

Date: 11/05/2017

Ref: ل / 05 / 480

The Honorable,

Amman Stock Exchange

Amman, Jordan.

Dear Sirs,

Subject: "Consolidated Condensed Interim Financial Statements for the Three-Month Period Ended March 31, 2017"

Kindly find attached the translated Consolidated Condensed Interim Financial Statements for the three-month period ended March 31, 2017 together with the independent auditor's report.

With all due respect,

Bank of Jordan

Head Office

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١١ أيار ٢٠١٧
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رقم الملف: 11022
الجهة المختصة: 2112/611

مركز خدمة العملاء
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الهاتف: ٥٦٩٦٧٧ (١٠ خطوط)
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بنك الأردن Bank of Jordan

**BANK OF JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN**

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH
PERIOD ENDED MARCH 31, 2017
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT**

**BANK OF JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN**

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

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Review Report

**To the Chairman and the Members of the Board of Directors
Bank of Jordan
(Public Shareholding Company)
Amman – Jordan**

We have reviewed the accompanying consolidated condensed interim financial position of **Bank of Jordan – Public Limited Shareholding Company** as of March 31, 2017 and the related consolidated condensed interim statements of profit or loss and other comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and notes to the consolidated interim financial information. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with IAS (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 consolidated condensed interim financial information for Bank of Jordan is not presented fairly, in all material respects, in accordance with IAS (34) "Interim Financial Reporting."

**Kawasmy and Partners
KPMG**


Hatem Kawasmy
License no. (656)



Amman - Jordan
April 26, 2017

BANK OF JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		MARCH 31, 2017	DECEMBER 31, 2016
	NOTE	"REVIEWED NOT AUDITED"	"AUDITED"
Assets		JD	JD
Cash and balances with central banks	4	345,533,870	228,197,814
Balances with banks and financial institutions	5	280,491,121	494,451,425
Deposits with banks and financial institutions		58,360,000	25,000,000
Financial assets at fair value through profit or loss		205,319	205,719
Financial assets at fair value through comprehensive income		92,390,207	92,128,338
Direct credit facilities - Net	6	1,308,281,343	1,226,013,033
Financial assets at amortized cost		195,609,802	172,637,680
Property and equipment – Net		31,096,489	29,774,830
Intangible assets – Net		3,614,424	3,559,146
Deferred tax assets		11,679,391	11,926,470
Other assets		59,059,931	54,944,609
Total Assets		2,386,321,897	2,338,839,064
Liabilities and Owners' Equity			
Liabilities:			
Banks and financial institutions' deposits		76,866,438	145,623,458
Customers' deposits		1,703,153,922	1,606,979,130
Cash margins		135,861,426	129,292,102
Financial derivatives		106,119	17,655
Sundry provisions	7	5,059,741	5,015,992
Income tax provision	8/a	14,486,822	16,872,706
Borrowed money		396,346	424,879
Other liabilities		27,178,473	22,176,908
Total Liabilities		1,963,109,287	1,926,402,830
Owners' Equity:			
Equity attributable to the Bank's shareholders			
Paid-up capital		200,000,000	200,000,000
Statutory reserve		73,916,138	73,917,046
Voluntary reserve		112,216	113,124
General banking risks reserve		13,676,153	12,996,161
Special reserve		3,330,908	3,330,908
Foreign currencies translation differences	9	(12,408,775)	(12,401,835)
Fair value reserve		61,148,341	63,565,588
Retained earnings	10	63,239,691	63,926,237
Profit for the period after tax		13,912,892	-
Total Equity Attributable to the Bank's Shareholders		416,927,564	405,447,229
Non-controlling interest		6,285,046	6,989,005
Total Owners' Equity		423,212,610	412,436,234
Total Liabilities & Owners' Equity		2,386,321,897	2,338,839,064

Board of Director's Chairman

Chief Executive Officer

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

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended March 31,	
		2017 JD	2016 JD
Interest income		29,030,385	26,968,893
Interest expense		4,704,093	3,958,894
Net Interest Income		24,326,292	23,009,999
Commissions income – Net		6,258,175	5,233,079
Net Interest and Commissions Income		30,584,467	28,243,079
Foreign currencies income		603,146	722,453
(Loss) from financial assets at fair value through profit or loss		(400)	(12,247)
Cash dividends from financial assets at fair value through comprehensive income		4,009,914	2,500,000
Other income		1,540,902	1,092,586
Total Income		36,738,029	32,545,871
Employees benefits		9,847,305	8,913,969
Depreciation and amortization		1,141,384	1,109,690
Other expenses		5,588,120	5,290,357
Provision for impairment of direct credit facilities	6	579,191	1,101,763
Provision for assets foreclosed by the Bank	11	678,878	543,684
Sundry provisions	7	226,071	349,357
Total Expenses		18,060,949	17,308,820
Profit before Income Tax		18,677,080	15,237,051
Less: Income tax expense	8	5,456,423	4,674,473
Profit for the period		13,220,657	10,562,578
Attributable to:			
Bank's Shareholders		13,912,892	10,961,181
Non-controlling Interest		(692,235)	(398,603)
		13,220,657	10,562,578
Earnings per share for the period attributable to the Banks' shareholders / Basic and diluted	12	0.070	0.055

