



INVESTBANK
البنك الإستثماري

Date: 27/4/2017

No: 3218

Jordan Securities Commission

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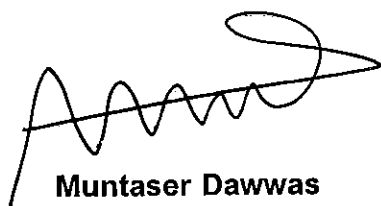
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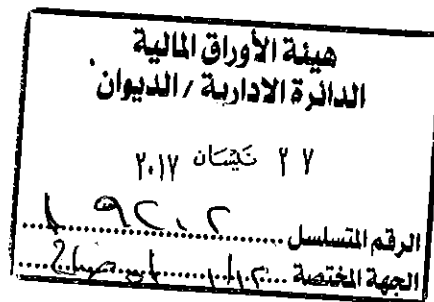
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Financial Statements of INVESTBANK as of 31 March 2017

Kindly find attached the Financial Statements of INVESTBANK as of 31 March 2017.


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INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2017

**INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

31 MARCH 2017

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**REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE CHAIRMAN AND BOARD OF DIRECTORS OF INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Invest Bank as of 31 March 2017 and the related interim consolidated statements of income and comprehensive income, interim consolidated statements of changes in equity and cash flows for the three months then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

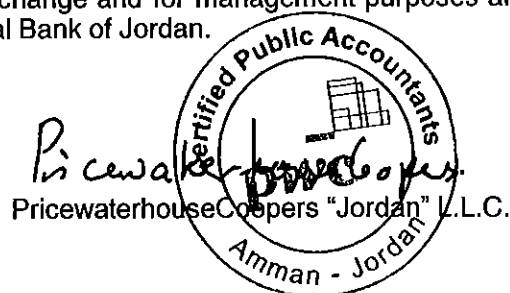
We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with International Accounting Standard (34).

Other Matters

The interim condensed consolidated financial statements have been prepared in accordance with the listing instructions of Amman Stock Exchange and for management purposes and they are not subject to the approval of the Central Bank of Jordan.



Amman, Jordan
25 April 2017

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2017

	Notes	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Assets			
Cash and balances at the Central Bank of Jordan	4	86,393,749	91,250,017
Balances at banks and financial institutions	5	70,446,166	73,902,498
Deposits at banks and financial institutions	6	5,500,000	5,500,000
Financial assets at fair value through statement of income		2,398,554	2,128,116
Direct credit facilities - net	7	589,138,498	538,630,285
Financial assets at fair value through other comprehensive income		28,777,437	24,437,914
Financial assets at amortized cost		115,655,108	120,143,870
Property and equipment-net		28,249,322	28,573,609
Intangible assets		2,870,524	3,003,463
Deferred tax assets		6,769,698	6,883,615
Other assets	8	58,696,996	55,123,285
Total assets		994,896,052	949,576,672
Liabilities And Equity			
Liabilities			
Banks and financial institutions deposits		18,576,767	2,432,998
Customers deposits		638,406,244	622,816,743
Cash margins		38,382,587	38,094,827
Borrowed funds	9	104,606,994	99,789,624
Sundry provisions		710,128	710,086
Income tax provision	10	6,078,638	6,501,454
Deferred tax liabilities		2,812,850	2,812,850
Other liabilities		14,550,775	12,074,876
Total Liabilities		824,124,983	785,233,458
Equity			
Authorized capital		100,000,000	100,000,000
Subscribed and paid-in capital		100,000,000	100,000,000
Statutory reserve		23,570,771	23,570,771
General banking risks reserve		5,670,619	5,311,284
Fair value reserve – net		7,636,039	5,491,519
Retained earnings	11	27,285,324	27,663,922
Net income for the period attributable to the shareholders of the bank		4,221,855	-
Total equity attributable to the shareholders of the bank		168,384,608	162,037,496
Non-controlling interest		2,386,461	2,305,718
Total equity		170,771,069	164,343,214
Total liabilities and equity		994,896,052	949,576,672

