بنك القاهرة عمّان
CairoAmmanBank

To: Jordan Securities Commission Amman Stock Exchange Date:- 105/2017 **Subject:** Audited Financial Statements for the fiscal year ended 31/12/2016	السادة هيئة الاوراق المالية السادة بورصة عمان التاريخ:- 2017/05/14 <u>الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية في 2016/12/31</u>
Attached the Audited Financial Statements of (Cairo Amman Bank) for the fiscal year ended 31/12/2016	مرفق طيه نسخة من البيانات المالية المدققة لشركة (بنك القاهرة عمان) عن السنة المالية المنتهية في 2016/12/31
Kindly accept our high appreciation and respect Cairo Amman Bank Head of Finance Fuad Saleh	وتفضلوا بقبول فائق الاحترام،،، بنك القاهرة عمان رئيس الادارة المالية فؤاد صالح

Head Office H4 الإدارة العامة

www.cab.jo

الإدارة العامة وادي صقرة - ص.ب ٩٥٠٦٦١ عمان ١١١٩٥ الأردن - هاتف ٦٠٠٠ ٥٠٠ ٦ ٩٦٢+ فاكس ٧١٠٠ ٥٠٠ ٦ ٩٦٢+
Head Office Wadi Saqra - PO Box 950661 Amman 11195 Jordan **Tel** +962 6 500 6000 **Fax** +962 6 500 7100

CAIRO AMMAN BANK

CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Cairo Amman Bank
Public Shareholding Limited Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Cairo Amman Bank (the Bank) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, consolidated statement of income, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Matters

-The consolidated financial statements for the year ended 31 December 2015 were audited by Ernst & Young – Jordan as the sole auditor of the Bank for the year 2015. Unqualified opinion was issued on the consolidated financial statements on 11 February 2016. Ernst & Young – Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors for the Bank for the year 2016 in accordance with Central Bank of Jordan regulations for corporate governance.

-The accompanying consolidated financial statements are a translation of the statutory financial statements which are in the Arabic Language to which references should be made.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

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

1. Impairment of loans and advances to customers

Impairment of loans and advances to customers is one of the most significant matters that impact the reported results of the Group, in addition of being an area that requires a considerable amount of judgment for determining default event and the measurement of impairment loss.

Judgment is applied to the inputs and measurement process of impairment based on the client and portfolio including valuation of collateral, inputs and calculation of specific and collective impairment and determining the default date, and as a result, impairment is calculated from that date. As of 31 December 2016, the gross loans and advances amounted to JD 1,414,749,409 against which accumulated loan loss provision of JD 47,675,336 were recorded.

How the key audit matter was addressed

Our audit procedures included obtaining the statements for non-performing and watch list credit facilities, samples were selected to test impairment which included collateral valuation and assessing the provision required based on the date of default.

We also selected a sample from the performing loans to determine whether management had identified all impairment events.

Disclosures of impairment of loans and advances are detailed in note 9 and note 2 to the consolidated financial statements.

2. Suspension of interest on non- performing loans

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

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

How the key audit matter was addressed

Our audit procedures included selecting a sample from the schedules of non-performing loans and interest in suspense, and tested suspended interest including recalculation in accordance with CBJ regulations, and assessing the criteria used by management for determining the impairment event.

Disclosures of interest in suspense are detailed in note 9 to the consolidated financial statements.

3. Valuation of investments in illiquid/ unquoted investments

The Bank holds illiquid/ unquoted investments classified as financial assets at fair value through other comprehensive income disclosed in note 8 associated to the financial statements amounting to JD 12,301,132. The valuation process is a complex area that requires the use of models and forecasting of future cash flows including other factors to determine the fair value of the investments.

How the key audit matter was addressed
Our audit procedures included an assessment of the methodology and the appropriateness of the valuation models and inputs used to value the illiquid investments. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as the expected cash flows, discount rate by benchmarking them with external data.

Disclosures of financial investments at fair value through other comprehensive income are detailed in note 8 to the consolidated financial statements.

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the financial statements and We recommend that the General Assembly of the Shareholders to approve these financial statements.

Amman – Jordan
22 February 2017

Ernst & Young – Jordan	Deloitte & Touche (Middle East) - Jordan
Bishr Baker Managing Partner	Karim Nabulsi Managing Partner
Ernst + Young	Deloitte & Touche (M.E.) Public Accountants Amman - Jordan

CAIRO AMMAN BANK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
ASSETS			
Cash and balances with Central Banks	4	225,410,667	212,347,289
Balances at banks and financial institutions	5	333,854,252	552,356,037
Deposits at banks and financial institutions	6	73,543,068	113,199,984
Financial assets at fair value through profit or loss	7	25,822,584	28,171,886
Financial assets at fair value through other comprehensive income	8	31,502,293	37,302,031
Direct credit facilities, net	9	1,356,279,148	1,144,240,181
Financial assets at amortized cost, net	10	336,223,295	275,985,687
Financial assets pledged as collateral	11	13,476,000	77,618,957
Property and equipment, net	12	42,335,356	30,489,984
Intangible assets, net	13	10,046,891	10,189,750
Deferred tax assets	20	6,270,359	4,265,762
Other assets	14	36,419,320	45,894,556
Total Assets		2,491,183,233	2,532,062,104
LIABILITIES AND EQUITY			
LIABILITIES -			
Banks and financial institutions' deposits	15	358,957,094	382,932,831
Customers' deposits	16	1,547,446,248	1,570,016,124
Margin accounts	17	81,476,847	86,464,640
Borrowed funds	18	92,165,097	107,238,340
Sundry provisions	19	15,000,573	13,569,964
Income tax liabilities	20	20,892,898	23,599,266
Deferred tax liabilities	20	2,049,782	2,149,293
Other liabilities	21	35,884,682	38,513,667
Total Liabilities		2,153,873,221	2,224,484,125
EQUITY			
BANK'S SHAREHOLDERS' EQUITY			
Paid in capital	22	180,000,000	160,000,000
Statutory reserve	23	65,836,075	60,988,222
General banking risk reserve	23	13,982,002	12,670,000
Cyclical fluctuations reserve	23	6,816,916	5,902,049
Fair value reserve, net	24	(10,347,484)	(6,917,105)
Retained earnings	25	70,184,530	74,934,813
Total Bank's Shareholders' Equity		326,472,039	307,577,979
Non-controlling interests		10,837,973	-
Total Equity		337,310,012	307,577,979
Total Liabilities and Equity		2,491,183,233	2,532,062,104

The accompanying notes from 1 to 50 are an integral part of these consolidated financial statements and should be read with them

CAIRO AMMAN BANK
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 JD	2015 JD
Interest income	27	129,264,364	142,609,154
Interest expense	28	32,670,429	41,170,304
Net interest income		96,593,935	101,438,850
Net commission income	29	20,130,410	20,324,769
Net interest and commission income		116,724,345	121,763,619
Income other than interest and commission			
Gain from foreign currencies	30	3,277,281	2,668,578
(Loss) gain from financial assets at fair value through profit or loss	31	(737,941)	643,723
Dividends from financial assets at fair value through other comprehensive income	8, 32	1,117,217	1,301,280
Gain from sale of financial assets at amortized cost		275,808	-
Other income	33	7,472,664	5,561,787
Gross profit		128,129,374	131,938,987
Employees' expenses	34	38,854,913	38,031,909
Depreciation and amortization	12,13	8,009,598	6,412,576
Other expenses	35	25,907,777	23,383,737
Impairment loss on direct credit facilities	9	3,213,480	2,756,444
Impairment on repossessed assets		-	16,757
Sundry provisions	19	2,220,049	1,050,165
Total expenses		78,205,817	71,651,588
Profit before tax		49,923,557	60,287,399
Income tax expense	20	15,189,678	19,119,145
Profit for the year		34,733,879	41,168,254
Allocated to:			
Shareholder's Equity		35,056,003	41,168,254
Non-controlling interests		(322,124)	-
Profit for the year		34,733,879	41,168,254
		JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank shareholders)	36	0/195	0/229

The accompanying notes from 1 to 50 are an integral part of these consolidated financial statements and should be read with them

	2016	2015
	JD	JD
Profit for the year	34,733,879	41,168,254
Add: Other comprehensive income, which will not be transferred to profit or loss in future periods, net of tax:		
Net movement in fair value reserve	(11,797)	(8,927,263)
Total Comprehensive income for the year	34,722,082	32,240,991
Total Comprehensive income for the year allocated to:		
Bank's shareholders' equity	35,044,206	32,240,991
Non-controlling interests	(322,124)	-
Total Comprehensive income for the year	34,722,082	32,240,991

The accompanying notes from 1 to 50 are an integral part of these consolidated financial statements and should be read with them

Cairo Amman Bank
Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2016

		RESERVES							
	Paid in Capital	Statutory	General Banking Risk	Cyclical	Fair Value Reserve	Retained earnings	Total Shareholders' Equity	Non-controlling interests	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2016 -									
Balance at 1 January 2016	160,000,000	60,988,222	12,670,000	5,902,049	(6,917,105)	74,934,813	307,577,979	-	307,577,979
Total comprehensive income for the year	-	-	-	-	(11,797)	35,056,003	35,044,206	(322,124)	34,722,082
Dividends paid	-	-	-	-	-	(16,000,000)	(16,000,000)	-	(16,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(3,418,582)	3,418,582	-	-	-
Capital increase	20,000,000	-	-	-	-	(20,000,000)	-	-	-
Capital increase related expenses	-	-	-	-	-	(150,146)	(150,146)	-	(150,146)
Transferred to reserves	-	4,847,853	1,312,002	914,867	-	(7,074,722)	-	-	-
Non- controlling interest from establishing a subsidiary	-	-	-	-	-	-	-	11,160,097	11,160,097
Balance at 31 December 2016	180,000,000	65,836,075	13,982,002	6,816,916	(10,347,484)	70,184,530	326,472,039	10,837,973	337,310,012
2015 -									
Balance at 1 January 2015	125,000,000	54,539,179	12,270,000	5,079,998	2,323,033	92,599,778	291,811,988	-	291,811,988
Total comprehensive income for the year	-	-	-	-	(8,927,263)	41,168,254	32,240,991	-	32,240,991
Dividends paid	-	-	-	-	-	(16,250,000)	(16,250,000)	-	(16,250,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(312,875)	312,875	-	-	-
Capital increase	35,000,000	-	-	-	-	(35,000,000)	-	-	-
Capital increase related expenses	-	-	-	-	-	(225,000)	(225,000)	-	(225,000)
Transferred to reserves	-	6,449,043	400,000	822,051	-	(7,671,094)	-	-	-
Balance at 31 December 2015	160,000,000	60,988,222	12,670,000	5,902,049	(6,917,105)	74,934,813	307,577,979	-	307,577,979

- The general banking risk reserve is restricted from use without a prior approval from the Central Bank of Jordan.
- At 31 December 2016, the unrealized gains included in retained earnings and resulting from the early implementation of IFRS 9 amounted to JD 14,427,912. This amount is not available for distribution.
- Retained earnings balance include deferred tax assets amounted to JD 6,270,359 and is restricted from use as per the Central Bank of Jordan instructions.
- The Bank cannot use a restricted amount of JD 10,347,484 which represents the negative fair value reserve as per the Central Bank of Jordan and the Jordanian Securities Commission instructions.