Board of Director's Chairman

Chief Executive Officer

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BANK OF JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended March 31,	
	2017	2016
	JD	JD
Profit for the Period	13,220,657	10,562,578
Other comprehensive income items that may be reclassified subsequently to consolidated statement of profit or loss:		
Foreign currencies translation differences	(27,034)	1,627,472
	(27,034)	1,627,472
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
(Loss) from sales of financial assets at fair value through comprehensive income	-	(300,022)
Change in fair value reserve	(2,417,247)	18,977,753
	(2,417,247)	18,677,731
Total Comprehensive Income	10,776,376	30,867,781
Total Comprehensive Income Attributable to:		
The Bank's Shareholders	11,480,335	30,230,826
Non-controllers' Interest	(703,959)	636,955
	10,776,376	30,867,781

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
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BANK OF JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

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

Reserves													
	Paid-up Capital	Statutory	Voluntary	General Banking Risks	Special	Foreign Currencies Translation Differences	Fair Value Reserve -Net	Retained Earnings	Profit for the Period	Total Banks' Shareholders' Equity	Non-Controllers' Interest	Total Shareholders' Equity	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
For the Three-Month Period Ended													
March 31, 2017													
Balance - Beginning of the Period	200,000,000	73,917,046	113,124	12,996,161	3,330,908	(12,401,835)	63,565,588	63,926,237	-	405,447,229	6,989,005	412,436,234	
Foreign currencies translation differences	-	(908)	(908)	(16)	-	(6,940)	-	(6,538)	-	(15,310)	(11,724)	(27,034)	
Profit for the Period	-	-	-	-	-	-	-	-	13,912,892	13,912,892	(692,235)	13,220,657	
Changes in fair value reserve	-	-	-	-	-	-	(2,417,247)	-	-	(2,417,247)	-	(2,417,247)	
Total Comprehensive Income	-	(908)	(908)	(16)	-	(6,940)	(2,417,247)	(6,538)	13,912,892	11,480,335	(703,959)	10,776,376	
Transfer to reserves	-	-	-	680,008	-	-	-	(680,008)	-	-	-	-	
Balance - End of the Period	200,000,000	73,916,138	112,216	13,676,153	3,330,908	(12,408,775)	61,148,341	63,239,691	13,912,892	416,927,564	6,285,046	423,212,610	
For the Three-Month Period Ended													
March 31, 2016													
Balance - Beginning of the Period	155,100,000	67,716,833	13,709,740	12,646,252	2,921,601	11,481,891	33,186,645	88,442,614	-	362,241,794	4,703,160	366,944,954	
Foreign currencies translation differences	-	(1,643)	(1,643)	(7,968)	-	(787,035)	-	1,390,203	-	591,914	1,035,558	1,627,472	
Profit for the Period	-	-	-	-	-	-	-	-	10,961,181	10,961,181	(398,603)	10,562,578	
(Losses) from sale of financial assets at fair value through comprehensive income	-	-	-	-	-	-	(161,252)	(138,770)	-	(300,022)	-	(300,022)	
Changes in fair value reserve	-	-	-	-	-	-	18,977,753	-	-	18,977,753	-	18,977,753	
Total Comprehensive Income	-	(1,643)	(1,643)	(7,968)	-	(787,035)	18,816,501	1,251,433	10,961,181	30,230,826	636,955	30,867,781	
Balance - End of the period	155,100,000	67,715,190	13,708,097	12,638,284	2,921,601	(12,268,926)	52,003,146	89,694,047	10,961,181	392,472,620	5,340,115	397,812,735	

*** In accordance to the instructions of the regulatory bodies:

- The general banking risks reserve and the special reserve cannot be utilized without prior approval from the Central Bank of Jordan and Palestine Monetary Authority.
- Retained earnings include a restricted amount of JD 11,679,391 against deferred tax benefits as of March 31, 2017 that according to Central Bank of Jordan instructions, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.
- Retained earnings include an amount of JD 5,060,455 as of March 31, 2017 that represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through actual sale as instructed by Central Bank of Jordan and Jordan Security Commission.

