



المدير العام / بالوكالة

Date: 31/07/2017

Ref: GM/303/2017

The Honorable,  
Amman Stock Exchange  
Amman, Jordan.

Dear Sirs,

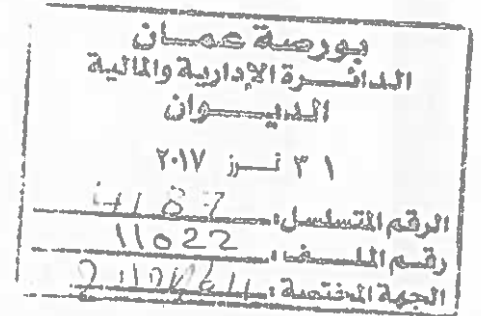
**Subject: "Consolidated Condensed Interim Financial Statements for the Six-Month  
Period Ended June 30<sup>th</sup>, 2017"**

Kindly find attached the translated Consolidated Condensed Interim Financial Statements for the six-month period ended June 30<sup>th</sup> 2017 subject to the Central Bank of Jordan approval.

With all due respect,

Acting General Manager

Salah Hammad



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

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2017  
TOGETHER WITH THE REVIEW REPORT**

BANK OF JORDAN  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
JUNE 30, 2017

TABLE OF CONTENTS

|   |        |
|---|--------|
| Review Report   | 1      |
| Consolidated Condensed Interim Statement of Financial Position        | 2      |
| Consolidated Condensed Interim Statement of profit or Loss            | 3      |
| Consolidated Condensed Interim Statement of Comprehensive Income      | 4      |
| Consolidated Condensed Interim Statement of Changes in Owners' Equity | 5      |
| Consolidated Condensed Interim Statement of Cash Flows                | 6      |
| Notes to the Consolidated Condensed Interim Financial Statements      | 7 - 32 |



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## **Review Report**

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

### **Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of **Bank of Jordan – Public Shareholding Company**- as of June 30, 2017 and the related consolidated condensed interim statements of profit or loss and other comprehensive income, changes in owners' equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard number (34) "Interim Financial Reporting" and the instructions of the Central Bank of Jordan. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information as of June 30, 2017 is not prepared, in all material respects, the consolidated financial position and consolidated cash flow for the Six month period then ended in accordance with International Accounting Standard number (34) "Interim Financial Reporting" and the instructions of the Central Bank of Jordan.

### **Other Matter**

The Bank financial year ends on December 31, of each year, while the condensed consolidated interim financial information has been prepared in accordance with the instructions of Amman Security Exchange, Central Bank of Jordan and for Companies control purposes.

**Kawasmy and Partners  
KPMG**

Hatem Kawasmy  
License no. (656)

Amman - Jordan  
July 26, 2017



**BANK OF JORDAN**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

|   |             | <b>June 30,<br/>2017<br/>(reviewed not<br/>Audited)</b> | <b>December 31,<br/>2016</b> |
|---|-------------|---|------------------------------|
|   | <b>Note</b> | <b>JD</b>   | <b>JD</b>                    |
| <b>Assets</b>   |             |   |                              |
| Cash and balances at central banks                          | 4           | 265,852,690   | 228,197,814                  |
| Balances at banks and financial institutions                | 5           | 298,350,676   | 494,451,425                  |
| Deposits at banks and financial institutions                | 6           | 135,485,550   | 25,000,000                   |
| Financial assets at fair value through profit or loss       | 7           | 199,587   | 205,719                      |
| Financial assets at fair value through Comprehensive Income | 8           | 94,480,701  | 92,128,338                   |
| Financial derivatives                                       |             | 224,664   | -                            |
| Direct credit facilities – net                              | 9           | 1,425,164,222   | 1,226,013,033                |
| Financial assets at amortized cost                          | 10          | 211,394,336   | 172,637,680                  |
| Property and equipment – net                                | 11          | 31,282,387  | 29,774,830                   |
| Intangible assets   |             | 4,109,719   | 3,559,146                    |
| Deferred tax assets   | 15/b        | 13,306,030  | 11,926,470                   |
| Other assets  | 12          | 74,620,096  | 54,944,609                   |
| <b>Total Assets</b>   |             | <b>2,554,470,658</b>                                    | <b>2,338,839,064</b>         |
| <b>Liabilities and Owners' equity</b>                       |             |   |                              |
| <b>Liabilities:</b>   |             |   |                              |
| Banks and financial institutions' deposits                  |             | 105,129,696   | 145,623,458                  |
| Customers' deposits   | 13          | 1,862,136,247   | 1,606,979,130                |
| Cash margins  |             | 136,968,095   | 129,292,102                  |
| Financial derivatives                                       |             | -   | 17,655                       |
| Sundry provisions   | 14          | 4,985,923   | 5,015,992                    |
| Income tax provision  | 15/a        | 14,606,075  | 16,872,706                   |
| Borrowed money  | 16          | 572,103   | 424,879                      |
| Other liabilities   | 17          | 27,429,249  | 22,176,908                   |
| <b>Total Liabilities</b>                                    |             | <b>2,151,827,388</b>                                    | <b>1,926,402,830</b>         |
| <b>Owners' equity</b>                                       |             |   |                              |
| <b>Equity attributable to Bank's Shareholders</b>           |             |   |                              |
| Paid-up capital   |             | 200,000,000   | 200,000,000                  |
| Statutory reserve   |             | 73,917,294  | 73,917,046                   |
| Voluntary reserve   |             | 113,372   | 113,124                      |
| General banking risks reserve                               |             | 14,244,335  | 12,996,161                   |
| Special reserve   |             | 3,330,908   | 3,330,908                    |
| Foreign currencies translation differences                  | 20          | (12,381,018)  | (12,401,835)                 |
| Fair value reserve – net                                    | 18          | 63,221,449  | 63,565,588                   |
| Retained earnings   | 19          | 26,664,025  | 63,926,237                   |
| Profit for the period after tax                             |             | 27,342,384  | -                            |
| <b>Total equity attributable to the Bank's shareholders</b> |             | <b>396,452,749</b>                                      | <b>405,447,229</b>           |
| Non-Controllers' Interest                                   |             | 6,190,521   | 6,989,005                    |
| <b>Total Owners' Equity</b>                                 |             | <b>402,643,270</b>                                      | <b>412,436,234</b>           |
| <b>Total Liabilities and Owners' Equity</b>                 |             | <b>2,554,470,658</b>                                    | <b>2,338,839,064</b>         |

Board of Director's Chairman

GENERAL MANAGER

THE ACCOMPANYING NOTES FROM (1) TO (33) CONSTITUTE AN INTEGRAL PART  
OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
AND SHOULD BE READ WITH THEM AND WITH REVIEW REPORT.

**BANK OF JORDAN**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF INCOME**  
**(REVIEWED NOT AUDITED)**

|   | NOTE | For the Three-Month Period |                   | For the Six-Month Period |                     |
|---|------|----------------------------|-------------------|--------------------------|---------------------|
|   |      | Ended June 30,             |                   | Ended June 30,           |                     |
|   |      | 2017                       | 2016              | 2017                     | 2016                |
|   |      | JD                         | JD                | JD                       | JD                  |
| Interest income   | 21   | 31,769,473                 | 27,332,354        | 60,799,858               | 54,301,247          |
| Interest expense  | 22   | 6,034,468                  | 4,579,475         | 10,738,561               | 8,538,369           |
| <b>Net Interest Income</b>  |      | <b>25,735,005</b>          | <b>22,752,879</b> | <b>50,061,297</b>        | <b>45,762,878</b>   |
| Commissions Income – Net  |      | 5,600,421                  | 5,700,395         | 11,858,596               | 10,933,475          |
| <b>Net Interest and Commissions Income</b>                                      |      | <b>31,335,426</b>          | <b>28,453,274</b> | <b>61,919,893</b>        | <b>56,696,353</b>   |
| Foreign currencies income   |      | 743,068                    | 659,045           | 1,346,214                | 1,381,498           |
| (Losses) Gains from financial assets at fair value through profit or loss       | 23   | (1,732)                    | 18,887            | (2,132)                  | 6,640               |
| Cash dividends from financial assets at fair value through comprehensive income | 8    | 604,730                    | 292,893           | 4,614,644                | 2,792,893           |
| Gain on sale of financial assets at amortized cost                              | 10   | 87,724                     | -                 | 87,724                   | -                   |
| Other income  | 24   | 14,836,750                 | 1,790,803         | 16,377,652               | 2,883,389           |
| <b>Total Income</b>   |      | <b>47,605,966</b>          | <b>31,214,902</b> | <b>84,343,995</b>        | <b>63,760,773</b>   |
| Employees expenses  |      | 7,977,064                  | 7,105,089         | 17,824,369               | 16,019,058          |
| Depreciation and amortization   |      | 1,215,949                  | 1,150,698         | 2,357,333                | 2,260,388           |
| Other expenses  |      | 5,905,267                  | 5,679,043         | 11,493,387               | 10,969,400          |
| Provision for impairment of direct credit facilities                            | 9    | 11,126,925                 | 586,472           | 11,706,116               | 1,688,235           |
| Provision for foreclosed assets in repayment of debts                           | 12   | 821,745                    | 576,860           | 1,500,623                | 1,120,544           |
| Sundry provisions   | 14   | 82,760                     | (22,117)          | 308,831                  | 327,240             |
| <b>Total Expenses</b>   |      | <b>27,129,710</b>          | <b>15,076,045</b> | <b>45,190,659</b>        | <b>32,384,865</b>   |
| Profit before income tax  |      | 20,476,256                 | 16,138,857        | 39,153,336               | 31,375,908          |
| <u>Less: Income tax expense</u>   | 15   | <u>7,160,944</u>           | <u>5,295,756</u>  | <u>12,617,367</u>        | <u>9,970,229</u>    |
| <b>Profit for the Period</b>  |      | <b>13,315,312</b>          | <b>10,843,101</b> | <b>26,535,969</b>        | <b>21,405,679</b>   |
| Attributable to:  |      |                            |                   |                          |                     |
| Bank's Shareholders   |      | 13,429,492                 | 10,591,869        | 27,342,384               | 21,553,050          |
| Non-Controllers' Interest   |      | (114,180)                  | 251,232           | (806,415)                | (147,371)           |
|   |      | <b>13,315,312</b>          | <b>10,843,101</b> | <b>26,535,969</b>        | <b>21,405,679</b>   |
| Earnings per share for the period attributable to the Banks' shareholders       | 25   |                            |                   | Fils/Dinar<br>0.137      | Fils/Dinar<br>0.108 |

Chief Executive Officer

Board of Director's Chairman

THE ACCOMPANYING NOTES FROM (1) TO (33) CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

