



<p>TO: Jordan Securities Commission Amman Stock Exchange</p> <p>Ref:- FM/106/175 Date :15/5/2017</p> <p><u>Subject: Quarterly Report as of 31/3/2017</u></p>	<p>السادة هيئة الأوراق المالية السادة بورصة عمان</p> <p>الرقم:- أم/١٠٦/١٧٥ التاريخ:- ٢٠١٧/٥/١٥</p> <p><u>الموضوع: التقرير ربع السنوي كما هي في</u> <u>٢٠١٧/٣/٣١</u></p>
<p>Attached the Quarterly Report of Jordan Commercial Bank as of 31/3/2017</p>	<p>مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (البنك التجاري الاردني) كما هي بتاريخ ٢٠١٧/٣/٣١ م</p>
<p>Kindly accept our highly appreciation and respect</p> <p>Jordan Commercial Bank</p> <p> Caesar Qulajen General Manager</p>	<p>وتفضلوا بقبول فائق الاحترام،،،</p> <p>البنك التجاري الاردني</p> <p> سيزر قولاجن المدير العام</p>

بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٥ أيار ٢٠١٧
الرقم المتسلسل: ٢١١٢
رقم الملف: ١١١٢
الجهة المختصة: المكتب الإداري والعالي

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

CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD
ENDED MARCH 31, 2017
TOGETHER WITH THE REVIEW REPORT

JORDAN COMMERCIAL BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
MARCH 31, 2017

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Review Report on the Condensed Interim Financial Statements

AM/ 8511

To the Chairman and Members of the Board of Directors
Jordan Commercial Bank
(A Public Shareholding Limited Company)
Amman - The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed interim financial position of Jordan Commercial Bank (A Public Shareholding Limited Company) as of March 31, 2017, and the related condensed interim statements of income, comprehensive income, changes in owners' equity and cash flows for the three-month then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard number (34). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 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 condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to interim financial reporting.

Explanatory Paragraphs

The fiscal year of the Bank ends on December 31 of each year, the accompanying condensed interim financial statements are prepared only for the purposes of management, Jordan Securities Commission.

The accompanying condensed interim financial statements are a translation of the statutory condensed interim financial statements in the Arabic language to which reference should be made.

Amman - The Hashemite Kingdom of Jordan
April 30, 2017


Deloitte & Touche (M.E.) - Jordan

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

	Note	March 31, 2017 (Reviewed not audited) JD	December 31, 2016 JD
<u>ASSETS</u>			
Cash and balances at central banks	4	92,636,966	109,103,135
Balances with banks and financial institutions	5	70,066,523	52,611,438
Direct credit facilities – net	6	691,577,131	634,005,814
Financial assets at fair value through profit or loss		1,540,521	1,928,452
Financial assets at fair value through other comprehensive income		8,227,984	8,185,950
Financial assets at amortized cost		335,505,924	330,870,200
Property and equipment – net	7/a	27,743,047	28,087,262
Intangible assets - net	7/b	1,545,782	1,474,632
Deferred tax assets	14/e	3,236,979	3,325,672
Other assets	8	99,290,314	95,707,805
TOTAL ASSETS		1,331,371,171	1,265,300,360
<u>LIABILITIES AND OWNERS' EQUITY</u>			
LIABILITIES:			
Banks and financial institutions deposits		123,369,157	51,804,094
Customers deposits		942,624,046	957,337,624
Cash margins		73,765,561	69,931,443
Borrowed funds	9	13,651,992	12,787,691
Provision for income tax	14/a	3,486,924	3,792,448
Various provisions		833,301	777,307
Other liabilities	10	26,644,629	23,054,962
TOTAL LIABILITIES		1,184,375,610	1,119,485,569
OWNERS' EQUITY:			
Bank Shareholders' Equity:			
Authorized and paid-up capital		112,875,000	112,875,000
Statutory reserve	19	13,448,365	13,448,365
General banking risks reserve		6,793,964	6,229,516
Cyclicality reserve		1,705,716	1,705,716
Fair value reserve – net	15	(1,661,976)	(1,852,705)
Retained earnings		12,548,523	13,408,899
Profit for the period		1,285,969	-
TOTAL BANK SHAREHOLDER'S EQUITY		146,995,561	145,814,791
TOTAL LIABILITIES AND OWNER'S EQUITY		1,331,371,171	1,265,300,360

General Manager

Chairman of Board of Directors

THE ACCOMPANYING NOTES FROM (1) TO (20) CONSTITUTE AN INTEGRAL PART
OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD
BE READ WITH THEM AND WITH THE REVIEW REPORT.