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

BANK OF JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended March 31,	
		2017 JD	2016 JD
Cash Flows From Operating Activities			
Profit for the period before income tax		18,677,080	15,237,051
Adjustments for non-cash items:			
Depreciation and amortization		1,141,384	1,109,690
Provision for impairment in direct credit facilities	6	579,191	1,101,763
(Gain) from sale of property and equipment		(55,707)	(6,435)
Loss from financial assets at fair value through profit or loss – Unrealized		400	39,683
Sundry provisions		226,071	349,357
Effect of exchange rate fluctuations	7	(505,577)	(651,142)
Provisions for assets foreclosed by the Bank	11	678,878	543,684
Foreign currency exchange differences		2,875	1,006,578
Profit before Changes in Assets and Liabilities		20,744,595	18,730,229
Changes in Assets and Liabilities:			
Decrease in restricted balances		1,753	74,166
(Increase) decrease in deposits with banks and financial institutions (maturing over 3 months)		(33,306,000)	4,869,000
Decrease in financial assets at fair value through profit or loss		-	440,544
(Increase) in direct credit facilities		(82,847,501)	(37,292,220)
(Increase) in other assets		(5,257,071)	(7,687,879)
(Decrease) in deposits and financial institutions (maturing over 3 months)		-	3,159,000
Increase in customers' deposits		96,174,792	73,139,222
Increase in cash margins		6,569,324	8,796,662
(Decrease) in borrowing money		(28,533)	-
Increase in other liabilities		5,025,350	2,841,968
Net Change in Assets and Liabilities		(13,667,886)	42,022,463
Net Cash Flows (used in) from Operating Activities before Taxes, End-of-Service Indemnity Provision, and Lawsuits Provision		7,076,709	60,752,692
Paid from end-of-service indemnity provision and lawsuits provision	7	(182,174)	(356,126)
Income tax paid	8	(7,595,713)	(4,402,223)
Net Cash Flows (used in) from Operating Activities		(701,178)	55,994,343
Cash Flows From Investing Activities			
(Purchase) of financial assets at fair value through comprehensive income		(2,679,116)	-
Sale of financial assets at fair value through comprehensive income		-	119,348
(Purchase) of financial assets at amortized cost		(32,363,867)	(16,242,178)
Maturity of financial assets at amortized cost		9,391,745	33,512,020
Maturity of financial derivatives		88,464	587,339
(Purchase) of property and equipment		(1,851,476)	(2,890,658)
Proceeds from sale of property and equipment		95,979	120,572
(Purchase) of intangible assets		(246,784)	(185,588)
Net Cash Flows (used in) from Investing Activities		(27,565,055)	15,020,855
Cash Flows From Financing Activities			
Foreign currencies translation differences		(27,034)	1,627,472
Dividends distributed to shareholders		(23,785)	(44,053)
Net Cash Flows (used in) Financing Activities		(50,819)	1,583,419
Effect of exchange rate fluctuations on cash and cash equivalents		505,577	651,142
Net Increase in Cash and Cash Equivalents		(27,811,475)	73,249,759
Cash and cash equivalents - Beginning of the year		564,145,672	383,255,834
Cash and Cash Equivalents - End of the period	13	536,334,197	456,505,593

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
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BANK OF JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the Year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. However, the Bank's authorized and paid-up capital was increased in stages last of which took place in accordance to the resolution of the general assembly in their extraordinary meeting held on April 9, 2016, thus, the Bank's capital was increase from 155/5 million to become 200 million through the capitalization of JD 13,702,858 from voluntary reserve and JD 31,197,142 from retained earnings, all of the legal procedures related to the capital increase were completed on April 19, 2016.

The Bank provides all financial and banking services within its scope of activities. Those services are offered through its (71) branches in Jordan, (14) branches in Palestine and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan - Syria).

The accompanying consolidated condensed interim financial statements were approved by the Board of directors in their meeting dated April 24, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

- The accompanying consolidated condensed interim financial statements for the Bank and its subsidiaries were prepared in accordance with the International Accounting Standard (IAS) 34 "interim financial reporting", and in accordance with the effective local regulations and the Central Bank of Jordan (CBJ) instructions.
- The accompanying consolidated condensed interim financial statements were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income and financial derivatives which are measured at fair value at the date of the consolidated financial statements. Moreover, hedged assets and liabilities are stated at fair value.
- The accompanying consolidated condensed interim financial statements are presented in Jordanian Dinar "JD", being the functional currency of the Bank.
- The accompanying consolidated condensed interim financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting standards. Moreover, the results of The Bank's operations for the three-month period ended on March 31, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017. Therefore, this consolidated condensed interim financial statements should be read with The Bank's annual report for the year ended December 31, 2016 and it does not contain the appropriation of profit on current period, which is usually performed at the year end.
- The accounting policies adopted in the consolidated condensed interim financial statement are consistent with those adopted for the year ended December 31, 2016 except for the following new and adjusted standards which became applicable in January 1st, 2017:
 - International Accounting Standards (7) Disclosure initiative.
 - International Accounting Standards (12) Recognition of the deferred tax assets for the unrealized losses.
 - The annual adjustments on the International Financial Reporting Standards for 2014 – 2016 cycles (adjustment on the International Financial Reporting Standard (12) Ownership on other Institutions disclosure).

Applying the above adjusted standards did not affect the amounts nor the disclosures on this consolidated condensed interim financial statements.

Basis of Consolidation

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

As of March 31, 2017 the Bank has the following subsidiary companies:

Name of Subsidiary	Paid-up Capital	Bank's Ownership Percentage	Subsidiary's Nature of Business	Place of Operation	Acquisition Date
		%			
Excel for Financial Investments Company	JD 3.5 Million	100	Financial Brokerage	Amman	March 23, 2006
	3,000 Million (Syrian – Lira) value of investment JD 21/9 Million				
Bank of Jordan – Syria*		49	Banking Activities	Syria	May 17, 2008
			Finance		October 24, 2011
Jordan Leasing Company	JD 20 Million	100	Lease	Amman	

- The results of the subsidiary companies are incorporated into the consolidated condensed interim statement of profit or loss from the effective date of acquisition which is the date on which actual control over the subsidiary is assumed by The Bank. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated condensed interim statement of profit or loss up to the effective date of disposal which is the date on which The Bank loses control over the subsidiary companies.
- * The results of Bank of Jordan – Syria have been incorporated in the consolidated condensed interim financial statements due to The Bank's power to govern the financial and operating policies of the subsidiary.
- Non-Controller's interest represents the portion of equity not held by The Bank in the subsidiary.

