

نموذج رقم (5-1)

Form No. (1-5)

بنك صفوة الاسلامي
Safwa Islamic Bank



To: Jordan Securities Commission

Amman Stock Exchange

Date: 31/10/2017

Subject: The English version of the Quarterly
Report as of 30/9/2017

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ: 2017/10/31

الموضوع: التقرير ربع السنوي باللغة الانجليزية كما هو
في 2017/9/30

Attached the English version of the Quarterly
Report of (Safwa Islamic Bank) as of 30/9/2017.

مرفق طيه نسخة من البيانات المالية ربع السنوية
باللغة الانجليزية لشركة (بنك صفوة الاسلامي) كما هي
بتاريخ 2017/9/30م

Kindly accept our highly appreciation and respect
Safwa Islamic Bank

وتفضلوا بقبول فائق الاحترام...

بنك صفوة الاسلامي

ابراهيم سمي

بورصة عمان
الدائرة الإدارية والمالية
الديوان

٢١ تشرين الأول ٢٠١٧

الرقم التسلسلي: 5239

رقم الملف:

الجهة المختصة: 211046

SAFWA ISLAMIC BANK

PUBLIC SHAREHOLDING LIMITED COMPANY

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

30 SEPTEMBER 2017

**REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF SAFWA ISLAMIC BANK
AMMAN - HASHEMITE KINGDOM OF JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of SAFWA ISLAMIC BANK as at 30 September 2017, comprising of interim condensed consolidated statement of financial position as at 30 September 2017 and the related interim condensed consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the nine months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies described in Note (2) to the interim condensed consolidated financial statements. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies described in Note (2) to the interim condensed consolidated financial statements.

Other matters

The consolidated financial statements for the year ended 31 December 2016 and the interim condensed consolidated financial statements for the period ended 30 September 2016 were audited and reviewed respectively by Ernst & Young - Jordan as the sole auditor of the Bank for the year 2016 where an unqualified opinion and unqualified conclusion were issued on these financial statements on 29 January 2017 and 24 October 2016, respectively. Ernst & Young - Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors for the Bank for the year 2017 in accordance with Central Bank of Jordan regulations on corporate governance.

Explanatory paragraph

The condensed interim consolidated financial statements have been prepared for the purposes of Amman Stock Exchange and the Bank's management, and it does not require the approval of Central Bank of Jordan.

Ernst & Young – Jordan

Deloitte & Touche (Middle East) - Jordan

Amman – Jordan
26 October 2017



Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Financial Position (Unaudited)
AS AT 30 September 2017

	Notes	30 September 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Assets			
Cash and balances with Central Bank	4	150,736,088	204,028,359
Balances at banks and financial institutions	5	6,219,227	5,644,597
International wakala investments		26,864,840	26,717,327
Deferred sales receivables and other receivables-net	6	411,564,498	378,337,528
Unconverted loans-net	7	40,103	47,428
Financial assets at fair value through shareholders' equity – self financed	8	9,350	-
Financial assets at fair value through unrestricted investment accounts	9	40,980,626	22,074,538
Financial assets at amortized cost	10	54,878,000	27,439,000
Investment in associate	11	377,262	370,362
Ijara muntahia bittamleek assets-net	12	240,182,566	223,743,971
Qard Hasan		509,660	509,660
Property and equipment-net		21,222,857	21,778,481
Intangible assets - net		1,502,066	1,742,566
Deferred tax assets	17/C	599,815	599,815
Other assets	13	7,047,770	6,569,368
Total Assets		962,734,728	919,603,000
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS			
HOLDERS AND SHAREHOLDERS' EQUITY			
Liabilities			
Banks and financial Institutions accounts	14	2,572,861	2,142,078
Customers' current accounts	15	123,213,186	104,741,900
Cash margin accounts		21,639,229	8,111,831
Income tax provision	17/A	1,799,514	2,438,733
Other provisions	16	84,603	84,603
Other liabilities	18	14,954,473	11,989,540
Total Liabilities		164,263,866	129,508,685
Unrestricted Investment Accounts' Holders Equity			
Unrestricted investment accounts	19	656,632,586	651,515,469
Fair value reserve – net		(506,323)	(976,767)
Total equity of unrestricted investment accounts' holders		656,126,263	650,538,702
Investment Risk Fund			
Investment risk fund	20	4,573,981	5,526,435
Income Tax provision for investment risk fund	20	1,207,460	1,597,067
Shareholders' Equity			
Paid in capital	21	100,000,000	100,000,000
Statutory reserve		21,999,743	21,999,743
General banking risk reserve		300,000	300,000
Fair value reserve – self financed		138	-
Retained earnings		10,132,368	10,132,368
Profit for the period		4,130,909	-
Total Shareholders' Equity		136,563,158	132,432,111
Total Liabilities, Unrestricted Investment Accounts Holders and Shareholders' Equity		962,734,728	919,603,000

The accompanying notes from 1 to 32 are part of these interim condensed consolidated financial statements and should be read with them.

Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Income And Comprehensive Income
For the nine months period ended 30 September 2017 (Unaudited)