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

	Note	For the Three-Month Period	
		Ended March 31,	
		2017	2016
		JD	JD
Interest income		17,293,400	18,294,104
<u>Less: Interest expense</u>		<u>(7,678,739)</u>	<u>(8,702,157)</u>
Net Interest Income		9,614,661	9,591,947
Net commissions income		1,043,187	1,182,376
Net Interest and Commissions Income		10,657,848	10,774,323
Foreign exchange income		369,074	890,304
Gain from financial assets at fair value through profit or loss		12,111	449,286
Cash dividends from financial assets at fair value through other comprehensive income		36,050	40,340
Other income - net		1,201,949	595,303
Gross Income		12,277,032	12,749,556
Employees expenses		3,687,907	3,726,091
Depreciation and amortization		737,478	707,774
Provision for impairment - direct credit facilities	6	2,369,750	2,076,395
Various provisions		113,650	122,092
Impairment provision on seized assets		166,107	303,957
Other expenses		2,801,010	2,718,105
Total Expenses		9,875,902	9,654,414
Income for the Period before Income Tax		2,401,130	3,095,142
<u>Less: Income tax expense</u>	14/b	<u>(1,115,161)</u>	<u>(921,724)</u>
Income for the Period		1,285,969	2,173,418
Earnings per share for the period attributable to the Banks' shareholders			
basic and diluted	13	-/011	-/019

General Manager

Chairman of Board of Directors

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

	For the Three-Month Period	
	Ended March 31,	
	2017	2016
	JD	JD
Income for the period	1,285,969	2,173,418
<u>Other Comprehensive Income Items:</u>		
<u>Items that are not transferable to statement of income:</u>		
Net change in fair value of financial assets at fair value reserve through other comprehensive income	(192,806)	(234,561)
Released from fair value reserve as a result of sale of financial assets at fair value through other comprehensive income	383,535	271,617
Total Other Comprehensive Income	190,729	37,056
(Loss) realized from sale of financial assets at fair value through other comprehensive income	(295,927)	(231,609)
Total Comprehensive Income for the Period	<u>1,180,771</u>	<u>1,978,865</u>

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

CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

Description	Shareholders' Equity							
	Authorized and Paid-up Capital	Reserves						Total
		Statutory	General Banking Risks	Cyclical	Fair Value Reserve-net	Retained Earnings	Profit for the Period	
	JD	JD	JD	JD	JD	JD	JD	JD
For the Three-Month Period Ended March 31, 2017								
Balance - beginning of the period	112,875,000	13,448,365	6,229,516	1,705,716	(1,852,705)	13,408,899	-	145,814,791
Income for period	-	-	-	-	-	-	1,285,969	1,285,969
Net change in fair value reserve of financial assets at fair value through other comprehensive income-net	-	-	-	-	(192,806)	-	-	(192,806)
Released from fair value reserve from sale of financial assets at fair value through other comprehensive income	-	-	-	-	383,535	(383,535)	-	-
Realized losses from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	87,608	-	87,608
Total Comprehensive Income for the Period	-	-	-	-	190,729	(295,927)	1,285,969	1,180,771
Transferred to reserves	-	-	-	-	-	(564,448)	-	-
Balance - End of the Period	112,875,000	13,448,365	6,793,964	1,705,716	(1,661,976)	12,848,523	1,285,969	146,995,561
For the Three-Month Period Ended March 31, 2016								
Balance - beginning of the period	105,000,000	12,245,038	6,086,288	1,472,315	(3,524,034)	16,701,825	-	137,981,432
Income for period	-	-	-	-	(234,561)	-	-	(234,561)
Net change in fair value reserve of financial assets at fair value through other comprehensive income-net	-	-	-	-	271,617	(271,617)	-	-
Released from fair value reserve from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	40,008	-	40,008
Realized gains from sale of financial assets at fair value through other comprehensive income	-	-	-	-	37,056	(231,609)	2,173,418	1,978,865
Total Comprehensive Income for the Period	-	-	-	-	-	(623,063)	-	-
Transferred to reserves	-	-	623,063	-	-	15,847,153	-	139,960,297
Balance - End of the Period	105,000,000	12,245,038	6,709,351	1,472,315	(3,486,978)	15,847,153	2,173,418	139,960,297

- Retained earnings balance includes JD 3,236,979 as of March 31, 2017 restricted against deferred tax assets according to Central Bank of Jordan instructions.
- Use of retained earnings in an amount of JD 1,661,976 as of March 31, 2017 which equals to negative cumulative change in fair value of financial assets is restricted (including JD 340,365 against the implementation of International Financial Reporting Standards No. (9)) according to Jordan Securities Commission and Central Bank of Jordan instructions.
- Use of the General Banking Risks Reserve is restricted and requires the pre-approval of the Central Bank of Jordan.
- Use of the Cyclical Reserve is restricted and cannot be released without the approval of the Palestinian Monetary Authority.