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Notes	For the three months ended 31 March	
		2017	2016
		JD (Unaudited)	JD (Unaudited)
Interest income		12,853,767	11,642,337
Interest expense		(5,536,199)	(4,012,942)
Net Interest Income		7,317,568	7,629,395
Net commission income		2,253,015	1,518,980
Net Interest and Commissions Income		9,570,583	9,148,375
Gains from foreign currencies exchange		199,321	34,132
Gains from financial assets at fair value through statement of income		30,804	(28,033)
Cash dividends from financial assets at fair value through other comprehensive income		1,782,412	1,384,996
Other revenue		599,842	693,148
Gross Income		12,182,962	11,232,618
Employee-related expenses		(3,591,375)	(3,043,473)
Depreciation and amortization		(708,663)	(691,725)
Other expenses		(2,290,647)	(1,914,229)
Provision for impairments on seized assets and provisions for assets seized as per CBJ regulations		397,419	-
Impairment loss on direct credit facilities	7	(120,104)	(609,542)
Sundry provisions			(75,184)
Total Expenses		(6,313,370)	(6,334,153)
Income for the period before income tax		5,869,592	4,898,465
Income tax for the period		(1,566,994)	(1,397,006)
Net income for the period		4,302,598	3,501,459
Attributable to :			
Shareholders of the Bank		4,221,855	3,470,172
Non-controlling interest		80,743	31,287
		4,302,598	3,501,459
Basic and diluted earnings per share from net income for the period attributable to the shareholders of the Bank	18	0,042	0,035

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	For the three months ended 31 March	
	2017	2016
	JD (Unaudited)	JD (Unaudited)
Net income for the period	4,302,598	3,501,459
Other Comprehensive Income Items:		
Changes in fair value reserve – net of tax	2,149,351	59,468
Losses on sale of financial assets at fair value through other comprehensive income	(24,094)	(15,261)
Total Other Comprehensive Income	<u>2,125,257</u>	<u>44,207</u>
Total comprehensive income for the period	<u>6,427,855</u>	<u>3,545,666</u>
Total Comprehensive Income Attributable to:		
Shareholders of the Bank	6,347,112	3,514,379
Non-controlling interest	80,743	31,287
	<u>6,427,855</u>	<u>3,545,666</u>

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Reserves					Net income for the period attributable to the Bank's shareholders	Total Shareholders' Equity Attributable to the Bank's shareholders	Non-controlling interest	Total
	Paid-in capital	Statutory	General banking risks	Financial Assets valuation reserve	Retained earnings				
	JD	JD	JD	JD	JD	JD	JD	JD	JD
(Unaudited)									
Balance at 31 December 2016	100,000,000	23,570,771	5,311,284	5,491,519	27,663,922	-	162,037,496	2,305,718	164,343,214
Net income for the period	-	-	-	-	-	4,211,855	4,211,855	80,743	4,302,598
Net changes in fair value reserve – net of tax	-	-	-	2,149,351	-	-	2,149,351	-	2,149,351
Losses on sale of financial assets through other comprehensive income	-	-	-	(4,831)	(19,263)	-	(24,094)	-	(24,094)
Total comprehensive income	-	-	-	2,144,520	(19,263)	4,211,855	6,347,112	80,743	6,427,855
Transferred to reserve	-	-	359,335	-	(359,335)	-	-	-	-
Balance at 31 March 2017	100,000,000	23,570,771	5,670,619	7,636,039	27,285,324	4,221,855	168,384,608	2,386,461	170,771,069
(Unaudited)									
Balance at 31 December 2015	100,000,000	21,332,948	4,603,049	3,839,176	23,984,252	-	153,759,425	886,882	154,646,307
Net income for the period	-	-	-	-	-	3,470,172	3,470,172	31,287	3,501,459
Net changes in fair value reserve – net of tax	-	-	-	59,468	-	-	59,468	-	59,468
Losses from sale of financial assets through other comprehensive income	-	-	-	296,846	(312,107)	-	(15,261)	-	(15,261)
Total comprehensive income	-	-	-	356,314	(312,107)	3,470,172	3,514,379	31,287	3,545,666
Transferred to reserve	-	-	7,083	-	(7,083)	-	-	-	-
Balance at 31 March 2016	100,000,000	21,332,948	4,610,132	4,195,490	23,665,062	3,470,172	157,273,804	918,169	158,191,973
-	Included in retained earnings an amount of JD 6,769,698 as of 31 March 2017 restricted by the Central Bank of Jordan against deferred tax assets amounted to JD 6,883,615 as of 31 December 2016.								
-	Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 March 2017 and 31 December 2016 based on Central Bank of Jordan request, which represents the remaining balance illegal transactions.								
-	Included in the retained earnings a restricted amount of JD 417,387 as of 31 March 2017 and 415,074 as of 31 December 2016, which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.								
-	No amounts included in the retained earnings which represents a revaluation difference of financial assets at fair value through income statement.								
-	Use of general banking risks reserve is restricted and requires prior approval from the Central Bank of Jordan.								
-	Use of fair value of financial assets reserve-net is restricted and requires prior approval from Central bank of Jordan.								