	Notes	For The Three Months Period Ended 30 September		For The Nine Months Period Ended 30 September	
		2017	2016	2017	2016
		JD	JD	JD	JD
Deferred sales revenues	22	6,755,044	6,715,983	20,267,065	18,526,761
Ijara muntahia bittamleek revenues		4,831,250	4,697,059	14,006,723	13,601,739
International wakala investments profits		117,691	33,005	311,671	76,224
Gains from financial assets at fair value through unrestricted investment accounts holders	23	299,968	39,606	847,946	211,508
Gains from financial assets at fair value through statement of income	24	-	(560)	-	7,021
Gains from financial assets at amortized cost		525,626	184,180	1,131,314	184,180
Share of profit from investment in an associate		-	-	16,900	6,896
Foreign currencies revaluation (Losses) profit		(2,933)	(3,866)	(8,633)	2,155
Other revenues - joint		64,591	94,160	459,542	293,400
Legal expenses		-	-	-	(5,800)
Total Revenues from unrestricted investments		12,591,237	11,759,567	37,032,528	32,904,084
Share of unrestricted investment accounts' holders		(5,041,130)	(4,578,450)	(14,167,384)	(13,243,262)
Share of Investment risk fund	20	(1,259,124)	(1,175,957)	(3,703,253)	(3,290,409)
Bank's share of revenues from unrestricted investments as a mudarib and rab mal		6,290,983	6,005,160	19,161,891	16,370,413
Bank's self finance revenues	25	160,794	225,406	461,765	463,629
Banks share from the restricted investment revenue as agent (wakeel)		5,507	-	10,041	-
Gain from foreign currencies		99,847	97,559	338,979	367,211
Banking services revenues		1,259,807	625,260	2,887,989	2,159,677
Other revenues		31,831	1,205	43,656	76,284
Gross Income		7,848,769	6,954,590	22,904,321	19,437,214
Employees' expenses		(2,745,362)	(2,401,553)	(7,934,841)	(7,375,231)
Depreciation and amortization		(696,002)	(719,662)	(2,151,914)	(2,100,968)
Ijara muntahia bittamleek assets depreciation - self financed		(101,626)	(173,026)	(288,420)	(320,985)
Provision expense for deferred sales receivables and other receivables -self financed		(13,674)	(3,482)	(18,255)	(19,451)
Other expenses		(1,937,722)	(1,733,388)	(6,140,134)	(5,186,898)
Total expenses		(5,494,386)	(5,031,111)	(16,533,564)	(15,003,533)
Profit for the period before tax		2,354,383	1,923,479	6,370,757	4,433,681
Income tax expense	17/B	(824,143)	(636,549)	(2,239,848)	(1,538,260)
Profit for the period		1,530,240	1,286,930	4,130,909	2,895,421
Add : other comprehensive Income items after tax		138	-	138	-
Change in fair value reserve of financial assets - net		138	-	138	-
Total comprehensive Income for the period		1,530,378	1,286,930	4,131,047	2,895,421
		JD/Fils		JD/Fils	
Basic and diluted earnings per share	26	0/015	0/013	0/041	0/029

The accompanying notes from 1 to 32 are part of these interim condensed consolidated financial statements and should be read with them .

Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
For the nine months period ended 30 September 2017 (Unaudited)

	Paid in capital	(Share discount)	Statutory reserve	Voluntary reserve	General banking risk reserve	Fair value reserve – self financed	Retained earnings	Profit for the period	Total Shareholders' Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the period ended 30 september 2017									
Beginning balance	100,000,000	-	21,999,743	-	300,000	-	10,132,368	-	132,432,111
Profit for the period	-	-	-	-	-	-	-	4,130,909	4,130,909
Change in fair value reserve of financial assets - net	-	-	-	-	-	138	-	-	138
Total comprehensive Income for the period	-	-	-	-	-	138	-	4,130,909	4,131,047
Balance as at 30 september 2017	100,000,000	-	21,999,743	-	300,000	138	10,132,368	4,130,909	136,563,158
For the period ended 30 september 2016									
Beginning balance	100,000,000	(1,100,000)	21,116,122	1,943,336	300,000	-	11,475,337	-	133,734,795
Profit for the period	-	-	-	-	-	-	-	2,895,421	2,895,421
Change in fair value reserve of financial assets - net	-	-	-	-	-	-	-	-	-
Total comprehensive Income for the period	-	-	-	-	-	-	-	2,895,421	2,895,421
Dividends distributed	-	-	-	-	-	-	-	-	-
Amortize share discount	-	1,100,000	-	(843,336)	-	-	(6,156,664)	-	(7,000,000)
Balance as at 30 september 2016	100,000,000	-	21,116,122	-	300,000	-	5,318,673	2,895,421	129,630,216

Retained earnings balance as at 30 September 2017 and 31 December 2016 includes an amount of JD 599,815 which represents deferred tax assets restricted from use in accordance with the Central Bank of Jordan regulations.

- The general banking risks reserve amounting to JD 300,000 as at 30 September 2017 is restricted from use without prior approval of the Central Bank of Jordan .

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

The accompanying notes from 1 to 32 are part of these interim condensed consolidated financial statements and should be read with them.

Safwa Islamic Bank- Public Shareholding Limited Company
Interim Condensed Consolidated Statement of Cash Flows
For the nine months period ended 30 september 2017(Unaudited)

		For The nine Months Period Ended 30 september	
	Notes	2017 JD	2016 JD
<u>Cash flows from operating Activities</u>			
Profit for the period before tax		6,370,757	4,433,681
Adjustments for non monetary items:			
Depreciation and amortization		2,151,914	2,100,968
Share of Profits from investment in an associate		(16,900)	(6,896)
Investment risk fund		3,703,253	3,290,409
Unrealized loss of financial assets at fair value through statement of income	24	-	8,870
Provision for deferred sales receivables and other receivables - self financed		18,255	19,417
Provision for unconverted loans - self financed	7	-	34
Loss (Gain) on sale of property and equipment		88,170	(23,391)
Gain on sale of repossessed asset against debts		(14,434)	(12,807)
Net cash flows from operating activities before changes in assets and liabilities		12,301,015	9,810,285
Changes in assets and liabilities:			
Decrease in financial assets at fair value through statement of income		-	421,502
(Increase) in deferred sales receivables and other receivables		(36,169,406)	(56,541,616)
Decrease in unconverted loans		7,325	1,163,607
(Increase) in Ijara muntahia bittamleek assets		(16,438,595)	(18,403,448)
(Increase) In Qard Hasan		-	(509,660)
(Increase) in other assets		(1,050,980)	(837,747)
Increase in customers' current accounts		18,471,286	36,789,600
Increase in cash margin accounts		13,527,398	1,328,045
Increase (Decrease) in other liabilities		2,964,933	(1,842,659)
Net cash flows used in operating activities before income tax paid		(6,387,024)	(28,622,091)
Income tax paid	17& 20	(4,330,373)	(2,889,562)
Net cash flows used in operating activities		(10,717,397)	(31,511,653)
<u>Cash Flows from Investing Activities</u>			
Net (Purchase) of financial assets at fair value through unrestricted investment accounts holders		(19,105,471)	(2,894,079)
Net (Purchase) of financial assets at fair value through shareholders' equity -self finance		(9,212)	-
Net (Purchase) of financial assets at amortized cost		(27,439,000)	(27,439,000)
Cash dividends from an associate		10,000	-
(Purchase) of intangibles assets		(227,712)	(541,137)
(Purchase) of property and equipment		(1,217,435)	(2,475,768)
Proceeds from sale of property and equipment		1,187	33,906
Proceeds from sale of repossessed asset against debts		587,012	30,200
(Increase) in international wakala investments		(147,513)	(17,066,987)
Net cash Flows used in Investing activities		(47,548,144)	(50,352,865)
<u>Cash Flows from Financing Activities</u>			
Increase in unrestricted investment accounts		5,117,117	115,210,011
Dividends to shareholders		-	(7,000,000)
Net cash Flows from financing activities		5,117,117	108,210,011
Net (Decrease) increase in cash and cash equivalents		(53,148,424)	26,345,493
Cash and cash equivalents, beginning of the Year		207,530,878	223,699,328
Cash and cash equivalents, end of the period	27	154,382,454	250,044,821

