

SGBJ

TO: Jordan Securities Commission Amman Stock Exchange Date : 14 MAY 2017 Subject : Quarterly Report as of 31 March 2017	السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2017/05/14 الموضوع : التقرير ربع السنوي كما في 31 آذار 2017
Attached the Quarterly Report of (Societe Generale Bank –Jordan) English Version As of 31March 2017	مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (بنك سوسيتيه جنرال – الاردن) النسخة الانجليزية كما في تاريخ 31 آذار 2017
Kindly accept our highly appreciation and Respect Societe Generale Bank –Jordan General Manager Signature 	وتفضلوا بقبول فائق الاحترام بنك سوسيتيه جنرال – الاردن توقيع المدير العام 

بورصة عمان الدائرة الإدارية والمالية الديوان ١٤ أيار ٢٠١٧ الرقم المتسلسل: 3052 رقم الملف: 1102 الجهة المختصة: الإدارة العامة

**SOCIETE GENERALE
DE BANQUE-JORDANIE
بنك سوسيتيه جنرال
الاردن**

SOCIETE GENERALE DE BANQUE - JORDANIE

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2017



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE
BOARD OF DIRECTORS OF
SOCIETE GENERALE DE BANQUE- JORDANIE
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Societe Generale De Banque- Jordanie (a public shareholding company) (the "Bank") and its subsidiary (the "Group") as at 31 March 2017, comprising the interim consolidated statement of financial position as at 31 March 2017, and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month 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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). 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 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 IAS 34.

Amman – Jordan
26 April 2017

SOCIETE GENERALE DE BANQUE - JORDANIE
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	<u>Notes</u>	<u>31 March 2017</u>	<u>31 December 2016</u>
		JD (Unaudited)	JD (Audited)
ASSETS			
Cash and balances at central bank	5	73,262,654	142,927,198
Balances at banks and financial institutions	6	56,981,479	96,822,688
Deposits at banks and financial institutions		6,381,000	15,215,196
Direct credit facilities - net	7	560,011,453	568,214,647
Financial assets at fair value through other comprehensive income	8	568,330	478,779
Financial assets at amortized cost	9	262,620,419	314,489,658
Pledged financial assets	9	126,000,000	126,403,000
Property and equipment - net		22,638,454	22,346,823
Intangible assets - net		1,310,828	1,355,256
Deferred tax assets		1,203,660	1,358,687
Other assets		18,959,173	13,563,683
TOTAL ASSETS		1,129,937,450	1,303,175,615
LIABILITIES AND EQUITY			
LIABILITIES -			
Banks and financial institutions' deposits		-27,854,255	44,392,864
Customers' deposits	10	840,952,399	1,001,027,211
Margin accounts		87,353,216	88,168,880
Loans and borrowings		16,982,405	17,307,123
Other provisions		73,785	73,064
Income tax provision	11	5,601,297	5,235,192
Deferred tax liabilities		302,733	264,311
Other liabilities		14,442,380	13,266,157
TOTAL LIABILITIES		993,562,470	1,169,734,802
EQUITY-			
Issued and paid in capital		100,000,000	100,000,000
Statutory reserve	18	10,411,064	10,411,064
Voluntary reserve		100,000	100,000
General banking risk reserve		4,211,513	4,167,794
Fair value reserve - net		(93,770)	(53,000)
Retained earnings	19	21,746,173	18,814,955
TOTAL EQUITY		136,374,980	133,440,813
TOTAL LIABILITIES AND EQUITY		1,129,937,450	1,303,175,615

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

SOCIETE GENERALE DE BANQUE - JORDANIE
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