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Notes	For the three month ended 31 March	
		2017	2016
		JD (Unaudited)	JD (Unaudited)
Operating activities			
Income for the period before income tax		5,869,592	4,898,465
Adjustments for non-cash items:			
Depreciation and amortization		708,663	691,725
Impairment loss on direct credit facilities		120,104	609,542
Sundry provisions		-	75,184
Recovered from provision of impairments in seized assets by the bank		(397,419)	-
Gain on sale of assets seized by the Bank		(41,802)	-
Gain on sale of assets seized by the Bank		187,660	(50,052)
Unrealized loss from financial assets at fair value through Statement of income		7,712	24,712
Dividends received on financial assets at fair value through other comprehensive income		(1,782,412)	(1,384,996)
Net interest income		652,305	(45,539)
Effect of exchange rate fluctuations on cash and cash equivalents		(9,873)	(34,132)
		5,314,530	4,784,909
Changes in assets and liabilities			
Deposits at banks and financial institutions (Restricted Balances)		-	(2,546)
Financial assets at fair value through Statement of Income		(278,150)	455,553
Direct credit facilities		(50,628,317)	(3,660,556)
Other assets		(3,552,102)	1,948,979
Customers' deposits		15,589,501	(38,818,454)
Cash margin		287,760	646,044
Other liabilities		2,011,744	(559,580)
Net cash used in operating activities before income tax paid and paid provisions		(31,255,034)	(35,205,651)
Income tax paid		(1,875,885)	(2,569,274)
Net cash used in operating activities		(33,130,919)	(37,774,925)
Investing activities			
Purchase of financial assets at fair value through OCI		(2,306,010)	(347,404)
Sale of financial assets at fair value through OCI		91,778	124,233
Dividends received from financial assets at fair value through OCI		1,782,412	1,384,996
Financial assets at amortized cost		4,488,762	(7,603,605)
Purchase of property, equipment, and projects under construction		(44,862)	(354,199)
Purchase of intangible assets		(164,773)	(148,359)
Net cash (used in) investing activities		3,847,307	(6,944,338)
Financing activities			
Borrowed funds		4,817,370	1,168,054
Net cash from financing activities		4,817,370	1,168,054
Effect of exchange rate fluctuations on cash and cash equivalents		9,873	34,132
Net decrease in cash and cash equivalents		(24,456,369)	(43,517,077)
Cash and cash equivalents at 1 January	15	162,719,517	136,980,540
Cash and cash equivalents at 31 March	15	138,263,148	93,463,463

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(1) GENERAL INFORMATION

Invest Bank (the "Bank") was established as a Jordanian public shareholding company under registration No. (173) dated 12 August 1982 in accordance with the Companies Law No. (12) for the year 1964 with a paid in capital of JD 6 million distributed over 6 million shares with a par value of JD 1 per share. The Bank's capital was increased several times to become JD 77,500,000 / JD 1 per share as of 31 December 2010. Furthermore, during 2011, the Bank's capital was increased to JD 85,250,000 / JD 1 per share. Finally, the Bank's capital was increased by JD 14,750,000 on 10 April 2012. Accordingly, the Bank's authorized and paid in capital became JD 100 Millions / JD 1 per share.

The Bank's Head Office is located in Amman, Abd Alhameed Sharaf Street, Shmesani, Tel: 5001500, P.O Box 950601, Amman – 11195 Jordan.

The Bank provides banking and related financial services through its Head Office and Twelve branches in the Hashemite Kingdom of Jordan, and its subsidiaries.

Invest Bank is a public shareholding company listed in Amman Stock Exchange.

These interim condensed consolidated financial statements have been approved by the Board of Directors in its meeting held on 24 April 2017.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies used by the Bank in the preparation of these interim condensed consolidated financial statements.

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank have been prepared in accordance with International Accounting Standards No. (34) ("interim financial reporting"), and in accordance with the local laws and the instructions of Central Bank of Jordan.

The reporting currency of these interim condensed consolidated financial statements is the Jordanian Dinar which is the functional currency of the Bank.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through statement of income, financial assets at fair value through other comprehensive income that have been measured at fair value at the date of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the consolidated financial statements of the Bank for the year ended 31 December 2016. Furthermore, the results of operations for the three months ended 31 March 2017 do not necessarily reflect the expected results for the year ending 31 December 2017, except for not appropriating the profit of the three months ended on 31 March 2017 which is usually performed at year end.

2.2 Changes in accounting policies and disclosures

The accounting policies, used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Bank's financial statements for the year ended 31 December 2016, except for the adoption of the following new standards and amendments to existing standards, which had no significant impact on these interim condensed consolidated financial statements:

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(a) New and amended standards adopted by the Bank:

The following standards have been adopted by the bank the first time for the financial year beginning on or after 1 January 2017, and expected that there will not have a material impact on the bank:

- Amendments to IAS 12 - 'Income tax' which explains measurement and accounting for deferred tax assets.
- Amendments to IAS 7, 'Statement of cash flows'. The amendment requires additional disclosures about changes in liabilities arising from financing activities. The standard is effective for annual periods beginning on or after 1 January 2017 and early adoption is permitted.