The accompanying notes from 1 to 32 are part of these interim condensed consolidated financial statements and should be read with them.

(1) GENERAL

Safwa Islamic Bank (The Bank) - Jordanian public shareholding limited company - is the legal successor of Industrial Development Bank that was established in 1965 in accordance with a special law (Industrial Development Bank Law). Law No. (26) of 2008 was issued on 30 April 2008 for the cancelation of Industrial Development Bank, which cancelled Industrial Development Bank Law No. (5) of 1972.

The General Assembly decided in their extra-ordinary meeting held on 17 May 2017 to change the name of the Bank from Jordan Dubai Islamic Bank to Safwa Islamic Bank.

The Bank's principal activities include the provision of Shari'a compliant alternatives to the financial needs of customers currently being met through the Bank's head office and its Twenty five branches and subsidiaries within the Kingdom, in accordance with the Banking Law.

Etihad Islamic Investment Company owns 61.8% of Safwa Islamic Bank, and its' financial statements is consolidated with the financial statements of Bank Al Etihad.

The Interim Condensed Consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (9/2017) held on 22 October 2017.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim condensed consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with the standards of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and should be read in conjunction with the Bank's annual financial statements as of 31 December 2016. In addition, the results for the nine-months period ended 30 September 2017 do not necessarily indicate the results that may be expected for the financial year ending 31 December 2017. The Bank's profit for the nine months period ended 30 September 2017, have not been appropriated; as such appropriations will be made at the end of the fiscal year.

The interim condensed consolidated financial statements are prepared on the historical cost basis except for the financial assets at fair value through statement of income and financial assets through unrestricted investment accounts that have been measured at fair value.

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

Shareholders' equity is separated from the unrestricted investment accounts holders.

Investment risk fund is used to cover the impairment in financing and investment accounts funded by the unrestricted investment accounts.

The standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee are applied in the absence of an Islamic standard and will be replaced later by the Islamic Standards when the New Islamic standard is issued.

The term Unrestricted investment Accounts, refers to Joint Investment Accounts.

BASIS OF CONSOLIDATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim financial statements comprise the interim condensed consolidated financial statements of the Bank and its subsidiaries where the Bank has the power to govern the operational and financial policies of the entities so as to obtain benefits from their activities.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

The subsidiaries included in the financial statements as of 30 September 2017 are as follows:

Company	Paid in Capital (JD)	Source of Funding	Ownership %	Main Activity	Location	Acquisition Date
Misc for Financial Brokerage	2,000,000	Self	100%	Brokerage	Amman	2011
Jordan Dubai Real Estate Investment	100,000	Joint	100%	Real state Investment	Amman	2012

Subsidiaries are fully consolidated from the date the Bank obtains control, and continue to be consolidated until the date that such control ceases. The subsidiaries revenues and expenses are in the consolidated statement of income and comprehensive Income from the date the Bank obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion that not held by the Bank from the equities of the subsidiaries.

CHANGES IN ACCOUNTING POLICIES

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

(3) USE OF ESTIMATES

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

We believe that the accounting estimates that have been used in the interim condensed consolidated financial statements are reasonable and detailed as follows:

- Impairment provision for deferred sales and financing the Bank appropriate 10% (2016: 10%) of net revenues from jointly financed accounts and are transferred to the investment risk fund in accordance with the provisions of Article (55) of the Banks' Law and compared with provisions calculated based on the Central Bank of Jordan regulation.
- Income tax provision: the fiscal year is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically revaluates the financial assets carried at cost in order to assess any impairment. Impairment on financial assets is allocated in accordance to the financing party.

(4) CASH AND BALANCES WITH CENTRAL BANK

The details of this item are as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	12,390,928	9,754,330
Balances with Central Bank of Jordan:		
Current accounts	86,232,615	141,536,865
Statutory cash reserve	52,112,545	52,737,164
Total	150,736,088	204,028,359

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 30 September 2017 and 31 December 2016.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current and on -Demand accounts	1,488,310	750,125	4,730,917	4,894,472	6,219,227	5,644,597
Total	1,488,310	750,125	4,730,917	4,894,472	6,219,227	5,644,597

- There are no restricted balances at 30 September 2017 and 31 December 2016.
- There are no balances at banks and financial institutions subject to profit at 30 September 2017 and 31 December 2016.