	<u>Notes</u>	For the three months ended 31 March	
		<u>2017</u> JD	<u>2016</u> JD
Interest income		15,052,125	13,242,411
Interest expense		<u>(9,331,934)</u>	<u>(8,965,789)</u>
Net interest income		5,720,191	4,276,622
 Net commission income		<u>316,838</u>	<u>581,518</u>
Net interest and commission income		6,037,029	4,858,140
Gain from foreign currencies		223,523	223,159
Gain on sale of financial assets at amortized cost	9	1,341,275	3,129,853
Loss on sale of financial assets at fair value through profit or loss		-	(64,418)
Other income		<u>446,823</u>	<u>411,082</u>
Gross income		<u>8,048,650</u>	<u>8,557,816</u>
 Employees expenses		(1,455,977)	(1,424,669)
Depreciation and amortization		(321,350)	(303,767)
Other expenses		(1,297,270)	(1,186,149)
Impairment loss on direct credit facilities		(399,807)	(1,167,508)
Impairment loss on financial assets at amortized cost		-	(109,500)
Provision against seized assets		9,469	(109,251)
Other provisions		<u>(721)</u>	<u>(2,374)</u>
Total expenses		<u>(3,465,656)</u>	<u>(4,303,218)</u>
 Profit before income tax		4,582,994	4,254,598
Income tax	11	<u>(1,608,057)</u>	<u>(1,493,697)</u>
 Profit for the period		<u>2,974,937</u>	<u>2,760,901</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
 Basic and diluted earnings per share for the period	12	<u>0/030</u>	<u>0/028</u>

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

SOCIETE GENERALE DE BANQUE - JORDANIE

**INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	For the three months ended 31	
	March	
	2017	2016
	JD	JD
Profit for the period	2,974,937	2,760,901
Add: Other comprehensive income items not be reclassified to profit or loss subsequent periods:		
Change in fair value reserve, net of tax	(40,770)	7,500
Total comprehensive income for the period	2,934,167	2,768,401

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

SOCIETE GENERALE DE BANQUE - JORDANIE
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

	Reserves						Total equity
	Issued and paid in capital	Statutory	Voluntary	General banking risk	Fair value	Retained earnings	
2017 -	JD	JD	JD	JD	JD	JD	JD
Balance as at 1 January 2017	100,000,000	10,411,064	100,000	4,167,794	(53,000)	18,814,955	133,440,813
Total comprehensive income for the period	-	-	-	-	(40,770)	2,974,937	2,934,167
Transfers to reserves	-	-	-	43,719	-	(43,719)	-
Balance as at 31 March 2017	100,000,000	10,411,064	100,000	4,211,513	(93,770)	21,746,173	136,374,980
2016 -							
Balance as at 1 January 2016	100,000,000	8,746,028	100,000	3,385,332	1,250	15,354,418	127,587,028
Total comprehensive income for the period	-	-	-	-	7,500	2,760,901	2,768,401
Balance as at 31 March 2016	100,000,000	8,746,028	100,000	3,385,332	8,750	18,115,319	130,355,429

As at 31 March 2017 retained earnings include an amount of JD 1,203,660 which represents deferred tax assets. According to the Central Bank of Jordan's regulations, this balance is restricted.

As at 31 March 2017 the general banking risk reserve includes an amount of JD 4,211,513 which is restricted from use without prior approval of the Central Bank of Jordan.

Retained earnings include an amount of JD 48,831 which represents the effect of the early adoption of IFRS 9 that cannot be used except for the amounts actually realized through sale including capitalization or distribution. Additionally, retained earnings includes a restricted amount equal to the negative fair value reserve balance.

SOCIETE GENERALE DE BANQUE - JORDANIE
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)