The accompanying notes from 1 to 50 are an integral part of these consolidated financial statements and should be read with them

CAIRO AMMAN BANK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		JD	JD
OPERATING ACTIVITIES			
Profit before tax		49,923,557	60,287,399
Adjustments for non- monetary items -			
Depreciation and amortization	12, 13	8,009,598	6,412,576
Impairment loss on direct credit facilities	9	3,213,480	2,756,444
Sundry provisions	19	2,220,049	1,050,165
Unrealized loss from financial assets at fair value through profit or loss	31	2,624,780	1,197,008
(Gain) from sale of property and equipment	33	(2,477)	(14,390)
(Gain) from sale of repossessed properties		(150,044)	(333,669)
Impairment on repossessed assets		-	16,757
Effect of exchange rate changes on cash and cash equivalents		(3,067,895)	(2,418,202)
Profit before changes in assets and liabilities		62,771,048	68,954,088
Changes in assets and liabilities -			
Restricted balances with Central Banks		(779,900)	-
Deposits at banks and financial institutions maturing after more than three months		39,656,916	(5,800,000)
Financial assets at fair value through profit or loss		(275,478)	(793,160)
Direct credit facilities		(215,252,447)	(126,440,250)
Other assets		9,625,280	(2,192,171)
Banks and financial institution deposits maturing after more than three months		12,418,180	2,836,000
Customers' deposits		(22,569,876)	(17,386,959)
Margin accounts		(4,987,793)	(663,710)
Sundry provisions paid		(789,440)	(566,304)
Other liabilities		(2,628,985)	(2,045,380)
Net cash flows (used in) operating activities before income tax		(122,812,495)	(84,097,846)
Income tax paid	20	(20,104,075)	(19,727,689)
Net cash flows (used in) operating activities		(142,916,570)	(103,825,535)
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through OCI		(1,994,226)	(4,183,752)
Sale of financial assets at fair value through OCI		7,886,088	1,388,325
Sale of property and equipment		12,539	29,110
Purchase of financial assets at amortized cost		(197,807,183)	(145,049,192)
Maturity and sale of financial assets at amortized cost		201,712,532	204,161,708
(Purchase) of property and equipment		(17,100,220)	(6,130,366)
(Purchase) of intangible assets		(2,621,953)	(2,946,321)
Net cash flows (used in) from investing activities		(9,912,423)	47,269,512
FINANCING ACTIVITIES			
Dividends paid to shareholders		(16,000,000)	(16,250,000)
Capital increase related expenses		(150,146)	(225,000)
Borrowed funds		53,489,623	76,498,366
Borrowed funds paid		(68,562,866)	(19,661,514)
Non- controlling interest in subsidiary paid in capital		11,160,097	-
Net cash flows (used in) from financing activities		(20,063,292)	40,361,852
Effect of exchange rate changes on cash and cash equivalents		3,067,895	2,418,202
Net (decrease) in cash and cash equivalents		(169,824,390)	(13,775,969)
Cash and cash equivalents, beginning of the year		397,796,995	411,572,964
Cash and cash equivalents, end of the year	37	227,972,605	397,796,995

The accompanying notes from 1 to 50 are an integral part of these consolidated financial statements and should be read with them

(1) GENERAL INFORMATION

Cairo Amman Bank is a public shareholding company registered and incorporated in Jordan in 1960 in accordance with the Ministry of Justice and Companies Law No (12) of 1964. Its head office is at Amman; Jordan.

The Bank provides its banking and financial services through its head office located in Amman and through its 88 branches in Jordan, 21 branches in Palestine, 1 branch in Bahrain and its subsidiaries.

The Bank is listed on the Amman Stock Exchange.

The financial statements were authorized for issue by the Bank's Board of Directors meeting no. 1/2017 on 9 February 2017. These consolidated financial statements require the General Assembly's approval.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations (IFRICs), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

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

Changes in accounting policies:

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except for the followings:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)
In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 *Presentation of Financial Statements – Amendments to IAS 1*
The amendments to IAS 1 include narrow-focus improvements related to :

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)
The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 ***Joint Arrangements: Accounting for Acquisitions of Interests***
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Bank's financial position or performance and became effective for annual periods which started from 1 January 2016.

Summary of significant accounting policies:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries were the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions income, and expenses between the Bank and subsidiaries are eliminated.

The subsidiaries on which the bank holds control are as follow:

Company's Name	Paid-up Capital	Ownership Percentage	Nature of Operation	Country of Operation	Ownership Date
	JD	%			
Al-Watanieh Financial Services Company	5,000,000	100	Brokerage and investment management	Jordan	1992
Al-Watanieh Securities Company	1,600,000	100	Brokerage	Palestine	1995
Tamallak for Financial Leasing	1,000,000	100	Finance Leasing	Jordan	2013
Safa Bank	53,175,000	79	Islamic Banking	Palestine	2016
Thimar for Investment Services*	70,900	100	Investment	Palestine	2016

* Thimar for Investment Services is owned by the subsidiary Al- Watanieh Securities Company.

- No consolidation has been made for the financial statements of Cairo Real Estate Company – LL-Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000, due to the fact that on July 31, 2002 all assets and liabilities of the company were transferred to the Bank. The Bank is in the process of completing legal procedures to liquidate the company.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the Bank.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

If separate financial statements are prepared for the Bank, the investments in subsidiaries will be shown at cost in the statement of financial position.

Segmental reporting

- Business segments represent distinguishable components of the Bank that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured in accordance with the requests sent to the chief operating decision maker.

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

Financial assets at amortized cost:

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

- Debts instruments meeting these criteria are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective interest rate method, less allowance for impairment. The losses arising from impairment are recognized in the income statement.

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

- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in IFRS 9.

- If these assets are sold before maturity date, gain or loss from sale is recorded in the income statement.

Financial assets at fair value through profit or loss:

- The debt instruments that are not consistent with the business model of financial assets carried at amortized cost or those which the Bank chose to classify them at fair value through profit or loss are measured at fair value through profit and loss.
- Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the statement of income at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. When these assets or portion of these assets are sold, the gain or loss arising are recorded in the income statement.
- Dividend and interest income are recorded in the income statement.
- It is not permitted to reclassify assets (to / or) from this category except in certain circumstances determined in IFRS 9.

Financial assets at fair value through other comprehensive income:

- Equity investments that are not held for sale in the near future.
- These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve to retained earnings.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the statement of income.
- It is not permitted to reclassify assets (to / or) from this category except in certain circumstances determined in IFRS 9.

Direct credit facilities

Direct credit facilities are financial assets with fixed and determined payments provided or granted by the Bank and do not have any market value in active market and measured at amortized cost.

Impairment of direct credit facilities is recognized in the allowance for credit losses when collection of amounts due to the banks are not probable and when events occur after the initial recognition of the facility that have an impact on the estimated future cash flows of the facilities that can be reliably estimated. The impairment is recorded in the income statement.

Interest and commission arising on non-performing facilities is suspended when loans become impaired according to the Central Bank of Jordan's regulations.

Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess in the allowance of possible loan losses, if any, is transferred to the statement of income, and cash recoveries of loans that were previously written off are credited to the income statement.

Fair value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations.

Non interest bearing long term financial assets and liabilities using discounted cash flow at effective interest rate. The premium or discount is recognized in interest income/ expense in profit or loss statement.

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

Impairment is determined as follows:

- For assets carried at amortised cost, impairment is based on the difference between the carrying value and the estimated cash flows discounted at the original effective interest method.

Impairment is recognized in the income statement. If in a subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount.

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

	%
Buildings	2
Equipment and furniture	9-15
Vehicles	15
Computers	20

- The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the income statement.
- Useful life for property and equipment is reviewed every year. If expected useful life is different from the previous one, the difference is recorded in the current and subsequent periods as a change in accounting estimate.

- Elimination at the property and equipment happens when the asset is disposed of there is no future benefits for using it.

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

Employees' end of service indemnity
Provision for end of service indemnity is established by the Bank to face any legal or contractual obligations at the end of employees' services and is calculated based on the service terms as of the financial statements date.

Income Tax

- Tax expense comprises current tax and deferred taxes.

- Current tax is based on taxable profits, which may differ from accounting profits published in the income statement. Accounting profits may include non-taxable profits or non deductible expenses which may be exempted in the current or subsequent financial years or accumulated losses that are acceptable as a tax deductions or items that are non taxable or not deductable for tax purposes.

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

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

- The Bank calculates the deferred tax in accordance with IAS12.

Fiduciary assets

Assets held in a fiduciary capacity are not recognized as assets of the Bank. Allowances for impairment are recorded for capital guaranteed portfolios that are managed on behalf of clients. Fees and commissions received for administering such assets are recognized in the income statement.

Offsetting

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

Derivatives and hedge accounting

For hedge accounting purposes, derivative instruments are fair valued and hedges are classified as follows:

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of the Bank's recognized assets or liabilities that is attributable to a particular risk.

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as adjustment to the carrying value of the hedged item and is also recognized in the income statement.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in the Bank's actual and expected cash flows which is attributable to a particular risk associated with a recognized asset or liability.

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, and is subsequently transferred to the income statement in the period in which the hedged cash flows affect income.

Hedge of net investments in foreign operations

Hedges of net investments in a foreign operation are accounted for by measuring the fair value of the hedging instrument. The effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized directly in equity is transferred to the income statement.

For hedges which become ineffective, gains or losses resulting from the change in fair value of the hedge instrument is recognized directly in the income statement.

Derivative financial instruments held for trading

Derivative financial instruments such as foreign currency forward and future deals, interest rate forward and future deals, swaps, foreign currency options and others, are recorded at fair value in the balance sheet. Fair value is determined by reference to current market prices. In case such prices were not available, the method of valuation is stated. Changes in fair value are transferred to the income statement.

Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's financial statements within the pledged financial assets as collateral due to the Bank's continuing exposure to the risks and rewards of these assets, using the same accounting policies.

The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank's financial statements as assets since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between purchase and resale price is recognized in the income statement over the agreement term using the effective interest method.

Pledged financial assets as collateral

These are the financial assets that are pledged for other parties as collateral for specific contractual period, both parties doesn't have the right to sell or re-pledge the asset unless they both agreed to these financial assets continues to be valued using the same accounting policies and classification.

Revenue and expense recognition

Interest income is recorded using the effective interest method except for fees and interest on non performing facilities, on which interest is transferred to the interest in suspense account and not recognized in the income statement.

Expenses are recognized on an accrual basis.

Commission income is recognized upon the rendering of services. Dividend income is recognized when the right to receive payment is established.

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

Assets repossessed by the Bank against non- performing loans
Assets repossessed by the Bank through calling upon collateral are shown in the balance sheet under "Other assets" at the lower of their carrying value or fair value. Assets are revalued at the balance sheet date on an individual basis and losses from impairment are transferred directly to the income statement, while revaluation gains are not recognized as income. Reversal of previous impairment losses shall not result in a carrying value that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Intangible assets
Intangible assets acquired through a business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets are classified on the basis of their useful life as definite and indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalized and are expensed in the income statement.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and programmers. These intangibles are amortized evenly over their estimated useful economic life of 5 years.

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

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the balance sheet date as issued by Central Bank of Jordan. Any gains or losses are taken to the income statement.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

Upon the consolidation of the financial statements at the reporting date, the assets and liabilities of foreign subsidiaries and overseas branches are translated into the Bank's presentation currency at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is transferred to the income statement.

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

(3) USE OF ESTIMATES

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

- Allowance for credit losses: The Bank reviews and provides for its loan portfolios according to the Central Bank of Jordan regulations and IFRS.
- Impairment losses on the valuation of possessed real estate properties are determined based on appraisal reports prepared by certified appraisers and reviewed periodically.
- The income tax provision is calculated based on the applications of relevant laws.
- Management periodically revaluates the useful life's of tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement.
- Legal provisions are provided for lawsuits raised against the Bank based on the Bank's legal advisors' opinion.
- The management determines the fair value of the financial instruments to determine a value that reflects market expectations considering the market conditions, any risks or expected returns in the valuation.
  For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. For financial instruments where there is no active market fair value is normally based on one of the following methods:
  - Comparison with the current market value of a highly similar financial instrument.
  - The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
  - Option pricing models.

(4) Cash And Balances With Central Banks

The details of this item are as follows:

	2016	2015
	JD	JD
Cash on hand	64,247,739	49,033,909
Balances at Central Banks:		
Current and demand accounts	71,243,366	70,600,676
Time and notice deposits	8,224,400	7,444,500
Statutory cash reserve	81,695,162	85,268,204
	225,410,667	212,347,289

- In addition to the statutory cash reserve held at Central Banks, restricted balances amounted to JD 8,224,400 as of 31 December 2016 (2015 :JD 7,444,500)

- There are no balances that mature in a period more than three months.

(5) Balances At Banks And Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Current and demand accounts	896,556	5,419,061	36,907,332	42,985,054	37,803,888	48,404,115
Deposits maturing within 3 months or less	249,267,615	439,165,804	46,782,749	64,786,118	296,050,364	503,951,922
	250,164,171	444,584,865	83,690,081	107,771,172	333,854,252	552,356,037

- Non interest bearing balances at banks and financial institutions amounted to JD 37,803,888 as of 31 December 2016 (2015: JD 48,404,115).
- There are no restricted balances as of 31 December 2016 and 2015.

(6) Deposits At Banks And Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2016	2015	2016	2015	2016	2015
Deposit maturing within	JD	JD	JD	JD	JD	JD
More than 3 to 6 months	12,500,000	100,000,000	-	-	12,500,000	100,000,000
More than 6 to 9 months	24,199,984	13,199,984	-	-	24,199,984	13,199,984
More than 9 to 12 months	-	-	14,180,000	-	14,180,000	-
More than 12 months	14,833,000	-	7,830,084	-	22,663,084	-
Total	51,532,984	113,199,984	22,010,084	-	73,543,068	113,199,984

- There are no restricted deposits of 31 December 2016 and 2015.

(7) Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

	2016	2015
	JD	JD
Quoted Equities	23,963,344	26,113,577
Funds	1,859,240	2,058,309
Total	25,822,584	28,171,886

(8) Financial Assets at Fair Value Through other Comprehensive Income

The details of this item are as follows:

	2016	2015
	JD	JD
Quoted Investments		
Quoted Equities	19,201,161	24,742,107
Total quoted investments	19,201,161	24,742,107
Unquoted Investments		
Unquoted Equities	12,301,132	12,559,924
Total unquoted investments	12,301,132	12,559,924
Total	31,502,293	37,302,031

- Realized gains transferred to retained earnings as a result of the sale of financial assets at fair value through other comprehensive income during 2016 amounted to JD 3,418,582 (2015: JD 312,875).
- Dividends from financial assets at fair value through other comprehensive income during 2016 amounted to JD 1,117,217 (2015: JD 1,301,280).
- Dividends from financial assets at fair value through other comprehensive income sold during the year amounted to JD 314,000.