(6) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET

The details of this item are as follows:

	Joint		Self financed		Total	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Individuals (retail)						
Murabaha to the purchase orderer	129,251,561	117,205,801	1,398,931	1,247,555	130,650,492	118,453,356
Ijara Muntahia Beltamleek - receivables	1,457,256	1,224,638	-	-	1,457,256	1,224,638
Other receivable	-	-	189,112	137,628	189,112	137,628
Real estate finances	12,938,732	13,655,137	-	-	12,938,732	13,655,137
Corporate						
International Murabaha	15,297,773	1,261,840	-	-	15,297,773	1,261,840
Murabaha to the purchase orderer	175,470,330	196,596,373	-	-	175,470,330	196,596,373
Ijara Muntahia Beltamleek - receivables	4,588,188	3,510,783	-	-	4,588,188	3,510,783
Other receivable	-	-	14,691	11,374	14,691	11,374
Small and medium companies						
Murabaha to the purchase orderer	3,503,823	2,029,723	-	-	3,503,823	2,029,723
Ijara Muntahia Beltamleek - receivables	5,634	5,512	-	-	5,634	5,512
Other receivable	-	-	998	1,155	998	1,155
Governmental and public sector	125,228,348	92,750,676	-	-	125,228,348	92,750,676
Total	467,741,645	428,240,483	1,603,732	1,397,712	469,345,377	429,638,195
Less: deferred revenues	44,683,156	41,400,706	231,175	211,948	44,914,331	41,612,654
Suspended revenues	868,397	632,298	-	-	868,397	632,298
Impairment provision	11,961,044	9,036,863	37,107	18,852	11,998,151	9,055,715
Deferred sales receivable and other receivables- Net	410,229,048	377,170,616	1,335,450	1,166,912	411,564,498	378,337,528

The non- performing deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables amounted to JD 16,055,838 representing 2.26% as at 30 September 2017 of deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables (31 December 2016: JD 11,768,469 representing 1.80%).

The non- performing deferred sales receivables, other receivables, and the Ijara Muntahia Beltamleek receivables net of the suspended revenues amounted to JD 15,187,441 representing 2.14% as at 30 September 2017 of deferred sales receivable, other receivables, and the Ijara Muntahia Beltamleek receivables, (31 December 2016: JD 11,136,171 representing 1.71%).

The balance of the investment risk fund, according to the Banking Law, paragraph (55) amounted to JD 16,535,025 as of 30 September 2017 compared to JD 14,563,298 as of 31 December 2016. Provision for impairment of the jointly financed facilities which is calculated based on Central Bank of Jordan regulations and based on (watch list) amounted to JD 403,341 and the provision calculated based on "individual customer" amounted to JD 11,557,703 as at 30 September 2017 (31 December 2016: JD 188,255 and JD 8,848,608 respectively).

The deferred sales receivables, other receivables, and other facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 125,228,348 representing 26.68% share of the balance of deferred sales receivables, other receivables and facilities as at 30 September 2017 (31 December 2016: JD 92,750,676 representing 21.59%).

Impairment provision of the self financed facilities which is calculated based on individual customer amounted to JD 47,026 as at 30 September 2017 (31 December 2016: JD 29,440).

Suspended revenues

Movement on suspended revenue was as follows:

	Joint					
	30 September 2017			31 December 2016		
	(Unaudited)			(Audited)		
	Retail	Corporate	Total	Retail	Corporate	Total
	JD	JD	JD	JD	JD	JD
Beginning balance for the period/year	150,326	481,972	632,298	65,585	365,906	431,491
Add: Suspended revenue for the period/ year	119,598	163,926	283,524	104,837	412,705	517,542
Less: suspended revenues reversed to revenues	47,420	5	47,425	20,096	296,639	316,735
Ending balance for the period/year	222,504	645,893	868,397	150,326	481,972	632,298

(7) UNCONVERTED LOANS - NET

This item includes unconverted loans in accordance with the accepted financing methods. And in alliance with sharia - law, The sharia Supervisory Board issued a Fatwa regarding these loans to remain in holders account until these loans are either settled or converted and not to be included in the common pool. The proceeds of these loans are considered to be a right for the shareholders and to be reinvested again in the common pool.

The details of this item are as follows:

	Self financed					
	30 September 2017			31 December 2016		
	(Unaudited)			(Audited)		
	Retail	Corporate	Total	Retail	Corporate	Total
	JD	JD	JD	JD	JD	JD
Gross unconverted loans	40,103	17,875	57,978	47,428	17,875	65,303
Less: suspended revenues	-	7,112	7,112	-	7,112	7,112
Less: Unconverted loans Impairment provision	-	10,763	10,763	-	10,763	10,763
Net unconverted loans	40,103	-	40,103	47,428	-	47,428

Unconverted loans impairment provision – self financed

Movement on unconverted loans provision is as follows:

	Corporate	
	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Beginning balance for the period/year	10,763	1,131,382
Provision	-	34
Deduct :Provisions that are no longer required and transferred to other Provisions	-	1,109,347
Deduct :Used during the period/ year (write offs)	-	11,306
Ending balance for the period/year	10,763	10,763

- General banking risks reserve against receivables and self financed facilities amounted to JD 300,000 as at 30 September 2017 (31 December 2016: JD 300,000).

- The total provisions that are no longer required as a result of settlements, repayments, and being converted to other provisions are nil as at 30 September 2017 compared to JD 1,109,347 as at 31 December 2016.

Suspended revenue

	Self financed		
	30 September 2017		
	(Unaudited)		
	Retail	Corporate	Total
	JD	JD	JD
Beginning balance for the period	-	7,112	7,112
Add: Suspended revenues during the period	-	-	-
Deduct: suspended revenues transferred to Income	-	-	-
Ending balance for the period	-	7,112	7,112

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

(8) Financial assets at fair value through shareholders' equity – self financed

The details of this item are as follows:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Quoted Financial Assets :		
Corporate Shares	9,350	-
Total quoted Financial Assets	9,350	-
Total Financial Assets At Fair Value Through shareholders' equity – self financed	9,350	-

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

The details of this item are as follows:

	Joint	
	30 September	31 December
	2017	2016
	JD (Unaudited)	JD (Audited)
Quoted Financial Assets :		
Corporate Shares	1,216,760	1,588,936
Islamic Sukuk	39,553,761	20,378,828
Total quoted Financial Assets	40,770,521	21,967,764
Unquoted Financial Assets		
Corporate Shares	210,105	106,774
Total unquoted financial assets through unrestricted investment accounts	210,105	106,774
Total Financial Assets At Fair Value Through Unrestricted investment accounts holders	40,980,626	22,074,538

Financial assets stated at cost for which fair value cannot be measured reliably amounted to JD 210,105 as at 30 September 2017 (31 December 2016: JD 106,774).