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

	Note	For the Three-Month Period Ended March 31,	
		2017	2016
		JD	JD
Cash Flows From Operating Activities:			
Income for the year before income tax		2,401,130	3,095,142
Adjustments:			
Depreciation and amortization		737,478	707,774
Provision for impairment in direct credit facilities	6	2,369,750	2,076,395
Impairment provision for assets seized by the Bank		166,107	303,957
Loss (gain) from valuation of financial assets at fair value through profit or loss		75,094	(400,212)
Effect of exchange rate fluctuations on cash and cash equivalent		189,277	733,622
Total		5,938,836	6,516,678
Changes in Assets and Liabilities:			
(Increase) in direct credit facilities		(59,941,067)	(25,131,655)
Decrease in financial assets at fair value through other comprehensive income		312,837	504,256
(Increase) in other assets		(3,748,616)	(77,956)
(Decrease) in restricted balances		-	(57)
(Decrease) in deposits with banks and other financial institutions (date that exceeds 3 months)		-	(3,545,000)
Increase in deposits with banks and other financial institutions (date that exceeds 3 months)		30,000,000	5,000,000
(Decrease) in customer's deposits		(14,713,578)	(52,082,789)
Increase (decrease) in cash margins		3,834,118	(91,604)
Increase in various provision		55,994	72,469
Increase (decrease) in other liabilities		3,589,668	(2,233,649)
Net Change in Assets and Liabilities		(40,610,644)	(77,585,985)
Net Cash Flows (used in) Operating Activities before Income Tax Paid		(34,671,808)	(71,069,307)
Income tax paid	14/a,b	(1,436,323)	(1,813,808)
Net Cash flows (used in) Operating Activities		(36,108,131)	(72,883,115)
Cash Flows From Investing Activities:			
(Increase) decrease in financial assets at amortized cost		(4,635,724)	4,636,679
(Increase) decrease in financial assets at fair value through other comprehensive income		(42,903)	997,728
Change in property and equipment and intangible assets		(464,413)	(949,594)
Net Cash Flows (used in) from Investing Activities		(5,143,040)	4,684,813
Cash Flows From Financing Activities:			
Borrowed funds		864,301	4,636,679
Net Cash Flows from Financing Activities		864,301	4,636,679
Effect of exchange rate fluctuations on cash and cash equivalents		(189,277)	(733,622)
Net (Decrease) in Cash and Cash Equivalents		(40,576,147)	(64,295,245)
Cash and cash equivalents - beginning of the period		114,910,479	166,638,722
Cash and Cash Equivalents - End of the Period	11	74,334,332	102,343,477

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CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM
AND WITH THE REVIEW REPORT.

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

1. General

- Jordan Commercial Bank was established as a Jordanian Public Shareholding Company on May 3, 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with a paid-up capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, Tel. +962 (6) 5203000, P.O. Box 9989, Amman the Hashemite Kingdom of Jordan.
- During the year 1993, Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Mashrek Bank (Jordan branches) in terms of its rights and obligations.
- At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned governmental parties and on June 28, 2004, procedures relating to changing the Bank's name from Jordan and Gulf Bank to Jordan Commercial Bank were completed.
- The Bank's capital was increased gradually; the last increase was during the year 2016 whereby the capital become 112,875,000 JD/Share. The procedures of increasing the paid up capital have been completed on May 22, 2016.
- Jordan Commercial Bank is a listed Public Shareholding Company on Amman Stock Exchange.
- The Bank is engaged in banking and related financial operations through its branches totalling to (29) inside Jordan, and (4) branches in Palestine.
- The condensed interim financial statements have been approved by the Bank's Board of Directors, on April 30, 2017.

2. Basis of Preparation of Condensed Interim Financial Statements

- The condensed interim financial statements of the Bank were prepared as of March 31, 2017 in accordance with International Accounting Standard Number (34) (Condensed Interim Financial Statements), and Central Bank of Jordan regulations.
- The condensed interim financial statements are prepared in accordance with the historical cost principle, except for financial assets / financial liabilities which are stated at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives which stated at fair value at the date of the condensed interim financial statements. Moreover, hedged financial assets / liabilities are also stated at fair value.
- The condensed interim financial statements are presented in Jordanian Dinar, which is the Bank's functional currency.