	Notes	For the three months ended 31 March	
		2017 JD	2016 JD
OPERATING ACTIVITIES			
Profit before income tax		4,582,994	4,254,598
Non-cash adjustments for-			
Loss from sale of financial assets at fair value through profit or loss		-	64,418
Gain from sale of financial assets at amortized cost		(1,341,275)	(3,129,853)
Depreciation and amortization		321,350	303,767
Impairment losses on direct credit facilities		399,807	1,167,508
Impairment loss on financial assets at amortized cost		-	109,500
Other provisions		721	2,374
Losses from sale of property and equipment		(437)	909
Effect of exchange rate differences on cash and cash equivalents		(142,705)	(172,306)
Profit before changes in assets and liabilities		3,820,455	2,600,915
Changes in assets and liabilities -			
Balances at banks and financial institutions (with maturities over three month)		8,834,196	(4,580,344)
Direct credit facilities		7,803,387	6,414,385
Other assets		(5,395,490)	(1,459,168)
Customers' deposits		(160,074,812)	4,099,708
Margin accounts		(815,664)	(41,719)
Deposit at banks and financial institutions (with maturities over three months)		4,254,000	-
Other liabilities		1,176,223	2,020,240
Net cash flows (used in) from operating activities before income tax paid		(140,397,705)	(9,054,017)
Income tax paid	11	(1,048,503)	(1,059,857)
Net cash flows (used in) from operating activities		(141,446,208)	7,994,160
INVESTING ACTIVITIES			
Purchase of financial assets at amortized cost		(3,628,211)	(82,861,870)
Proceeds from redemption of financial assets at amortized cost		20,000,000	24,191,171
Purchase of financial assets at fair value through other comprehensive income		(130,321)	-
Proceeds from sale of financial assets at fair value through profit or loss		-	31,787,644
Proceeds from sale of financial assets at amortized cost		37,241,725	38,164,050
Proceeds from sale of property and equipment		760	6,032
Purchase of intangible assets		(20,550)	-
Purchase of property and equipment		(548,326)	(239,975)
Net cash flows from investing activities		52,915,077	11,047,052
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		4,372,657	5,185,939
Repayment of loans and borrowings		(4,697,375)	(5,897,476)
Net cash flows used in financing activities		(324,718)	(711,537)
Net (decrease) increase in cash and cash equivalents		(88,855,849)	18,329,675
Effect of exchange rate differences on cash and cash equivalents		142,705	172,306
Cash and cash equivalents at 1 January		196,812,022	348,486,867
Cash and cash equivalents at 31 March	13	108,098,878	366,988,848

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

SOCIÉTÉ GÉNÉRALE DE BANQUE - JORDANIE
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017

(1) GENERAL INFORMATION

The Bank was established as a financial real estate investment company on 22 April 1965 in accordance with Jordanian Companies Law No (55), and it was transferred to investment bank during 1993 in accordance with companies law No. (1) for the year of 1989.

The Bank provides its banking services through its 17 branches located in the Kingdom of Jordan. The Bank has no branches outside the Kingdom.

As at 31 March 2017, the paid in capital amounted to 100,000,000 each having a par value of JD (31 December 2016: JD 100,000,000).

The Bank's shares are listed in the Amman Stock Exchange.

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting dated on 26 April 2017.

(2-1) Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2017 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), and in conformity with the applicable local laws and the Central Bank of Jordan regulation.

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

The interim condensed consolidated financial statements are prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income and profit or loss, and financial assets and liabilities that have been hedged against changes in fair value, which are presented at fair value as of the date of these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual report of the Bank as at 31 December 2016. The results for the three months ended 31 March 2017 are not necessarily indicative of the expected results for the year ended 31 December 2017. Additionally, no appropriations were made on the profit for the three month ended 31 March 2017 that usually are made at the end of financial year.

(2-2) Changes in accounting policies:

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank's financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Bank's interim condensed consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Bank's interim condensed consolidated financial statements.

(3) Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiary (the "Group") control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Inter-company balances and transactions are eliminated between the bank and the subsidiary:

Societe Generale Brokerage Company (the "Subsidiary") is fully owned by the Bank with paid in capital of JD 750,000 as of 31 March 2017, was established on 6 June 2006. The Company's main objective is providing brokerage services.

The financial statements of the subsidiary are prepared for the same reporting period as of the Bank, using consistent accounting policies. If the subsidiary has a different accounting policy than the Bank, necessary adjustments will be reflected to match the Bank's accounting policies.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The results of operations of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Bank obtains control until the date the Group ceases to control the Subsidiary.

Non- controlling interests represent the portion of equity in the Subsidiary owned by others.

If separate financial statements are prepared for the Bank, the investment in subsidiary will be stated at cost.