(10) Financial Assets at Amortized Cost

The details of this item are as follows:

	Joint	
	30 September	31 December
	2017	2016
	JD (Unaudited)	JD (Audited)
Unquoted Financial Assets:		
Islamic Sukuk	54,878,000	27,439,000
Total unquoted Financial Assets	54,878,000	27,439,000
Total Financial Assets at Amortized Cost	54,878,000	27,439,000

The assets mentioned above matures through the years 2021 and 2022.

No impairment provisions were taken against financial assets at amortized cost.

(11) INVESTMENT IN ASSOCIATE

Investment in associated company (joint)

	Percentage of ownership	Country	Principal activity	30 September	31 December
				2017	2016
				JD (Unaudited)	JD (Audited)
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	377,262	370,362

Cash dividend from the associate amounted JD 10,000 as at 30 September 2017 compared with nil as at 31 December 2016 .

(12) LJARA MUNTAHIA BITTAMLEEK ASSETS - NET

	Joint			Self financed			Total		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
30 September 2017(Unaudited)									
Ijara Muntahia Bittamleek assets-Real Estate	296,020,239	(61,831,506)	234,188,733	4,825,918	(1,050,342)	3,775,576	300,846,157	(62,881,848)	237,964,309
Ijara Muntahia Bittamleek assets-Machinery	4,161,996	(1,943,739)	2,218,257	-	-	-	4,161,996	(1,943,739)	2,218,257
Total	300,182,235	(63,775,245)	236,406,990	4,825,918	(1,050,342)	3,775,576	305,008,153	(64,825,587)	240,182,566

	Joint			Self financed			Total		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2016 (Audited)									
Ijara Muntahia Bittamleek assets-Real Estate	273,676,481	(54,382,088)	219,294,393	4,655,840	(854,027)	3,801,813	278,332,321	(55,236,115)	223,096,206
Ijara Muntahia Bittamleek assets-Machinery	2,141,554	(1,493,789)	647,765	-	-	-	2,141,554	(1,493,789)	647,765
Total	275,818,035	(55,875,877)	219,942,158	4,655,840	(854,027)	3,801,813	280,473,875	(56,729,904)	223,743,971

The accrued Ijara installments amounted to JD 6,051,078 as at 30 September 2017 (31 December 2016: JD 4,740,933) and were presented under deferred sales receivables and other receivables (Note 6).

The non-performing Ijara Muntahia Bittamleek amounted to JD 4,779,236 representing 1.99% as at 30 September 2017 (31 December 2016: JD 4,051,274 representing 1.81%)

(13) OTHER ASSETS

The details of this item are as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Reposessed assets by the Bank against debts	3,557,048	3,969,355
Prepaid expenses	1,465,635	1,343,214
Accrued revenues	869,372	261,185
Stationery and printing inventory	233,178	106,825
withholding income tax	60,912	58,990
Transactions in transit	-	5,317
Petty cash	83,416	65,721
Other receivables	555,832	283,721
Others	222,377	475,040
Total	7,047,770	6,569,368

The movement on the reposessed assets by the Bank against debts was as follows:

	30 September 2017		31 December 2016
	Reposessed real estates - self financed	Reposessed real estates- joint	Total
	JD	JD	JD
			(Unaudited)
			(Audited)
Beginning balance for the period/year	641,529	3,327,826	3,969,355
Additions	-	160,271	160,271
Disposals	(1,860)	(570,718)	(572,578)
Ending Balance for the period/year	639,669	2,917,379	3,557,048

- Central Bank of Jordan regulations requires the disposal at reposessed assets during a maximum period of 2 years from the date of repossession, and in some cases the Central Bank can extend the period for no more than 2 years.
- Provision for reposessed assets against debts that violates article provisions no.(48) of bank's law no.(28) for the year 2000 and its amendments amounted to JD 343,441 as at 30 September 2017 and 31 December 2016.

(14) BANKS AND FINANCIAL INSTITUTIONS ACCOUNTS

The details of this item are as follows:

	30 September 2017			31 December 2016
	(Unaudited)			(Audited)
	Inside the Kingdom	Outside the Kingdom	Total	Total
	JD	JD	JD	JD
Current accounts	-	2,572,861	2,572,861	2,142,078
Total	-	2,572,861	2,572,861	2,142,078

(15) CUSTOMERS' CURRENT ACCOUNTS

The details of this item are as follows:

	30 September 2017				
	(Unaudited)				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	84,049,159	15,476,136	23,443,899	243,992	123,213,186
Total	84,049,159	15,476,136	23,443,899	243,992	123,213,186

	31 December 2016				
	(Audited)				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	74,719,539	15,493,304	13,495,193	1,033,864	104,741,900
Total	74,719,539	15,493,304	13,495,193	1,033,864	104,741,900

- Public sector deposits inside the Kingdom as at 30 September 2017 amounted to JD 243,992 representing 0.20 % of the total customers' current accounts (31 December 2016: JD 1,033,864 representing 0.99%).

- The restricted accounts as at 30 September 2017 amounted to JD 370,506 representing 0.30% of the total customers' current accounts (31 December 2016: JD 1,871,219 representing 1.79%).

- The dormant accounts as at 30 September 2017 amounted to JD 4,440,249 (31 December 2016 : JD 4,510,945).