- The accompanying condensed interim financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of the Bank's operations for the three-months ended on March 31, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017. Moreover, this interim financial statements do not require Central Bank's of Jordan approval.
- The accounting policies adopted in the condensed interim financial statement are consistent with those applied in the year ended December 31, 2016 except for the adoption of new and revised standards that become effective from the first of January 2017.

3. Accounting Estimates

Preparation of the condensed interim financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of assets, liabilities and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value and 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 preparation of condensed interim financial statements are reasonable, and consistent with the year ended 2016.

4. Cash and Balances at Central Banks

- Statutory cash reserve amounted to JD 46,286,485 as of March 31, 2017 (JD 48,967,567 as of December 31, 2016).
- Except for the statutory cash reserve and cash deposit for Palestine Monetary Authority amounted to JD 8,224,400, and there are no restricted balances as of March 31, 2017 and December 31, 2016.

5. Balances with Banks and Financial Institutions

- Non-interest bearing balances at banks and financial institutions amounted to JD 25,651,883 as of March 31, 2017 (JD 18,541,643 as of December 31, 2016).
- There is no restricted balances as of March 31, 2017 and December 31, 2016.

6. Direct Credit Facilities - Net

This item consists of the following:

	March 31, 2017 JD	December 31, 2016 JD
Individual (Retail Customers):		
Overdraft accounts	801,924	527,631
Loans and bills *	164,994,744	155,220,754
Credit cards	3,028,829	3,046,084
Real estate loans	85,849,385	66,399,490
Companies:		
Corporate		
Overdraft accounts	68,292,396	57,404,264
Loans and bills *	269,643,120	234,959,577
Syndicated loans	3,814,192	3,707,000
SMEs		
Overdraft accounts	21,668,426	23,887,677
Loans and promissory bills *	53,567,330	65,942,173
Government and public sector	57,290,082	57,125,701
Total	728,950,428	668,220,351
Less: Provision for impairment in direct credit facilities	(24,483,212)	(22,114,945)
Less: Interest and commission in suspense	(12,890,085)	(12,099,592)
Net Direct Credit Facilities	691,577,131	634,005,814

- * Net after deducting interest and commission received in advance of JD 3,172,307 as of March 31, 2017 (JD 2,059,349 as of December 31, 2016).
- Non-performing credit facilities amounted to JD 50,152,558 representing 6/9% of the total direct credit facilities balance as of March 31, 2017 (JD 52,469,614 representing 7/9% of the total direct credit facilities as of December 31, 2016).
- Non-performing credit facilities after deducting suspended interest amounted to JD 37,855,701 representing 5/3% of direct credit facilities after deducting the suspended interest and commission as of March 31, 2017 (JD 40,869,177 representing 6/2% of direct credit facilities after deducting suspended interest and commission as of December 31, 2016).
- Direct credit facilities include a credit facilities granted to Palestinian National Authority amounted to JD 15,358,983 as of March 31, 2017 (JD 15,168,585 as of December 31, 2016). In addition to granted direct credit facilities guaranteed by the Government of Jordan in an amount of JD 15,000,000 as of March 31, 2017 (JD 15,000,000 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:

For the Three-Month Period Ended on March 31, 2017	Companies				Government and Public Sector	Total
	Individual	Real Estate	Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the period	4,506,428	674,206	14,049,485	2,884,826	-	22,114,945
Provision for the period taken from revenues	293,925	710,680	1,191,311	173,834	-	2,369,750
Used from provision from the period (written-off) *	(1,483)	-	-	-	-	(1,483)
Balance – End of the Period	<u>4,798,870</u>	<u>1,384,886</u>	<u>15,240,796</u>	<u>3,058,660</u>	-	<u>24,483,212</u>

Related to:

Provision for non-performing credit facilities	4,510,162	1,274,496	14,724,120	3,046,382	-	23,555,160
Provision for watch list credit facilities	288,708	110,390	516,676	12,278	-	928,052
Balance – End of the Period	<u>4,798,870</u>	<u>1,384,886</u>	<u>15,240,796</u>	<u>3,058,660</u>	-	<u>24,483,212</u>