3. Accounting Estimates

Preparation of the consolidated condensed interim financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of assets, liabilities, disclosures and contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the balance of fair value reserves within capital and reserves. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the beforementioned 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 the changes arising from the conditions and circumstances of those assessments in the future.

We believe that the assumptions and estimates with material impacts on the recognition of balances recorded in the consolidated condensed interim financial statements are fairly presented and the detailed as follows:

- A provision for credit facilities is taken on the basis and assumption approved by management in conformity with the International Financial Reporting Standards (IFRS). The outcomes of these basis and assumptions are compared against the adequacy of the provisions as per the instructions of the Central Banks where the Bank's branches and subsidiaries operate. The more conservative outcomes which comply with IFRS are used for the purpose of determining the provision.

- Impairment of assets foreclosed are recorded based on recent and approved evaluations of these assets performed by certified evaluators for the purpose of calculating the impairment. Moreover, in accordance with the dissemination of the Central Bank of Jordan No. 10/1/2510 dated on February 14, 2014, the Bank has started to calculate a gradual provision against the assets foreclosed against debts with a period exceeding 4 years from the beginning of the year 2015.
- A provision for income tax is taken on the current year's profit and for accrued and estimated tax of the deducted provision for the prior year in case a final settlement with the Income Tax Department is reached for the prior year.
- A provision for lawsuits raised against the Bank is taken. This provision is based on a legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- Management periodically review financial assets that presented at amortized cost to estimate if there are any indication of impairment in its fair value, impairment loss is recorded in the consolidated condensed interim statement of profit or loss.
- Fair value hierarchy: the Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in the IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When assessing the financial assets and liabilities' fair value, the Bank uses market information when available. In case level 1 inputs are not present, the Bank will deal with independent, qualified parties to prepare evaluation studies. Proper evaluation methods and inputs used in preparing the evaluation are reviewed by the management.

4. Cash and Balances with Central Banks

- Statutory cash reserve amounted to JD 93,442,807 as of March 31, 2017 (JD 91,505,691 As of December 31, 2016).
- Except for the statutory cash reserve, restricted balances amounted to JD 2,400,754 as of March 31, 2017 (JD 2,402,507 as of December 31, 2016).
- Time and notice deposit include JD 8,224,400 maturing within a period exceeding three months (JD 8,224,400 As of December 31, 2016).

5. Balances with Banks and Financial Institutions

- Non-interest bearing balances at banks and financial institutions amounted to JD 26,358,371 as of March 31, 2017 (JD 34,597,230 as of December 31, 2016).
- Restricted balances at banks and financial institutions amounted to JD 2,253,202 as of March 31, 2017 (JD 2,253,202 as of December 31, 2016).

6. Direct Credit Facilities - Net

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Individual (Retail Customers):	350,131,269	328,815,801
Overdraft accounts	11,323,402	10,453,963
Loans and discounted bills*	325,636,949	305,735,908
Credit cards	13,170,918	12,625,930
Real estate loans	217,348,118	224,886,600
Corporate:	663,044,859	604,772,198
Large corporate customers	495,088,898	456,804,426
Overdraft accounts	125,795,487	128,944,650
Loans and discounted bills*	369,293,411	327,859,776
SMEs	167,955,961	147,967,772
Overdraft accounts	42,629,448	39,217,032
Loans and discounted bills*	125,326,513	108,750,740
Government and public sector	150,688,794	139,357,534
Total	1,381,213,040	1,297,832,133
Less: Provision for impairment in direct credit facilities	(65,709,066)	(64,840,522)
Less: Interest in suspense	(7,222,631)	(6,978,578)
Net Direct Credit Facilities	1,308,281,343	1,226,013,033

- * Net of interest and commission received in advance amounting to JD 13,246,029 as of March 31, 2017 (JD 12,623,079 as of December 31, 2016).
- Non-performing credit facilities amounted to JD 66,426,307 representing (4,8%) of the direct credit facilities balance as of March 31, 2017 (JD 66,206,464 representing (5,1%) as of December 31, 2016).
- Non-performing credit facilities after deducting the suspended interest amounted to JD 59,203,675 representing (4,3%) of direct credit facilities after deducting the suspended interest as of March 31, 2017 (JD 59,227,886 representing (4,59%) as of December 31, 2016).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 98,129,613 representing (7,1%) of total direct credit facilities as of March 31, 2017 (JD 87,000,117 representing (6,7%) as of December 31, 2016). Moreover, credit facilities granted to the public sector in Palestine amounted to JD 52,559,181 as of March 31, 2017 (JD 52,357,417 as of December 31, 2016).

