015 balances were reclassified to correspond with 2016 presentation. The reclassifications did not have any effect on profit and equity at 2015.