(16) OTHER PROVISIONS

The details of this item are as follows:

30 September 2017				
(Unaudited)				
Beginning balance	Provided during the period	Used during the period	Reversed to Income	Ending balance
JD	JD	JD	JD	JD
End of service indemnity	23,818	-	-	23,818
Provision of lawsuits against the Bank	60,785	-	-	60,785
Total	84,603	-	-	84,603

31 December 2016				
(Audited)				
Beginning balance	Provided during the year	Used during the year	Reversed to Income	Ending balance
JD	JD	JD	JD	JD
End of service indemnity	23,818	-	-	23,818
Provision of lawsuits against the Bank	60,785	-	-	60,785
Other provisions (Note 7)	-	1,109,347	1,109,347	-
Total	84,603	1,109,347	1,109,347	84,603

(17) INCOME TAX PROVISION**A- Income tax provision**

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	2,438,733	1,288,051
Income tax expense for the period/year	2,239,848	2,753,898
Deduct : income tax paid for previous years	(2,312,785)	(1,242,531)
Deduct: Income tax paid for the current period/ year	(566,282)	(360,685)
Ending balance for the period/year	1,799,514	2,438,733

B- The income tax expense presented in the Interim Condensed Consolidated Statement of Income And Comprehensive Income consists of the following:

	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	
Income tax expense for the period	(2,239,848)	(1,538,260)
Total	(2,239,848)	(1,538,260)

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

- The Bank submitted its tax declarations for the years ended 2014 , 2015 and 2016. The years 2014 and 2015 were audited by the Income and sales tax department. An initial decision was made in respect of the year 2014 tax and it is still in the objection phase . However, no decision was made yet for the year 2015 , the tax declarations related to the year 2016 were not audited yet up to the date of the consolidated financial statements.

- The Bank's subsidiaries:

Jordan Dubai Real Estate Investment: the company submitted its tax declarations for the years 2015 and 2016, and it was accepted for the year 2015 according to the Sampling system issued by the income and sales tax department.

Misc for Financial Brokerage : the company submitted its tax declarations for the years 2011 ,2012 and 2013 which were audited by the income and sales department and it is still pending the court decision to carry forward the accumulated losses without any tax effect.

The tax declarations related to the years ended 2014,2015 and 2016 were submitted . A final settlement was obtained in relation to the tax for the year 2014. The year 2015 was accepted according to the sampling system issued by the income and sales tax department.

C- Deferred tax assets

The details of this item are as follows:

	30 September 2017				31 December 2016
	Beginning Balance for the period	Released during the period	Additions during the period	Ending Balance for the period	Deferred tax
	JD	JD	JD	JD	JD
					(Unaudited)
					(Audited)
Deferred tax assets					
Deferred tax assets - self finance					
End of services indemnity provision	23,818	-	-	23,818	8,336
Lawsuits provision against the bank	60,785	-	-	60,785	21,275
Impairment for repossessed assets	343,441	-	-	343,441	120,204
Legal expenses	1,500,000	-	-	1,500,000	450,000
Total	1,928,044	-	-	1,928,044	599,815

The movement on self finance deferred tax assets is as follows:

	2017	2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	599,815	984,815
Additions during the period/ year	-	-
Amortized during the period/ year	-	(385,000)
Ending balance for the period/year	599,815	599,815

(18) OTHER LIABILITIES

The details of this item are as follows:

	30 September	31 December
	2017	2016
	JD	JD
	(Unaudited)	(Audited)
Accrued expenses	964,881	992,216
Certified cheques	3,025,550	1,846,646
Shareholders and customers deposits	2,785,871	1,197,509
Customers' share of profit from unrestrict	6,731,835	6,364,876
Brokerage payables	-	8,324
Temporary deposits	283,971	636,472
Transactions in transit	23,956	-
Others	1,138,409	943,497
Total	14,954,473	11,989,540

(19) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

30 September 2017						
(Unaudited)						
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	51,967,883	5,678,374	478,502	-	-	58,124,759
Term accounts/ Investing deposits	384,268,392	64,385,821	71,219,907	21,979,381	7,775,367	549,628,868
Investing Certificates of deposit	15,620,841	8,810,054	2,447,781	7,832,899	-	34,711,575
Total	451,857,116	78,874,249	74,146,190	29,812,280	7,775,367	642,465,202
Depositors' share from investments' revenues	9,888,601	1,769,224	1,754,672	694,254	60,633	14,167,384
Total unrestricted investment accounts	461,745,717	80,643,473	75,900,862	30,506,534	7,836,000	656,632,586

31 December 2016						
(Audited)						
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	47,175,895	7,478,268	97,426	80,050	-	54,831,639
Term accounts/ Investing deposits	376,530,935	66,907,560	76,344,701	40,749,115	-	560,532,311
Investing Certificates of deposit	11,275,350	7,349,238	-	-	-	18,624,588
Total	434,982,180	81,735,066	76,442,127	40,829,165	-	633,988,538
Depositors' share from investments' revenues	11,827,541	2,261,828	2,238,724	1,198,838	-	17,526,931
Total unrestricted investment accounts	446,809,721	83,996,894	78,680,851	42,028,003	-	651,515,469

- Unrestricted investment accounts share of profit is calculated as follows:
- 20% to 31% of the minimum balance of saving accounts in JD.
- 20% to 25% of the minimum balance of saving accounts in foreign currencies.
- 32% to 90% of the average term accounts in JD.
- 18% to 46% of the average term accounts in foreign currencies.
- 90% of the average balances of investing certificates of deposit in JD.
- 70% to 80% of average balances of certificates of investing deposit in foreign currencies .
- The percentage of the profit on the Jordanian Dinar till end of September 2017 is 3.25% (for the same period from last year 3.07%).
- The percentage of the profit on USD till end of September 2017 is 1.27% (for the same period in last year 1.19%).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 30,506,534 as at 30 September 2017, which represents 4.65% of the total unrestricted investment accounts (31 December 2016: JD 42,028,003 which represents 6.45% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 387,896 which represents 0.06% of the total unrestricted investment as at 30 September 2017. (31 December 2016: JD 119,163 which represent 0.02%).

(20) INVESTMENT RISK FUND

The movement on investment risk fund was as follows:

	30 September 2017	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	14,563,298	11,888,213
Additions: transferred from unrestricted investment revenues during the period/ year	3,703,253	4,473,473
Less: losses from financial assets at fair value through unrestricted investment accounts related to previous years *	669,827	357,957
Deductions: provision for income tax	1,061,699	1,440,431
Ending balance for the period/year	16,535,025	14,563,298

- The investment risk fund balance will be transferred to the Zakat fund in case of liquidation.
- The Central Bank of Jordan approved the deduction of the percentage to 10% starting from 1 January 2017 (2016:10%)
- * These represent prior years losses resulted from the sale of shares and sukuk through unrestricted investment portfolio based on article no.(12.4) and (15) of the policy outlining the relationship of the bank as Mudarib and the owners of unrestricted investments(rab-al-mal), where it stipulates that if losses resulted from unrestricted investment transactions that were initiated in prior years, these losses would be covered through the Investment Risk Fund.