Provision for impairment in direct credit facilities:

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

	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		Public Sector	Total
March 31, 2017	JD	JD	Large Corporate Customers	SMEs	JD	JD
Balance – Beginning of the period	18,953,345	2,785,243	35,966,394	7,135,540	-	64,840,522
Foreign currency differences	23,905	(26)	250,421	15,053	-	289,353
Provision for the year taken from revenues	453,800	(289,120)	(347,193)	761,704	-	579,191
Balance – End of the period	19,431,050	2,496,097	35,869,622	7,912,297	-	65,709,066

December 31, 2016	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		Public Sector	Total
			Large Corporate Customers	SMEs		
			JD	JD		
Balance – Beginning of the year	17,472,318	2,283,060	45,944,604	5,006,118	-	70,706,100
Foreign currency differences	(122,648)	(1,196)	(2,890,903)	(74,950)	-	(3,089,697)
Provision for the year taken from revenues	1,603,675	503,379	1,377,908	2,204,372	-	5,689,334
Provisions transferred to off- statement of financial position accounts	-	-	(8,465,215)	-	-	(8,465,215)
Balance – End of the year	18,953,345	2,785,243	35,966,394	7,135,540	-	64,840,522

The amount of calculated provisions on a single client basis and on a portfolio basis and not reported yet is as follows:

March 31, 2017	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		Public Sector	Total
			Large Corporate Customers	SMEs		
			JD	JD		
On a single client basis	19,359,473	2,474,520	35,389,611	7,845,529	-	65,069,133
On a portfolio basis	71,577	21,577	480,011	66,768	-	639,933
Balance – End of period	19,431,050	2,496,097	35,869,622	7,912,297	-	65,709,066

December 31, 2016	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		Public Sector	Total
			Large Corporate Customers	SMEs		
			JD	JD		
On a single client basis	18,653,906	2,713,020	35,261,391	7,002,432	-	63,630,749
On a portfolio basis	299,439	72,223	705,003	133,108	-	1,209,773
Balance – End of the Year	18,953,345	2,785,243	35,966,394	7,135,540	-	64,840,522

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 2,311,148 as of March 31, 2017 (JD 2,231,650 as of March 31, 2016).

Interest in Suspense:

The following is the movement on the interest in suspense:

<u>March 31, 2017</u>	Individual (retail customers)	Real estate Loans	<u>Corporate Entities</u>		
			Large corporate customers	SMEs	Total
			JD	JD	JD
Balance – Beginning of the Year	2,526,228	524,594	2,304,247	1,623,509	6,978,578
<u>Add:</u> Interest suspended during the year	162,847	(28,546)	181,853	169,564	485,718
<u>Less:</u> Interest in suspense reversed to income	(69,428)	(43,758)	(71,413)	(57,066)	(241,665)
Balance – End of the Year	2,619,647	452,290	2,414,687	1,736,007	7,222,631

December 31, 2016

	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		
			Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance – Beginning of the Year	2,528,254	590,375	4,459,612	1,445,040	9,023,281
Add: Interest suspended during the year	228,273	155,680	(175,346)	838,189	1,046,796
Less: Interest in suspense reversed to income	(230,299)	(221,461)	(525,086)	(659,720)	(1,636,566)
Suspended interest transferred to off -statement of financial position accounts	-	-	(1,454,933)	-	(1,454,933)
Balance - End of the Year	2,526,228	524,594	2,304,247	1,623,509	6,978,578

7. Sundry Provisions

The details of this item are as follows:

	Beginning Balance	Provision Created during the Year	Provision Used During the Year	Foreign Currencies Differences	Ending Balance
	JD	JD	JD	JD	JD
<u>March 31, 2017</u>					
Provision for end-of-service indemnity	4,186,235	214,232	174,976	-	4,225,491
Provision for lawsuits raised against the Bank	626,714	1,877	4,027	-	624,564
Other provisions	203,043	9,962	3,171	(148)	209,686
	5,015,992	226,071	182,174	(148)	5,059,741
<u>December 31, 2016</u>					
Provision for end-of-service indemnity	5,337,873	353,166	(1,504,804)	-	4,186,235
Provision for lawsuits raised against the Bank	600,801	41,628	(15,715)	-	626,714
Other provisions	287,491	20,496	(4,609)	(100,335)	203,043
	6,226,165	415,290	(1,525,128)	(100,335)	5,015,992

8. Income Tax**a. Income tax provision**

The movement on the income tax provision is as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Balance - Beginning of the Period	16,872,706	13,197,654
Income tax paid	(7,595,713)	(16,811,866)
Accrued Income tax	5,209,829	20,486,918
Balance - End of the Period	14,486,822	16,872,706

Income tax in the consolidated statement of profit or loss represents the following:

	For the Three-Month Period Ended on March 31,	
	2017	2016
	JD	JD
Income tax on current period's profit	5,209,829	4,822,081
Deferred tax assets for the year-addition	(349,494)	(270,528)
Amortization of deferred tax assets	596,573	577,742
Foreign currency translate differences	(485)	(454,822)
	5,456,423	4,674,473