For the Year Ended on December 31, 2016	Companies				Government and Public Sector	Total
	Individual	Real Estate	Large	SMEs		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	5,985,803	775,169	17,702,917	3,284,737	-	27,748,626
Deducted from revenue (Surplus) for the year	4,129,263	(39,117)	1,257,477	850,784	-	6,198,407
Used from provision for the year (written-off) *	(5,857)	-	-	(1,062)	-	(6,919)
Provision for doubtful debts of the off-balance sheet items	(5,602,781)	(61,846)	(4,910,909)	(1,249,633)	-	(11,825,169)
Balance – End of the Year	<u>4,506,428</u>	<u>674,206</u>	<u>14,049,485</u>	<u>2,884,826</u>	-	<u>22,114,945</u>

Related to:

Provision for non-performing credit facilities	4,174,079	637,710	13,498,021	2,836,450	-	21,146,260
Provision for watch list credit facilities	332,349	36,496	551,464	48,376	-	968,685
Balance – End of the Year	<u>4,506,428</u>	<u>674,206</u>	<u>14,049,485</u>	<u>2,884,826</u>	-	<u>22,114,945</u>

- * During the first quarter of the year 2017 an amount of JD 1,483 was written off based on the decision of the Board of Directors (JD 6,919 for the year 2016).
- Provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to JD 3,772,812 for three-month period ended on March 31, 2017 (JD 2,154,089 for the year ended on December 31, 2016).

Interest and Commission in Suspense:

The following is the movement on the interest in suspense:

For the Three-Month Period Ended on March 31, 2017	Companies				Government and Public Sector	Total
	Individuals	Real Estate	Large Corporate Customers	SMEs		
JD	JD	JD	JD	JD	JD	
Balance – beginning of the period	454,805	615,161	9,434,257	1,595,369	-	12,099,592
Add: Suspended interest during the period	76,693	194,074	808,005	160,403	-	1,239,175
Less: Interest in suspense reversed to income	(22,989)	-	(376,631)	(42,019)	-	(441,639)
Suspended interest which was write-off	(23)	-	(7,020)	-	-	(7,043)
Balance - End of the Period	508,486	809,235	9,858,611	1,713,753	-	12,890,085

For the Year Ended December 31, 2016	Companies				Government and Public Sector	Total
	Individuals	Real Estate	Large	SMEs		
JD	JD	JD	JD	JD	JD	
Balance – beginning of the year	637,345	546,519	7,856,822	1,829,600	-	10,870,286
Add: Suspended interest during the year	1,043,598	187,653	4,619,391	666,006	-	6,516,648
Less: Interest in suspense reversed to income	(150,142)	(20,988)	(1,346,392)	(154,841)	-	(1,672,363)
Interest in suspense written off during the year	(4,485)	(22,545)	(146,023)	(23,456)	-	(196,509)
Suspended interest which was write-off	(1,071,511)	(75,478)	(1,549,541)	(721,940)	-	(3,418,470)
Balance - End of the Year	454,805	615,161	9,434,257	1,595,369	-	12,099,592

There is a direct credit facilities amounting JD 92,160,797 together with its suspended interest of JD 47,539,075 and its related provision amounted to JD 44,621,722 as of March 31, 2017 were stated as off-statement of financial position items based on the approval of the Board of Directors, since all these accounts are fully covered as of the date of the condensed interim financial statements.

7. Property and Equipment and Intangible Assets

- a- Additions on property and equipment for the three-month period ended March 31, 2017 amounted to JD 256,056 (JD 977,190 for the three-month period ended March 31, 2016 representing additions on furniture and tools and equipment). While the disposals for the three-month period ended March 31, 2017 was JD 34,804 (JD 71,743 for the three-month period ended on March 31, 2016).
- b- The addition on intangible assets amounted to JD 185,290 for the three-month period ended March 31, 2017 (JD 157,314 for the three-month period ended March 31, 2016) representing computer software and there were no disposals for the three-month period ended on March 31, 2017 and 2016.