(9) Direct Credit Facilities, Net

The details of this item are as follows:

	2016	2015
	JD	JD
Consumer lending		
Overdrafts	8,221,354	5,472,818
Loans and bills *	632,917,856	587,520,113
Credit cards	10,070,530	10,363,103
Others	6,109,762	8,645,632
Residential mortgages	171,512,514	159,881,758
Corporate lending		
Overdrafts	99,378,606	62,972,852
Loans and bills *	203,901,684	163,612,105
Small and medium enterprises lending "SMEs"		
Overdrafts	13,755,261	14,853,464
Loans and bills *	52,266,535	45,831,463
Lending to governmental sectors	216,615,307	141,653,211
Total	1,414,749,409	1,200,806,519
Less: Suspended interest	(10,794,925)	(10,266,892)
Less: Allowance for impairment losses	(47,675,336)	(46,299,446)
Direct credit facilities, net	1,356,279,148	1,144,240,181

* Net of interest and commissions received in advance amounting to JD 5,251,444 as of 31 December 2016 (2015: JD 5,271,107).

- At 31 December 2016, non-performing credit facilities amounted to JD 59,328,905 (2015: JD 57,133,741), representing 4.19% (2015: 4.76%) of gross direct credit facilities granted.

- At 31 December 2016, non-performing credit facilities, net of suspended interest, amounted to JD 48,701,464 (2015: JD 46,890,635), representing 3.44% (2015: 3.94%) of gross direct credit facilities granted after excluding the suspended interest.

- At 31 December 2016, credit facilities granted to the Government of Jordan amounted to JD 102,143,212 (2015: JD 50,100,512), representing 7.22% (2015: 4.17%) of gross direct credit facilities granted.

- At 31 December 2016, credit facilities granted to the public sector in Palestine amounted to JD 55,232,268 (2015: JD 57,360,297), representing 3.9% (2015: 4.78%) of gross direct credit facilities granted.

Allowance for impairment losses:

A reconciliation of the allowance for impairment losses for direct credit facilities by class is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
2016 -					
At 1 January 2016	31,121,763	2,154,700	5,863,690	7,159,293	46,299,446
Charge for the year	237,801	(162,510)	3,031,382	106,807	3,213,480
Amounts written off	(1,833,783)	-	-	(27,872)	(1,861,655)
Revaluation difference	18,125	-	3,129	2,811	24,065
At 31 December 2016	29,543,906	1,992,190	8,898,201	7,241,039	47,675,336
Specific impairment on Individual customers:					
Non - performing	23,291,318	1,952,761	8,605,678	7,205,336	41,055,093
Watch list	893,378	39,429	292,523	35,703	1,261,033
Collective impairment on portfolio	5,359,210	-	-	-	5,359,210
At 31 December 2016	29,543,906	1,992,190	8,898,201	7,241,039	47,675,336
2015 -					
At 1 January 2015	30,729,682	991,186	8,753,242	6,876,226	47,350,336
Charge for the year	2,574,284	1,163,514	(1,284,425)	303,071	2,756,444
Amounts written off	(2,163,136)	-	(1,601,822)	(16,953)	(3,781,911)
Revaluation difference	(19,067)	-	(3,305)	(3,051)	(25,423)
At 31 December 2015	31,121,763	2,154,700	5,863,690	7,159,293	46,299,446
Specific impairment on Individual loans:					
Non - performing	24,499,596	2,138,193	5,836,560	7,130,614	39,604,963
Watch list	951,956	16,507	27,130	28,679	1,024,272
Collective impairment on portfolio	5,670,211	-	-	-	5,670,211
At 31 December 2015	31,121,763	2,154,700	5,863,690	7,159,293	46,299,446

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 7,122,651 as at 31 December 2016 (2015: JD 7,624,780).

Suspended interest:

A reconciliation of suspended interest on direct credit facilities by class is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
2016-					
At 1 January 2016	1,080,088	38,470	7,383,838	1,764,496	10,266,892
Add: Suspended interest during the year	512,577	62,542	97,105	232,875	905,099
Less: Amount transferred to income on recovery	(84,208)	-	(194,691)	(56,559)	(335,458)
Less: Amounts written off	(95,359)	-	46,739	7,012	(41,608)
At 31 December 2016	1,413,098	101,012	7,332,991	1,947,824	10,794,925
2015 -					
At 1 January 2015	1,315,396	8,295	7,361,348	1,515,784	10,200,823
Add: Suspended interest during the year	168,393	30,175	173,124	289,618	661,310
Less: Amount transferred to income on recovery	(360,520)	-	(53,932)	(11,632)	(426,084)
Less: Amounts written off	(43,181)	-	(96,702)	(29,274)	(169,157)
At 31 December 2015	1,080,088	38,470	7,383,838	1,764,496	10,266,892

(10) FINANCIAL ASSETS AT AMORTIZED COST, NET

	2016	2015
	JD	JD
Quoted Investments		
Treasury bills	1,630,068	2,513,658
Corporate debt securities	17,559,550	13,329,635
Total quoted investments	19,189,618	15,843,293
Unquoted Investments		
Treasury bills	12,887,124	-
Government treasury bonds	260,373,453	251,274,012
Governmental debt securities	2,603,250	2,695,418
Corporate debt securities	41,311,650	6,311,650
Other debt securities	-	3,114
Less: impairment losses	(141,800)	(141,800)
Total unquoted investments	317,033,677	260,142,394
Total financial assets at amortized cost	336,223,295	275,985,687
Analysis of bonds and treasury bills		
Fixed rate	335,337,045	275,099,437
Floating rate	886,250	886,250
Total	336,223,295	275,985,687

The movement on the impairment losses is as follows:

	2016	2015
	JD	JD
Beginning balance	141,800	141,800
Additions	-	-
Ending balance	141,800	141,800

(11) FINANCIAL ASSETS PLEDGED AS COLLATERAL

	2016		2015	
	Financial assets pledged as collateral	Related financial liabilities	Financial assets pledged as collateral	Related financial liabilities
	JD	JD	JD	JD
Financial asset at amortized cost	13,476,000	13,476,000	77,618,957	68,208,366

These bonds were collateralized against the borrowed funds obtained from the Central Bank of Jordan for financing industrial loans from CBJ and SMEs credit.

(12) PROPERTY AND EQUIPMENT, NET

The details of this item are as follows:

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers	Projects In Progress	Total
2016 -	JD	JD	JD	JD	JD	JD	JD
Cost:							
At 1 January 2016	1,274,879	13,876,480	39,074,808	1,487,748	26,849,918	889,408	83,453,241
Additions	-	9,158,427	3,199,438	199,000	3,160,208	1,383,147	17,100,220
Transferred	-	-	354,792	-	199,068	(553,860)	-
Disposals	-	-	(265,056)	-	(426,041)	-	(691,097)
At 31 December 2016	1,274,879	23,034,907	42,363,982	1,686,748	29,783,153	1,718,695	99,862,364
Accumulated depreciation:							
At 1 January 2016	-	3,666,510	27,068,839	945,809	21,282,099	-	52,963,257
Depreciation charge during the year	-	338,269	2,581,423	167,718	2,157,376	-	5,244,786
Disposals	-	-	(255,788)	-	(425,247)	-	(681,035)
At 31 December 2016	-	4,004,779	29,394,474	1,113,527	23,014,228	-	57,527,008
Net book value At 31 December 2016	1,274,879	19,030,128	12,969,508	573,221	6,768,925	1,718,695	42,335,356
2015 -							
Cost:							
At 1 January 2015	1,274,879	13,876,480	37,135,321	1,233,398	23,664,935	753,169	77,938,182
Additions	-	-	2,105,012	287,030	2,848,916	889,408	6,130,366
Transferred	-	-	370,657	-	382,512	(753,169)	-
Disposals	-	-	(536,182)	(32,680)	(46,445)	-	(615,307)
At 31 December 2015	1,274,879	13,876,480	39,074,808	1,487,748	26,849,918	889,408	83,453,241
Accumulated depreciation:							
At 1 January 2015	-	3,388,980	25,323,264	837,541	19,502,772	-	49,052,557
Depreciation charge during the year	-	277,530	2,271,249	140,946	1,821,562	-	4,511,287
Disposals	-	-	(525,674)	(32,678)	(42,235)	-	(600,587)
At 31 December 2015	-	3,666,510	27,068,839	945,809	21,282,099	-	52,963,257
Net book value At 31 December 2015	1,274,879	10,209,970	12,005,969	541,939	5,567,819	889,408	30,489,984

Fully depreciated property and equipment amounted to JD 36,398,525 as of 31 December 2016 (2015: JD 33,409,391) and are still being used by the Bank.

The estimated cost to complete projects under construction amounted to JD 3,599,638 as of 31 December 2016 (2015: JD 181,832).

(13) Intangible Assets, Net

The details of this item are as follows:

	Computer softwares	
	2016	2015
	JD	JD
Cost:		
At 1 January	10,189,750	9,144,718
Additions	2,621,953	2,946,321
Amortisation during the year	(2,764,812)	(1,901,289)
At 31 December	10,046,891	10,189,750

(14) Other Assets

The details of this item are as follows:

	2016	2015
	JD	JD
Accrued income	10,803,301	21,196,794
Prepaid expenses	7,237,323	6,796,580
Assets obtained by the Bank by calling on collateral*	11,849,384	10,274,263
Accounts receivable - net	807,028	551,563
Clearing checks	2,683,260	4,645,171
Settlement guarantee fund	25,000	25,000
Trading settlement account	144,486	-
Refundable deposits	499,820	241,643
Deposits at Visa International	1,765,431	1,212,390
Others	604,287	951,152
Total	36,419,320	45,894,556

Movement on assets obtained by the Bank by calling on collateral during the year is as follows:

	2016	2015
	JD	JD
At 1 January	10,274,263	10,089,921
Additions	1,869,802	601,199
Disposals	(294,681)	(400,100)
Impairment on repossessed assets	-	(16,757)
At 31 December	11,849,384	10,274,263

* As per the Central Bank of Jordan instructions the repossessed assets should be sold within two years of repossession, and can be extended under specific circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the Bank has recognized a provision for the repossessed assets which is being held for more than four years in accordance to the Central Bank of Jordan instructions number 10/1/4076 dated March 27, 2014 and 10/1/7096 dated June 8, 2014.

(15) Banks And Financial Institutions Deposits

The details of this item are as follows:

	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Current and demand accounts	18,413,140	8,789,697	8,676,899	3,743,217	27,090,039	12,532,914
Time deposits	157,563,734	224,990,250	174,303,321	145,409,667	331,867,055	370,399,917
At 31 December	175,976,874	233,779,947	182,980,220	149,152,884	358,957,094	382,932,831

(16) Customers' Deposits

	Consumer	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD
2016 -					
Current and demand accounts	251,480,965	122,303,996	35,000,081	65,378,681	474,163,723
Saving accounts	386,621,967	1,538,676	2,828,631	25,797	391,015,071
Time and notice deposits	297,920,365	106,399,338	20,034,467	257,913,284	682,267,454
Total	936,023,297	230,242,010	57,863,179	323,317,762	1,547,446,248
2015 -					
Current and demand accounts	240,365,162	116,610,661	37,298,599	64,150,629	458,425,051
Saving accounts	359,566,836	6,071,316	3,205,441	15	368,843,608
Time and notice deposits	301,553,266	134,260,293	10,238,514	296,695,392	742,747,465
Total	901,485,264	256,942,270	50,742,554	360,846,036	1,570,016,124

- Governmental and public sectors deposits amounted to JD 323,317,762 as of 31 December 2016 (2015: JD 360,846,036) representing 20.89% (2015: 22.98%) of total customers' deposits.
- Non-interest bearing deposits amounted to JD 661,471,137 as of 31 December 2016 (2015: JD 625,400,173) representing 42.75% (2015: 39.83%) of total deposits.
- Dormant accounts amounted to JD 38,624,515 as of 31 December 2016 (2015: JD 35,072,016).
- Restricted deposits amounted Nil as of 31 December 2016 and 2015.