(b) New standards and interpretations not yet adopted

The standards published and mentioned below did not apply by the bank yet, and the bank did not early adopt

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.
- IFRS 16, 'Leases' which will replace IAS 17 'Leases'. The standard requires the lessee to book future lease commitments for all lease contracts including "rights to use assets". The standard is effective for annual periods beginning on or after 1 January 2019 and early adoption is permitted if IFRS 15 is also adopted.
- There are no other standards or amendments that are effective and have material impact on the financial statements of the bank.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

2.3 Basics of consolidation

The consolidated financial statements include the financial statements of the Bank and the wholly owned subsidiary companies controlled by it. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiary companies in order to achieve financial benefits out of their operations. All inter-company transactions, balances, revenues and expenses between the Bank and its subsidiaries are eliminated

The interim condensed consolidated financial statements include the financial statements of the Bank and its following subsidiaries:

Company's Name	Paid-in capital JD	Bank's ownership	Nature of operations	Location	Date of acquisition
Al- Mawared for Financial Brokerage Company	10,000,000	100%	Financial securities brokerage	Amman	2006
Tamkeen Leasing Company	5,000,000	90%	Lease financing	Amman	2006
Al- Istethmari Latemweel Selselat Al Imdad Company	3,000,000	94%	Management and operation of bonded stores	Amman	2010
Jordanian Company for Factoring *	30,000	100%	Factoring receivables	Amman	2011
Jordan Trade Facilities **	16,500,000	94.7%	Providing loans and facilities	Amman	2016
Trade Facilities for finance leasing **	2,000,000	94.7%	Lease financing	Amman	2016

* This company was established on 21 December 2011 and has not commenced its operations as of the date of these interim condensed consolidated financial statements.

** The bank acquired 93,275% of Jordan Trade Facilities Company which owns 100% of Trade Facilities for Finance Leasing Company during the year 2016, through its subsidiary (Tamkeen Leasing Company), through a purchase of 15,390,385 shares with 1JD par value. The acquisition cost was JD 20,774,620 and the fair value of net assets amounted to JD 19,344,022 at the date of acquisition, which raised a goodwill amounted to JD 1,430,598 disclosed under intangible assets.

The financial statements of the subsidiaries are prepared using the same accounting policies adopted by the Bank. Changes are made to the accounting policies of subsidiaries, when necessary, to align them with accounting policies adopted by the Bank.

The results of operations of the subsidiaries are consolidated in the consolidated statement of income from the date on which control is transferred to the Bank and cease to be consolidated from the date on which control is transferred from the Bank.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

Non-controlling interest represents the portion of net profit or loss and net assets not owned directly or indirectly by the Bank in its subsidiaries and are presented in the interim consolidated statement of income and within equity in the consolidated statement of financial position separately from the equity attributable to the shareholders of the Bank.

(3) ACCOUNTING ESTIMATES

Preparation of the interim condensed consolidated financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities, fair value reserve and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown within the consolidated statement of comprehensive income. In particular, this requires the bank's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the mentioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to changes resulting from the conditions and circumstance of those assessments in the future.

The significant estimates used by management in the preparation of these interim condensed consolidated financial statements applied in the accounting policies as well as the sources of estimates in cases of uncertainty are consistent with those used in the preparation of the consolidated financial statements as of and for the year ended on 31 December 2016.

(4) CASH ON HAND AND BALANCES AT THE CENTRAL BANK

This item consists of the following:

	31 March 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	9,756,421	10,754,130
Balances with central banks		
Current and demand accounts and Statutory cash reserve	42,437,328	49,795,887
Term and notice deposits	8,000,000	-
Deposit certificate	26,200,000	30,700,000
	<u>86,393,749</u>	<u>91,250,017</u>

- Except for the statutory cash reserve, there are no restricted balances as of 31 March 2017 and 31 December 2016.
- There are no balances matured with a period exceeding three months as of 31 March 2017 and 31 December 2016.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Local banks and financial institution	30,656,512	29,698,581
Foreign banks and financial institutions	39,789,654	44,203,917
	<u>70,446,166</u>	<u>73,902,498</u>

- Deposits at banks and financial institution with no interest amounted to JD 30,656,468 as of March 2017 against JD 29,612,436 as of 31 December 2016.
- There are no restricted balances as of 31 March 2017 and as of 31 December 2016.

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Local banks and financial institution	5,500,000	5,500,000
	<u>5,500,000</u>	<u>5,500,000</u>

There are no restricted deposits as of 31 March 2017 and 31 December 2016

Deposits balances maturing within a period exceeding three months amounted to JD 5,000,000 as of 31 March 2017 against JD 5,500,000 as of 31 December 2016.