8. Other Assets

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Accrued interest and revenue	5,225,964	6,764,764
Prepaid expenses	2,953,989	834,598
Assets seized by the Bank against due debts - net *	83,506,004	78,873,375
Assets seized by the Bank sold on instalments - net	3,803,673	1,478,632
Advance payment to invest in a company	21,999	-
Refundable deposits	581,882	2,462,811
Transactions under process between branches	-	780,184
Clearance checks-Palestine branches	1,589,299	2,406,649
Others	1,607,504	2,106,792
Total	<u>99,290,314</u>	<u>95,707,805</u>

- * According to Central Bank of Jordan instructions, properties and shares seized by the Bank against past due customer debt should be disposed of within two years from acquisition date. For exceptional cases, the Central Bank of Jordan can extend this period for two more years.
- The following is the movement on the assets seized by the Bank in against debts of debts during the period / year is as follows:

	For the Three-Month Period Ended March 31, 2017			For the Year Ended December 31, 2016
	Seized Properties	Other Seized Assets	Total	Total
	JD	JD	JD	JD
Balance - beginning of the period/year (Net after impairment provision)	77,863,808	1,009,567	78,873,375	70,663,375
Additions for the period/year	7,065,866	-	7,065,866	12,137,449
Disposals for the period/year	(2,290,000)	-	(2,290,000)	(2,169,815)
Effect of impairment for the period/year	(201,137)	57,900	(143,237)	(1,757,634)
Balance - End of the Period/Year	<u>82,438,537</u>	<u>1,067,467</u>	<u>83,506,004</u>	<u>78,873,375</u>

The movement on impairment loss on assets seized by the Bank against debts during the period / year is as follows:

	For the Three-Month Period ended March 31, 2017			For the Year Ended December 31, 2016
	Seized Properties	Other Seized Assets	Total	Total
	JD	JD	JD	JD
Balance – beginning of the period/ year	2,202,242	-	2,202,242	1,254,678
Provision (recovery) for the period/ year*	201,137	(57,900)	143,237	303,957
Balance - End of the Period/Year	<u>2,403,379</u>	<u>(57,900)</u>	<u>2,345,479</u>	<u>1,558,635</u>

- * This item includes JD 1,886,453 against provision for seized assets by the Bank for the period ended March 31, 2017, according to Central Bank of Jordan circular No. 10/1/4076 dated March 27, 2014 and circular No. 10/1/6841 dated on June 3, 2015 whereby the Bank started to calculate a provision gradually for the seized properties against debts which were held for more than 4 years. The Central Bank of Jordan issued circular No. 10/1/2510 dated February 14, 2017 that amended the required rate against seized assets to 10% annually for 5 years until it reaches 50% from seized properties asset.

9. Borrowed Funds

These funds have been granted under the signed agreements with the Central Bank of Jordan. These funds will be used to the purpose of financing micros, small and medium companies. Whereby the repayments will be through semi-annually instalments including interest, this item includes the following:

<u>March 31, 2017</u>	<u>Total Loan</u>	<u>Utilized</u>	<u>Number of Premiums</u>	<u>Guarantees</u>	<u>Loan Interest Price</u>
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	2,000,000	20 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Loan from Arab Monetary Funds through Central Bank of Jordan	2,125,890	2,125,890	10 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Advances from Central Bank of Jordan	9,526,102	9,526,102	2 years payable on semi-annual instalments	-	2/25%
Total		<u>13,651,992</u>			

<u>December 31, 2016</u>	<u>Total Loan</u>	<u>Utilized</u>	<u>Number of Premiums</u>	<u>Guarantees</u>	<u>Loan Interest Price</u>
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	2,000,000	20 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Loan from Arab Monetary Funds through Central bank of Jordan	2,100,000	2,100,000	10 years including 5 Grace period payable on semi-annual instalments	-	2/5%
Advances from Central Bank of Jordan	8,687,691	8,687,691	2 years payable on semi-annual instalments	-	2/25%
Total		<u>12,787,691</u>			

10. Other Liabilities

This details of this item are as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	JD	JD
Accepted checks	7,263,354	6,583,153
Incoming transfers	686,037	265,313
Accrued interest not paid	4,938,019	5,160,954
Refundable and various deposits	3,295,260	3,386,757
Safe deposits boxes	91,378	89,878
Shareholders deposits	14,773	14,773
Income tax and social security withholding	370,423	298,145
Accrued expenses not paid	1,346,827	2,018,391
Board of Directors' remuneration	55,000	55,000
Transaction in transit between branches	153,949	-
Received amounts on the sale of land and real estate*	8,085,838	5,123,526
Others	343,771	59,072
Total	<u>26,644,629</u>	<u>23,054,962</u>

* The movement on this item during the period / year is as follow:

	For the Three- Month Period Ended March 31,	For the Year Ended December 31,
	2017	2016
	JD	JD
Balance beginning of the period / year	5,123,526	2,638,977
Amounts received	2,962,312	4,309,599
Disposals	-	(1,825,050)
Balance - End of the Period / Year	8,085,838	5,123,526

11. Cash and Cash Equivalent

This details of this item are as follows:

	March 31,	
	2017	2016
	JD	JD
Cash and balances at central banks due within three months	92,636,966	96,418,512
Add: Balances at banks and financial institutions due within three months	70,066,523	74,983,227
Less: Banks and financial institutions deposits due within three months	(88,369,157)	(68,949,141)
Restricted balances	-	(109,121)
Total	74,334,332	102,343,477

12. Information about Bank Business Sectors

- Information about general business sectors:

- The Bank is regulated for managerial purposes, which are measured according to reports that are used by key decision makers at the Bank, through the following major sector:
- Personal accounts: Includes follow up on individual customer's deposits and grant them direct credit facilities and non-direct and credit cards and other services.
- Institutions accounts: Includes follow up on deposits and credit facilities and other banking services related to corporate customers.
- Treasury: Includes provide dealing services and manage Bank's funds.
- Other: Includes the activities that does not apply to the definition of the bank's business segments mentioned above.

The following are information about distributed bank businesses by activities:

	Personals JD	Institutions JD	Treasury JD	Other JD	Total	
					For the Three-Month Period Ended March 31,	
					2017 JD	2016 JD
Total income for the period	957,761	9,105,969	2,000,737	212,565	12,277,032	12,749,556
Impairment of direct facilities	(293,925)	(2,075,825)	-	-	(2,369,750)	(2,076,395)
Sector business results	663,836	7,030,144	2,000,737	212,565	9,907,282	10,673,161
Less: Expenses not distributed to the sectors	(1,827,397)	(4,441,313)	(701,845)	(535,597)	(7,506,152)	(7,578,019)
Profit for the period before income tax	(1,163,561)	2,588,831	1,298,892	(323,032)	2,401,130	3,095,142
Income tax for the period	-	-	-	(1,115,161)	(1,115,161)	(921,724)
Profit for the Period Before Income Tax	(1,163,561)	2,588,831	1,298,892	(1,438,193)	1,285,969	2,173,418
Capital expenditures	-	-	-	441,346	441,346	1,134,504
Depreciation and amortization	-	-	-	737,478	737,478	707,774

					Total	
					March 31, 2017	December 31, 2016
					JD	JD
Total Assets	199,659,347	493,233,089	511,910,576	126,568,159	1,331,371,171	1,265,300,360
Total Liabilities	482,304,291	317,740,753	359,081,145	25,249,421	1,184,375,610	1,119,485,569

b- Geographical Distribution Information

This sector represents geographical distribution for the bank's operation, the Bank mainly practices its activities mainly in Hashemite kingdom of Jordan that represent local business and practices international activities through its branches in Palestine.

The following is distribution revenue and bank assets and capital expenses by geographical sector:

	Inside Kingdom		Outside Kingdom		Total	
	For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,	
	2017 JD	2016 JD	2017 JD	2016 JD	2017 JD	2016 JD
Total income	11,034,561	11,284,259	1,242,471	1,465,297	12,277,032	12,749,556
Capital expenditures	431,540	832,455	9,806	302,049	441,346	1,134,504
	March 31, 2017 JD	December 31, 2016 JD	March 31, 2017 JD	December 31, 2016 JD	March 31, 2017 JD	December 31, 2016 JD
Total assets	1,152,867,746	1,108,952,704	178,503,425	156,347,656	1,331,371,171	1,265,300,360

13. Earnings Per Share for the Period Attributable to Banks Shareholders

The details of this item are as follows:

	For the Three-Month Period Ended March 31,	
	2017	2016
	JD	JD
Profit for the period	1,285,969	2,173,418
	Share	Share
Weighted average number of shares	112,875,000	112,875,000
	JD/Share	JD/Share
Earnings per share for the period (Basic and diluted)	-/011	-/019

- The weighted average for the number of shares was calculated based on basic and diluted profit which attributable to the Company's shareholders based on number of authorized shares for both periods ended as of March 31, 2017 and 2016.