- Legal income tax rate in Jordan amounts to 35%, whereas the legal income tax rate in Palestine where the Bank has investments and branches amounts to 15%, in Syria (a subsidiary) to 25% and 24% for the subsidiary companies in Jordan.
- A final settlement was reached with the Income and Sales Tax Department in Jordan up to the end of the year 2013. Moreover, the Bank submitted its tax returns for the years 2011, 2014 and 2015 and has paid the required amounts according to the law. However, no final settlement has been reached with the Income and Sales Tax Department for these years yet. The Income and Sales Tax Department claims the Bank with tax differences against the year 2011 amounting to JD 1,750,030. The Bank has objected this assessment and raised a lawsuit against Income and Sales Tax Department in this regards which is still at the court of first instance. Furthermore, the Income and Sales Tax Department also requested for the Bank with tax differences against the years 2014 and 2015 and it's still in the objection period at which the Bank intends to object the assessment made by the Income and Sales Tax Department. In the opinion of the management and its legal and tax consultants, the Bank will not entail any obligations in excess of the provision booked in the consolidated financial statements.
- The Bank has reached a final settlement up to the end of the year 2015 with the Income Tax and Value added Tax Department on the Bank's operations in Palestine. Moreover, the Bank has allocated an amount of JD 120,000 to meet the Tax obligations on the Bank's results for the Three-Months ended March 31, 2017. In the opinion of the Bank's management and its tax consultant, the allocated provisions are sufficient to meet the tax obligations for consolidated condensed interim financial statement.
- A final settlement was reached with the Income and Sales Tax Department up to the end of the year 2014 regarding Excel for Financial Investments Company (subsidiary company). Furthermore, the Company has submitted its tax returns for the year 2015 which was reviewed by the Income and Sales Tax Department and the year 2016 which was not reviewed by the Sales Tax department. In the opinion of the Company's management and its tax consultant, the allocated provisions in the financial statements are sufficient to meet any tax obligations.
- Jordan Leasing Company (subsidiary) has reached a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax returns for the years 2016 and paid the declared taxes, however, it has not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's management and its tax consultant, the allocated provisions in the financial statements are sufficient to meet any tax obligations

9. Foreign Currencies Translation Differences

This item represents the differences resulting from the translation of net investment in foreign subsidiary (Bank of Jordan – Syria) upon consolidating the financial statements.

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

	March 31, 2017	December 31, 2016
	JD	JD
Balance – Beginning of the period / year	(12,401,835)	(11,481,891)
Changes in the translation of net investment in the subsidiary company during the period / year	(6,940)	(919,944)
Balance – End of the Period / Year	(12,408,775)	(12,401,835)

10. Retained Earnings

The details of this item are as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Balance – Beginning of the Period / Year	63,926,237	88,442,614
Dividends distributed to shareholders	-	(31,020,000)
Profit for the year	-	41,396,285
Transferred to reserves	(680,008)	(7,082,118)
Transferred as a result for sale of financial assets through comprehensive income	-	1,346,863
The currencies translation differences	(6,538)	2,039,735
(Transferred) increase in paid-up capital	-	(31,197,142)
Balance – End of the Period / Year*	63,239,691	63,926,237

* Retained earnings include an amount of JD 11,679,391 restricted against deferred tax benefits as of March 31, 2017 (JD 11,926,470 as of December 31, 2016).

- Retained earnings include an amount of JD 5,060,455 as of March 31, 2017 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Commission

11. Provision for Assets Foreclosed by the Bank

In accordance to the announcement of Central Bank of Jordan number 10/1/2510 dated February 14, 2014, The Bank started to calculate a gradual provision against assets foreclosed by the Bank in repayment of debts that have been acquired for period exceeding four years.

12. Earnings Per Share

The details of this item are as follows:

	For the Three-Month Period Ended March 31,	
	2017	2016
	JD	JD
Profit for the year (Bank's shareholders)	13,912,892	10,961,181
Weighted average number of shares*	200,000,000	200,000,000
Net income for the period/share (Bank's shareholders): Basic /Diluted	<u>0,070</u>	<u>0,055</u>

13. Cash and Cash Equivalents

The details of this item are as follows:

	March 31,	
	2017	2016
	JD	JD
Cash and balances with central banks maturing within 3 months	337,309,470	258,456,006
<u>Add:</u> Balances with banks and other financial institutions maturing within 3 months	280,545,121	283,594,744
<u>Less:</u> Banks and financial institutions' deposits maturing within 3 months	(76,866,438)	(80,930,422)
Restricted balances	(4,653,956)	(4,614,735)
	<u>536,334,197</u>	<u>456,505,593</u>

14. Capital Management

Capital Components:

- **Paid-up Capital:**
The paid-up capital of Bank of Jordan consists of (200) million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of branching locally and regionally.
- **Regulatory Capital:**
Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of:
 - Paid-up capital, legal reserve, voluntary reserve, and retained earnings.
 - Undisclosed reserves, general banking risks reserve, special reserve subordinated debts, and the positive fair value reserve at 100% and deduct regulatory adjustments according Basel III.
 - Foreign currency translation differences.
- **Regulatory Authorities' Requirements:**
The regulatory authorities' instructions entail that the minimum capital shall be JD 100 million. Moreover, banks have been requested to increase their capital adequacy ratio to no less than 12% according to the Central Bank of Jordan instructions. The ratio of owners' equity to total assets must not be less than 6%.
- **Achieving the Objectives of Capital Management:**
The Bank's management aims at achieving the capital management objectives through developing (enhancing) the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owners' equity through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20%, and retained earnings.