(7) DIRECT CREDIT FACILITIES - NET

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Individuals (retail):		
Overdraft	12,595,031	12,439,777
Loans and discounted bills *	101,241,957	94,808,191
Credit Cards	16,373,427	15,908,806
Real estate loans	127,360,074	124,713,597
Companies		
Corporate:		
Overdraft	90,879,310	79,883,162
Loans and discounted bills *	248,783,715	220,305,556
Medium and small entities		
Overdraft	7,804,566	7,878,533
Loans and discounted bills *	14,398,952	12,315,395
Public Sectors	6,934	24,203
Total	619,443,966	568,277,220
Less: Provision for impairment in direct credit facilities	23,431,356	23,314,696
Interest in suspense	6,874,112	6,332,239
Net Direct Credit Facilities	<u>589,138,498</u>	<u>538,630,285</u>

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

* The balance shown at net after deducting the interest received in advance amounted to JD 17,900,522 as at 31 March 2017 against JD 18,908,609 as of 31 December 2016.

- Included in the direct credit facility balance a non-performing facilities amounted to JD 39,332,437 which represents 6.3% as of 31 March 2017 against to JD 38,509,592 which represents 6.8% as of 31 December 2016.
- The non-performing facility balances after deducting interest in suspense amounted to JD 32,518,261 which represents 5.3% direct credit facility as of 31 March 2017 against JD 32,183,664 which represents 6.8% from direct credit facilities after deducting interest in suspense as of 31 December 2016.
- Credit facilities granted to the government amount to 6,934 as of 31 March 2017 and 24,403 as of 31 December 2016.
- Part of the collaterals of the due instalments and finance lease contract related to Jordan Tarde Facilities Company with an amount of JD 14,809,668 as of 31 March 2017 against JD 16,937,500 (Cheques and promissory notes) as of 31 December 2016 were deposited as collaterals against the loans and overdraft of the company.

- Provision for impairment loss on direct credit facilities

The movement on the provision for Impairment in Direct Credit Facilities was as follows:

	Companies				Total
	Individuals (Retail)	Real estate loans	Corporate	Small & Medium companies	
(Unaudited)	JD	JD	JD	JD	JD
31 March 2017					
Balance at 1 January	8,893,364	1,019,077	10,081,195	3,321,060	23,314,696
Provision charge (surplus) for the period	212,052	(113,349)	(94,632)	116,033	120,104
Used during the period (Witten-off)	(3,444)	-	-	-	(3,444)
Balance at the end of period	9,101,972	905,728	9,986,563	3,437,093	23,431,356
(Audited)					
31 December 2016					
Balance at 1 January	4,416,993	1,220,209	9,867,535	3,773,109	19,277,846
Balances generated from investment in subsidiaries	4,529,392	477,005	-	135,258	5,141,655
Provision charge (surplus) for the year	146,580	(678,137)	213,660	(576,148)	(894,045)
Used during the period (Witten-off)	(199,601)	-	-	(11,159)	(210,760)
Balance at the end of the year	8,893,364	1,019,077	10,081,195	3,321,060	23,314,696

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- Interest in suspense

The movement on interest in suspense was as follows:

	Companies				
	Individuals (retail)	Real estate loans	Corporate	Small & medium companies	Total
	JD	JD	JD	JD	JD
(Unaudited)					
31 March 2017					
Balance at beginning of the year	1,710,435	626,434	2,834,888	1,160,482	6,332,239
Interest in suspense for the period	329,193	36,892	197,559	87,306	650,950
Interest transferred to revenues	(6,221)	(17,509)	(75,616)	(237)	(99,583)
Interest in suspense written-off	(8,907)	(587)	-	-	(9,494)
Balance at the end of period	2,024,500	645,230	2,956,831	1,247,551	6,874,112
(Audited)					
31 December 2016					
Balance at 1 January	2,000,226	1,661,116	6,181,862	1,238,353	11,081,557
Interest in suspense for the year	394,319	92,289	767,187	297,911	1,551,706
Interest transferred to revenue	(31,313)	(925,392)	(3,827,503)	(371,834)	(5,156,042)
Interest in suspense written-off*	(652,797)	(201,579)	(286,658)	(3,948)	(1,144,982)
Balance at the end of the year	1,710,435	626,434	2,834,888	1,160,482	6,332,239

According to the decision taken by board of directors of the bank, the senior management of the subsidiaries, the non performing credit facilities with their related interest in suspense have been written off amounted to of JD 12,938 during the period ended 31 March 2017 against JD 1,355,742 for the year ended 31 December 2016.