(4) USE OF ESTIMATES

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

The Management of the Bank believes that their estimates within the interim condensed consolidated financial statements are reasonable and are as follows:

- Provision for credit losses: credit losses provision is reviewed in accordance with the Central Bank of Jordan regulations.
- Impairment losses on seized assets are based on recent assets revaluation reports issued by reliable valuation experts for the purpose of determining the impairment in their carrying value. The impairment is reviewed periodically.
- Income tax provision: income tax expense is charged according to the laws, regulations and accounting standards. Income tax liability and deferred income tax assets and liabilities are properly calculated and recognized.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their expected useful economic lives in the future. Impairment loss (if any) is taken to the interim consolidated statement of profit or loss.
- Management reviews the carrying values of financial assets held at cost, and any identified impairment is recorded in the interim consolidated statement of profit or loss.
- Legal provision is calculated for any legal liabilities according to the Bank's legal counsel opinion.

(5) CASH AND BALANCES AT CENTRAL BANK

The statutory cash reserve were amounted to JD 64,769,558 as at 31 March 2017 (31 December 2016: JD 63,938,828)

There are no restricted balances other than the statutory cash reserve as at 31 March 2017 and 31 December 2016.

SOCIETE GENERALE DE BANQUE - JORDANIE
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017

(6) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non-interest bearing balances at banks and financial institutions were amounted to JD 8,201,319 as at 31 March 2017 (31 December 2016: JD 1,223,763).

The restricted balances were amounted to JD 3,545,000 as at 31 March 2017 and 31 December 2016.

(7) DIRECT CREDIT FACILITIES - NET

The details are as follows:

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Consumer		
Loans and bills *	84,781,014	79,225,193
Credit cards	1,016,712	1,835,996
Real estate loans	101,399,868	99,947,957
Corporate		
Overdrafts	58,509,716	45,449,769
Loans and bills *	171,795,048	150,250,036
Small and medium enterprises ("SMEs")		
Overdrafts	17,120,052	28,259,735
Loans and bills *	26,575,001	56,606,662
Government and public sector	119,909,090	126,978,775
Total	581,106,501	588,554,123
Less: Interest in suspense	11,583,854	11,226,426
Less: Provision for impairment of direct credit facilities	9,511,194	9,113,050
Direct credit facilities, net	560,011,453	568,214,647

* Net of interest and commissions received in advance of JD 417,835 as at 31 March 2017 (31 December 2016: JD 336,367).

SOCIETE GENERALE DE BANQUE - JORDANIE

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2017

- Credit facilities guaranteed by the Jordanian Government amounted to JD 119,909,090 representing 20.63% of total direct credit facilities as at 31 March 2017 (JD 126,978,775 representing 21.57% of total direct credit facilities as at 31 December 2016).
- Non-performing credit facilities amounted to JD 25,379,530, representing 4.37% of total direct credit facilities as at 31 March 2017 (JD 23,954,816 representing 4.07% of total direct credit facilities as at 31 December 2016).
- Non performing credit facilities net of interest in suspense amounted to JD 13,795,676 representing 2.42% of total direct credit facilities net of interest in suspense as at 31 March 2017 (JD 12,728,390 representing 2.2% of total direct credit facilities net of interest in suspense as at 31 December 2016).
- No interest in suspense against performing credit facilities as at 31 March 2017 and 31 December 2016.

The following table shows the distribution of Bank's credit facilities by economic sector:

<u>Sector</u>	31 March	31 December
	2017	2016
	JD (Unaudited)	JD (Audited)
Industry	69,738,783	71,013,158
Trade	100,755,605	105,422,403
Constructions	117,005,058	115,738,582
Agriculture	1,003,085	844,298
Government	119,909,090	126,978,775
Retail and others	151,599,832	148,217,431
Total	560,011,453	568,214,647

Provision for impairment of direct credit facilities

The movement on the provision for impairment of direct credit facilities is as follows:

	31 March	31 December
	2017	2016
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	9,113,050	8,471,002
Charges for the period/ year	399,807	648,719
Debts written off	(1,663)	(6,671)
Balance at the end of the period/ year	9,511,194	9,113,050