The organizational capital and capital adequacy according to Basel III was as follows:

	In Thousands of JD	
	March 31, 2017	December 31, 2016
<u>Regulatory capital for ordinary shares holders (CET 1):</u>	JD	
Subscribed and paid-up capital	200.00	200,000
Statutory reserve	73,916	73,917
Voluntary reserve	112	113
Other reserves	3,331	3,331
Fair value reserve	61,148	63,566
Retained earnings	27,240	27,926
Minority interest in the capital of subsidiaries	2,325	3,381
Less: Intangible assets	(3,614)	(3,559)
Foreign currency translation	(12,409)	(12,402)
Deferred tax assets	(11,679)	(11,926)
Interim profits after tax	13,913	-
Total Primary Capital	354,283	344,347
<u>Additional Capital Items</u>		
General banking risk reserve	13,676	12,996
Total additional capital	13,676	12,996
Total regulatory capital	367,959	357,343
Total risk weighted assets	1,738,214	1,716,372
Capital adequacy ratio (%)	21.17%	20.82%
Regulatory capital for ordinary shareholders (CET 1)	20.38%	20.06%
Capital adequacy for first layer (%)	20.38%	20.06%

15. Information on the Bank's Business Segments

1. The Bank's business segments are:

The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-makers through the following main segments:

- Retail Banking: includes following up on individual customers' accounts, granting them loans, credit, credit cards, and other services.
- Corporate Banking: includes following up on deposits, credit facilities, and other banking services pertinent to corporate customers.
- Treasury: includes providing dealing and treasury services and management of the Bank's funds.
- Financial Brokerage Services: includes providing purchase and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

Information for Bank business segments distributed in accordance with the activities

	Total					
	For the Three-Month Period Ended March 31,					
	Retail	Corporation	Treasury	Financial Brokerage	Other	
	JD	JD	JD	JD	JD	
Total Revenue	15,267,778	12,519,532	8,062,626	246,102	641,991	36,738,029
Provision for impairment in direct credit facilities	(364,378)	(214,813)	-	-	-	(579,191)
Sectors business results	14,903,400	12,304,719	8,062,626	246,102	641,991	31,444,108
Other expenses	(9,071,125)	(5,669,164)	(701,491)	(71,435)	(1,968,543)	(16,207,057)
Profit before tax	5,832,275	6,635,555	7,361,135	174,667	(1,326,552)	15,237,051
Income tax	(1,917,716)	(2,527,708)	(1,060,543)	(218,924)	268,468	(4,674,473)
Net profit	3,914,559	4,107,847	6,300,592	(44,257)	(1,058,084)	10,562,578
Other information						
Capital Expenditures	497,161	75,674	241	957	1,277,443	2,890,658
Depreciation and amortization	512,765	50,993	66,664	1,831	509,132	1,109,690
					March 31, 2017	December 31, 2016
Total Assets	494,713,721	857,927,171	964,545,566	8,386,061	60,749,378	2,338,839,064
Total Liabilities	1,363,225,036	451,062,152	77,368,685	3,530,093	67,923,321	1,926,402,830

2. Information about Geographical Distribution:

This item represents the geographical distribution of the Bank's activities. The Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities in mail east, eorpp, Asia, United States 06, Near East, which Reproves, international operation.

The following is the geographical distribution of the Bank's revenues, assets, and capital expenses according to geographical location:

	Inside the Kingdom		Outside the Kingdom		Total	
	March 31		March 31		March 31	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total Revenues	36,618,537	32,621,531	4,870,609	3,958,125	41,489,146	36,579,656
Capital Expenditures	1,556,247	2,858,415	295,229	32,243	1,851,476	2,890,658

	Inside the Kingdom		Outside the Kingdom		Total	
	March 31, 2017		March 31, 2017		March 31, 2017	
	JD	JD	JD	JD	JD	JD
Total Assets	1,909,564,003	1,877,659,284	476,756,894	461,179,780	2,386,321,897	2,338,839,064

16. Related parties transaction

The Bank entered into transactions with its major shareholders, members of the Board of Directors, executives management and the associate company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing, and no provision for probable credit losses has been taken thereon.

The following are summaries of balances and transactions with related parties:

	Related Parties					Total	
	Major Shareholders	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	2017	December 31, 2016
Consolidated Condensed interim Statement of Financial Position Items:							
Credit facilities	JD 185,084	JD 4,135,155	JD 1,027,286	JD -	JD 18,072,669	JD 23,420,194	JD 31,506,569
Deposits	36,076,049	159,661	1,727,526	998,858	16,247,322	55,209,416	50,833,886
Cash margins	84,648	900	-	-	347,728	433,276	5,511,879
Off-consolidated Condensed Interim Statement of Financial Position Items:							
Letters of guarantee	788,352	4,087	-	-	6,964,823	7,757,262	2,755,108
						Total	
							For the Three-Month Period Ended March 31,
Consolidated Condensed Interim Statement of Profit or Loss Items:						2017	2016
Credit interest and commission	59,520	5,472	92,204	-	347,674	JD 504,870	JD 430,405
Debit interest and commission	167,371	89,928	13,680	1,502	10,538	283,019	39,761