(8) OTHER ASSETS

Other assets include the following:

	31 March 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Accrued interest and revenue	1,408,767	1,596,917
Prepaid expenses *	5,299,955	3,151,092
Assets seized by the Bank **	41,837,491	43,096,352
Refundable deposits	360,112	436,480
Post-dated cheques	389,772	134,747
Balances related to fraudulent transactions - Net ***	1,039,200	1,039,200
Purchase acceptances	3,613,123	3,463,986
Others	4,748,576	2,204,511
	58,696,996	55,123,285

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- * Prepaid expenses include JD 1.8 million which represent the rent of the new branch for the bank in Abdoun Area for 18 years that are paid in advance.
- ** The Central Bank of Jordan's instructions require disposal of assets seized by the bank during a maximum period of two years from the date of foreclosure and the Central Bank of Jordan can extend that period for a maximum of another two consecutive years. The balance is presented net of related impairment provision for the amount of JD 35,930 as of 31 March 2017 against JD 242,689 as of 31 December 2016, and provision for assets seized for more than four years for the amounts of JD 964,422 as of 31 March 2017 against JD 1,361,841 as of 31 December 2016
- *** The bank was exposed to manipulation activities in its cash accounts at other banks and financial institutions resulted in a loss of around JD 12.9 Million which is mainly due to the probability of collusion between some of bank's employees. The necessary legal procedures were taken by the bank's management and a provision of JD 10.4 Million as of 31 March 2017 and 31 December 2016 excluding the estimated recoverable amount and foreclosed assets, less the recoverable amounts from the insurance company with the amount of around JD 1.5 Million. Furthermore, the case is still being looked by the General Attorney.

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(9) BORROWED FUNDS

	Amount JD	Number of instalments		Frequency of instalments JD	Guarantees JD	Loan interest rate JD
		Total JD	Remaining JD			
31 March 2017 (Unaudited)						
Borrowed loans from banks/ Local institution	104,606,994	1,499	1,153	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/ Tools and equipment guarantee	4.3% to 8.25%
Total	<u>104,606,994</u>					
31 December 2016 (Audited)						
Borrowed loans from banks/ Local institution	99,789,624	978	715	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/ Tools and equipment guarantee	4.3% to 8.25%
Total	<u>99,789,624</u>					

- Borrowed funds represents credit facilities from local banks amounted to JD 77,106,994 and inform of overdraft accounts and revolving loans granted to the subsidiary companies (Al Mawared for Financial Brokerage, Tamkeen Leasing Company, Al-Istethmari LeTamweel Selselat Al Imdad and Jordan Trade Facilities Company).
- Borrowed funds also contains credit facilities granted from Jordan Mortgage refinancing company amounted to JD 27,500,000 and bank refinance an housing loans for interest rate of 7.6%.
- Fixed interest loans amounted to JD 83,606,994 and 21,000,000 loans at flucting interest rates as of 31 March 2017 against JD 78,789,624 fixed interest loans on 31 December 2016 and 21,000,000 at flucting interest rates as of 31 December 2016
- Part of the collaterals of the due instalments and finance lease contract related to Jordan Trade Facilities Company with an amount of JD 14,809,668 as of 31 March 2017 against JD 16,937,500 (Cheques and promissory notes) as of 31 December 2016 were deposited as collaterals against the loans and overdraft of the company.

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(10) INCOME TAX

Tax status of the Bank

The bank has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2013 and Income and sales tax department accepted year 2014 tax returns without any amendments.

The bank provided its tax declaration for the year 2015 on the period specified legally and Sales Tax Department did not revise record until the date of preparation of these financial statements.

As per the opinion of the company' management and its tax advisor, the tax liabilities exceeding the booked provision as of 31 March 2017.

Tax status of Al Mawared for Financial Brokerage Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department for the period since inception on 5 June 2006 till the end of the year 2011. Moreover, Income and sales tax department accepted years 2012, 2013 and 2014 tax returns without any amendments.

As per the opinion of the company' management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2016.

Tax status of Tamkeen Leasing Company (Subsidiary Company)

The company has not submitted its tax return for the period since inception on 31 October 2006 to 31 December 2007 and for the years 2008 and 2009.

The company has reached to a final settlement with the income and sales tax department for the years 2010, 2011, 2012, 2013 and 2014.

Income and sales tax department accepted year 2014 tax returns without any amendments.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 March 2017

Tax status of Al Istethmari Letamweel Selselat Al Imdad Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department until the end of the year 2010.

Income and sales tax department accepted years 2011, 2012, 2013 and 2014 tax returns without any amendments.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 March 2017

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Tax status of Jordan Trade Facilities Company (Subsidiary Company)

The Income and Sales Tax department had finalized its review and issued a final clearance up to the year ended 31 December 2011. The Company raised a law suit against the income tax department in the related courts claiming back amount of JD419,000 for 2009 and still in the case in court. Also the Company raised a legal case in the specialized court for the tax imposed in 2010. The appeal decision has been declared on 19 December 2016 approving the amount recorded in the corporate income tax return noting that the amount is paid in full. The company will appeal this decision in the court. The management and the tax advisor except tax surplus amount of JD 140,000.