Investment risk fund balance is distributed as follows:

	30 September 2017	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Ending balance for the period/year	16,535,025	14,563,298
Against impairment of Ijara Muntahia Beltamleek receivable	3,029,205	2,106,119
Against impairment of deferred sales receivables	8,931,839	6,930,744
Remaining balance	4,573,981	5,526,435

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

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

	30 September 2017	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	1,597,067	1,442,982
Income tax on transferred revenues from investment accounts	1,061,699	1,440,431
Less: Income tax paid	1,451,306	1,286,346
Ending balance for the period/year	1,207,460	1,597,067

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

- The Bank submitted its tax declarations for the years ended 2014 , 2015 and 2016. The years 2014 and 2015 were audited by the Income and sales tax department. An initial decision was made in respect of the year 2014 tax and it is still in the objection phase . However, no decision was made yet for the year 2015 , the tax declarations related to the year 2016 were not audited yet up to the date of the consolidated financial statements.

(21) PAID IN CAPITAL

The authorized and paid in capital amounted to JD 100,000,000 divided into 100,000,000 shares, at a par value of JD 1 per share as at 30 September 2017 and 31 December 2016.

(22) DEFERRED SALES REVENUES

The details of this item are as follows:

	30 September 2017		30 September 2016	
	(Unaudited)		(Unaudited)	
	Joint	Self financed	Joint	Self financed
	JD	JD	JD	JD
Individuals (Retail)				
Murabaha to the Purchase orderer	7,839,851	61,521	6,634,078	37,136
Real estate finances	767,427	-	1,136,075	-
Corporate				
International Murabaha	123,179	-	6,697	-
Murabaha to the Purchase orderer	11,317,130	-	10,707,082	-
Small and medium companies				
Murabaha to the Purchase orderer	219,478	-	42,829	-
Total	20,267,065	61,521	18,526,761	37,136

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

The details of this item are as follows:

	Joint	
	30 September 2017	30 September 2016
	JD	JD
	(Unaudited)	(Unaudited)
Stock dividends	55,562	55,475
Gains on sale of financial assets	74,867	13,945
Islamic Sukuk profit	717,517	142,088
Total	847,946	211,508

(24) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

The details of this item are as follows:

	Joint							
	30 September 2017				30 September 2016			
	(Unaudited)				(Unaudited)			
	Realized Gains	Unrealized losses	Dividends	Total	Realized Gains	Unrealized losses	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Corporate Shares	-	-	-	-	4,578	(8,870)	13,614	9,322
Total	-	-	-	-	4,578	(8,870)	13,614	9,322
Less:								
Shares Contract commissions	-	-	-	-	2,301	-	-	2,301
Total	-	-	-	-	2,277	(8,870)	13,614	7,021

(25) BANK SELF FINANCED REVENUES

The details of this item are as follows:

Note	30 September 2017 JD (Unaudited)	30 September 2016 JD (Unaudited)
Ijara Muntahia Beltamleek Assets revenues	400,244	426,493
Deferred sales revenues	61,521	37,136
Total	461,765	463,629

(26) EARNINGS PER SHARE

The details of this item are as follows:

	30 September 2017 JD (Unaudited)	30 September 2016 JD (Unaudited)
Profit for the period	4,130,909	2,895,421
Weighted average number of shares	100,000,000	100,000,000
	JD/ Fils	JD/ Fils
Basic and diluted earnings per share	0/041	0/029

(27) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	30 September 2017 JD (Unaudited)	30 September 2016 JD (Unaudited)
Cash balances with Central Bank of Jordan maturing within three months	150,736,088	247,087,608
Add: cash at banks and financial institutions maturing within three months	6,219,227	3,198,996
Less: banks and financial institutions accounts maturing within three months	(2,572,861)	(241,783)
Total	154,382,454	250,044,821

(28) RELATED PARTY TRANSACTIONS

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

	Main shareholders	Senior management	Board of directors	Al Etihad* Bank	Shari'a Supervisory Board members	30 September 2017	31 December 2016
	JD	JD	JD	JD	JD	JD	JD
<u>Interim condensed consolidated statement of financial position items</u>						(Unaudited)	(Audited)
Balances at banks and financial institutions	-	-	-	676,546	-	676,546	633,829
Unrestricted investments accounts and current accounts	-	224,280	467,206	-	12,703	704,189	23,419,578
Deferred sales receivables	-	490,049	25	-	1,250	491,324	805,294
Ijara muntahia bittamleek	-	1,199,406	-	-	-	1,199,406	1,299,162
<u>Off Interim condensed consolidated financial position items</u>							
Letters of guarantees	-	-	-	-	-	-	117,000
<u>Interim condensed consolidated statement of income and comprehensive income items</u>						30 September 2017	30 September 2016
						(Unaudited)	(Unaudited)
Dividends	36,479	1,683	1,399	-	65	39,626	862,723
Salaries and bonuses	-	1,069,615	41,251	-	21,271	1,132,137	1,426,242
Transportation	-	-	299,600	-	17,725	317,325	123,444
Management and consulting fees	-	-	-	-	-	-	225,514

*Al Etihad Bank is the main shareholder in Al Etihad Islamic For Investment Company which owns 61.8% from Safwa Islamic Bank.

The lowest and highest received Murabaha rate were 3.77% and 6.42%.

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

The lowest and highest distributed profit rate were 0.56% and 4.31%.

Executive management salaries and benefits for the year ended 30 September 2017 amounted to JD 1,069,615 (30 September 2016 : JD 1,363,720).

(29) SEGMENT INFORMATION

a. Information on the Bank's Activities

The bank is structured for administrative purposes where sectors are measured to the reports that are used by executive director and main decision maker at the bank through three major business sectors :

Retail Accounts:

This sector handles following up upon the unrestricted investment accounts, deferred sales receivables, financings, and other services related to Retail.