SOCIETE GENERALE DE BANQUE - JORDANIE
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017

Interest in suspense

The movement on interest in suspense is as follows:

	31 March 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	11,226,426	8,927,938
Add: Suspended interest during the period/ year	829,167	2,854,811
Less: Interest transferred to income	(283,507)	(309,615)
Less: interest in suspense written off	(188,232)	(246,708)
Balance at the end of the period/ year	11,583,854	11,226,426

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details are as follow:

	31 March 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Quoted shares	313,924	354,694
Unquoted shares	254,406	124,085
Total	568,330	478,779

(9) FINANCIAL ASSETS AT AMORTIZED COST

The details are as follow:

	31 March 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Unquoted financial assets		
Treasury bills	4,941,532	24,856,753
Treasury bonds	248,069,903	280,022,353
Corporate bonds	10,118,484	10,261,852
Total unquoted financial assets	263,129,919	315,140,958
Allowance for impairment losses	(509,500)	(651,300)
Total financial assets at amortized cost	262,620,419	314,489,658
Analysis of bonds and bills		
Fixed income	262,620,419	314,489,658

- All bonds mature during the years 2017 to 2026.
- Allowance for impairment loss of corporate bonds amounted to JD 509,500 as at 31 March 2017 (31 December 2016: JD 651,300)

SOCIETE GENERALE DE BANQUE - JORDANIE

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2017

- During the first quarter of 2017 the Bank sold financial assets at amortized cost for JD 35,900,450 which resulted in a gain on sale of financial assets at amortized cost of JD 1,341,275. During the first quarter of 2016 the Bank sold financial assets at amortized cost for JD 35,034,196 which resulted in a gain on sale of financial assets at amortized cost of JD 3,129,853.

PLEDGED FINANCIAL ASSETS

The details are as follow:

	2017		2016	
	Pledged financial assets	Related liabilities	Pledged financial assets	Related liabilities
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Financial assets at amortized cost	126,000,000	111,000,000	126,403,000	111,204,031
Total	126,000,000	111,000,000	126,403,000	111,204,031

- The below bonds have been pledged against the following:

Bond	Issuance Number	Bond Balance	Maturity Date	Pledged against
Treasury Bonds	8/2016	15,000,000	01/03/2021	Deposit for the Social Security Corporation
Treasury Bonds	23/2015	33,000,000	20/08/2022	Deposit for the Social Security Corporation
Treasury Bonds	35/2015	28,000,000	26/10/2022	Deposit for the Social Security Corporation
Treasury Bonds	44/2015	50,000,000	23/11/2022	Deposit for the Social Security Corporation
Total		126,000,000		

(10) CUSTOMERS' DEPOSITS

The details are as follow:

	2017	2016
	JD	JD
	(Unaudited)	(Audited)
Current and demand deposits	110,244,219	174,311,878
Saving accounts	29,356,676	28,689,014
Time deposits	692,377,562	789,909,884
Certificates of deposit	8,973,942	8,116,435
Total	840,952,399	1,001,027,211

- The deposits of the Jordanian government and public sector inside Jordan amounted to JD 276,510,272 representing 32.88% of total deposits as at 31 March 2017 (JD 326,426,820 representing 32.61% of total deposits as at 31 December 2016).

- Non-interest bearing deposits amounted to JD 88,768,845 representing 10.56% of total deposits as at 31 March 2017 (JD 100,477,605 representing 10.04% of total deposits as at 31 December 2016).
- Restricted deposits amounted to JD 4,525 as at 31 March 2017 (31 December 2016: JD 4,539).
- Dormant deposits amounted to JD 2,549,517 as at 31 March 2017 (31 December 2016: JD 2,553,014) .