(17) Margin Accounts

	2016	2015
	JD	JD
Margins on direct credit facilities	61,513,288	64,071,693
Margins on indirect credit facilities	13,294,341	14,328,060
Deposits against brokerage margin accounts	3,645,205	4,900,211
Others	3,024,013	3,164,676
	81,476,847	86,464,640

(18) BORROWED FUNDS

The details of this item are as follows:

	Amount	No. of instalments Total	Outstanding	Payable Every	Maturity Date	Collaterals	Interest rate
	JD						%
31 December 2016							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	3,013,250	20	17	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan**	19,389,623	71	71	At maturity /per loan	2017-2022	Treasury Bills	1%- 2.5%
Amounts borrowed from Central Bank of Jordan*	2,400,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	14	14	Semi- annually	2020	None	1.75%-3.25%
Amounts borrowed from Central Bank of Jordan**	4,100,000	20	20	Semi- annually	2031	None	2.39%
Jordan Loan Guarantee	30,000,000	20	20	At maturity /per loan	2019	None	4.4%
Amounts borrowed from International Financial Markets	1,074,224	1	1	-	None	None	-
Total	92,165,097						
31 December 2015							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.145%- 4.895%
Amounts borrowed from French Development Agency	3,367,750	20	19	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	50,000,000	1	1	At maturity	2016	Treasury Bills	2.5%
Amounts borrowed from Central Bank of Jordan	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	2,400,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	14	14	Semi- annually	2020	None	1.75%- 3.25%
Amounts borrowed from Central Bank of Jordan	18,208,366	22	22	At maturity /per loan	2016	Treasury Bills	2%- 2.75%
Amounts borrowed from Financial Markets International	1,074,224	1	1	-	None	None	-
Total	107,238,340						

* The borrowed funds from CBJ for SMEs loans were re-lent on an average interest rate of 7% and the loan repayment to CBJ will start after 5 years from granting day.

** The borrowed funds from CBJ for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 4.25%.

(19) Sundry Provisions

	Balance at 1 January	Provided during the year	Utilised during the year	Released to revenue	Balance at 31 December
	JD	JD	JD	JD	JD
2016 -					
Provision for lawsuits against the Bank	5,496,016	-	(34,585)	(1,039,500)	4,421,931
Provision for end of service indemnity	8,010,905	1,180,549	(754,855)	-	8,436,599
Other contingent liabilities	63,043	2,079,000	-	-	2,142,043
Total	13,569,964	3,259,549	(789,440)	(1,039,500)	15,000,573
2015 -					
Provision for lawsuits against the Bank	5,511,669	-	(15,653)	-	5,496,016
Provision for end of service indemnity	7,511,391	1,050,165	(550,651)	-	8,010,905
Other contingent liabilities	63,043	-	-	-	63,043
Total	13,086,103	1,050,165	(566,304)	-	13,569,964

(20) Income Tax

Income Tax liabilities

The movements on the income tax provision were as follows:

	2016	2015
	JD	JD
At January 1	23,599,266	23,808,580
Income tax paid	(20,104,075)	(19,727,689)
Income tax payable	15,559,626	19,356,487
Income tax on realized gain from sale of investment*	1,838,081	161,888
At December 31	20,892,898	23,599,266

* This item resulted from the income tax on the realized gain from sale of financial assets at fair value through other comprehensive income which, in accordance to IFRS 9, is not permitted to be included in the profit or loss statements instead recognized directly through retained earnings within the total equity.

Income tax appearing in the income statement represents the following:

	2016	2015
	JD	JD
Income tax for the year	15,559,626	19,356,487
Amortization of deferred tax liabilities	-	(473,253)
Deferred tax assets	(369,948)	235,911
Income tax charge for the year	15,189,678	19,119,145

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rate on foreign branches and subsidiaries range between 0%-31% (income tax rate for banks in Palestine is 15% plus VAT of 16%)
- The Bank reached a final settlement with the Income and Sales Tax Department for the year ended 31 December 2014 for the branches in Jordan. The Income and Sales Tax Department has not reviewed the accounts for the year 2015 up to the date of these consolidated financial statement.
- A final settlement was reached with the tax authorities for Palestine branches for the year ended 31 December 2014. The Income and Sales Tax Department has not reviewed the accounts for the year 2015 up to the date of these consolidated financial statement.

- Al-Watanieh Financial Services Company reached a final settlement with the Income and Sales Tax Department up to the year 2009. The Income and Sales Tax Department had reviewed 2010 and 2011 records.The Company had appealed against the assessment at the Income Tax court of appeals. A decision has been made in favour of Al Watanieh Company.The Income and Sales Tax Department had reviewed 2012, 2013 and 2014 records. The Company has appealed against the assessment at the Income Tax court of appeals and no court decision has been made till this date. The Income and Sales Tax Department did not review the 2015 records up to the date of these consolidated financial statement.

- Al-Watanieh Securities Company – Palestine reached a final settlement with the income tax Department for the year 2015.

- Tamallak for leasing Company financial statements has reached a final settlement with the income tax Department for the year 2014. The Income and Sales Tax Department has not reviewed the accounts for the year 2015, up to the date of these consolidated financial statement.

- Cairo Real Estate Investments Company reached a final settlement with the Income and Sales Tax Department up to the year 2013.

- In the opinion of the Bank's management, income tax provisions as of 31 December 2016 are sufficient to face any future tax liabilities.

Deferred Tax assets and liabilities

The movement on temporary differences giving rise to deferred tax assets and liabilities are:

	2016					
	Balance at January 1	Released during the year	Additions during the year	Balance at 31 December	Deferred Tax	2015
	JD	JD	JD	JD	JD	JD
Deferred tax assets						
Allowance for impairment losses	3,955,474	(21,583)	407,387	4,341,278	1,519,447	1,384,415
Interest in suspense	-	-	-	-	-	-
Non-deductible expenses resulting from temporary differences	628,310	(368,310)	-	260,000	91,000	219,909
Sundry provisions	48,885	-	1,039,500	1,088,385	380,935	17,110
Impairment on repossessed assets	2,750,000	-	-	2,750,000	962,500	962,500
Unrealized Losses – financial assets at FVTOCI	11,137,985	(423,488)	5,090,308	15,804,805	3,316,477	1,681,828
	18,520,654	(813,381)	6,537,195	24,244,468	6,270,359	4,265,762
Deferred tax liabilities						
Unrealized Gain – financial assets at FVTOCI	3,178,845	(570,034)	72,316	2,681,127	540,283	639,794
Unrealized gain – financial assets at FVTPL (early IFRS 9 implementation)	5,665,008	-	-	5,665,008	567,027	567,027
Difference in depreciation rates	2,692,778	-	-	2,692,778	942,472	942,472
	11,536,631	(570,034)	72,316	11,038,913	2,049,782	2,149,293

The movement on deferred tax assets and liabilities accounts is as follows:

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
At 1 January	4,265,762	2,149,293	3,035,727	2,808,494
Additions	2,151,556	14,644	2,172,788	994,074
Released	(146,959)	(114,155)	(942,753)	(1,653,275)
At 31 December	6,270,359	2,049,782	4,265,762	2,149,293

A reconciliation between tax expense and the accounting profit is as follows:

	2016	2015
	JD	JD
Accounting profit	49,923,557	60,287,399
Non-taxable profit	(7,775,733)	(14,566,849)
Non-deductible expenses	5,806,073	6,083,720
Taxable profit	47,953,897	51,804,270
Effective rate of income tax	30.4%	31.7%

Deferred tax is calculated using the tax rates that are expected to be applied in the year when the deferred tax asset will be realized or the deferred tax liability will be settled in the related country. The Bank used a tax rate of 35% and 10% to measure the deferred tax assets, and liabilities on foreign investments in Jordan, based on the Income Tax Law no.34 of 2014 which is effective from 1 January 2015. The Bank uses a tax rate of 20% for the deferred tax assets and liabilities for the Branches in Palestine.

(21) OTHER LIABILITIES

	2016	2015
	JD	JD
Accrued interest	4,246,466	3,642,517
Accrued income	1,023,780	264,719
Accounts payable	2,898,141	6,721,287
Accrued expenses	6,616,674	7,607,054
Temporary deposits	13,880,874	11,503,501
Checks and withdrawals	4,420,043	5,067,536
Settlement guarantee fund	-	1,062,434
Others	2,798,704	2,644,619
	35,884,682	38,513,667

(22) Paid In Capital

The authorized and paid in capital amounted to JD 180,000,000 divided into 180,000,000 shares at a par value of JD 1 per share (2015: capital amounted to JD 160,000,000 divided into 160,000,000 shares).

The General Assembly decided in its ordinary meeting held on 12 April 2016 distributing 10% of paid in capital as cash dividends to shareholders, and the General Assembly decided in its extra ordinary meeting held in the same date to increase the capital to JD 180,000,000 by capitalizing an amount of JD 20,000,000 from the retained earnings and to distribute the increase as 12.5% stock dividends to the shareholders.

(23) Reserves

Statutory Reserve
As required by the Law, 10% of the profit before tax is transferred to the statutory reserve. This reserve is not available for distribution to shareholders.

General banking risk reserve
This reserve is appropriated from retained earnings in compliance with the regulations of the Central Bank of Jordan and Palestine Monetary Authority.

Cyclical reserve
This balance represents 15% of the net profit for Palestine branches transferred to the cyclical reserve yearly, in which it does not exceed 20% of the paid-in capital for Palestine branches according to Palestine Monetary authority regulations.

The use of the following reserves is restricted by law:

Description	Amount	Restriction Law
Statutory reserve	65,836,075	Banks and companies Laws
General banking risk reserve	13,982,002	Central Bank of Jordan regulations and Palestine Monetary Authority regulations
Cyclical reserve	6,816,916	Palestine Monetary Authority regulations

(24) FAIR VALUE RESERVE, NET

The movement is as follows:

	2016	2015
	JD	JD
Beginning balance	(6,917,105)	2,323,033
Unrealized (loss)	(194,219)	(10,579,157)
(Gain) from sale financial assets at fair value through other comprehensive income	(3,418,582)	(312,875)
Deferred tax assets	82,911	1,465,946
Deferred tax liability	99,511	185,948
Ending balance	(10,347,484)	(6,917,105)

- The fair value reserve is presented net of deferred tax assets of JD 3,316,477 and net of deferred tax liabilities of JD 540,283.

(25) RETAINED EARNINGS

	2016	2015
	JD	JD
Beginning balance	74,934,813	92,599,778
Shareholders profit for the year	35,056,003	41,168,254
Transferred to statutory reserve	(4,847,853)	(6,449,043)
Transferred to general banking risk reserve	(1,312,002)	(400,000)
Transferred to cyclical reserve	(914,867)	(822,051)
Stock dividends	(20,000,000)	(35,000,000)
Cash dividends	(16,000,000)	(16,250,000)
Capital increase related expenses	(150,146)	(225,000)
Net gain from sale of financial assets at fair value through other comprehensive income	3,418,582	312,875
Ending balance	70,184,530	74,934,813

Retained earnings balance include unrealized gains amounting to JD 14,427,912 resulted from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Jordan Securities Commission instructions, except for the amounts realized through the sale of the financial assets.

Retained earnings include deferred tax assets amounted to JD 6,270,359 as of 31 December 2016 which is not available for distribution in accordance with the Central Bank of Jordan instructions(2015: amount of JD 4,265,762)

The amount JD 10,347,484 represents negative change in fair value reserve through other comprehensive income restricted from use as per the Central Bank of Jordan and the Securities Commission instructions.

(26) PROPOSED DIVIDENDS

The Board of Directors proposed the distribution of dividends to its shareholders of JD 21,600,000 equivalent to 12%.