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

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

|   | <b>For the Three-Month Period</b> |                   | <b>For the Six-Month Period</b> |                   |
|---|-----------------------------------|-------------------|---------------------------------|-------------------|
|   | <b>Ended June 30,</b>             |                   | <b>Ended June 30,</b>           |                   |
|   | <b>2017</b>                       | <b>2016</b>       | <b>2017</b>                     | <b>2016</b>       |
|   | <b>JD</b>                         | <b>JD</b>         | <b>JD</b>                       | <b>JD</b>         |
| <b>Profit for the period</b>  | 13,315,312                        | 10,843,101        | 26,535,969                      | 21,405,679        |
| <b>Other comprehensive income items that may be reclassified subsequently to consolidated condensed interim statement of profit or loss:</b>      |                                   |                   |                                 |                   |
| Foreign currencies translation differences  | 42,240                            | 465,540           | 15,206                          | 2,093,012         |
|   | <b>42,240</b>                     | <b>465,540</b>    | <b>15,206</b>                   | <b>2,093,012</b>  |
| <b>Other comprehensive income items that will not be reclassified subsequently to consolidated condensed interim statement of profit or loss:</b> |                                   |                   |                                 |                   |
| (Loss) from sales of financial assets at fair value through comprehensive income  | 2,417,247                         | (179,365)         | -                               | (479,387)         |
| Change in fair value reserve  | 2,073,108                         | 5,767,194         | (344,139)                       | 24,744,947        |
|   | <b>4,490,355</b>                  | <b>5,587,829</b>  | <b>(344,139)</b>                | <b>24,265,560</b> |
|   | <b>17,847,907</b>                 | <b>16,896,470</b> | <b>26,207,036</b>               | <b>47,764,251</b> |
| <b>Total Comprehensive Income</b>   |                                   |                   |                                 |                   |
| <b>Total Comprehensive Income Attributable to:</b>  |                                   |                   |                                 |                   |
| The Bank's Shareholders   | 17,942,432                        | 16,425,711        | 27,005,520                      | 46,683,537        |
| Non-Controllers' Interest   | (94,525)                          | 443,759           | (798,484)                       | 1,080,714         |
|   | <b>17,847,907</b>                 | <b>16,896,470</b> | <b>26,207,036</b>               | <b>47,764,251</b> |

THE ACCOMPANYING NOTES FROM (1) TO (33) CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH REVIEW REPORT.

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

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

|   | Reserves        |            |              |                       |           |  | Profit for the Period | Total Banks' Shareholders' Equity | Non-Controlling Interest | Total Shareholders' Equity |
|---|-----------------|------------|--------------|-----------------------|-----------|--|-----------------------|-----------------------------------|--------------------------|----------------------------|
|   | Paid-up Capital | Statutory  | Voluntary    | General Banking Risks | Special   | Foreign Currencies Translation Differences |                       |                                   |                          |                            |
|   | JOD             | JOD        | JOD          | JOD                   | JOD       | JOD  | JOD                   | JOD                               | JOD                      | JOD                        |
| <b>For the Six-month Period Ended June 30, 2017</b>                             |                 |            |              |                       |           |  |                       |                                   |                          |                            |
| Balance - beginning of the period   | 200,000,000     | 71,917,046 | 113,124      | 12,996,161            | 3,310,908 | (12,401,435)                               | 63,926,237            | 405,447,229                       | 6,909,005                | 412,416,234                |
| Foreign currencies translation differences                                      | -               | 248        | 248          | 47                    | -         | 20,817                                     | (14,085)              | 3,273                             | 7,911                    | 15,206                     |
| Profit for the period   | -               | -          | -            | -                     | -         | -  | 27,343,384            | 27,343,384                        | (806,415)                | 26,535,969                 |
| Change in fair value reserve  | -               | -          | -            | -                     | -         | -  | -                     | (144,139)                         | -                        | (144,139)                  |
| Total comprehensive income  | -               | 248        | 248          | 47                    | -         | 20,817                                     | (14,085)              | 27,002,520                        | (798,484)                | 26,207,036                 |
| Transfer to reserves  | -               | -          | -            | 1,248,127             | -         | -  | (1,248,127)           | -                                 | -                        | -                          |
| Dividends paid *  | -               | -          | -            | -                     | -         | -  | (16,000,000)          | -                                 | -                        | (16,000,000)               |
| Balance - End of the Period   | 200,000,000     | 72,917,294 | 113,372      | 14,244,315            | 3,310,908 | (12,381,618)                               | 76,664,025            | 396,452,749                       | 6,100,521                | 402,553,270                |
| <b>For the Six-month Period Ended June 30, 2016</b>                             |                 |            |              |                       |           |  |                       |                                   |                          |                            |
| Balance - beginning of the period   | 155,100,000     | 67,716,533 | 13,709,740   | 12,646,252            | 2,931,601 | (11,401,891)                               | 88,442,614            | 362,241,794                       | 4,703,160                | 366,944,954                |
| Foreign currencies translation differences                                      | -               | (1,938)    | (1,938)      | (9,394)               | -         | (641,314)                                  | 1,719,531             | 864,927                           | 1,228,085                | 2,093,012                  |
| Profit for the period   | -               | -          | -            | -                     | -         | -  | 21,453,060            | 21,453,060                        | (147,371)                | 21,305,689                 |
| (Loss) from sale of financial assets at fair value through comprehensive income | -               | -          | -            | -                     | -         | -  | 1,335,452             | (479,387)                         | -                        | (479,387)                  |
| Change in fair value reserve  | -               | -          | -            | -                     | -         | -  | -                     | 24,744,947                        | -                        | 24,744,947                 |
| Total comprehensive income  | -               | (1,938)    | (1,938)      | (9,394)               | -         | (641,314)                                  | 3,072,083             | 46,683,577                        | 1,080,714                | 47,764,551                 |
| Transfer to reserves  | -               | -          | -            | 200,721               | -         | -  | (200,721)             | -                                 | -                        | -                          |
| Dividends paid *  | -               | -          | -            | -                     | -         | -  | (31,020,000)          | (31,020,000)                      | -                        | -                          |
| Increase in paid-up capital   | 44,900,000      | -          | (13,703,838) | -                     | -         | -  | (31,197,142)          | -                                 | -                        | -                          |
| Balance - End of the Period   | 200,000,000     | 67,714,595 | 4,844        | 12,917,579            | 2,921,601 | (12,313,229)                               | 79,017,734            | 377,905,311                       | 5,703,874                | 383,609,285                |

\* According to the resolutions of the Bank's General Assembly in its ordinary meeting held on April 17, 2017, it was approved to distribute 18% of the Bank's capital in cash to shareholders which is equivalent to JD 36,000,000 (against 20% of the Bank's capital in cash to shareholders which is equivalent to JD 72,000,000) according to the resolution of the bank's general assembly in its ordinary meeting held on April 9, 2016)

\*\* In Accordance to the instructions of the regulatory bodies

- The general banking risks reserve and special reserve cannot be utilized without prior approval from the Central Bank of Jordan and the Palestine Monetary Authority
- Retained earnings include a restricted amount of JD 13,306,070 against deferred tax benefits as of June 30, 2017. This restricted amount cannot be utilized through capitalization or distribution unless actually realized based on the Central Bank of Jordan's instructions
- Retained earnings include an amount of JD 5,060,435 as of June 30, 2017 which are restricted amounts and represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, written-off losses or any other commercial acts unless realized through actual sale as instructed by the Central Bank of Jordan and Jordan Security Commission

THE ACCOMPANYING NOTES FROM (1) TO (13) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE REVIEW REPORT.



**BANK OF JORDAN**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**(REVIEWED NOT AUDITED)**

|  | Note | For the Six-Month Period<br>Ended June 30, |                     |
|--|------|--|---------------------|
|  |      | 2017<br>JD                                 | 2016<br>JD          |
| <b>Cash Flows From Operating Activities:</b>   |      |  |                     |
| Profit for the period before income tax  |      | 39,153,336                                 | 31,375,908          |
| Adjustments for:   |      |  |                     |
| Depreciation and amortization  |      | 2,357,333                                  | 2,260,388           |
| Provision for impairment in direct credit facilities   | 9    | 11,706,116                                 | 1,688,235           |
| (Gains) from sale of property and equipment  | 24   | (119,035)                                  | (8,550)             |
| Loss from financial assets at fair value through profit or loss – unrealized                                       | 23   | 6,132                                      | 27,555              |
| Effect of exchange rate fluctuations   |      | (1,147,545)                                | (1,273,466)         |
| Sundry provisions  | 14   | 308,831                                    | 327,240             |
| Provision for foreclosed assets  | 12   | 1,500,623                                  | 1,120,544           |
| Other – Currency differences   |      | 2,682                                      | 1,178,441           |
| <b>Profit before changes in assets and liabilities</b>   |      | <b>53,768,473</b>                          | <b>36,696,295</b>   |
| <b>Changes in Assets and Liabilities:</b>  |      |  |                     |
| (Increase) Decrease in restricted balances   |      | (5,257)                                    | 89,211              |
| (Increase) Decrease in deposits with banks and other financial institutions (with a date exceeds 3 months)         |      | (110,485,550)                              | 86,868,900          |
| Decrease in financial assets at fair value through Profit or Loss  |      | -  | 189,139             |
| (Increase) in direct credit facilities   |      | (210,857,305)                              | (40,326,229)        |
| (Increase) in other assets   |      | (21,638,981)                               | (7,801,915)         |
| (Increase) Decrease in deposits with banks and other financial institutions (with a date exceeds 3 months)         |      | 20,000,000                                 | (3,159,000)         |
| Increase in customers deposits   |      | 255,157,117                                | 102,490,708         |
| Increase in cash margins   |      | 7,675,993                                  | 31,933,672          |
| Increase (decrease) in borrowed funds  |      | 147,224                                    | (19,941)            |
| Increase in other liabilities  |      | 5,336,428                                  | 2,691,565           |
| <b>Net Change in Assets and Liabilities</b>  |      | <b>(54,670,331)</b>                        | <b>172,956,110</b>  |
| <b>Net Cash Flows (used in) from Operating Activities before Taxes and End-of-Service Indemnity Provision Paid</b> |      | <b>(901,858)</b>                           | <b>209,652,405</b>  |
| Income tax paid  | 15   | (16,262,101)                               | (12,914,847)        |
| End of service indemnity provision paid  | 14   | (339,344)                                  | (846,626)           |
| <b>Net Cash flows (used in) from Operating Activities</b>  |      | <b>(17,503,303)</b>                        | <b>195,890,932</b>  |
| <b>Cash Flows From Investing Activities:</b>   |      |  |                     |
| (Purchase) of financial assets at amortized cost   |      | (64,574,295)                               | (21,804,084)        |
| Maturity of financial assets at amortized cost   |      | 25,817,639                                 | 37,951,410          |
| (Purchase) of financial assets at fair value through comprehensive income  |      | (2,746,502)                                | (2,973,251)         |
| Sale of financial assets at fair value through comprehensive income  |      | 50,000                                     | 4,581,217           |
| (Purchase) maturity of financial derivatives   |      | (242,319)                                  | 646,307             |
| (Purchase) of property and equipment   | 11   | (3,069,563)                                | (3,660,750)         |
| Sale of property and equipment   |      | 181,107                                    | 67,752              |
| (purchase) of intangible assets  |      | (948,796)                                  | (443,256)           |
| <b>Net Cash Flows (used in) from Investing Activities</b>  |      | <b>(45,532,729)</b>                        | <b>14,365,345</b>   |
| <b>Cash Flows From Financing Activities:</b>   |      |  |                     |
| Foreign currencies translation differences   |      | 15,206                                     | 2,093,012           |
| Dividends paid to shareholders   |      | (36,084,087)                               | (30,708,117)        |
| <b>Net Cash Flows (used in) Financing Activities</b>   |      | <b>(36,068,881)</b>                        | <b>(28,615,105)</b> |
| Effect of exchange rate fluctuations on cash and cash equivalents  |      | 1,147,545                                  | 1,273,466           |
| <b>Net (Decrease) in Cash and Cash Equivalents</b>   |      | <b>(97,957,368)</b>                        | <b>182,914,638</b>  |
| Cash and cash equivalents – beginning of the period  |      | 564,145,672                                | 383,255,834         |
| <b>Cash and Cash Equivalents – End of the Period</b>   | 26   | <b>466,188,304</b>                         | <b>566,170,472</b>  |

THE ACCOMPANYING NOTES from (1) to (33) CONSTITUTE AN INTEGRAL PART OF THESE  
CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM  
AND WITH THE REVIEW REPORT.