(11) INCOME TAX

(A) Income Tax provision

The movement on the income tax provision is as follows:

	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Balance at the beginning of the period/ year	5,235,192	4,299,315
Income tax expense for the period/ year	1,414,608	5,584,628
Income tax paid	(1,048,503)	(4,648,751)
Balance at the end of the period/ year	5,601,297	5,235,192

Income tax appearing on the interim consolidated statement of profit or loss represents the following:

	31 March 2017 JD (Unaudited)	31 March 2016 JD (Unaudited)
Current period income tax	1,414,608	1,656,697
Deferred tax assets	155,027	(204,387)
Deferred tax liabilities for the period	38,422	41,387
	1,608,057	1,493,697

The statutory income tax rate is 35 % for the Bank and 24 % for the Subsidiary.

- The Bank reached a final settlement with the Income Tax Department up to 2014. Tax declarations for 2015 were submitted to Income Tax Department and due tax was paid accordingly.
- The subsidiary reached a final settlement with Income Tax Department for the years 2012 and 2014. Tax declarations for 2013 and 2015 were submitted to Income Tax Department and due tax was paid accordingly.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2017

(12) BASIC AND DILUTED EARNINGS PER SHARE

The details are as follow:

	31 March 2017	31 March 2016
Profit for the period (JD)	2,974,937	2,760,901
Weighted average number of shares during the year	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share attributable to the Bank's shareholders	0/030	0/028

(13) CASH AND CASH EQUIVALENTS

The details are as follow:

	31 March 2017	31 March 2016
	JD (Unaudited)	JD (Unaudited)
Cash and balances with central bank maturing within 3 months	73,262,654	339,861,820
Add: Balances at banks and financial institutions maturing within 3 months	56,981,479	42,116,563
Less: restricted balances	(3,545,000)	-
Less: Banks and financial institutions' deposits maturing within 3 months	(18,600,255)	(14,989,535)
Total	108,098,878	366,988,848

(14) RELATED PARTY TRANSACTIONS

The accompanying interim condensed consolidated financial statements include the Bank and the following subsidiary:

Company name	Ownership percentage %	Company's capital	
		2017 JD (Unaudited)	2016 JD (Audited)
Societe Generale Brokerage Company	100	750,000	750,000

The Bank entered into transactions with major shareholders, Board of Directors, and executive management and their related subsidiaries within the ordinary course of business at commercial interest rates and commissions. All the facilities granted to related parties are performing and no provisions have been provided for.

31 MARCH 2017

The following table represents a summary of related parties transactions during the year:

	Related party					Total
	Parent company (Societe General bank – Lebanon)	Board of Directors	Subsidiary*	Executive Management	Others (Employees and their relatives, board of directors and executive management relatives)	
	JD	JD	JD	JD	JD	
Interim consolidated statement of financial position items:						
Direct credit facilities	-	648,903	-	898,470	12,162,182	(Unaudited) 13,709,555
Deposits at Bank	19,954	471,414	1,192,911	58,702	1,422,021	(Audited) 13,458,776
Margin accounts	-	3,750	-	17,787	3,175,195	3,165,002
Bank deposits with related parties	33,391,974	-	-	-	-	3,196,732
						33,391,974
						66,280,323
Off interim consolidated statement of financial position items:						
Indirect credit facilities	243,951	126,328	150,000	4,000	347,300	871,579
						1,788,254
Interim consolidated statement of profit or loss items:						
Interest and commission income	211,693	5,884	-	5,783	91,126	314,486
Interest and commission expense	-	3,035	11,650	7	38,758	53,450
						1,131,132
						279,830

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- * These balances and transactions were eliminated from these interim condensed consolidated financial statements.

Debit interest rates on credit facilities in Jordanian Dinar range between 1.25 % - 12.75%

Debit interest rates on credit facilities in foreign currency range between 3 % - 6.25 %

Credit interest rates on deposits in Jordanian Dinar range between 0.05% - 6.5%

Credit interest rates on deposits in foreign currency range between 0.01 % - 3 %

Compensation of the key management personnel is as follows:

	For the three months ended	
	31 March	
	2017	2016
	JD	JD
Benefits (Salaries, wages and bonuses) of key executive Management	323,358	316,422

(15) SEGMENT INFORMATION

For management purposes the Bank is organised into four major business segments that are measured according to the reports used by the main decision maker at the Bank:

- 1). **Consumer banking:** Principally handling individual customers' deposits and providing consumer type loans, overdrafts, credit cards facilities, funds transfer facilities, and other banking services;
- 2). **Small and medium enterprises (SMEs):** Principally handling deposits, providing services related to credit facilities, and other banking services to the small and medium enterprises.
- 3). **Corporate banking:** Principally handling loans, other credit facilities, deposit, current accounts, and other banking services to corporate and institutional customers;
- 4). **Treasury:** Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

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The following are information on the Bank's segments distrusted according to activities:

	Consumer	SMEs	Corporate	Treasury	Others	For the three months ended 31	
						March	
						2017	2016
	JD	JD	JD	JD	JD	JD	JD
total revenues	2,850,875	928,556	4,343,331	7,335,556	1,922,267	17,380,585	17,523,605
mpairment loss on							
direct credit facilities	179,830	234,852	(14,875)	-	-	399,807	(1,167,508)
segmental results	(106,686)	370,656	1,418,445	7,128,742	(1,162,313)	7,648,844	7,390,308
allocated expenses						(3,065,850)	(3,135,710)
profit before tax						4,582,994	4,254,598
income tax						(1,608,057)	(1,493,697)
profit for the period						2,974,937	2,760,901
Other information							
total Assets	155,087,463	48,334,883	236,680,016	525,813,883	164,021,205	1,129,937,450	1,209,851,632
total Liabilities	301,557,780	36,235,266	314,482,419	27,854,255	313,432,750	993,562,470	1,079,496,203
capital expenditure						568,342	239,975
depreciation and							
amortization						321,350	303,767

(16) CONTINGENT LIABILITIES AND COMMITMENTS

The total outstanding commitments and contingent liabilities are as follows:

	31 March	31 December
	2017	2016
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	10,984,388	10,506,800
Acceptances	7,479,714	5,816,902
Letter of guarantee:	57,661,082	61,496,562
Payments	7,245,460	5,635,878
Performance	26,843,505	24,238,909
Other	23,572,117	31,621,775
Unutilized facilities	80,892,885	75,932,702
Total	157,018,069	153,752,966

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(17) LAWSUITS

Lawsuits raised against the Bank in its ordinary course of business amounted to JD 232,126 as at 31 March 2017 (31 December 2016: JD 232,010). The Bank has provided for those lawsuits an amount of JD 73,785 (31 December 2016: JD 73,064).

The Bank's management and its legal advisor believe that no additional liability is required in excess of the amount provided for.

(18) RESERVES

The Bank didn't deduct statutory reserves according to the companies law since these financial statements are interim condensed consolidated financial statements.

(19) PROPOSED DIVIDENDS

In its meeting held on 23 February 2017, the Board of Directors approved the distribution of cash dividends for the year 2016 of 7% of the paid in capital (which amounts to JD 7 millions) and are subject to the approval of the general assembly.

(20) CAPITAL MANAGEMENT

	31 March 2017 -JD- (Unaudited)	31 December 2016 JD (Audited)
Primary capital items (Tier 1)		
Paid in capital	100,000,000	100,000,000
Statutory reserve	10,411,064	10,411,064
Voluntary reserve	100,000	100,000
Retained earnings	11,771,236	11,814,955
Fair value reserve - net	(93,770)	(53,000)
Profit for the period	2,974,937	-
Less:		
Deferred tax assets	(1,203,660)	(1,358,687)
Intangible assets - net	(1,310,828)	(1,355,256)
Net Primary capital (Tier 1)	122,648,979	119,559,076
Supplementary capital (Tier 2)		
General banking risk reserve	4,211,513	4,167,794
Net Supplementary capital (Tier 2)	4,211,513	4,167,794
Total regulatory capital	126,860,492	123,726,870
Total risk weighted assets	552,904,358	549,821,602
Capital adequacy (%)	22.94 %	22.50%
Primary capital (%)	22.18 %	21.75%
Financial leverage (%)	9.6%	8.28%