(27) INTEREST INCOME

	2016	2015
	JD	JD
Consumer lending		
Overdrafts	1,550,596	1,249,067
Loans and bills	58,225,406	58,811,453
Credit cards	2,266,963	2,356,471
Others	297,989	326,747
Residential mortgages	10,951,681	9,854,284
Corporate lending		
Overdrafts	5,432,764	4,340,316
Loans and bills	10,105,792	7,412,870
Small and medium enterprises lending		
Overdrafts	1,154,221	1,439,373
Loans and bills	3,007,363	3,220,537
Public and governmental sectors	8,958,122	7,484,427
Balances at Central Banks	353,813	160,163
Balances and deposits at banks and financial institutions	12,931,638	21,120,447
Financial assets at amortized cost	14,028,016	24,832,999
Total	129,264,364	142,609,154

(28) INTEREST EXPENSE

	2016	2015
	JD	JD
Banks and financial institution deposits	4,936,732	5,266,902
Customers' deposits:		
Current and demand accounts	883,402	1,045,241
Saving accounts	1,389,080	1,628,340
Time and notice placements	18,817,866	26,321,371
Margin accounts	1,303,764	1,453,904
Borrowed funds	1,972,522	2,265,201
Deposit guarantee fees	3,367,063	3,189,345
Total	32,670,429	41,170,304

(29) NET COMMISSION

	2016	2015
	JD	JD
:		
Direct credit facilities commission	6,520,470	6,005,797
Indirect credit facilities commission	1,614,188	2,556,020
Other commissions	12,006,470	11,773,364
Less: commission expense	(10,718)	(10,412)
Total Net Commission	20,130,410	20,324,769

(30) GAIN FROM FOREIGN CURRENCIES

	2016	2015
	JD	JD
Trading in foreign currencies	209,386	250,376
Revaluation of foreign currencies	3,067,895	2,418,202
Total	3,277,281	2,668,578

(31) (LOSS) GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Realized (loss) gain	Unrealized (loss)	Cash dividends	Total
	JD	JD	JD	JD
2016 -				
Equities	(146,034)	(2,425,711)	2,028,769	(542,976)
Bonds	4,104	-	-	4,104
Funds	-	(199,069)	-	(199,069)
Total	(141,930)	(2,624,780)	2,028,769	(737,941)
2015 -				
Equities	(183,734)	(721,706)	2,009,487	1,104,047
Bonds	14,978	-	-	14,978
Funds	-	(475,302)	-	(475,302)
Total	(168,756)	(1,197,008)	2,009,487	643,723

(32) DIVIDENDS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2016	2015
	JD	JD
Dividend income	1,117,217	1,301,280

(33) OTHER INCOME

	2016	2015
	JD	JD
Suspended interest transferred to revenue	335,458	426,084
Safety deposit, box rental income	108,409	86,472
Revenues from selling check books	106,239	107,529
Collections of debts previously written off	1,123,593	801,565
Income from ATM and credit cards	4,687,531	3,106,900
Gain from sale of property and equipment	2,477	14,390
Gain from sale of assets repossessed by the Bank	150,044	333,669
Rent revenue	2,770	2,301
Brokerage commission	780,977	466,919
Others	175,166	215,958
Total	7,472,664	5,561,787

(34) EMPLOYEES' EXPENSES

	2016	2015
	JD	JD
Salaries and benefits	32,535,492	32,303,527
Bank's contribution to social security	2,571,716	2,421,650
Bank's contribution to savings fund	472,800	467,883
End of service indemnity	634,850	176,887
Medical expenses	2,180,599	2,211,224
Training and research	313,656	336,392
Employees' uniforms	67,527	110,077
Others	78,273	4,269
Total	38,854,913	38,031,909

(35) OTHER EXPENSES

	2016	2015
	JD	JD
Rent	3,615,314	3,829,561
Cleaning and maintenance	1,758,198	1,517,699
Water, heat and electricity	2,438,632	2,363,718
License and governmental fees	1,446,194	1,094,986
Printings and stationery	706,287	700,034
Donations	651,657	740,763
Insurance expenses	1,039,204	840,438
Subscriptions	938,459	875,953
Telephone and telex	478,087	423,462
Legal fees and expenses	459,329	461,787
Professional fees	1,044,751	973,019
Mail and money transfer	446,863	330,102
Advertising expense	2,553,791	2,003,083
Credit cards expenses	1,338,216	770,114
Board of directors expenses	733,128	640,050
Information systems expenses and compensation	4,517,987	4,146,522
Travel and transportation	852,068	972,338
Consultation expenses	206,699	133,198
Other expenses	682,913	566,910
Total	25,907,777	23,383,737

(36) EARNINGS PER SHARE

	2016	2015
Profit for the year (JD)	35,056,003	41,168,254
Weighted average number of shares (share)*	180,000,000	180,000,000
	Fils / JD	Fils / JD
Basic and diluted earnings per share	0/195	0/229

* The weighted average number of shares as of 31 December 2015 was adjusted to 180 million from 160 million as the capital increase resulted from capitalizing retained earnings.

(37) CASH AND CASH EQUIVALENTS

Cash and cash equivalents appearing in the statement of cash flows consist of the following balance sheet items:

	2016	2015
	JD	JD
Cash and balances with Central Banks maturing within 3 months	225,410,667	212,347,289
Add: Balances at banks and financial institutions' maturing within 3 months	333,854,252	552,356,037
Less: Banks and financial institutions' deposits maturing within 3 months	323,067,914	359,461,831
Restricted cash balances	8,224,400	7,444,500
	227,972,605	397,796,995

(38) DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments details are shown in the table below:

				Par value maturity			
	Positive fair value	Negative fair value	Total notional amount	Within 3 months	3 – 12 months	1 – 3 years	More than 3 years
	JD	JD	JD	JD	JD	JD	JD
2016 -							
Interest rate swap	-	-	182,173	182,173	-	-	-
2015 -							
Interest rate swap	-	-	241,257	-	-	241,257	-

The notional amount (par value) indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

(39) Related Party Transactions

The accompanying consolidated financial statements of the Bank include the following subsidiaries:

Company name	Ownership	Paid in capital 2016	Paid in capital 2015
	%	JD	JD
Al-Watanieh Financial Services Co.	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,600,000	1,600,000
Tamallak for Financial Leasing	100	1,000,000	1,000,000
Safa Bank	79	53,175,000	-
Thimar for Investment Services*	100	70,900	-

* Thimar for Investment Services is owned by the subsidiary Al- Watanieh Securities Company.

The Bank entered into transactions with subsidiaries, major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the loans and advances to related parties are performing advances and are free of any provision for credit losses.

The following related party transactions took place during the year:

	Board of Directors and relatives	Executive management	Others*	2016	2015
	JD	JD	JD	JD	JD
Balance sheet items:					
Direct credit facilities	53,739,386	5,420,759	19,410,925	78,571,070	66,558,080
Deposits at the Bank	22,639,351	2,726,978	12,057,530	37,423,859	28,339,749
Margin accounts	35,641,659	-	180,807	35,822,466	35,826,275
Off balance sheet items:					
Indirect credit facilities	2,314,980	-	523,521	2,838,501	3,397,452
Income statements items:					
Interest and commission income	2,188,141	252,913	2,032,140	4,473,194	3,712,893
Interest and commission expense	1,299,795	62,744	151,304	1,513,843	1,493,802

* Others include the rest of bank employees and their relatives up to the third degree.

Credit interest rates on credit facilities in Jordanian Dinar range between 3.5% - 8.5%
Credit interest rates on credit facilities in foreign currency range between 1.98% - 7%
Debit interest rates on deposits in Jordanian Dinar range between 0% - 3.5%
Debit interest rates on deposits in foreign currency range between 0% - 1%

Salaries, wages and bonuses of executive management amounted to JD 2,374,809 for the year 2016 (2015: JD 2,258,102).

(40) Fair Value Hierarchy of Financial Instruments

Financial instruments include cash balances, deposits at central banks and financial institutions, direct credit facilities, financial assets at FVTOCI, financial assets at FVTPL, financial assets at amortized cost, other financial assets, customers' deposits, banks' deposits, cash margins, borrowed funds and other financial liabilities.

There are no material differences between the carrying values and fair values of the financial assets, and liabilities as of 31 December 2016 and 2015.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The table below shows the fair value of financial instruments analysis according to the hierarchy mentioned above:

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
2016 -				
Financial assets at fair value through profit or loss	25,822,584	-	-	25,822,584
Financial assets at fair value through other comprehensive income	19,201,161	-	12,301,132	31,502,293
Total	45,023,745	-	12,301,132	57,324,877
2015 -				
Financial assets at fair value through profit or loss	28,171,886	-	-	28,171,886
Financial assets at fair value through other comprehensive income	24,742,107	-	12,559,924	37,302,031
Total	52,913,993	-	12,559,924	65,473,917

(41) Fair Value of Financial Assets and Liabilities which are not Shown at Fair Value in the Financial Statements:

	2016		2015	
	Book value	Fair value	Book value	Fair value
	JD	JD	JD	JD
Financial assets at amortized cost	336,223,295	336,223,295	275,985,687	275,985,687
Financial assets pledged as collateral	13,476,000	13,476,000	77,618,957	77,618,957
Direct credit facilities	1,356,279,148	1,356,279,148	1,144,240,181	1,144,240,181
Banks and financial institutions' deposits	358,957,094	358,957,094	382,932,831	382,932,831
Customers' deposits	1,547,446,248	1,547,446,248	1,570,016,124	1,570,016,124
Margin accounts	81,476,847	81,476,847	86,464,640	86,464,640
Borrowed funds	92,165,097	92,165,097	107,238,340	107,238,340

(42) RISK MANAGEMENT

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit and Compliance Management Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit committees and other specialized Departments such as the Risk Management Department Anti Money Landry and Compliance Department and the Audit Department.

Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

The process of managing the risks within Cairo Amman Bank's activities include the identification, measurement, assessment and monitoring of financial and non-financial risks which could negatively affect the bank's performance and reputation or its goals ensuring that the bank achieves optimum yield in return for the risks taken.

The general framework of risk management at the Bank is in line with the size, complexity and nature of its operations, and in harmony with local regulations as well as taking into account the best international practices in this regard.

The Bank's set of principles include the following:

1- The Board of Directors' responsibility for risk management. The risk committee of the board of directors does a periodic review of policies, strategies and risk management procedures of the bank, including setting acceptable risk limits.

2- The responsibility of the Board of Directors, represented by the Risk Committee in the development of the internal assessment of capital and analysis of current and future requirements for capital and as appropriate with the structure of the Bank's risk and strategic goals and taking action on particular in addition to its responsibility in ensuring a good system to evaluate the types of risks faced by the Bank and the development of the system to link these risks with the level of capital required to cover.

3- The responsibility of the Board of Directors to approve the policies developed by the executive management.

4- The risk management department, which is independent of other Bank's operations, reports to the Risk Committee on risk issues. For daily operations it is linked with the General Manager, and analyses all the risks including credit, market, liquidity and operational risk in addition to the development of measurement methodologies and controls for each type of risk as needed.

The Risk Management Department also manages the process of Internal evaluation Capital Adequacy ICAAP by using the comprehensive manner which is appropriate within their risk profile it also implements Basel requirements.

5 - Internal Audit department provides independent confirmation of the compliance of the working units with the policies and procedures set to manage risks and their efficiency.

6 - Managing risk is considered the responsibility of each unit and every employee of the Bank, in relation to those risks which are within their functions.

The bank is exposed at least to the following risk categories:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Compliance Risk

Credit Risks –

Credit risk is the risk that may result from a lack of commitment or the inability of the other party of the financial instrument to fulfil its obligations to the Bank, leading to a financial loss. The bank manages its credit risk through the design and development of various policies that identify and address all aspects of granting and maintenance of credit in addition to determining the limits of credit facilities granted to clients and/or related groups as well as diversifying total credit facilities across sectors and geographical regions. The Bank also works continuously to evaluate the credit worthiness of customers, in addition to having appropriate collaterals.
The general framework for Credit Risk Management includes:

Credit Policies:
The Bank manages its credit risk through the annual policies set by the board of Directors including credit ceilings and various credit conditions, which are renewed annually, according to several changing factors and the results of the analysis, and studies. These policies define maximum credit limits given to any customer and / or group of related customers in addition to the distribution of credit according to geographical regions and different economic sectors. The Bank considers the diversification of portfolios as an important risk mitigation factor.

Customer Rating:
Customer credit risk rating is performed internally; customers are rated according to their creditworthiness and ability to pay, in addition to assessing the quality of the facilities granted to clients, in terms of account activity and regularity of payment of principal and interest. The collaterals are classified according to type and percentage coverage of risk. Moreover the Bank periodically monitors the portfolios and their diversification, according to several classifications.

Mitigation Methodologies:
The Bank follows different procedures to mitigate risks, including determining the acceptable types of collaterals and their conditions , whereby good collaterals that can be liquidated at a reasonable time and value are accepted by the bank taking into consideration that the value of the collateral is not related to the business of the customer . Moreover, the Bank requires insurance policies on certain properties as a means of mitigating risks. The values of the collaterals are monitored on a regular basis and in the event of decrease in its value, additional collaterals are required.

Credit Granting:
The Bank adopts the principle of segregation of functions in line with best practices in this regard, clarifying the roles and responsibilities between each of the different credit functions (sales, credit approvals , credit administration, credit operations), to ensure a strong control over credit granting operations .
Credit decisions are checked against the credit policies and authority limits, all documentations and contracts are reviewed before executing the credit.

Maintenance and follow-up of credit
The performance of the credit portfolio is continuously monitored to make sure it is within the acceptable risk limits and economic sector limits which identified by the Bank to identify any increasing risk levels.

The Bank continuously monitors its performing portfolios to identify any need for additional provisions. There are specialized and independent departments responsible for managing irregular credit facilities and handle the task of their administration and collection.

1) Credit risk after net of allowances for impairment and suspended interest and before the effect of mitigation and collaterals.