**BANK OF JORDAN  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
NOTES TO THE CONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)**

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**1. GENERAL**

- Bank of Jordan was established as a public shareholding limited company with headquarters in Amman – Jordan on March 3, 1960, and registered under number (1983) according to the Companies Law No. 33 for the year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. The capital of the Bank has been increased several times, the last of which was in accordance with the Extraordinary General Assembly Meeting held on April 9, 2016, where it was decided to raise the Bank's capital from JD155 million to JD 200 million by capitalizing JD 13,702,858 from the voluntary reserve and capitalizing JD 3,111,972 from retained earnings. Moreover, all the legal procedures related to the capital increase were completed on April 19, 2016.
- The Bank provides all financial and banking services within the Bank's scope of activities through the headquarter and its (72) branches in Jordan, (14) branches in Palestine and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan-Syria).
- The accompanying consolidated condensed interim financial statements were approved by the Board of Directors in their meeting Number (600) dated July 25, 2017, and remain subject to the approval of Central Bank of Jordan.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

- The accompanying consolidated condensed interim financial statements for The Bank and its subsidiary were prepared in accordance with the International Accounting Standard (IAS) 34 “interim financial reporting”, and in accordance with the effective local regulations and the Central Bank of Jordan (CBJ) instructions which mainly represented by:
  - Interest and commission on non-performing credit facilities granted to customers are suspended in accordance with Central Bank of Jordan instructions and in accordance with the instructions of the supervisory authorities in Syria and the Palestinian monetary Authority whichever is more strict.
  - An Impairment provision against direct credit facilities is calculated in accordance with Central Bank of Jordan instructions and in accordance with the instructions of the supervisory authorities in Syria and the Palestinian Authority, whichever is more strict.
  - Assets foreclosed by the Bank is presented in the statement of financial position within “Other Assets” category at its foreclosed value or its fair value whichever is lower; and it will be revaluated at the financial statements date, any impairment in its value is recorded as a loss individually in the consolidated statement of profit or loss, however, any Increase in its value is never recorded as a revenue. Any subsequent increase in its fair value is recorded in the consolidated statement of profit or loss up to the impairment loss limited that was previously recorded. Moreover, starting the year 2015, a gradual provision against foreclosed assets in repayment of debts that acquired by the Bank for a period over 4 years should be recorded in accordance to Central Bank of Jordan instaction number 10/1/4076 dated March 27, 2014.

- The general banking risks reserve is calculated in accordance with the instructions of the Central Bank of Jordan.
- The accompanying consolidated condensed interim financial statements were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income and financial derivatives that measured at fair value at the date of preparation of the consolidated condensed interim financial statements. Moreover, hedged assets and liabilities that are stated at their fair value.
- The consolidated condensed interim financial statements are presented in Jordanian Dinar, which is The Bank's functional currency.
- The accompanying consolidated condensed interim financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of The Bank's operations for the six-month period ended on June 30, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017. Therefore, this consolidated condensed interim financial statements should be read with The Bank's annual report for the year ended December 31, 2016. Moreover, it does not contain the appropriation of profit on current period, which is usually performed at the year end.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016 except for the following new adopted and modified standards , which became effective starting from January 1<sup>st</sup>,2017 :
  - IAS (7): Disclosure Initiative
  - IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses
  - Annual Improvements to IFRSs 2014 –2016 Cycle

The application of these amended standards did not have a significant effect on the Bank's consolidated condensed interim financial statements.

#### **Basis of Consolidating the Condensed Interim Financial Statements**

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

As of June 30, 2017, the Bank owns the following subsidiary companies:

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

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

### **3. Accounting Estimates**

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

We believe that the assessments adopted in the consolidated condensed interim financial statements are reasonable. The details are as follows:

- A provision for non-performing loans is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these basis and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, through which the Bank branches and subsidiary companies operate. Moreover, the strictest outcome that conforms with the (IFRSs) is used.
- Impairment of assets foreclosed are recorded based on recent and approved evaluations of these assets performed by approved evaluators for the purposes of calculating the impairment. The impairment for these assets is reviewed periodically. In accordance with the dissemination of the Central Bank of Jordan No. 10/1/4076 dated on March 27, 2014 and No. 10/1/2510 dated on February 14, 2017, the Bank has started from the beginning of the year 2015 to calculate a gradual provision against the assets foreclosed in repayment of debts with a period exceeding 4 years.
- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.
- A provision for lawsuits raised against the Bank is taken. This provision is based on a legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the consolidated statement of profit or loss.
- Fair value hierarchy:  
The Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in the IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When assessing the financial assets and liabilities' fair value, the Bank uses market information when available. In case level 1 inputs are not present, the Bank will deal with independent, qualified parties to prepare evaluation studies. Proper evaluation methods and inputs used in preparing the evaluation are reviewed by the management.

#### **4. CASH AND BALANCES AT CENTRAL BANKS**

- Statutory cash reserve amounted to JD 98,923,778 as of June 30, 2017 (JD 91,505,691 as of December 31, 2016).
- Except for the statutory cash reserve, restricted balances amounted to JD 2,407,764 as of June 30, 2017 (JD 2,402,507 as of December 31, 2016).
- Time and notice deposits include JD 8,224,400 maturing within a period exceeding three months (JD 8,224,400 as of December 31, 2016).

**5. BALANCES AT BANKS AND FINANCIAL INSTITUTIONS**

- Non-interest bearing balances at banks and financial institutions amounted to JD 22,684,722 as of June 30, 2017 (JD 34,597,230 as of December 31, 2016).
- Restricted balances at banks and financial institutions amounted to JD 2,253,202 as of June 30, 2017 (JD 2,253,202 as of December 31, 2016).

**6. DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS**

This item consists of the following

|                                     | June 30, 2017      | December 31, 2016 |
|-------------------------------------|--------------------|-------------------|
|                                     | JD                 | JD                |
| Deposit matures from 3-6 months     | 12,125,550         | 10,000,000        |
| Deposit matures from 6-9 months     | 28,360,000         | -                 |
| Deposits matures from 9-12 months   | 10,000,000         | 15,000,000        |
| Deposit matures in more than a year | 85,000,000         | -                 |
|                                     | <b>135,485,550</b> | <b>25,000,000</b> |

- No restricted balances at banks and financial institutions as of June 30, 2017 and December 31, 2016.
- Deposits at banks and financial institutions within the Hashemite Kingdom of Jordan amounted to JD 123,360,000 and outside the Hashemite Kingdom of Jordan amount of to JD 12,125,550 as of June 30, 2017 (against JD 25,000,000 within the Hashemite Kingdom of Jordan as of December 31, 2016).

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This item consists of the following:

|   | June 30, 2017  | December 31, 2016 |
|---|----------------|-------------------|
|   | JD             | JD                |
| Shares listed in local active markets   | 114,800        | 122,600           |
| Shares unlisted in local active markets | 84,787         | 83,119            |
|   | <b>199,587</b> | <b>205,719</b>    |

**8. Financial Assets at Fair Value Through Comprehensive Income**

This item consists of the following:

|  | June 30, 2017     | December 31, 2016 |
|--|-------------------|-------------------|
|  | JD                | JD                |
| Shares listed in local active markets      | 83,051,273        | 79,021,668        |
| Shares unlisted in local active markets*   | 2,881,601         | 7,146,541         |
| Shares listed in foreign active markets    | 6,849,253         | 4,252,624         |
| Shares unlisted in foreign active markets* | 1,698,574         | 1,707,505         |
|  | <b>94,480,701</b> | <b>92,128,338</b> |

- Cash dividends from financial assets through comprehensive income amounted JD 4,614,644 for the six-month period ended in June 30, 2017.
- \* The fair value of the unlisted investments is calculated in accordance to the Bank's share of the net assets method using the latest audited financial statements of the companies that the Bank invested at.

## 9. DIRECT CREDIT FACILITIES - NET

This item consists of the following:

|   | June 30,<br>2017     | December 31,<br>2016 |
|---|----------------------|----------------------|
|   | JD                   | JD                   |
| <b>Individual (Retail Customers):</b>                             | <b>367,764,940</b>   | <b>328,815,801</b>   |
| Overdraft accounts  | 11,620,030           | 10,453,963           |
| Loans and discounted bills*                                       | 342,541,917          | 305,735,908          |
| Credit cards  | 13,602,993           | 12,625,930           |
| <b>Real estate loans</b>  | <b>224,070,684</b>   | <b>224,886,600</b>   |
| <b>Corporate:</b>   | <b>677,505,049</b>   | <b>604,772,198</b>   |
| Large corporate customers   | 464,101,202          | 456,804,426          |
| Overdraft accounts  | 86,542,444           | 128,944,650          |
| Loans and discounted bills*                                       | 377,558,758          | 327,859,776          |
| SMEs  | 213,403,847          | 147,967,772          |
| Overdraft accounts  | 61,811,914           | 39,217,032           |
| Loans and discounted bills*                                       | 151,591,933          | 108,750,740          |
| <b>Government and public sector</b>                               | <b>240,367,937</b>   | <b>139,357,534</b>   |
| <b>Total</b>  | <b>1,509,708,610</b> | <b>1,297,832,133</b> |
| <u>Less:</u> Provision for impairment in direct credit facilities | (77,029,107)         | (64,840,522)         |
| <u>Less:</u> Suspended Interest                                   | (7,515,281)          | (6,978,578)          |
| <b>Net Direct Credit Facilities</b>                               | <b>1,425,164,222</b> | <b>1,226,013,033</b> |

- \* Net of interest and commission received in advance in the amount of JD 13,545,327 as of June 30, 2017 (JD 12,623,079 as of December 31, 2016).
- Non-performing credit facilities amounted to JD 67,665,202 representing 4.48% of direct credit facilities balance as of June 30, 2017 (JD 66,206,464 representing 5.1% as of December 31, 2016).
- Non-performing credit facilities after deducting the suspended interest amounted to JD 60,149,921 representing 4 % of direct credit facilities after deducting the suspended interest as of June 30, 2017 (JD 59,227,886 , representing 4.59% as of December 31, 2016).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 177,242,950, representing 11.74% of total direct credit facilities as of June 30, 2017 (JD 87,000,117, representing 6.7% as of December 31, 2016). Moreover, credit facilities granted to the public sector in Palestine amounted JD 63,124,987 as of June 30, 2017 (JD 52,357,417 as of December 31, 2016).