Corporate Accounts:

This sector handles unrestricted investment accounts, deferred sales receivables, financings, and other banking services related to corporate customers.

Treasury:

This sector handles the services of brokerage, treasury and management of the Bank's funds.

Information on the Bank's segments according to activities is shown as follows:

	Retail	Institutions	Treasury	Others	30 September 2017	30 September 2016
	JD	JD	JD	JD	JD	JD
					(Unaudited)	
Total revenues (joint and self finance)	12,550,269	12,613,354	1,087,192	356,759	26,607,574	22,727,623
Investment risks fund share of joint Investment accounts holders revenues	-	-	-	(3,703,253)	(3,703,253)	(3,290,409)
Results of segment's operations	12,550,269	12,613,354	1,087,192	(3,346,494)	22,904,321	19,437,214
Undistributed expenses	(1,212,821)	(408,220)	(500,578)	(14,411,945)	(16,533,564)	(15,003,533)
Profit for the period before tax	11,337,448	12,205,134	586,614	(17,758,439)	6,370,757	4,433,681
(Income tax expense) for the period	-	-	-	(2,239,848)	(2,239,848)	(1,538,260)
Profit for the period	11,337,448	12,205,134	586,614	(19,998,287)	4,130,909	2,895,421
					30 September 2017	31 December 2016
					JD	JD
					(Unaudited)	(Audited)
Segments' assets	323,318,859	307,357,701	141,090,319	-	771,766,879	673,184,890
Undistributed assets	-	-	-	190,967,849	190,967,849	246,418,110
Total assets	323,318,859	307,357,701	141,090,319	190,967,849	962,734,728	919,603,000
Segments' liabilities and total equity of unrestricted investment accounts holders	609,842,132	110,218,871	83,498,039	-	803,559,042	766,191,643
Undistributed liabilities	-	-	-	16,831,087	16,831,087	13,855,744
Total liabilities and total equity of unrestricted investment accounts holders	609,842,132	110,218,871	83,498,039	16,831,087	820,390,129	780,047,387
					30 September 2017	30 September 2016
					JD	JD
					(Unaudited)	(Unaudited)
Capital expenditures					1,445,147	3,016,905
Depreciation and amortization					2,151,914	2,100,968

b. Geographical Distribution Information

The following disclosure represents the geographical distribution. The Bank performs its operations mainly in Kingdom which. Distribution of the Bank's revenues, assets and capital expenditure according to geographical area is detailed as follows:

	30 September 2017			31 December 2016		
	(Unaudited)			(Audited)		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Total assets	885,576,337	77,158,391	962,734,728	876,671,533	42,931,467	919,603,000

	30 September 2017			30 September 2016		
	(Unaudited)			(Unaudited)		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Capital expenditure	1,445,147	-	1,445,147	3,016,905	-	3,016,905
Total revenues	25,655,160	952,414	26,607,574	22,486,409	241,214	22,727,623

(30) CAPITAL MANAGEMENT

The Bank's management takes into consideration the Central Bank of Kingdom requirements which require the Bank to have sufficient self finance recourses to cover certain percentage of its risk weighted assets based on the nature of the finance given and the direct investment made. Accordingly, the capital considered for the purpose of Central Bank of Kingdom requirements is the regulatory capital (both basic and additional capital) .

Capital management aims to invest the Bank's fund in various risk weighted investments (low and high risk) to ensure that the Bank gets a better rate of return and to maintain a capital adequacy of 12% as required by the Central Bank of Kingdom.

Capital adequacy ratio is calculated based on the Islamic Banks Regulation No. (50/2010) issued by Central Bank of Kingdom in accordance to article (99/B) of the Banks Law. Following is the capital adequacy Ratio details:

	30 September 2017	31 December 2016
	JD"000	JD"000
	(Unaudited)	(Audited)
Basic capital items	129,641	129,568
Authorised and Paid in capital	100,000	100,000
Statutory reserve	22,000	22,000
Retained earnings	9,532	9,532
Intangible assets	(1,502)	(1,743)
The Bank's share in the banks and financial institutions capital (50%)	-	(78)
The bank's share in the insurance companies capital (50%)	(7)	(5)
The Bank's share in the investment risk fund deficit	(382)	(138)
	2,368	1,626
Additional capital	(241)	(348)
The Bank's share in fair value reserve	(241)	(348)
General banking risk reserve	2,616	2,057
The Bank's share in the banks and financial institutions capital (50%)	-	(78)
The bank's share in the insurance companies capital (50%)	(7)	(5)
Total regulatory capital	132,009	131,194
Total risk weighted assets	385,072	318,351
Capital adequacy ratio (%)	34.28%	41.21%
Basic capital adequacy ratio (%)	33.67%	40.70%

(31) CONTINGENT LIABILITIES (OFF FINANCIAL P**A- Contingent credit liabilities:**

	30 September 2017	31December 2016
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	11,855,513	11,683,336
Acceptances	36,158,953	160,178
Letter of guarantees:		
Payment	1,179,885	1,431,979
Performance	1,082,061	1,589,862
Others	332,812	32,638
Unutilized limits	75,378,068	89,602,441
Total	125,987,292	104,500,434

A letter was received by the Bank from the Central Bank of Jordan on 9 march 2016 along with a copy of the Prime Minister's letter and the legal opinion issued by the Legislation and Opinion Bureau regarding the balances of the so-called " The accounts of differences in interest rate of the loans given to the Industrial Development Bank (previously)". In response, the management assures that during the year 2010, the bank has recorded all balances of the Interest differences deposits(which relates to external loans granted to Jordanian institutions) to the Ministry of Planning and International Cooperation upon their request. Whereas the claim related to the Interest differences on the loans given to the Industrial Development Bank previously, in the management's opinion and the legal opinion, all the procedures followed by the Bank in relation to this subject are correct and have no effect on the financial statements.

(32) LAWSUITS AGAINST THE BANK

The Bank is defendant in number of lawsuits amounted to JD 2,093,084 as at 30 September 2017 (31 December 2016: JD 84,790). According to the Legal Advisor, the lawsuits provision which amounts to JD 60,785 is sufficient to face any liabilities that may arise from lawsuits.