The table below shows the maximum exposure to credit risk through the use of collateral agreements:

	2016	2015
	JD	JD
Statement of financial position		
Cash and balances at Central Banks	161,162,928	163,313,380
Balances at banks and financial institutions	333,854,252	552,356,037
Deposits at banks and financial institutions	73,543,068	113,199,984
Direct credit facilities:		
Consumer lending	626,362,498	579,799,815
Residential mortgages	169,419,312	157,688,588
Large corporations	287,049,098	213,337,429
Small and medium enterprises	56,832,933	51,761,138
Lending to governmental sectors	216,615,307	141,653,211
Financial assets held at amortized cost, net	336,223,295	275,985,687
Financial assets pledged as collateral	13,476,000	77,618,957
Other assets	16,228,506	27,630,918
Total	2,290,767,197	2,354,345,144
Contingent liabilities		
Letters of credit	32,092,230	44,504,481
Acceptances	1,563,898	8,022,412
Letters of guarantee	45,738,730	47,510,071
Irrevocable commitments to extend credit	92,169,757	128,103,103
Total	171,564,615	228,140,067
	2,462,331,812	2,582,485,211

- The table above represents the minimum credit risk for the bank as at 31 December 2016 and 2015 without taking the collaterals or effect of mitigation into consideration.
- The exposure mentioned above for the balance sheet items is based on the balance shown in the statement of financial position.

Several types of collaterals against loans and credit facilities are as follows:
- Real estate properties.
- Financial instruments (equities and bonds).
- Bank guarantees.
- Cash collateral
- Government guarantees.

2) The distribution of credit exposures in accordance with their risk classification is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Governmental and public sectors	Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
2016 -							
Low risk	3,283,357	647,434	45,448,547	4,412,505	543,664,772	-	597,456,615
Acceptable risk	622,120,733	163,731,001	236,189,486	48,792,463	130,934,007	466,567,507	1,668,335,197
Maturing:**							
Up to 30 days	916,852	320,533	2,472,795	1,103,900	-	-	4,814,080
From 31 to 60 days	120,745	13,158	2,252,690	34,203	-	-	2,420,796
Watch list	6,736,893	3,288,188	12,049,354	2,042,306	-	-	24,116,741
Non performing:							
Substandard	3,090,080	677,102	-	171,531	-	-	3,938,713
Doubtful	5,454,347	759,383	773,140	1,596,817	-	-	8,583,687
Loss	18,689,070	2,751,282	15,277,500	10,088,653	-	-	46,806,505
Total	659,374,480	171,854,390	309,738,027	67,104,275	674,598,779	466,567,507	2,349,237,458
Less: Suspended interest	1,413,098	101,012	7,332,991	1,947,824	-	-	10,794,925
Less: provision for impairment losses	29,543,906	1,992,190	8,898,201	7,241,039	-	-	47,675,336
Net	628,417,476	169,761,188	293,506,835	57,915,412	674,598,779	466,567,507	2,290,767,197
2015 -							
Low risk	4,152,067	341,359	43,825,340	2,723,576	545,991,071	-	597,033,413
Acceptable risk	581,279,778	153,485,091	174,602,148	44,572,215	100,017,622	692,621,741	1,746,578,595
Maturing:**							
Up to 30 days	945,292	151,244	813,385	739,752	-	-	2,649,673
From 31 to 60 days	191,102	34,037	2,259,139	70,282	-	-	2,554,560
Watch list	7,274,578	1,100,485	411,046	1,379,624	-	-	10,165,733
Non performing:							
Substandard	4,029,597	275,341	101,863	3,099,088	-	-	7,505,889
Doubtful	4,119,883	524,101	-	1,821	-	-	4,645,805
Loss	22,068,716	1,952,240	10,370,213	10,590,878	-	-	44,982,047
Total	622,924,619	157,678,617	229,310,610	62,367,202	646,008,693	692,621,741	2,410,911,482
Less: Suspended interest	1,080,088	38,470	7,383,838	1,764,496	-	-	10,266,892
Less: provision for impairment losses	31,121,763	2,154,700	5,863,690	7,159,293	-	-	46,299,446
Net	590,722,768	155,485,447	216,063,082	53,443,413	646,008,693	692,621,741	2,354,345,144

* Include exposures to credit facilities, balances and deposit at banks and financial institutions, bonds and treasury bills and any assets with credit exposures.

**Total balance of facilities becomes due if one of the instalment or interest is due and the overdraft account becomes due if it exceeds the limit.

Distribution of collaterals against credit facilities measured at fair value:

2016 -	Consumer	Residential mortgages	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD	JD
Low risk	3,283,357	647,434	45,804,436	4,412,505	-	54,147,732
Acceptable risk	36,860,393	165,958,357	72,163,887	20,301,778	-	295,284,415
Watch list	355,898	2,945,082	8,589,713	1,416,230	-	13,306,923
Non performing:						
Substandard	75,135	660,752	-	1,225,375	-	1,961,262
Doubtful	145,402	807,809	-	297,985	-	1,251,196
Loss	135,350	2,535,477	3,518,758	8,169,350	-	14,358,935
Total	40,855,535	173,554,911	130,076,794	35,823,223	-	380,310,463
Comprising of:						
Cash margin	3,283,357	647,434	45,804,436	4,412,505	-	54,147,732
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	9,997,741	172,844,302	61,221,584	23,585,608	-	267,649,235
Loans guarantee corporation	5,870,923	-	351,246	982,463		7,204,632
Traded equities	6,875,787	-	4,982,763	2,708,684	-	14,567,234
Vehicles and machinery	14,827,727	63,175	17,645,865	4,133,963	-	36,670,730
Total	40,855,535	173,554,911	130,076,794	35,823,223	-	380,310,463
2015 -						
Low risk	4,152,067	341,359	43,825,340	2,723,576	5,509,805	56,552,147
Acceptable risk	92,562,669	115,866,609	29,497,859	32,450,417	-	270,377,554
Watch list	686	1,095,220	-	752,073	-	1,847,979
Non performing:						
Substandard	-	272,297	101,863	1,191,220	-	1,565,380
Doubtful	-	414,227	-	-	-	414,227
Loss	4,939,371	1,556,290	5,860,924	5,084,384	-	17,440,969
Total	101,654,793	119,546,002	79,285,986	42,201,670	5,509,805	348,198,256
Comprising of:						
Cash margin	4,152,067	341,359	43,825,340	2,723,576	5,509,805	56,552,147
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	67,307,987	119,204,643	28,816,786	32,130,982	-	247,460,398
Loans guarantee corporation	1,670,737	-	338,986	732,853	-	2,742,576
Traded equities	13,547,922	-	5,412,656	1,335,224	-	20,295,802
Vehicles and machinery	14,976,080	-	821,318	5,279,035	-	21,076,433
Total	101,654,793	119,546,002	79,285,986	42,201,670	5,509,805	348,198,256

Rescheduled Debts:
Rescheduled debts are debts which have been previously classified as non-performing credit facilities, then excluded from the non-performing credit facilities as a result of a rescheduling process, and then classified as watch list. Rescheduled debts totalled to JD 5,840,549 as of 31 December 2016 compared to JD 9,737,452 as of 31 December 2015.

The balances of the rescheduled debts include the loans classified under watch list or converted to performing.

Restructured Debts:
Restructuring process refers to re-organizing the credit facilities' standing in respect of adjusting premiums, extending the life of the credit facilities, postponing some premiums or extending the grace period etc, and then classifying such facilities as watch list. Restructured debts totalled to JD 12,980,534 as of 31 December 2016 compared to JD 1,504,414 as of 31 December 2015.

3) Bonds and treasury bills:

The table below shows the classifications of bonds and treasury bills and their gradings according to external rating agencies:

Risk Rating Class	External rating agency	Included in financial assets at amortized cost and financial assets pledged as collaterals
		JD
Baa1	Moody's	356,875
BAA3	Moody's	678,437
Ba1	Moody's	359,038
Non - rated		57,335,050
Governmental		290,969,895
Total		349,699,295

4) The Bank's financial assets, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

2016 -	Inside Jordan	Other Middle Eastern countries	Europe	Asia	Americas	Other	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	107,574,190	53,588,738	-	-	-	-	161,162,928
Balances at banks and financial institutions	250,164,171	59,229,647	20,835,160	795,717	2,829,557	-	333,854,252
Deposits at banks and financial institutions	51,532,984	22,010,084	-	-	-	-	73,543,068
Direct credit facilities:							
Consumer lending	545,823,115	80,539,383	-	-	-	-	626,362,498
Residential mortgages	133,984,315	35,434,997	-	-	-	-	169,419,312
Large corporations	218,210,631	68,838,467	-	-	-	-	287,049,098
Small and medium enterprises	43,091,547	13,741,386	-	-	-	-	56,832,933
Lending to governmental and public sectors	161,383,039	55,232,268	-	-	-	-	216,615,307
Bonds and treasury bills within:							
Financial assets at amortized cost	316,060,495	19,127,488	1,035,312	-	-	-	336,223,295
Financial assets pledged as collateral	13,476,000	-	-	-	-	-	13,476,000
Other assets	9,201,079	4,996,096	1,970,737	16,086	44,508	-	16,228,506
Total 2016	1,850,501,566	412,738,554	23,841,209	811,803	2,874,065	-	2,290,767,197
Total 2015	1,954,249,208	365,723,873	10,946,213	1,923,853	21,501,997	-	2,354,345,144

5) An industry sector analysis of the Bank's financial assets, before and after taking into account collateral held or other credit enhancements, is as follows:

	Financial	Industrial	Commercial	Real estate*	Agriculture	Trading	Consumer	Public and governmental	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2016 -									
Balances at Central Banks	-	-	-	-	-	-	-	161,162,928	161,162,928
Balances at banks and financial institutions	333,854,252	-	-	-	-	-	-	-	333,854,252
Deposits at banks and financial institutions	73,543,068	-	-	-	-	-	-	-	73,543,068
Direct credit facilities	13,830,457	30,623,546	234,896,382	226,195,227	6,527,731	5,062,871	622,527,627	216,615,307	1,356,279,148
Bonds and treasury bills within:									
Financial assets at amortized cost	41,318,912	-	17,410,488	-	-	-	-	277,493,895	336,223,295
Financial assets pledged as collateral	-	-	-	-	-	-	-	13,476,000	13,476,000
Other assets	4,020,818	349,308	3,549,252	341,876	61,625	-	2,054,978	5,850,649	16,228,506
Total 2016	466,567,507	30,972,854	255,856,122	226,537,103	6,589,356	5,062,871	624,582,605	674,598,779	2,290,767,197
Total 2015	692,621,741	32,783,514	203,187,698	187,125,959	3,735,531	7,394,461	581,487,547	646,008,693	2,354,345,144

* Real estate sector includes loans granted to corporates and mortgage loans.

Development of credit risk measurement and managing credit risk

Continuous review on best practices in managing credit risk specially in measuring risks and estimating the required capital in accordance with the central bank of Jordan instructions and the application of Basel III.

Market Risk

Is the risk resulting from fluctuations in the fair value or cash flows of financial instruments caused by the change in market prices such as interest rates and exchange rates and equity prices. Market risk arises due to the existence of open positions in interest rates, currencies and equity investments. Such risks are controlled in accordance to a specific set of policies and procedures and through specialized committees and related departments. Market Risk includes interest rates risk, foreign exchange risks and the risk of change in equity prices.

Market risk is measured and controlled through several methods, including sensitivity analysis and Stress Testing in addition to stoploss limits.

Interest Rate Risk

Interest Rate Risk results from the possible impact of changes in interest rates on the profits of the Bank or the value of financial instruments, the Bank is exposed to interest rate risk due to repricing mismatches between its interest rate sensitive assets and liabilities according to the different maturities and repricing terms .The Bank manages these risks through the continuous review of interest rates on its assets and liabilities in the course of its risk management strategy.

The ALM Committee reviews the sensitivity gaps of interest rates during its regular meetings and studies its effect on the bank profitability in the light of any expected changes in market interest rates.

Interest rate risk management

The Bank seeks to obtain long-term financing to fund long-term investments at fixed rates whenever possible. Furthermore, the Bank uses hedging instruments such as interest rate swaps to reduce any negative effects.

The following table demonstrates the sensitivity analysis of interest rates:.