### Provision for impairment in direct credit facilities:

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

| June 30, 2017                                | Individual<br>(Retail<br>Customers) | Real Estate      | CORPORATE ENTITIES              |                   |               | Total             |
|--|-------------------------------------|------------------|---------------------------------|-------------------|---------------|-------------------|
|  |                                     |                  | Large<br>Corporate<br>Customers | SMEs              | Public Sector |                   |
|  | JD                                  | JD               | JD                              | JD                | JD            | JD                |
| Balance – beginning of the period            | 18,953,345                          | 2,785,243        | 35,966,394                      | 7,135,540         | -             | 64,840,522        |
| Foreign currency differences                 | 56,601                              | 80               | 403,326                         | 22,462            | -             | 482,469           |
| Provision for the period taken from revenues | 1,818,867                           | 271,763          | 3,926,906                       | 5,688,580         | -             | 11,706,116        |
| <b>Balance – End of the Period</b>           | <b>20,828,813</b>                   | <b>3,057,086</b> | <b>40,296,626</b>               | <b>12,846,582</b> | <b>-</b>      | <b>77,029,107</b> |

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

The amount of calculated provisions on a single client basis and on a portfolio basis is as follows:

| June 30, 2017               | CORPORATE ENTITIES            |             |                           |            |               | Total      |
|-----------------------------|-------------------------------|-------------|---------------------------|------------|---------------|------------|
|                             | Individual (Retail Customers) | Real Estate | Large Corporate Customers | SMEs       | Public Sector |            |
|                             | JD                            | JD          | JD                        | JD         | JD            |            |
| On a single client basis    | 20,486,965                    | 2,722,462   | 39,537,840                | 12,691,653 | -             | 75,438,920 |
| On a portfolio basis        | 341,848                       | 334,624     | 758,786                   | 154,929    | -             | 1,590,187  |
| Balance – End of the Period | 20,828,813                    | 3,057,086   | 40,296,626                | 12,846,582 | -             | 77,029,107 |

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

- Provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 2,267,386 as of June 30, 2017 (JD 6,714,569 as of December 31, 2016).
- Total credit facilities amounted to JD 9,920,148, its suspended interest in the amount of JD 1,454,933 and its provisions in the amount of JD 8,465,215 as of December 31, 2016 had been transferred to off – Consolidated statement of financial position accounts in accordance with Board of Directors resolutions as they are fully provided for.

#### Interest in suspense:

The following is the movement on the interest in suspense:

|   | June 30, 2017                 |             |                           |           |           |
|---|-------------------------------|-------------|---------------------------|-----------|-----------|
|   | CORPORATE ENTITIES            |             |                           |           | Total     |
|   | Individual (Retail Customers) | Real Estate | Large Corporate Customers | SMEs      |           |
|   | JD                            | JD          | JD                        | JD        | JD        |
| Balance – beginning of the period             | 2,526,228                     | 524,594     | 2,304,247                 | 1,623,509 | 6,978,578 |
| Add: Suspended interest during the period     | 230,008                       | 81,004      | 248,882                   | 351,716   | 884,610   |
| Less: Interest in suspense reversed to income | (120,916)                     | (47,824)    | (125,094)                 | (54,073)  | (347,907) |
| Balance - End of the Period                   | 2,608,320                     | 557,774     | 2,428,035                 | 1,921,152 | 7,515,281 |



| December 31, 2016   |                                     |                |                                 |                  |                  |
|---|-------------------------------------|----------------|---------------------------------|------------------|------------------|
|   | CORPORATE ENTITIES                  |                |                                 |                  |                  |
|   | Individual<br>(Retail<br>Customers) | Real Estate    | Large<br>Corporate<br>Customers | SMEs             | Total            |
|   | JD                                  | JD             | JD                              | JD               | JD               |
| Balance – beginning of the year   | 2,528,254                           | 590,375        | 4,459,612                       | 1,445,040        | 9,023,281        |
| Add: Interest suspended during the year   | 228,273                             | 155,680        | (175,346)                       | 838,189          | 1,046,796        |
| Less: Interest in suspense reversed to income                                     | (230,299)                           | (221,461)      | (525,086)                       | (659,720)        | (1,636,566)      |
| Suspended interest transferred to off-statement<br>of financial position accounts | -                                   | -              | (1,454,933)                     | -                | (1,454,933)      |
| <b>Balance - End of the Year</b>  | <b>2,526,228</b>                    | <b>524,594</b> | <b>2,304,247</b>                | <b>1,623,509</b> | <b>6,978,578</b> |

Direct credit facilities are distributed based on the economic sector and geographic distribution as follow:

|  | Inside the<br>Kingdom | Outside the<br>Kingdom | Total                |                      |
|--|-----------------------|------------------------|----------------------|----------------------|
|  |                       |                        | June 30, 2017        | December 31,<br>2016 |
| Financial                                  | 903,048               | -                      | 903,048              | 2,851,395            |
| Industrial                                 | 128,724,497           | 31,488,945             | 160,213,442          | 139,306,956          |
| Trade                                      | 310,838,919           | 43,126,398             | 353,965,317          | 257,125,407          |
| Real estate                                | 191,806,485           | 2,524,167              | 194,330,652          | 182,661,300          |
| Constructions                              | 43,203,950            | 7,389,021              | 50,592,971           | 42,225,300           |
| Agriculture                                | 10,668,764            | 10,243,662             | 20,912,426           | 16,950,200           |
| Tourism, restaurants and public facilities | 70,614,787            | 5,816,931              | 76,431,718           | 93,763,837           |
| Shares                                     | 9,583,573             | -                      | 9,583,573            | 11,202,167           |
| Individuals                                | 345,482,553           | 56,924,973             | 402,407,526          | 412,388,037          |
| Government and public sector               | 177,242,950           | 63,124,987             | 240,367,937          | 139,357,534          |
| <b>Total</b>                               | <b>1,289,069,526</b>  | <b>220,639,084</b>     | <b>1,509,708,610</b> | <b>1,297,832,133</b> |

#### 10. Financial Assets at Amortized Cost

This item consists of the following:

|  | June 30, 2017      | December 31,<br>2016 |
|--|--------------------|----------------------|
|  | JD                 | JD                   |
| Governmental financial securities and by its guarantee | 142,557,941        | 122,596,012          |
| Bonds and debentures of companies                      | 68,836,395         | 60,041,668           |
|  | <b>211,394,336</b> | <b>172,637,680</b>   |

Analysis of bonds and bills:

|  | June 30, 2017      | December 31,<br>2016 |
|--|--------------------|----------------------|
|  | JD                 | JD                   |
| Fixed-rate-of-return financial assets    | 211,394,336        | 160,343,376          |
| Variable-rate-of-return financial assets | -                  | 12,294,304           |
|  | <b>211,394,336</b> | <b>172,637,680</b>   |

The maturities of these assets are as follows:

| Up to<br>1 Month<br>JD         | More than 1<br>Month<br>Up to 3<br>Months<br>JD | More than 3<br>Months<br>Up to 6<br>Months<br>JD | More than 6<br>Months<br>Up to 1 Year<br>JD | More than 1<br>Year<br>Up to 3 Years<br>JD | More than<br>3 Years<br>JD | Total<br>JD |
|--------------------------------|---|--|---|--|----------------------------|-------------|
| <u>As of 30 June, 2017</u>     |   |  |   |  |                            |             |
| -                              | 17,983,915                                      | -  | 17,000,321                                  | 103,444,588                                | 72,965,512                 | 211,394,336 |
| <u>As of 31 December, 2016</u> |   |  |   |  |                            |             |
| 5,173,074                      | 4,193,787                                       | 1,422,450  | 14,424,134                                  | 71,633,705                                 | 75,790,530                 | 172,637,680 |

- During the first half of 2017, Financial assets at amortized cost with nominal value of JD 21,979,000 were sold due to the decrease in the credit rating to these assets. This transaction resulted in a gain with an amount of JD 87,724 for the six-months ended at June 30, 2017.

#### **11. PROPERTY AND EQUIPMENT – NET**

The movement on the property and equipment for the six-month period ended in June 30, 2017 was represented by additions in the amount of JD 3,069,563 (JD 8,895,633 for the year ended December 31, 2016) , and disposals in the amount of JD 1,275,242 (JD 4,288,840 for the year ended December 31, 2016) in addition to foreign currency differences related to Bank of Jordan Syria (subsidiary) amounted to JD 3,667. Moreover, assets foreclosed in the amount of JD 462,871 have been transferred to be used in the Bank's operations

#### **12. OTHER ASSETS**

This item consists of the following:

|   | June 30,<br>2017<br>JD | December 31,<br>2016<br>JD |
|---|------------------------|----------------------------|
| Transactions in transit                                       | 18,819                 | 20,554                     |
| Accrued interest income                                       | 6,254,082              | 4,810,872                  |
| Prepaid expenses  | 6,306,931              | 2,587,775                  |
| Assets foreclosed by the Bank in<br>repayment of debts - net* | 46,603,897             | 34,705,556                 |
| Clearance cheques   | 3,985,183              | 1,634,270                  |
| Advance payments on acquisition of<br>lands and real estates  | 588,117                | 912,359                    |
| Prepaid tax expenses  | 1,342,007              | 1,970,506                  |
|   | 9,521,060              | 8,302,717                  |
| Accounts receivables and other debit<br>Balances - Net        | <u>74,620,096</u>      | <u>54,944,609</u>          |

- \* The following is the movement on the assets foreclosed by the Bank in repayment of debts:

|  | <b>Foreclosed Assets</b>                               |  |
|--|--|--|
|  | <b>For the Six-Month Period Ended on June 30, 2017</b> | <b>For the Year Ended on December 31, 2016</b> |
|  | <b>JD</b>  | <b>JD</b>                                      |
| Balance - beginning of the period/year           | 41,511,299   | 41,642,564                                     |
| Additions  | 14,331,350   | 2,430,218                                      |
| Disposals  | (932,386)  | (2,561,483)                                    |
| <b>Total</b>                                     | <b>54,910,263</b>                                      | <b>41,511,299</b>                              |
| Provision for building foreclosed by The Bank ** | (8,306,366)  | (6,805,743)                                    |
| <b>Balance - End of the Period/Year</b>          | <b>46,603,897</b>                                      | <b>34,705,556</b>                              |

- According to the Jordanian Banks' Law, buildings and plots of lands foreclosed by the Bank in repayment of debts from clients should be sold within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for two more years in exceptional cases. In accordance with the dissemination of the Central Bank of Jordan No. 10/1/4076 dated on March 27, 2014. Starting the year 2015, The Bank has started to calculate a gradual provision in repayment of the assets foreclosed in repayment of debts with a period exceeding 4 years, such also in line with Central Bank of Jordan dissemination No. 10/1/2510 dated February 14, 2017.