The Company submitted corporate income tax return for the years 2012, 2013 and 2014 on the due dates. The Income and Sales Tax department had finalized its review and issued a final clearance for 2012 and 2013. For 2014 it was accepted under the sample basis.

The Company submitted corporate income tax return for the year ended 31 December 2015 on the due date. The Income and Sales Tax department did not review the income tax for the year 2015 up to date of issuing the financial statements.

The Subsidiary "Jordan Facilities for Finance Lease L.L.C" submitted corporate income tax return up to the year ended 31 December 2014 and it was accepted under the sample basis.

As per the opinion of the company' management and its tax consultant, the company and its subsidiary will not have any tax liabilities exceeding the booked provision as of 31 March 2017

(11) RETAINED EARNINGS

The movement on retained earnings is as follows:

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Balance at the beginning of the period / year	27,663,922	23,984,252
Profit for the period / year	-	15,297,799
Transferred to reserves	(359,335)	(2,946,058)
Dividends paid	-	(8,000,000)
Loss on sale of financial assets at fair value through other comprehensive income	(19,263)	(672,071)
Balance at the end of the period / year	<u>27,285,324</u>	<u>27,663,922</u>

- Included in retained earnings an amount of JD 6,769,698 as of 31 March 2017 restricted by the instructions of Central Bank of Jordan for deferred tax assets against JD 6,883,615 as of 31 December 2016.
- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 March 2017 and 31 December 2016 based on Central Bank of Jordan request, which represents the remaining balance of illegal transactions.
- Included in the retained earnings a restricted amount of JD 417,387 as of 31 March 2017 and 415,074 as of 31 December 2016 which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.

(12) PROPOSED DIVIDENDS

The board of directors decided to distribute an amount of JD 10 Million during the year to the shareholders, equivalent to 10% of the Bank's Capital, and it is subject to the approval of the general assembly of shareholder. The General assembly of the shareholders approved distribution of JD 8 Million of dividends equivalent to 8% of the bank capital for the year 2015 in it's meetings held in 20th of April 2016

(13) SEGMENT INFORMATION

A- Information on the Bank's and subsidiaries' Activities:

The Bank is organized, for managerial purposes, into three major segments that are measured according to the reports used by the General Manager and the bank's decision makers. Moreover, the Bank owns three subsidiaries: Al- Mawared for Financial Brokerage Company is specialized in financial brokerage, Tamkeen Leasing Company is specialized in financial leasing, Al Imdad Company is specialized in the bonded stores management and operation, and Jordan Trade facilities company which is specialized in retail financing.

- **Individuals accounts (Retail)**

Include following up on individual customers accounts, and granting credit facilities, credit cards and other services.

- **Corporate accounts**

Include following up on deposits, credit facilities and other banking services related to corporate customers.

- **Treasury**

Include providing dealing services, treasury and management of the Bank's funds.

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

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B- Information on the geographical distribution.

The Bank conducts its business and operations primarily in Jordan. Accordingly, most of the Bank's revenues, assets and capital expenditures are in Jordan.

(14) RELATED PARTIES TRANSACTIONS AND BALANCES

The Bank entered into transactions with Board of Directors, major shareholders and executive management in the course of ordinary banking activities at commercial rates of interests and commissions.

The following represents a summary of balances and transactions with related parties:

	Related Party			Total	
	Subsidiaries*	Board of directors members & executive management	Other (employees and their relative, relative of members of the board of directors and executive management	31 March 2017	31 December 2016
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Audited)
On Financial Position Items:					
Credit facilities	6,195,397	4,133,719	43,155,764	53,484,880	54,434,285
Deposit, current accounts and cash margins	1,386,712	2,498,174	30,506,822	34,391,708	36,789,404
Off-Financial Position Items:					
Letters of credit	-	-	126,290	126,290	140,263
Letters of guarantee	1,369,625	884,881	6,816,336	9,070,842	9,574,504
				For three months ended 31 March	
				2017	2016
				JD (Unaudited)	JD (Unaudited)
Statement of Income Items:					
Interest and commission received	132,375	71,621	698,776	902,772	928,299
Interest and commission paid	1,879	24,535	250,537	276,951	91,343
Provision for impairment in direct credit facilities	-	-	-	-	223,901

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* All those amount and transactions are eliminated in the consolidated financial statements and are shown for explanatory purpose only.