2016 -

Currency	Increase in interest rate	Sensitivity of net interest income (profit or loss)	Change (decrease) in interest rate	Sensitivity of net interest income (profit or loss)
	Basis points	JD	Basis points	JD
USD	100	(707,188)	100	707,188
EURO	100	(396,882)	100	396,882
GBP	100	(15,789)	100	15,789
YEN	100	(7,583)	100	7,583
Other Currency	100	180,780	100	(180,780)

2015 -

Currency	Increase in interest rate	Sensitivity of net interest income (profit or loss)	Change in (decrease) in interest rate	Sensitivity of net interest income (profit or loss)
	Basis points	JD	Basis points	JD
USD	100	(334,288)	(100)	334,288
EURO	100	(230,964)	(100)	230,964
GBP	100	(54,370)	(100)	54,370
YEN	100	(7,363)	(100)	7,363
Other Currency	100	(215,281)	(100)	215,281

Interest rate re-pricing gap

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	More than 3 years	Non-interest bearing	Total
2016 -	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Banks	8,224,400	-	-	-	-	-	217,186,267	225,410,667
Balances at banks and financial institutions	204,705,366	91,344,998	-	-	-	-	37,803,888	333,854,252
Deposits at banks and financial institutions	-	-	12,500,000	38,380,088	22,662,980	-	-	73,543,068
Financial assets at fair value through profit or loss	-	-	-	-	-	-	25,822,584	25,822,584
Direct credit facilities	628,650,099	195,485,494	295,269,061	69,052,786	76,953,681	90,868,027	-	1,356,279,148
Financial assets at fair value through OCI	-	-	-	-	-	-	31,502,293	31,502,293
Financial assets at amortized cost	121,416,161	173,916	9,998,653	15,517,849	113,333,603	75,783,113	-	336,223,295
Financial assets pledged as collateral	-	-	-	-	9,133,000	4,343,000	-	13,476,000
Property and equipment	-	-	-	-	-	-	42,335,356	42,335,356
Intangible assets	-	-	-	-	-	-	10,046,891	10,046,891
Other assets	-	-	-	-	-	-	36,419,320	36,419,320
Deferred tax assets	-	-	-	-	-	-	6,270,359	6,270,359
Total Assets	962,996,026	287,004,408	317,767,714	122,950,723	222,083,264	170,994,140	407,386,958	2,491,183,233
Liabilities								
Banks and financial institution deposits	251,252,835	34,725,040	10,000,000	10,000,000	25,889,180	-	27,090,039	358,957,094
Customers' deposits	485,829,987	205,200,936	91,203,557	49,714,117	54,026,514	-	661,471,137	1,547,446,248
Margin accounts	4,411,404	3,782,221	5,754,870	9,063,086	17,353,687	25,520,946	15,590,633	81,476,847
Borrowed funds	1,123,057	13,251,140	967,962	1,321,477	39,844,556	35,656,905	-	92,165,097
Sundry provisions	-	-	-	-	-	-	15,000,573	15,000,573
Income tax liabilities	-	-	-	-	-	-	20,892,898	20,892,898
Deferred tax liabilities	-	-	-	-	-	-	2,049,782	2,049,782
Other liabilities	-	-	-	-	-	-	35,884,682	35,884,682
Total Liabilities	742,617,283	256,959,337	107,926,389	70,098,680	137,113,937	61,177,851	777,979,744	2,153,873,221
Interest rate sensitivity gap	220,378,743	30,045,071	209,841,325	52,852,043	84,969,327	109,816,289	(370,592,786)	337,310,012
2015 -								
Total Assets	1,225,174,578	410,191,643	158,638,002	109,981,172	174,489,166	93,966,670	359,620,873	2,532,062,104
Total Liabilities	1,025,355,111	168,115,198	89,291,385	68,704,736	84,069,056	53,678,518	735,270,121	2,224,484,125
Interest rate sensitivity gap	199,819,467	242,076,445	69,346,617	41,276,436	90,420,110	40,288,152	(375,649,248)	307,577,979

Currency Risk:

Foreign currency risk is the risk of change in value of financial instruments due to the change in the foreign currency prices. The Bank's functional currency is the Jordanian Dinar. The Board of Directors identifies the set of currencies in which it is acceptable to take positions in and the limits of these positions for each currency. Foreign currencies positions are monitored on a daily basis to make sure that the Bank will not exceed those acceptable levels.

The table below indicated the currencies to which the Bank had significant exposure at 31 December 2015. The analysis calculates the effect of a reasonably possible movement of the currency rate against the JD, with all other variables held constant on the income statement and equity:

	2016			2015		
	Increase in exchange rate	Effect on profit or loss	Sensitivity on equity	Increase in exchange rate	Effect on profit or loss	Sensitivity on equity
	%	JD	JD	%	JD	JD
EURO	1+	(2,154)	-	1+	1,119	-
GBP	1+	(1,263)	-	1+	598	-
YEN	1+	-	-	1+	2	-
Other Currency	1+	208,252	-	1+	7,932	-

- The effect on negative change in interest price is equal to the change shown above with changing the sign.

Concentration in foreign currency risk:

2016 -	US Dollar	Sterling	Japanese Yen	Euro	Other	Total
	JD	JD	JD	JD	JD	JD
Assets						
Cash and balances at Central Banks	38,195,025	319,308	61	43,524,596	37,427,033	119,466,023
Balances at banks and financial institutions	86,037,919	10,281,897	761,714	5,111,111	29,564,186	131,756,827
Deposits at banks and financial institutions	23,379,984	-	-	14,833,000	-	38,212,984
Financial assets at fair value through profit or loss	2,011,135	-	-	-	72,906	2,084,041
Direct credit facilities	159,924,861	-	-	16,095	124,426,274	284,367,230
Financial assets at fair value through other comprehensive income	1,024,219	-	-	29,614	10,395,000	11,448,833
Financial assets at amortized cost	62,974,047	-	-	-	905,125	63,879,172
Intangible Assets	516,295	-	-	-	-	516,295
Property and equipment, net	5,384,198	-	-	-	199,718	5,583,916
Other assets	3,884,234	3,632	-	24,673	1,800,456	5,712,995
Total Assets	383,331,917	10,604,837	761,775	63,539,089	204,790,698	663,028,316
Liabilities						
Banks and financial institution deposits	166,940,495	4,842,416	-	39,855,097	20,121,664	231,759,672
Customers' deposits	243,580,920	5,765,846	761,818	20,234,414	168,610,243	438,953,241
Margin accounts	11,161,163	24,020	-	3,947,532	2,043,329	17,176,044
Borrowed funds	19,685,474	-	-	-	-	19,685,474
Income tax liability	(104,432)	-	-	-	-	(104,432)
Other liabilities	12,815,976	98,893	-	180,982	(7,310,797)	5,785,054
Total Liabilities	454,079,596	10,731,175	761,818	64,218,025	183,464,439	713,255,053
Net concentration in the statement of financial position	(70,747,679)	(126,338)	(43)	(678,936)	21,326,259	(50,226,737)
Contingent liabilities	36,113,931	61,807	451,403	11,585,036	9,167,739	57,379,916
2015 -						
Total Assets	321,900,790	7,695,958	1,870,615	26,079,682	169,967,819	527,514,864
Total Liabilities	362,335,287	7,751,803	736,282	56,127,517	149,532,867	576,483,756
Net concentration in the statement of financial position	(40,434,497)	(55,845)	1,134,333	(30,047,835)	20,434,952	(48,968,892)
Contingent liabilities	53,962,560	582,106	37,062	20,770,320	10,670,757	86,022,805

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the levels of equity indices and the value of individual stocks. The Bank manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Bank's investments are quoted on Amman Stock Exchange and the Palestine Securities Exchange.

The effect on income statement and equity due to a reasonably possible change in prices, with all other variables held constant, is as follows:

	2016			2015		
Market Indices	Change in equity price	Effect on profit or loss	Effect on equity	Change in equity price	Effect on profit or loss	Effect on equity
	%	JD	JD	%	JD	JD
Amman Stock Exchange	5+	49,197	454,158	5+	3,348	618,780
Palestine Securities Exchange	5+	725,988	209,633	5+	793,349	288,875
New York Stock Exchange	5+	-	-	5+	3,648	-
Others Markets	5+	91,641	-	5+	121,021	-

In case of negative change in index the effect will be the same with a change in the sign.

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances, without incurring high costs or loss, the Bank adopts the following principles for the management of liquidity risk.

- Diversification of funding sources

Bank's management seeks to diversify sources of funding and prevent the concentration in the funding sources. The bank also borrows from institutions and local and foreign banks which would provide sources of funding at appropriate costs and maturities.

The bank had also established a Liquidity Contingency Plan, which provides the basic framework for the management of liquidity. This includes defining an effective mechanism to manage liquidity during times of crisis, within reasonable costs and preserving the rights of depositors, borrowers, and shareholders.

The Liquidity Contingency Plan is regularly reviewed and updated by the ALCO.

- Analyzing and monitoring the maturities of assets and liabilities

The Bank studies the liquidity of its assets and liabilities and monitors the major liquidity ratios as well as any changes that occur on them on a daily basis, The Bank, seeks through the ALCO Committee to match between the maturities of its assets and liabilities and control the liquidity gaps within the limits defined in the Bank's policies.

- Measure and manage market risk according to the standard requirements of Basel II and Basel III

Based on best practices in managing market risk and liquidity risk, the Bank is pursuing a policy to manage these risks as approved by the board of directors and that by relying on several methodologies and techniques and models to measure and assess and monitor these risks on an ongoing basis, In addition to estimating the required capital for market risk and other applications with the instructions of the Central Bank of Jordan and the standard for the application of Basel II.

The Bank takes into account the implementation the best practise and techniques which applied by Basel III.

The Bank maintains statutory cash reserve with the Central Banks amounting to JD 81,695,162.

1) The table below summarises the maturity profile of the Bank's financial liabilities at 31 December based on contractual undiscounted repayment obligations:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	No Fixed maturity	Total
2016 -	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institution deposits	278,629,748	34,845,628	10,069,453	17,658,425	18,985,872	-	-	360,189,126
Customers' deposits	738,013,085	319,160,951	185,065,725	123,715,483	185,485,426	-	-	1,551,440,670
Margin accounts	5,165,773	4,480,352	6,879,380	11,604,553	22,177,742	33,582,205	-	83,890,005
Borrowed funds	1,123,564	13,293,278	971,795	1,321,964	43,742,117	54,769,047	-	115,221,765
Sundry provisions	483,106	631,852	535,593	1,961,615	7,923,149	3,465,258	-	15,000,573
Income tax liabilities	3,650,000	-	8,200,000	7,058,900	1,983,998	-	-	20,892,898
Deferred tax liabilities	-	-	-	-	537,702	-	1,512,080	2,049,782
Other liabilities	18,130,473	7,355,336	4,631,532	2,639,576	1,416,092	1,249,065	462,608	35,884,682
Total Liabilities	1,045,195,749	379,767,397	216,353,478	165,960,516	282,252,098	93,065,575	1,974,688	2,184,569,501
Total Assets	962,996,026	287,004,096	317,767,247	122,950,100	222,083,264	170,994,140	407,386,968	2,491,181,841
2015 -								
Liabilities								
Banks and financial institution deposits	320,502,087	39,606,030	13,593,586	10,182,000	-	-	-	383,883,703
Customers' deposits	903,486,320	229,539,992	153,198,307	104,067,851	184,174,091	-	-	1,574,466,561
Margin accounts	4,253,679	7,107,776	9,204,235	12,325,371	22,259,798	33,795,241	-	88,946,100
Borrowed funds	50,209,508	481,177	2,874,624	14,383,496	10,586,675	41,399,799	-	119,935,279
Sundry provisions	663,572	491,458	466,002	1,055,107	7,040,971	3,852,854	-	13,569,964
Income tax liabilities	3,000,000	-	12,884,199	1,300,000	2,964,356	3,450,711	-	23,599,266
Deferred tax liabilities	-	-	-	-	635,967	-	1,513,326	2,149,293
Other liabilities	22,837,104	3,524,542	2,114,428	3,839,547	3,482,779	2,254,193	461,074	38,513,667
Total Liabilities	1,304,952,270	280,750,975	194,335,381	147,153,372	231,144,637	84,752,798	1,974,400	2,245,063,833
Total Assets	1,220,395,892	410,191,643	158,638,002	109,981,172	174,489,166	93,966,670	364,399,559	2,532,062,104

2) The table below summarizes the maturities of financial derivatives as of the date of the financial statements:

- Financial assets/liabilities that are settled net:

	Less than 1 month	1 – 3 months	6 – 12 months	1 – 3 years	3 or more years	Total
	JD	JD	JD	JD	JD	JD
2016 -						
Interest rate swap	-	182,173	-	-	-	182,173
	-	182,173	-	-	-	182,173
2015 -						
Interest rate swap	-	-	-	241,257	-	241,257
	-	-	-	241,257	-	241,257

3) Contingent liabilities

	Less than 1 year	1 – 5 years	5 years or more	Total
	JD	JD	JD	JD
2016 -				
Acceptances and letters of credit	33,656,128	-	-	33,656,128
Letters of guarantee	45,738,730	-	-	45,738,730
Irrevocable commitments to extend credit	92,169,757	-	-	92,169,757
Total	171,564,615	-	-	171,564,615
2015 -				
Acceptances and letters of credit	52,426,839	100,054	-	52,526,893
Letters of guarantee	45,476,415	2,033,656	-	47,510,071
Irrevocable commitments to extend credit	128,103,103	-	-	128,103,103
Total	226,006,357	2,133,710	-	228,140,067

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The general framework for the operational risk management is as follows:

- Managing operational risk is the responsibility of all employees in the bank through the proper application of internal policies and procedures that would curb these risks and exposures that arise during daily operations.

- Due to the constant change in the environment of work as a result of the willingness of the bank management to keep pace with technology and new banking products and services, the bank has adopted and implemented several procedures to help the different departments identifying, measuring, following-up and controlling operating risks that arise from the introduction of new products and services.