- \*\* The movement on impairment provision against foreclosed assets in repayment of debts was as follow:

|   | <b>For the Six-Month Period Ended on June 30, 2017</b> | <b>For the Year Ended on December 31, 2016</b> |
|---|--|--|
|   | <b>JD</b>  | <b>JD</b>                                      |
| Balance – beginning of the period /year | 6,805,743  | 4,268,712                                      |
| Addition during the period / year       | 1,500,623  | 2,537,923                                      |
| Disposals during the period / year      | -  | (892)  |
|   | <b>8,306,366</b>                                       | <b>6,805,743</b>                               |

### **13. CUSTOMERS' DEPOSITS**

This item consists of the following:

| <b>June 30, 2017</b>                 |                      |                        |                    |                                     |                      |
|--------------------------------------|----------------------|------------------------|--------------------|-------------------------------------|----------------------|
|                                      | <b>Individuals</b>   | <b>Large Corporate</b> | <b>SMEs</b>        | <b>Public Sector and Government</b> | <b>Total</b>         |
|                                      | <b>JD</b>            | <b>JD</b>              | <b>JD</b>          | <b>JD</b>                           | <b>JD</b>            |
| Current accounts and demand deposits | 363,858,351          | 147,924,121            | 87,715,618         | 8,459,187                           | 607,957,277          |
| Saving accounts                      | 665,625,837          | 1,606,721              | 12,500,778         | 75,616                              | 679,808,952          |
| Time and notice deposits             | 233,527,580          | 157,512,762            | 27,360,031         | 66,523,053                          | 484,923,426          |
| Certificates of deposit              | 83,827,078           | 890,864                | 4,728,650          | -                                   | 89,446,592           |
| <b>Total</b>                         | <b>1,346,838,846</b> | <b>307,934,468</b>     | <b>132,305,077</b> | <b>75,057,856</b>                   | <b>1,862,136,247</b> |
| <b>December 31, 2016</b>             |                      |                        |                    |                                     |                      |
|                                      | <b>Individuals</b>   | <b>Large Corporate</b> | <b>SMEs</b>        | <b>Public Sector and Government</b> | <b>Total</b>         |
|                                      | <b>JD</b>            | <b>JD</b>              | <b>JD</b>          | <b>JD</b>                           | <b>JD</b>            |
| Current accounts and demand deposits | 355,601,307          | 84,696,037             | 83,093,736         | 11,818,041                          | 535,209,121          |
| Saving accounts                      | 661,287,174          | 1,384,695              | 13,092,483         | 78,767                              | 675,843,479          |
| Time and notice deposits             | 202,401,692          | 85,959,821             | 25,621,116         | 9,860,366                           | 323,842,995          |
| Certificates of deposit              | 65,897,325           | 570,890                | 5,615,320          | -                                   | 72,083,535           |
| <b>Total</b>                         | <b>1,285,187,498</b> | <b>172,611,443</b>     | <b>127,423,015</b> | <b>21,757,174</b>                   | <b>1,606,979,130</b> |

- Deposits of the Jordanian Government and the public sector inside Jordan amounted to JD 68,830,943 which equivalent to (3.7%) of total customers' deposits as of June 30, 2017 (JD 16,118,947 which is equivalent to 1 % as of December 31, 2016).
- Non-interest bearing deposits amounted to JD 717,399,932 which is equivalent to (38.52%) of total customers' deposits as of June 30, 2017 (JD 901,249,775 which is equivalent to 56.08% of total deposits as of December 31, 2016).
- Restricted deposits amounted to JD 19,272,900 which is equivalent to (1.03%) of total customers' deposits as of June 30, 2017 (JD 20,715,053 which is equivalent to 1.29% of total deposits as of December 31, 2016).
- Dormant deposits amounted to JD 86,883,115 as of June 30, 2017 (JD 82,178,656 as of December 31, 2016).

#### 14. SUNDRY PROVISIONS

This item consists of the following:

| <u>For the Six-Month<br/>Period Ended June 30<sup>th</sup>, 2017</u> | <u>Beginning<br/>Balance</u> | <u>Provided for<br/>During the<br/>Period/Year</u> | <u>Used During<br/>the<br/>Period/Year</u> | <u>Foreign<br/>Currencies<br/>Differences</u> | <u>Ending<br/>Balance for<br/>the Period /<br/>Year</u> |
|--|------------------------------|--|--|---|---|
|  | JD                           | JD   | JD   | JD  | JD  |
| Provision for end-of-service indemnity                               | 4,186,235                    | 296,054  | 332,081                                    | -   | 4,150,208   |
| Provision for lawsuits   | 626,714                      | 1,877  | 4,027                                      | -   | 624,564   |
| Other provisions   | 203,043                      | 10,900   | 3,236                                      | 444   | 211,151   |
|  | <u>5,015,992</u>             | <u>308,831</u>                                     | <u>339,344</u>                             | <u>444</u>                                    | <u>4,985,923</u>  |

| <u>For the Year Ended<br/>December 31<sup>st</sup>, 2016</u> | <u>Beginning<br/>Balance</u> | <u>Provided<br/>for During<br/>the Year</u> | <u>Used During<br/>the Year</u> | <u>Foreign<br/>Currencies<br/>Differences</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---|---------------------------------|---|---------------------------|
|  | JD                           | JD  | JD                              | JD  | JD                        |
| Provision for end-of-service indemnity                       | 5,337,873                    | 353,166                                     | (1,504,804)                     | -   | 4,186,235                 |
| Provision for lawsuits                                       | 600,801                      | 41,628                                      | (15,715)                        | -   | 626,714                   |
| Other provisions   | 287,491                      | 20,496                                      | (4,609)                         | (100,335)                                     | 203,043                   |
|  | <u>6,226,165</u>             | <u>415,290</u>                              | <u>(1,525,128)</u>              | <u>(100,335)</u>                              | <u>5,015,992</u>          |

#### 15. INCOME TAX

##### a. Income tax provision

The movement on the income tax provision is as follows:

|                                       | <u>For the Six- Month<br/>Period Ended June<br/>30, 2017</u> | <u>For the Year<br/>Ended<br/>December 31,<br/>2016</u> |
|---------------------------------------|--|---|
|                                       | JD   | JD  |
| Beginning balance for the period/year | 16,872,706   | 13,197,654  |
| Income tax paid                       | (16,262,101)   | (16,811,866)  |
| Accrued income tax                    | 13,976,684   | 20,486,918  |
| Previous years income tax             | 18,786   | -   |
| <b>End of Period/Year Balance</b>     | <u><b>14,606,075</b></u>                                     | <u><b>16,872,706</b></u>                                |

Income tax expense in the consolidated condensed interim statement of Profit or Loss represents the following:

|   | <u>For the Six-Month Period Ended<br/>on June 30,</u> |                         |
|---|---|-------------------------|
|   | <u>2017</u>   | <u>2016</u>             |
|   | JD  | JD                      |
| Accrued income tax on period's profit         | 13,976,684  | 10,110,902              |
| Prior years income tax                        | 18,786  | 50,592                  |
| Deferred tax assets for the period – addition | (1,492,305)   | (479,368)               |
| Amortization of deferred tax assets           | 112,745   | 824,334                 |
| Foreign currencies differences                | 1,457   | (536,231)               |
|   | <u><b>12,617,367</b></u>                              | <u><b>9,970,229</b></u> |

- Legal income tax rate in Jordan is 35%, whereas the legal income tax rate in Palestine at which the Bank had investments and branches is 15%, in Syria (a subsidiary company) at 25% and for the subsidiary Companies in Jordan at 24%.
- A final settlement has been reached with the Income and Sales Tax Department in Jordan up to the end of the year 2013. Moreover the Bank submitted its tax returns for the years 2011, 2014, 2015 and 2016 and paid the declared taxes according to the law, however, no final settlements have been reached with the Income and Sales Tax Department for these years yet. Knowing that the Income and Sales Tax Department claims the Bank for tax differences regarding the year 2011 in the amount JD 1.8 , The Bank has objected this assessment and raised lawsuit against the Income and Sales Tax Department which still at the court of first instance. Moreover, the Income and Sales Tax Department had requested the Bank with tax differences regarding the year 2014 in the amount of JD 2.9 M which objected by the Bank and a legal case raised against the Income and Sales Tax Department which still at the court of first instance. For the year 2015, the Income and Sales Tax Department has requested the Bank with Tax differences that remain at the objection period. In the opinion of the management and tax consultant, that the Bank will not bear any obligations in excess of the provision booked in the consolidated condensed interim financial statements.
- The Bank has reached to final tax settlements with the Income Tax and Value Added Tax up to the end of the year 2016 on the Bank operation in Palestine. Moreover, in 2016 the Bank has booked an amount of JD 350,000 that represents accrued income tax regarding the results of the Bank operations for the Six-month period ended on June 30, 2017. In the opinion of the management and the tax consultant, the provisions recorded are adequate to meet the tax commitments to Palestinian Authority.
- A final settlement was reached with the Income and Sales Tax Department up to the year 2014 regarding Excel for Financial Investments Company (a subsidiary company). Moreover, the Company has submitted its tax returns for the years 2015 which reviewed by Income and Sales Tax Department and for the year 2016 which still not reviewed by Income and sales Tax Department and paid the declared taxes. In the opinion of the management and its tax consultant, the provisions recorded are adequate to meet the tax commitments.
- Jordan Leasing Company (a subsidiary company) has reached a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax returns for the year 2016 and paid the declared taxes, In the opinion of the management and it's Tax consultant, the provisions recorded are adequate to meet the tax commitments.
- The Bank calculated the accrued income tax for the six-month period ended June 30, 2017 for the Bank and its subsidiary Companies and external branches. In the opinion of the management and its tax consultant, the balance is sufficient to meet the tax commitments as of that date.