Maximum credit interest rate in Jordanian Dinars 21%
Maximum credit interest rate in Other Currencies 4.24%
Maximum Debit interest rate in Jordanian Dinars 4.25%
Maximum Debit interest rate in Other Currencies 1.5%
Maximum Credit Commission rate 1%

Minimum credit interest rate in Jordanian Dinars 2.75%
Minimum credit interest rate in Other Currencies 3.0%
Minimum credit interest rate in Jordanian Dinars 0%
Minimum credit interest rate in Other Currencies 0%
Minimum debit commission rate 0%

The executive management salaries and benefits for the bank and its subsidiaries (including the salaries and benefits of the general manager, his deputy, and his assistant and executive manager) amounted to JD 723,565 for the three months ended 31 March 2017 against JD 641,133 in the same period in 2016.

(15) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	As of 31 March	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances at Central Bank mature within 3 months	86,393,749	67,618,044
Add: Balances at banks and financial institutions mature within 3 months	70,446,166	42,212,540
Less: Deposits at banks and financial institutions due within 3 months	18,576,767	13,981,307
Less: Deposits at banks and financial institutions (Restricted Balances)	-	2,385,814
	<u>138,263,148</u>	<u>93,463,463</u>

(16) FAIR VALUE HIERARCHY

The table below analyses the financial instruments carried at fair value based on valuation method. Different levels are defined according to the following:

Level 1: Quoted prices (unadjusted) in active markets for assets or liabilities.

Level 2: Quoted prices in active markets for similar financial assets or liabilities or other valuation techniques for which all material inputs are based on market information.

Level 3: Pricing techniques according to which all material inputs are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
(Unaudited)				
31 March 2017				
Financial assets at fair value through profit or loss	2,214,761	-	183,793	2,398,554
Financial assets at fair value through other comprehensive income	<u>26,123,381</u>	<u>-</u>	<u>2,654,056</u>	<u>28,777,437</u>
	<u>28,338,142</u>	<u>-</u>	<u>2,837,849</u>	<u>31,175,991</u>
(Audited)				
31 December 2016				
Financial assets at fair value through profit or loss	1,944,323		183,793	2,128,116
Financial assets at fair value through other comprehensive income	<u>21,851,633</u>	<u>-</u>	<u>2,586,281</u>	<u>24,437,914</u>
	<u>23,795,956</u>	<u>-</u>	<u>2,770,074</u>	<u>26,566,030</u>

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(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no material differences between the fair value of financial instruments and their carrying value recognized in the financial statements. Moreover, there were no material differences between the fair value and the carrying value of the direct credit facilities, financial assets at amortized cost, banks and financial institutions deposits, customer deposits, cash margins and borrowed funds stated at amortized costs in the interim condensed consolidated financial statements, due to the immaterial difference in the market interest rates for similar financial instruments of the contractual prices and due to the short terms of maturity of the banks and financial institutions deposits. The fair value of financial assets at amortized cost is determined through the quoted prices if available or through the valuation models used for fixed price bonds.

(18) EARNINGS PER SHARE FOR THE PERIOD

The details of this item are as follows:

	As of 31 March	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period	4,221,855	3,470,172
Weighted average number of shares *	100,000,000	100,000,000
	JD / share	JD / share
Basic and diluted earnings per share from the profit for the period	0.042	0.035

* Earnings per share from net income for the year equal diluted per share noting that the bank did not issue any financial asset that would impact earnings per share.

(19) CONTINGENT LIABILITIES

	31 March	31 December
	2017	2016
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	10,353,402	7,613,523
Acceptances	6,042,618	8,438,672
Letters of guarantee:		
Payments	28,292,765	26,075,744
Performance	41,913,243	39,777,088
Others	14,088,881	12,370,394
Unutilized direct credit facilities limits	21,109,251	28,634,407
	121,800,160	122,909,828

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(20) LAWSUITS AGAINST THE BANK AND ITS SUBSIDIARIES

- A. As of the condensed consolidated interim financial statement date, the lawsuits filed against the bank amounted to JD 5,638,498 as of 31 March 2017 against JD 5,652,963 as of 31 December 2016. The total booked provisions against these lawsuits amounted to JD 640,620 as of 31 March 2017 and as of December 2016. As per the Bank's management and the Bank's legal consultant, the Bank will not have any additional liabilities with regard to these lawsuits.
- B. There is only one lawsuit against Jordan Trade Facilities Company (subsidiary company) by an amount of JD 39,200 as of 31 March 2017 and 31 December 2016. As per the company's management and legal consultant opinion, the company will not have any additional liabilities with regard to this lawsuit.
- C. There are no lawsuits against the other subsidiaries (Tamkeen leasing Company, Al Istethmari letamdeed selselat Al Imdad, Jordanian Company for Factoring and AlMawared for financial brokerage) as of 31 March 2017.