Implementing Operational Risk measurement techniques that aim at identifying risks to the Bank and evaluating them in terms of the magnitude of the impact and frequency of occurrence, in order to take appropriate action that would mitigate these risks through the implementation of the Control and Self Assessment System (CRSA), as well as data collection and review of actual and potential losses resulting from operations.

Compliance Risk

Pursuant to CBJ's instruction and in line with the international directions and updates as well as Basle's regulations, with the aim to ensure compliance of the bank and its internal policies and procedures with all applicable laws, regulations, international banking standards and best practices as well as safe and sound banking practices disseminated by local and international regulatory and supervisory competent authorities, this Compliance and AML/CFT Policy is issued with the approval of the Board of Directors in addition to the internal AML/CFT Manual. In addition, the Compliance and AML/CFT Division was restructured to consist of two departments; Compliance Department and AML/CFT Department to monitor the bank's compliance with applicable laws and regulations and best practices issued by regulatory competent authorities through well devised monitoring programs and internal procedures oriented toward a Risk Based Approach. The main objectives of the compliance department are as follows:

- Identify, assess and manage compliance risks.
- Prepare and make available applicable laws and regulation files governing the nature and scope of work of all relevant divisions and departments on the bank intranet and update these regularly to stay current with legal and regulatory updates; support and assist executive management to manage compliance risks.
- Advise and assist the bank's management with all laws and regulations in relation to compliance.
- Monitor compliance risks through regulatory databases, which contain all laws and regulations issued by regulatory and competent authorities and which is updated and amended regularly in accordance with the latest regulatory updates that should be adhered to.
- Review and assess all preexisting and new banking products and services as well as internal policies and procedures to ensure that they are in strict compliance with applicable laws and regulations.
- Submit reports directly to the compliance committee, formed by the board of directors, regarding the scope and level of compliance the bank and its international branches and subsidiaries.
- Advise and assist the bank's executive management for compliance risk management.

With regards to Anti-Money Laundering, an independent AML Department was formed and restructured within the Compliance and AML/CFT Division. The division recruited highly qualified and trained staff along with the automated AML/CFT Systems and Software Solutions to perform its work in accordance with policies and procedures approved by the board of directors and in accordance with Anti-Money Laundering Law No.46 of 2007 and its amendments, together with AML/CFT instructions issued by Central Bank of Jordan and international best practice in this regard to lessen and mitigate the risks involved with those transactions; the aim of which is to identify the procedures applicable and appropriate to financial transactions and to apply due diligence measures to identify preexisting and potential customers and to understand their legal and personal capacity and status and the ultimate beneficial owner and the ongoing monitoring and reviewing of such transactions during the period of the banking relationship.

The main objectives of the AML Department are as follows:

1. Ensure the bank's compliance with all AML/CFT Policies and procedures as approved by the competent authority within the bank.
2. Ensure the bank's compliance with all applicable laws and regulations issued by competent authorities.
3. Prohibit and protect the bank's reputation and image from any allegation of involvement with money laundering and terrorist financing.
4. Prohibit the use of banking products and services in money laundering and terrorist financing transactions.
5. Participate in national and international efforts and initiatives relevant to anti-money laundering and combating terrorism financing.
6. Protect the bank and its employees from being exposed to AML/CFT risks which might lead to material financial losses or regulatory, legal, administrative, civil and criminal sanctions and liability.

(43) SEGMENT INFORMATION

A. INFORMATION ON THE BANK'S SEGMENT

For management purposes the Bank is organised into three major business segments in accordance with the reports sent to the chief operating decision maker:

- **Retail banking**: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;
- **Corporate banking**: Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- **Treasury:** Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking,

Following is the Bank's segment information:

					Total	
	Retail Banking	Corporate Banking	Treasury	Other	2016	2015
	JD	JD	JD	JD	JD	JD
Total revenues	94,513,644	31,998,183	31,748,790	2,539,186	160,799,803	173,109,291
Impairment loss on credit facilities	75,291	3,138,189	-	-	3,213,480	2,756,444
Impairment on repossessed assets	-	-	-	-	-	16,757
Segmental results	79,381,962	18,431,392	24,563,354	2,539,186	124,915,894	129,165,786
Unallocated expenses					74,992,337	68,878,387
Profit before tax					49,923,557	60,287,399
Income tax					15,189,678	19,119,145
Net profit					34,733,879	41,168,254
Other information						
Segmental assets	795,784,921	560,497,338	1,046,102,519	88,798,455	2,491,183,233	2,532,062,104
Segmental liabilities	859,218,198	614,396,014	608,480,856	71,778,153	2,153,873,221	2,224,484,125
Capital expenditure					19,722,173	9,076,687
Depreciation and amortisation					8,009,598	6,412,576

2. Geographical Information

The following table shows the distribution of the Bank's profit assets and capital expenditure by geographical segment, the Bank operates in Jordan and Palestine.

Below is the distribution of the revenues, assets and capital expenditures as per the geographical information:

	Inside Jordan		Outside Jordan		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total revenue	132,519,713	153,503,372	28,280,090	19,605,919	160,799,803	173,109,291
Total assets	1,951,854,991	1,902,241,316	539,328,242	629,820,788	2,491,183,233	2,532,062,104
Capital expenditure	8,445,796	7,562,367	11,276,377	1,514,320	19,722,173	9,076,687

(44) CAPITAL MANAGEMENT

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011. In addition, the regulation requires a minimum leverage ratio of 4%.

The Bank, since its inception, has always maintained an adequate capital adequacy ratio that exceeds the minimum required by the Central Bank of Jordan of 12% (8% as per BIS rules/ratios).

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from previous years.

Description of what is considered capital

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, reserves and retained earnings including current year profit, less accrued dividends. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Jordan. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt, preference shares and revaluation reserves. The third component of capital is Tier 3 which is used against market risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated in addition to investments in the capital of insurance companies. Also, excess over 10% of the Bank's capital if invested in an individual company investee.

The Central Bank of Jordan issued instructions regarding capital adequacy in accordance with basel III and canceled the instructions of regulatory capital adequacy according to basel II.

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to basel committee decision. Below is the capital adequacy as per Basel III:

	2016
	JD
Ordinary Share Rights	
Paid in capital	180,000,000
Retained earnings after subtracting the expected accumulated distributions	48,584,530
Change in fair value reserve	(10,347,484)
Statutory reserve	65,836,075
Other reserves approved by the Central Bank	6,816,916
Minority rights allowed to be recognized	697,391
Total ordinary share capital	**291,587,428**
Regulatory Adjustments (Capital deductible)	
Intangible assets	10,046,891
Deferred tax assets that should be deducted	5,461,073
Net ordinary shareholders' equity	**276,079,464**
Additional capital	
Minority rights allowed to be recognized	
Net primary capital (Tier I)	
Tier II Capital	
General banking risk reserve	13,982,002
Minority interest	139,478
Tier II Capital	**14,121,480**
Adjustment (deducted from capital)	
Unconsolidated investments in subsidiaries	-
Net Tier II	**14,121,480**
Regulatory capital	**290,200,944**
Total risk weighted assets	1,761,586,241
Capital adequacy (%)	16,47%
Capital adequacy (primary capital) (%)	15,67%
Subordinated capital (%)	0.80%

The following table shows capital adequacy for 2015 as per Basel II:

	2015
	JD
Primary capital:	
Paid in capital	160,000,000
Statutory reserve	60,988,222
Cyclical reserve	5,902,049
Retained earnings	46,733,699
Less:	
Investment in banks and financial companies*	10,243,826
Assets obtained by the Bank by calling on collateral more than four years	-
Intangible assets	10,189,750
Total Primary capital	253,190,394
Additional capital	
Fair value reserve	468,829
General banking risk reserve	12,670,000
Less:	
Investment in banks and financial companies*	10,243,826
Total additional capital	2,895,003
Total regulatory capital	256,085,397
Total risk weighted assets	1,622,106,901
Capital adequacy (regulatory capital) (%)	15.79
Capital adequacy (primary capital) (%)	15.61

* According to Basel II regulations, 50% of the value of the investments in banks and subsidiaries is eliminated from the total primary capital and 50% from regulatory capital.

(45) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

2016 -	Within 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	225,410,667	-	225,410,667
Balances at banks and financial institutions	333,854,252	-	333,854,252
Deposits at banks and financial institutions	50,880,088	22,662,980	73,543,068
Financial assets at fair value through profit or loss	25,822,584	-	25,822,584
Financial assets at fair value through other comprehensive income	-	31,502,293	31,502,293
Direct credit facilities	374,052,291	982,226,857	1,356,279,148
Financial assets at amortized cost	147,106,579	189,116,716	336,223,295
Financial assets pledged as collateral	-	13,476,000	13,476,000
Property and equipment	3,654,090	38,681,266	42,335,356
Intangible assets	6,199,434	3,847,457	10,046,891
Deferred tax assets	700,000	5,570,359	6,270,359
Other assets	15,957,892	20,461,428	36,419,320
Total Assets	1,183,637,877	1,307,545,356	2,491,183,233
Liabilities			
Banks and financial institution deposits	340,484,414	18,472,680	358,957,094
Customers' deposits	1,347,977,807	199,468,441	1,547,446,248
Margin accounts	27,916,900	53,559,947	81,476,847
Borrowed funds	16,663,636	75,501,461	92,165,097
Sundry provisions	3,612,166	11,388,407	15,000,573
Income tax liabilities	18,908,900	1,983,998	20,892,898
Deferred tax liabilities	1,512,080	537,702	2,049,782
Other liabilities	33,219,525	2,665,157	35,884,682
Total Liabilities	1,790,295,428	363,577,793	2,153,873,221
Net Assets	(606,657,551)	943,967,563	337,310,012

2015 -	Within 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	212,347,289	-	212,347,289
Balances at banks and financial institutions	552,356,037	-	552,356,037
Deposits at banks and financial institutions	113,199,984	-	113,199,984
Financial assets at fair value through profit or loss	28,171,886	-	28,171,886
Financial assets at fair value through other comprehensive income	-	37,302,031	37,302,031
Direct credit facilities	307,561,125	836,679,056	1,144,240,181
Financial assets at amortized cost	178,653,183	97,332,504	275,985,687
Financial assets pledged as collateral	24,875,511	52,743,446	77,618,957
Property and equipment	3,131,081	27,358,903	30,489,984
Intangible assets	5,507,710	4,682,040	10,189,750
Deferred tax assets	300,000	3,965,762	4,265,762
Other assets	27,958,482	17,936,074	45,894,556
Total Assets	1,454,062,288	1,077,999,816	2,532,062,104
Liabilities			
Banks and financial institution deposits	382,932,831	-	382,932,831
Customers' deposits	1,387,564,969	182,451,155	1,570,016,124
Margin accounts	32,642,968	53,821,672	86,464,640
Borrowed funds	67,697,295	39,541,045	107,238,340
Sundry provisions	2,676,139	10,893,825	13,569,964
Income tax liabilities	17,184,199	6,415,067	23,599,266
Deferred tax liabilities	1,513,326	635,967	2,149,293
Other liabilities	32,776,695	5,736,972	38,513,667
Total Liabilities	1,924,988,422	299,495,703	2,224,484,125
Net Assets	(470,926,134)	778,504,113	307,577,979

(46) FIDUCIARY ACCOUNTS

Fiduciary accounts amounted to JD 1,360,696 as of 31 December 2016 (2015: JD 7,659,585). Such assets or liabilities are not included in the Bank's statement of financial position.

(47) Contingent Liabilities and Commitments

a) The total outstanding commitments and contingent liabilities are as follows:

	2016	2015
	JD	JD
Letters of credit:		
Received	100,571,034	143,248,725
Issued	32,092,230	44,504,481
Acceptances	1,563,898	8,022,412
Letters of guarantee:		
Payments	16,285,995	15,113,408
Performance	18,015,063	19,736,500
Other	11,437,672	12,660,163
Irrevocable commitments to extend credit	92,169,757	128,103,103
	272,135,649	371,388,792

b) The contractual commitments of the Bank are as follows:

	2016	2015
	JD	JD
Contracts to purchase property and equipment	3,599,638	181,832

* Annual rent of the Bank's main building and the branches amounted to JD 3,615,314 as of 31 December 2016 (2015: JD 3,829,561).

(48) Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 43,857,724 as of 31 December 2016 (31 December 2015: JD 44,023,331). In the opinion of the Bank's management and law consultant, provisions for these lawsuits are sufficient. Provision for possible legal obligations amounted to JD 4,421,931 as of 31 December 2016 (2015: JD 5,496,016).

In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

(49) NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended financial standards have been issued until 31 December 2016 however it is not mandatory until now and the bank did not adopt it yet.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

(50) COMPARATIVE FIGURES

Some of 2015 balances were reclassified to correspond with those of 2016 presentation. The reclassification has no effect on the loss and equity of the year 2015.