**b. Deferred Tax Assets/Liabilities**

The details of this item are as follows:

|  | For the Six-Month Period Ended on June 30, 2017 |                  |                  |                           |                   | For the Year Ended December 31, 2016 |
|--|---|------------------|------------------|---------------------------|-------------------|--------------------------------------|
|  | Beginning Balance - of the Year                 | Amounts Released | Amounts Added    | Balance - End of the Year | Deferred Tax      | Deferred Tax                         |
|  | JD  | JD               | JD               | JD                        | JD                | JD                                   |
| <u>Accounts Included</u>                         |   |                  |                  |                           |                   |                                      |
| Provisions for non- performing debts             | 17,779,051                                      | -                | 2,502,895        | 20,281,946                | 7,098,681         | 6,222,668                            |
| Provision for non-performing debts - prior years | 3,754,235                                       | -                | -                | 3,754,235                 | 1,082,233         | 1,082,233                            |
| Provision for staff end-of-service indemnity     | 4,186,235                                       | 332,081          | 269,054          | 4,150,208                 | 1,216,968         | 1,243,573                            |
| Interest in suspense                             | 998,113   | -                | -                | 998,113                   | 261,797           | 261,797                              |
| Provision for lawsuits held against the Bank     | 626,714   | 4,027            | 1,877            | 624,564                   | 207,859           | 208,612                              |
| Provision for assets foreclosed by the Bank      | 6,805,743                                       | -                | 1,500,623        | 8,306,366                 | 2,744,776         | 2,219,558                            |
| Impairment in assets available for sale          | 62,831  | -                | -                | 62,831                    | 21,991            | 21,991                               |
| Other provisions                                 | 2,664,152                                       | -                | 22,746           | 2,686,898                 | 671,725           | 666,038                              |
|  | <u>36,877,074</u>                               | <u>336,108</u>   | <u>4,324,195</u> | <u>40,865,161</u>         | <u>13,306,030</u> | <u>11,926,470</u>                    |

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

|   | For the Six month period ended in June 30, 2017 | For the year ended in December 31, 2016 |
|---|---|---|
|   | JD  | JD                                      |
| Balance - Beginning of the period/Year  | 11,926,470                                      | 12,217,573                              |
| Added during the period/Year            | 1,492,305                                       | 1,517,791                               |
| Amortized during the period/Year        | (112,745)                                       | (1,144,257)                             |
| Foreign currencies differences          | -   | (664,637)                               |
| <b>Balance - End of the period/Year</b> | <b>13,306,030</b>                               | <b>11,926,470</b>                       |

\*the tax rates used to calculate deferred tax assets represent the prevailing tax rates in countries the Bank operates at.

**c. The following is a summary of the reconciliation between accounting profit and taxable profit:**

|                           | For the Six month period ended in June 30, |                   |
|---------------------------|--|-------------------|
|                           | 2017                                       | 2016              |
|                           | JD   | JD                |
| Accounting profit         | 39,153,336                                 | 31,375,908        |
| Tax-exempt profit         | (5,642,546)                                | (3,833,247)       |
| Tax-unacceptable expenses | 6,970,566                                  | 2,799,271         |
| <b>Taxable Profit</b>     | <b>40,481,356</b>                          | <b>30,341,932</b> |
| <b>Income tax rate</b>    | <b>34.5%</b>                               | <b>33.3%</b>      |

## **16. Borrowed Money**

This item consists of the following:

|                    | <b>Instalments</b> |                     |                  |                 |                   | <b>Borrowing Cost</b> |
|--------------------|--------------------|---------------------|------------------|-----------------|-------------------|-----------------------|
|                    | <b>Amount</b>      | <b>Total Number</b> | <b>Remaining</b> | <b>Maturity</b> | <b>Guarantees</b> |                       |
| June 30, 2017      |                    |                     |                  |                 | Treasury          |                       |
| Borrowing from CBJ | 367,790            | 60                  | 42               | Monthly         | Bonds             | 2.25%                 |
| Borrowing from CBJ | 204,313            | 108                 | 108              | Monthly         | Promissory        | 1.75%                 |
| Total              | <u>572,103</u>     |                     |                  |                 |                   |                       |

|                    | <b>Instalments</b> |                     |                  |                 |                   | <b>Borrowing Cost</b> |
|--------------------|--------------------|---------------------|------------------|-----------------|-------------------|-----------------------|
|                    | <b>Amount</b>      | <b>Total Number</b> | <b>Remaining</b> | <b>Maturity</b> | <b>Guarantees</b> |                       |
| December 31, 2016  |                    |                     |                  |                 | Treasury          |                       |
| Borrowing from CBJ | 424,789            | 60                  | 48               | Monthly         | Bonds             | 2.25%                 |
| Total              | <u>424,789</u>     |                     |                  |                 |                   |                       |

- The above amount has been re-granted to a Bank customer within the SME's segment at interest rate of 5.25%.
- Lending with Fixed interest rates and there is no lendings with variables or with no interest rates as of June 30, 2017 and December 31, 2016.

## **17. Other Liabilities**

This item consists of the following:

|                          | <b>June 30, 2017</b> | <b>December 31, 2016</b> |
|--------------------------|----------------------|--------------------------|
|                          | <b>JD</b>            | <b>JD</b>                |
| Accrued interest payable | 3,915,493            | 2,748,843                |
| Accepted cheques         | 7,453,730            | 7,261,564                |
| Temporary deposits       | 2,907,728            | 2,452,352                |
| Dividends payable        | 1,796,316            | 1,880,403                |
| Deposits on safe boxes   | 172,225              | 169,226                  |
| Sold real estate margins | 194,558              | 291,472                  |
| Other liabilities *      | 10,989,199           | 7,373,047                |
|                          | <u>27,429,249</u>    | <u>22,176,908</u>        |

- \* The details of other liabilities are as follows:

|                                  | <b>June 30, 2017</b> | <b>December 31, 2016</b> |
|----------------------------------|----------------------|--------------------------|
|                                  | <b>JD</b>            | <b>JD</b>                |
| Social security deposits         | 280,587              | 264,323                  |
| Income tax deposits              | 267,584              | 283,396                  |
| Accrued expenses                 | 3,900,518            | 3,459,949                |
| Incoming transfers               | 663,628              | 231,740                  |
| Board of Directors' remuneration | 27,500               | 55,000                   |
| Other credit balances            | 5,849,382            | 3,078,639                |
|                                  | <u>10,989,199</u>    | <u>7,373,047</u>         |



**18. Fair Value Reserve**

The movement of the fair value reserve as follows:

|  | June 30,<br>2017  | December 31,<br>2016 |
|--|-------------------|----------------------|
|  | JD                | JD                   |
| Balance - Beginning of the period/Year   | 63,565,588        | 33,186,645           |
| Unrealized (losses) gains  | (344,139)         | 32,217,724           |
| (Transferred) as result for sale of financial assets at fair value through comprehensive income - recognized | -                 | (1,838,781)          |
| <b>Balance – End of the period/Year</b>  | <b>63,221,449</b> | <b>63,565,588</b>    |

**19. RETAINED EARNINGS**

The details of this item are as follows:

|  | June 30,<br>2017  | December 31,<br>2016 |
|--|-------------------|----------------------|
|  | JD                | JD                   |
| Balance - beginning for the period/year                        | 63,926,237        | 88,442,614           |
| Dividends distributed to shareholders                          | (36,000,000)      | (31,020,000)         |
| Profit for the year  | -                 | 41,396,285           |
| Transferred to reserves  | (1,248,127)       | (7,082,118)          |
| Gains on sale of financial assets through comprehensive income | -                 | 1,346,863            |
| Foreign currencies differences                                 | (14,085)          | 2,039,735            |
| Transferred to capital increase                                | -                 | (31,197,142)         |
| <b>Balance – End of the Period/Year *</b>                      | <b>26,664,025</b> | <b>63,926,237</b>    |

- Retained earnings include an amount of JD 13,306,030 restricted against deferred tax benefits as of June 30, 2017 (JD 11,926,470 as of December 31, 2016).
- Retained earnings include an amount of JD 5,060,455 as of June 30, 2017 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Commission.

**20. Foreign Currency Translation Differences**

This item represents the net difference resulting from the translation of the net investment in the subsidiary (Bank of Jordan, Syria) on consolidation of the financial statements.

- The movement on this item is as follows:

|  | June 30,<br>2017    | December 31,<br>2016 |
|--|---------------------|----------------------|
|  | JD                  | JD                   |
| Balance – beginning of the period/year   | (12,401,835)        | (11,481,891)         |
| Change in the translation of the net investment in the subsidiary during the period/year | 20,817              | (919,944)            |
| <b>Balance – End of the Period/Year</b>  | <b>(12,381,018)</b> | <b>(12,401,835)</b>  |

**21. Interest Income**

The details of this item are as follows:

|  |                   | For the Six-Month Period Ended on<br>June 30, |                   |
|--|-------------------|---|-------------------|
|  |                   | 2017  | 2016              |
|  |                   | JD  | JD                |
| Direct Credit Facilities:                                      |                   |   |                   |
| <b>Individual (retail customers):</b>                          |                   | <b>16,826,092</b>                             | <b>14,357,697</b> |
| Overdraft accounts   | 627,123           | 522,455                                       |                   |
| Loans and discounted bills                                     | 14,972,673        | 12,675,300                                    |                   |
| Credit cards   | 1,262,296         | 1,159,942                                     |                   |
| <b>Real estate loans</b>                                       | <b>8,289,962</b>  | <b>7,956,185</b>                              |                   |
| <b>Corporate Entities:</b>                                     |                   | <b>21,296,648</b>                             | <b>19,501,486</b> |
| Large corporate customers:                                     | 14,397,416        | 13,903,453                                    |                   |
| Overdraft accounts   | 2,732,144         | 3,189,133                                     |                   |
| Loans and discounted bills                                     | 11,665,272        | 10,714,320                                    |                   |
| SMEs:  | 6,899,232         | 5,598,033                                     |                   |
| Overdraft accounts   | 1,598,368         | 1,360,587                                     |                   |
| Loans and discounted bills                                     | 5,300,864         | 4,237,446                                     |                   |
| <b>Government and public sector</b>                            | <b>4,894,767</b>  | <b>3,024,808</b>                              |                   |
| Balances with central banks                                    | 1,080,632         | 578,097                                       |                   |
| Balances and deposits with banks and financial<br>Institutions | 4,556,883         | 4,621,419                                     |                   |
| Financial assets at amortized cost                             | 3,854,874         | 4,261,555                                     |                   |
| <b>Total</b>   | <b>60,799,858</b> | <b>54,301,247</b>                             |                   |