Interest rates:

- Interest income prices in JD ranged between (6.15%) to (9.7%)
- Interest income in foreign currency was 0%
- Interest prices in JD ranged between (0.25%) to (4.25%)
- Interest prices in JD foreign currency ranged between (0.02%) to (0.4%)

* This balance represents the partial financing made by the Bank to a company related to one of the Bank's major shareholders for the sale of the portion of investments which exceeded the allowed limits per Article (38/A/1) of the Banks Law No. (28) for the Year 2000. These investments summarized by financial assets at fair value through comprehensive income represented by 984,835 shares in El-Eqbal Investment Company at its fair value as of the sale date which is equivalent to JD 13 per share, in addition to the sale of 1,940,000 shares of the Bank's investment in North Industrial Company (a non traded associate company).

Salaries and Remunerations of Executive Management summary:

	For the Three-Month Period Ended	
	March 31,	
	2017	2016
	JD	JD
Salaries and benefits	1,098,667	1,245,484
Transportation and board secretary	12,000	12,000
Total	1,110,667	1,257,484

17. Commitments and Contingent Liabilities

a. Contingent Liabilities:

	March 31	December
	2017	2016
	JD	JD
Letters of credit	95,576,312	80,542,151
Acceptances	39,362,773	74,535,617
Letters of guarantee:		
Payment	32,355,735	31,659,395
Performance	50,835,705	49,829,921
Other	32,843,560	36,076,304
Direct un-utilized credit facilities	85,643,151	86,932,724
Total	336,617,236	359,576,112

18. Lawsuits against the Bank

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of cheques. These lawsuits amounted to JD 16,859,853 as of March 31, 2017 (JD 17,585,485 as of December 31, 2016). In the opinion of the management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits in excess of provision recorded which amounted to JD 624,564 as of March 31, 2017 (JD 626,715 as of December 31, 2016). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated Statement of profit or loss or against the recorded provision when paid.

19. Subsequent Event

The General Assembly resolved in its ordinary meeting held on April 17, 2017 to distribute cash dividend in the amount of JD 36,000,000 which equivalent to 18% of the Bank paid-up capital to its shareholders.

20. Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis.

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period, the following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value				The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	Relation Between the Fair Value and the Important Intangible Inputs
	March 31, 2017	March 31, 2016						
	JD	JD						
Financial Assets at Fair Value								
Financial Assets at Fair Value Through Profit or Loss								
Shares that have an available market price	122,200	122,600	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply		
Shares that do not have an available market price	83,119	83,119	Level Two	Financial Statements issued by companies				
Total	205,319	205,719						
Financial Assets at Fair Value through Comprehensive Income								
Shares that have available market price	83,432,737	83,274,292	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply		
Shares that do not have available market price	8,957,470	8,854,046	Level Two	Financial Statements issued by companies	Doesn't Apply	Doesn't Apply		
Total	92,390,207	92,128,338						
Total Financial Assets at Fair Value	92,595,526	92,334,057						
Financial Liabilities at Fair Value								
Forward Contracts (Foreign Currency)	106,119	17,655	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply		
Total Financial Liabilities at Fair Value	106,119	17,655						

There were no transfers between level 1 and level 2 during the first quarter for the year 2017.

B -The fair value of financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing basis).

Except as detailed in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the Bank approximate their fair value, because the Bank management believes that the carrying value of the items is equivalent to the fair value, and this is due to either maturity or short-term interest rates that have been repriced during the year.

	March 31, 2017		December 31, 2016		The Level of Fair Value
	Book value	Fair Value	Book value	Fair Value	
	JD	JD	JD	JD	JD
Financial Assets of non-specified Fair Value					
Balances at central banks	286,567,569	286,606,911	166,272,023	166,272,023	Level Two
Balances at banks and financial institutions	280,491,121	280,653,810	494,451,425	495,300,577	Level Two
Deposits at banks and financial institutions	58,360,000	58,488,914	25,000,000	25,415,685	Level Two
Loans, bills and other	1,188,293,785	1,190,840,592	1,106,590,558	1,108,702,501	Level Two
Financial assets at amortized cost	195,609,802	197,217,047	172,637,680	173,980,219	Level Two
Other assets	33,508,058	76,331,920	34,705,556	83,584,255	Level Two
Total Financial Assets of Non-specified Fair Value	2,042,830,335	2,090,139,194	1,999,657,242	2,053,255,260	
Financial Liabilities of Non-specified Fair Value					
Deposits at banks and financial institutions	76,866,438	76,888,722	145,623,458	145,670,169	Level Two
Customer's deposits	1,703,153,922	1,706,317,205	1,606,979,130	1,609,675,022	Level Two
Cash insurance	135,861,426	135,870,341	129,292,102	129,299,201	Level Two
Total Financial Liabilities of Non-specified Fair Value	1,915,881,786	1,919,076,268	1,881,894,690	1,884,644,392	

The fair value for the financial assets and liabilities for the level 2 and level 3 were determined in accordance to an agreed pricing models, which reflects the credit risk of the parties that are dealing with it.