**22. Interest Expense**

The details of this item are as follows:

|  |                   | For the Six-Month Period Ended on<br>June 30, |      |
|--|-------------------|---|------|
|  |                   | 2017  | 2016 |
|  |                   | JD  | JD   |
| Banks and financial institution deposits | 639,556           | 571,037                                       |      |
| Customers' deposits:                     |                   |   |      |
| Current and demand deposits              | 51,736            | 108,898                                       |      |
| Saving accounts                          | 552,086           | 556,406                                       |      |
| Time and notice deposits                 | 5,828,761         | 4,194,009                                     |      |
| Certificates of deposit                  | 1,257,619         | 952,779                                       |      |
| Cash margins                             | 605,227           | 498,079                                       |      |
| Fees of deposits guarantees              | 1,747,227         | 1,651,580                                     |      |
| Borrowed funds                           | 56,349            | 5,581   |      |
|  | <b>10,738,561</b> | <b>8,538,369</b>                              |      |

**23. (Losses) Gains from Financial Assets at Fair Value Through Profit or Loss**

The details of this item are as follows:

| <b>For the Six-Month Period<br/>Ended in June 30,2017</b> | <b>Realized<br/>Gains<br/>JD</b> | <b>Unrealized<br/>(Losses)<br/>JD</b> | <b>Dividends<br/>JD</b> | <b>Total<br/>JD</b> |
|---|----------------------------------|---------------------------------------|-------------------------|---------------------|
| Shares  | -                                | (6,132)                               | 4,000                   | (2,132)             |
|   | <u>-</u>                         | <u>(6,132)</u>                        | <u>4,000</u>            | <u>(2,132)</u>      |
| <b>For the Six-Month Period<br/>Ended in June 30,2016</b> | <b>Realized gains<br/>JD</b>     | <b>Unrealized<br/>(Losses)<br/>JD</b> | <b>Dividends<br/>JD</b> | <b>Total<br/>JD</b> |
| Shares  | 18,947                           | (27,555)                              | 15,248                  | 6,640               |
|   | <u>18,947</u>                    | <u>(27,555)</u>                       | <u>15,248</u>           | <u>6,640</u>        |

**24. OTHER INCOME**

The details of this item are as follows:

|   | <b>For the Six-Month Period<br/>Ended on June 30,</b> |                  |
|---|---|------------------|
|   | <b>2017</b>   | <b>2016</b>      |
|   | <b>JD</b>   | <b>JD</b>        |
| Revenues returned from written-off debts      | 13,547,293  | 412,501          |
| Gain from the sale of foreclosed assets       | 823,546   | 365,603          |
| Income from Telephone, post and swift         | 274,004   | 270,207          |
| Rents received from the Bank's Real Estate    | 37,786  | 25,094           |
| Gains from the sale of property and equipment | 119,035   | 8,550            |
| Interest in suspense reversed to income       | 347,907   | 1,070,935        |
| Other Income                                  | 1,228,081   | 730,499          |
|   | <u>16,377,652</u>                                     | <u>2,883,389</u> |

**25. EARNINGS PER SHARE FROM PROFITS FOR THE PERIOD**

The details of this item are as follows:

|   | <b>For the Six-Month Period Ended<br/>on June 30,</b> |                    |
|---|---|--------------------|
|   | <b>2017</b>   | <b>2016</b>        |
|   | <b>JD</b>   | <b>JD</b>          |
| Profit for the period (Bank's shareholders) | 27,342,384  | 21,553,050         |
| Weighted average number of shares           | <u>200,000,000</u>                                    | <u>200,000,000</u> |
| Earnings per share (Bank's shareholders):   |   |                    |
| Basic                                       | 0.137   | 0.108              |
| Diluted                                     | <u>0.137</u>  | <u>0.108</u>       |

**26. Cash and Cash Equivalents**

This item represents the following:

|   | June 30,           |                    |
|---|--------------------|--------------------|
|   | 2017               | 2016               |
|   | JD                 | JD                 |
| Cash and balances with central Banks maturing within 3 months                             | 257,628,290        | 264,497,190        |
| <u>Add:</u> Balances with banks and other financial Institutions maturing within 3 months | 298,350,676        | 439,621,835        |
| <u>Less:</u> Banks and financial institutions' of deposits maturing within 3 months       | (85,129,696)       | (133,348,863)      |
| Restricted accounts   | (4,660,966)        | (4,599,690)        |
|   | <u>466,188,304</u> | <u>566,170,472</u> |

**27. RESERVES****- STATUARY RESERVE**

The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the Banks Law and Companies Law. This reserve cannot be distributed to shareholders which at the year end.

**-VOLUNTARY RESERVE**

The Amounts Accumulated In This Account Are Transferred From The Annual Net Income Before Taxes At 10% During The Previous Years. This Reserve Will Be Used For The Purposes Approved By The Board Of Directors. Moreover, The General Assembly Of Shareholders Has The Right To Capitalize Or Distribute The Whole Reserve Or Part Thereof As Dividends.

**-GENERAL BANKING RISKS RESERVES**

This item represents the general banking risks reserve in line with the instructions of the Central Bank of Jordan and other regulatory bodies.

**-Special Reserve**

This reserve represents the periodic fluctuation reserve calculated according to the instructions of the Palestinian Monetary Authority concerning The Bank's branches operating in Palestine.

The restricted reserves are as follows:

| Reserve                       | Amount     | Nature of Restriction          |
|-------------------------------|------------|--------------------------------|
|                               | JD         |                                |
| Legal reserve                 | 73,917,294 | Companies and Banks Laws       |
| General banking risks reserve | 14,244,335 | Regulatory bodies requirements |
| Special reserve               | 3,330,908  | Regulatory bodies requirements |

## **28. CAPITAL MANAGEMENT**

### **Capital Components:**

#### **- Paid-up Capital:**

The paid-up capital of Bank of Jordan consists of 200 million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of branching locally and regionally.

#### **- Regulatory Capital:**

Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of:

- (Paid-up capital, legal reserve, voluntary reserve, and retained earnings).
- (Undisclosed reserves, general banking risks reserve, subordinated debts, and the positive fair value reserve at 100% and deducted from the regulatory adjustment based on Basel III).
- Foreign currency translation differences.

#### **- Regulatory Authorities' Requirements:**

The regulatory authorities' instructions entail that the minimum capital shall be JD 100 million. Moreover, banks have been requested to increase their capital adequacy ratio to no less than 12% according to the Central Bank of Jordan instructions. The ratio of owner's equity to total assets must not be less than 6%.

#### **- Achieving the Objectives of Capital Management:**

Management of the Bank aims at achieving the capital management objectives through developing (enhancing) the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owner's equity through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20%, and retained earnings.

- Regulatory capital and the capital adequacy ratio according to the requirements of Basel (III) are as follows:

|   | <b>In Thousands</b>      |                              |
|---|--------------------------|------------------------------|
|   | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|   | <b>JD</b>                | <b>JD</b>                    |
| <b><u>Primary Capital Items</u></b>                         |                          |                              |
| Authorized and paid-up capital                              | 200,000                  | 200,000                      |
| Statutory reserve   | 73,917                   | 73,917                       |
| Voluntary reserve   | 113                      | 113                          |
| Other reserves  | 3,331                    | 3,331                        |
| Fair value reserves   | 63,221                   | 63,566                       |
| Interim profit after tax                                    | 27,342                   | -                            |
| Retained earnings   | 26,664                   | 27,926                       |
| Non- controllers interest in the capital of subsidiaries    | 2,484                    | 3,381                        |
| <b><u>Less:</u></b> Total intangible assets                 | (4,110)                  | (3,559)                      |
| Foreign Currency differences                                | (12,381)                 | (12,402)                     |
| Deferred tax assets   | (13,306)                 | (11,926)                     |
| <b>Total Primary Capital for common shareholders (CET1)</b> | <b>367,275</b>           | <b>334,347</b>               |
| <b><u>Additional Capital Items</u></b>                      |                          |                              |
| General banking risk reserve                                | 14,244                   | 12,996                       |
| <b>Total Additional Capital</b>                             | <b>14,244</b>            | <b>12,996</b>                |
| <b>Total Regulatory Capital</b>                             | <b>381,519</b>           | <b>357,343</b>               |
| <b>Total risk weighted assets</b>                           | <b>1,841,504</b>         | <b>1,716,372</b>             |
| <b>Capital adequacy ratio (%)</b>                           | <b>20,72%</b>            | <b>20,82%</b>                |
| <b>Regulatory capital adequacy ratio (%)</b>                | <b>19,94%</b>            | <b>20,06%</b>                |
| <b>Common Equity Tier 1 (%)</b>                             | <b>19,94%</b>            | <b>20,06%</b>                |

## **29. INFORMATION ON THE BANK'S BUSINESS SEGMENTS**

### **1. Information about the Bank's business segments:**

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

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

Below is information about the Bank's business segments distributed according to activities:

|  | Total                                      |              |               |             |               |                   |
|--|--|--------------|---------------|-------------|---------------|-------------------|
|  | For the Six-Month Period Ended on June 30, |              |               |             |               |                   |
|  | 2017                                       |              | 2016          |             |               |                   |
|  | JD   | JD           | JD            | JD          | JD            | JD                |
| Total income                           | 30,667,451                                 | 25,073,780   | 13,128,475    | 14,992,030  | 84,343,995    | 63,760,773        |
| Direct facilities impairment provision | (1,803,485)                                | (9,902,631)  | -             | -           | (11,706,116)  | (1,688,235)       |
| Segment result                         | 28,863,966                                 | 15,171,149   | 13,128,475    | 14,992,030  | 72,637,879    | 62,072,538        |
| Undistributed expenses                 | (18,799,715)                               | (10,762,207) | (1,450,854)   | (2,344,809) | (33,484,543)  | (30,696,630)      |
| Profit before tax                      | 10,064,251                                 | 4,408,942    | 11,677,621    | 12,647,221  | 39,153,336    | 31,375,908        |
| Income tax                             | (3,304,511)                                | (1,685,349)  | (1,836,507)   | (5,513,200) | (12,617,367)  | (9,970,229)       |
| Net Profit for the period              | 6,759,740                                  | 2,723,593    | 9,841,114     | 7,134,021   | 26,535,969    | 21,405,679        |
| Other information:                     |  |              |               |             |               |                   |
| Capital expenditures                   | 880,407                                    | 22,979       | 14,954        | 2,151,223   | 3,069,563     | 3,660,750         |
| Depreciation and amortization          | 1,021,747                                  | 108,181      | 125,887       | 1,098,836   | 2,357,333     | 2,260,388         |
|  |  |              |               |             | June 30, 2017 | December 31, 2016 |
| Total Assets                           | 503,419,249                                | 961,409,031  | 1,005,988,204 | 430,779     | 83,223,395    | 2,338,839,064     |
|  |  |              |               |             | JD            | JD                |
| Total Liabilities                      | 1,394,333,105                              | 582,321,666  | 105,334,009   | 5,947,591   | 2,151,827,388 | 1,926,402,830     |

## 2. Information about Geographical Distribution:

This item represents the geographical distribution of the Bank's activities: the Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities in the Middle East, Europe, Asia, America and the Far East.

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

|                      | Inside the Kingdom |               | Outside the Kingdom |              | Total         |               |
|----------------------|--------------------|---------------|---------------------|--------------|---------------|---------------|
|                      | June 30,           | 2016          | June 30,            | 2016         | June 30,      | 2016          |
|                      | 2017               | JD            | 2017                | JD           | 2017          | JD            |
| Total Revenues       | 84,590,070         | 63,628,761    | 10,617,486          | 8,815,339    | 95,207,556    | 72,444,100    |
| Capital Expenditures | 2,751,076          | 3,590,680     | 318,487             | 70,070       | 3,069,563     | 3,660,750     |
|                      |                    |               |                     |              |               |               |
|                      | Inside the Kingdom |               | Outside the Kingdom |              | Total         |               |
|                      | June 30,           | December 31,  | June 30, 2017       | December 31, | June 30,      | December 31,  |
|                      | 2017               | 2016          |                     | 2016         | 2017          | 2016          |
|                      | JD                 | JD            | JD                  | JD           | JD            | JD            |
| Total Assets         | 2,038,439,601      | 1,877,659,284 | 516,031,057         | 461,179,780  | 2,554,470,658 | 2,338,839,064 |



### 30. RELATED PARTIES TRANSACTIONS

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

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

|  | Related Parties      |                    |                            |                       |                      |               | Total  |                   |
|--|----------------------|--------------------|----------------------------|-----------------------|----------------------|---------------|--|-------------------|
|  | Subsidiary Companies | Major Shareholders | Board of Directors Members | Executives Management | Staff Provident Fund | Other Parties | June 30, 2017                                  | December 31, 2016 |
|  |                      |                    |                            |                       |                      |               |  |                   |
| <b>Consolidated Condensed Interim Statement of Financial Position Items</b>      | <b>JD</b>            | <b>JD</b>          | <b>JD</b>                  | <b>JD</b>             | <b>JD</b>            | <b>JD</b>     | <b>JD</b>                                      | <b>JD</b>         |
| Balances in banks and financial institutions                                     | 4,235,402            | -                  | -                          | -                     | -                    | -             | 4,235,402                                      | 4,467,345         |
| Credit facilities  | -                    | 37,640             | 279,962                    | 1,153,148             | -                    | 46,203,620    | 47,674,370                                     | 47,153,356        |
| Deposits   | 28,214,024           | 107,305,396        | 510,573                    | 1,771,833             | 1,647,568            | 64,846,068    | 197,995,832                                    | 45,243,054        |
| Cash margins   | 3,982,000            | 84,648             | 60                         | -                     | -                    | 653,220       | 4,719,928                                      | 5,690,705         |
| Borrowed Money   | 3,566,234            | -                  | -                          | -                     | -                    | -             | 3,566,234                                      | 3,609,725         |
| <b>Off-Consolidated Condensed Interim Statement of Financial Position Items:</b> |                      |                    |                            |                       |                      |               |  |                   |
| Letters of guarantee   | 775,000              | 788,352            | 2,320                      | -                     | -                    | 2,495,052     | 4,060,724                                      | 2,606,355         |
|  |                      |                    |                            |                       |                      |               | <b>Total</b>                                   |                   |
|  |                      |                    |                            |                       |                      |               | <b>For the Six-Month Period Ended June 30,</b> |                   |
|  |                      |                    |                            |                       |                      |               | <b>2017</b>                                    | <b>2016</b>       |
|  |                      |                    |                            |                       |                      |               | <b>JD</b>                                      | <b>JD</b>         |
| Credit interest and commission   | 11,482               | 124,663            | 30,825                     | 26,685                | -                    | 775,555       | 969,210  | 784,511           |
| Debit interest and commission  | 261,363              | 900,728            | 90,082                     | 15,729                | 7,314                | 28,474        | 1,303,690                                      | 480,653           |

#### Interest rates:

Credit Interest income prices in JD ranged between (2.125%) to (10.015%)  
Credit Interest price in foreign currency ranged between (0%) to (4.75%)  
Debit Interest prices in JD ranged between (0.25%) to (4.5%)  
Debit Interest prices in JD foreign currency ranged between (0%) to (2%)  
Balances and transactions with subsidiary companies are excluded from the consolidated condensed interim financial statements, but presented for clarification purposes only.

**Salaries and Remunerations of Executive Management summary:**

|                                    | <b>For the Six-Month Period<br/>Ended on June 30,</b> |                  |
|------------------------------------|---|------------------|
|                                    | <b>2017</b>   | <b>2016</b>      |
|                                    | <b>JD</b>   | <b>JD</b>        |
| Salaries and benefits              | 848,015   | 1,752,992        |
| Transportation and board secretary | 24,000  | 24,000           |
| <b>Total</b>                       | <b>872,015</b>  | <b>1,776,992</b> |

**31. COMMITMENTS AND CONTINGENT LIABILITIES**

**a. Commitments and Contingent Liabilities:**

|                                      | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--------------------------------------|--------------------------|------------------------------|
|                                      | <b>JD</b>                | <b>JD</b>                    |
| Letters of credit                    | 104,643,742              | 80,542,151                   |
| Acceptances                          | 45,749,551               | 74,535,617                   |
| <b>Letters of guarantee:</b>         |                          |                              |
| Payment                              | 33,520,095               | 31,659,395                   |
| Performance                          | 52,378,761               | 49,829,921                   |
| Other                                | 31,555,986               | 36,076,304                   |
| Un-utilized direct credit facilities | 88,771,304               | 86,932,724                   |
| <b>Total</b>                         | <b>356,619,439</b>       | <b>359,576,112</b>           |

**b. Contractual Liabilities:**

|   | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|---|--------------------------|------------------------------|
|   | <b>JD</b>                | <b>JD</b>                    |
| Contracts for purchasing of<br>property and equipment | 924,908                  | 1,701,430                    |
| Contracts for operating and<br>financing lease        | 10,440,587               | 12,852,163                   |
| <b>Total</b>  | <b>11,229,568</b>        | <b>14,553,593</b>            |

**32. LAWSUITS AGAINST THE BANK**

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of checks. These lawsuits amounted to JD 16,857,985 as of June 30, 2017 (JD 17,585,485 as of December 31, 2016). According to the Bank's management and legal counsel, no material financial liability is likely to incur as a result of these lawsuits in excess of the provision recorded which amounted to

JD 624,564 as of June 30, 2017 (JD 626,714 as of December 31, 2016). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated condensed interim statement of profit or loss or against the recorded provision when paid.

### 33. Fair Value Hierarchy

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

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

| Financial Assets/Financial Liabilities                             | Fair Value        |                   | The Level of Fair Value | Evaluation Method and Inputs Used        | Important Intangible Inputs | Relation Between the Fair Value and the Important Intangible Inputs |
|--|-------------------|-------------------|-------------------------|--|-----------------------------|---|
|  | June 30, 2017     | December 31, 2016 |                         |  |                             |   |
|  | JD                | JD                |                         |  |                             |   |
| <b>Financial Assets at Fair Value</b>                              |                   |                   |                         |  |                             |   |
| <b>Financial Assets at Fair Value Through Profit or Loss</b>       |                   |                   |                         |  |                             |   |
| Shares that have an available market price                         | 114,800           | 122,600           | Level One               | Stated Rates in financial markets        | Doesn't Apply               | Doesn't Apply   |
| Shares that doesn't have an available market price                 | 84,787            | 83,119            | Level Two               | Financial Statements issued by companies |                             |   |
| <b>Total</b>   | <b>199,587</b>    | <b>205,719</b>    |                         |  |                             |   |
| Forward Contracts (Foreign Currency)                               | 224,664           | -                 | Level One               | Stated Rates in financial markets        | Doesn't Apply               | Doesn't Apply   |
| <b>Financial Assets at Fair Value through Comprehensive Income</b> |                   |                   |                         |  |                             |   |
| Shares that have available market price                            | 89,900,526        | 83,274,292        | Level One               | Stated Rates in financial markets        | Doesn't Apply               | Doesn't Apply   |
| Shares that do not have available market price                     | 4,580,175         | 8,854,046         | Level Two               | Financial Statements issued by companies | Doesn't Apply               | Doesn't Apply   |
| <b>Total</b>   | <b>94,480,701</b> | <b>92,128,338</b> |                         |  |                             |   |
| <b>Financial Liabilities at Fair Value</b>                         |                   |                   |                         |  |                             |   |
| Forward Contracts (Foreign Currency)                               | -                 | 17,655            | Level One               | Stated Rates in financial markets        | Doesn't Apply               | Doesn't Apply   |
| <b>Total Financial Liabilities at Fair Value</b>                   | <b>-</b>          | <b>17,655</b>     |                         |  |                             |   |

There were no transfers between level 1 and level 2 during the first half of the year 2017.

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

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

|  | June 30, 2017        |                      | December 31, 2016    |                      | The Level of Fair Value |
|--|----------------------|----------------------|----------------------|----------------------|-------------------------|
|  | Book value           | Fair Value           | Book value           | Fair Value           |                         |
|  | JD                   | JD                   | JD                   | JD                   | JD                      |
| <b>Financial Assets of non-specified Fair Value</b>            |                      |                      |                      |                      |                         |
| Balances at central banks                                      | 188,561,112          | 188,601,515          | 166,272,023          | 166,272,023          | Level Two               |
| Balances at banks and financial institutions                   | 298,350,676          | 299,392,435          | 494,451,425          | 495,300,577          | Level Two               |
| Deposits at banks and financial institutions                   | 135,485,550          | 135,944,748          | 25,000,000           | 25,415,685           |                         |
| Loans, bills and other   | 1,336,131,229        | 1,338,579,916        | 1,106,590,558        | 1,108,702,501        | Level Two               |
| Financial assets at amortized cost                             | 211,394,336          | 213,510,541          | 172,637,680          | 173,980,219          | Level Two               |
| Other assets   | 46,603,897           | 106,620,289          | 34,705,556           | 83,584,255           | Level Two               |
| <b>Total Financial Assets of Non-specified Fair Value</b>      | <b>2,216,526,800</b> | <b>2,282,651,444</b> | <b>1,999,657,242</b> | <b>2,053,255,260</b> |                         |
| <b>Financial Liabilities of Non-specified Fair Value</b>       |                      |                      |                      |                      |                         |
| Deposits at banks and financial institutions                   | 105,129,696          | 105,259,991          | 145,623,458          | 145,670,169          | Level Two               |
| Customer's deposits  | 1,862,136,247        | 1,865,900,115        | 1,606,979,130        | 1,609,675,022        | Level Two               |
| Cash insurance   | 136,968,095          | 136,978,863          | 129,292,102          | 129,299,201          | Level Two               |
| <b>Total Financial Liabilities of Non-specified Fair Value</b> | <b>2,104,234,038</b> | <b>2,108,138,969</b> | <b>1,881,894,690</b> | <b>1,884,644,392</b> |                         |

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