14. Income Tax

a. Income Tax Provision:

The movement on the provision for income tax during the period / year was as follows:

	For the Three- Month Period Ended March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Beginning balance for the period / year	3,792,448	8,368,127
Income tax incurred on current period / year	744,396	2,769,752
Income tax paid-Palestine branches	(213,953)	(519,538)
Income tax paid-Jordan branches	(835,967)	(6,825,893)
Ending Balance for the Period / Year	3,486,924	3,792,448

b. Income Tax Expense:

Income tax expense in the condensed interim statement of income represents the following:

	For the Three-Month Period Ended March 31,	
	2017	2016
	JD	JD
Income tax paid on current period Profit - Jordan branches	594,396	641,988
Income tax paid on current period profit - Palestine branches	150,000	150,000
Income tax paid on prior period profit - Jordan branches	386,403	-
Effect on deferred tax assets	(15,638)	129,736
Total	1,115,161	921,724

c. Summary of Reconciliation between Declared Income and Taxable Income:

The following is a summary of the reconciliation between declared income and taxable income:

	For the Three-Month Period Ended March 31,	
	2017	2016
	JD	JD
Declared income	2,401,130	3,095,142
Add: Unacceptable tax expenses	735,453	557,933
Less: Exempted tax income	(1,065,058)	(1,352,955)
Taxable Income	<u>2,071,525</u>	<u>2,300,120</u>

Income Tax Rate

Bank branches in Jordan	%35	%35
Bank branches in Palestine	%20	%20

d. Tax Status:

Jordan Branches

The Bank has reached a final settlement with Income and Sales Tax Department for Jordan branches until the end of the year 2014. As for the years 2015 and 2016, the Bank submitted its tax returns within the legal period. However, no final settlement has been reached yet.

Palestine Branches

The Bank has settled income tax for Palestine branches up to the year 2010, while for the years 2011 to 2016 the Bank has submitted income tax return and is currently in the process of settling the tax status with the Income Tax Department in Palestine, however final settlement has not been reached yet.

In the opinion of the Management and the Bank's tax advisors in Jordan and Palestine, no liability would exceed the booked provision by the Bank and its related branches, and the booked income tax provision is sufficient to settle the potential tax obligations as of the date of the condensed interim financial statements.

e. Deferred Tax Assets

The details of the item are as follows:

	For the Three-Month Period Ended March 31, 2017				March 31, 2017	December 31, 2016
	Beginning Balance - of the Period	Additions	Released	Balance - End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets						
Provision for doubtful Debts before the year 2000	338,221	-	-	338,221	118,377	118,377
Provision for impairment in seized assets	516,939	-	-	516,939	180,928	180,929
Provision of seized properties held for more than four years	2,062,704	166,108	-	2,228,812	780,084	721,946
Impairment loss on seized shares against debts	1,013,101	(57,900)	-	955,201	334,320	354,585
Impairment loss on financial assets at amortized cost	283,600	-	-	283,600	99,260	99,260
Provision for lawsuits against the Bank	43,492	49,050	-	92,542	32,390	15,222
Provision for end of service indemnity	57,926	-	(23,113)	34,813	12,185	20,274
Provision for suspended legal fees and expense	1,514,015	12,980	(1,739)	1,525,256	533,839	529,905
Valuation losses on financial assets at fair value through profit or loss	446,539	75,094	(175,798)	345,835	121,042	156,289
Fair value reserve *	2,850,316	85,447	(383,535)	2,552,228	893,280	997,611
Other provisions	375,066	-	-	375,066	131,274	131,274
Total	<u>9,501,919</u>	<u>330,779</u>	<u>(584,185)</u>	<u>9,248,513</u>	<u>3,236,979</u>	<u>3,325,672</u>

- Deferred tax benefits mentioned above represent deferred tax benefits for Jordan branches only since there are no deferred tax benefits for the Bank's branches in Palestine.
- * Deferred tax assets resulting from valuation loss of financial assets at fair value through comprehensive income appear within valuation reserve of financial assets at fair value in the owners' equity statement.

The movement on deferred tax assets during the period was as follows:

	For the Three- Month Period Ended March 31, 2017
	Assets
	JD
Balance beginning of the period/year	3,325,672
Provided during the period/year	115,772
Disposed during the period/year	(204,465)
Balance - End of the Period/Year	<u>3,236,979</u>

- Deferred tax assets for Jordan branches have been calculated using 35% as of January 1, 2015 according to the Income Tax Law No. (34) for the year 2014 and effective from January 1, 2015.

15. Fair Value Reserve - Net

The movement on the fair value reserve for the period / year are as follows:

	For the Three-Month Period Ended, March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Balance - beginning of the period/year	(1,852,705)	(3,524,034)
Unrealized (losses) - net	(192,806)	(1,653,310)
Released from selling financial assets at fair value through comprehensive income	383,535	3,324,639
Balance - End of the Period/Year	<u>(1,661,976)</u>	<u>(1,852,705)</u>

- The fair value reserve contains JD 340,365 as of March 31, 2017 (JD 404,032 as of December 31, 2016) related to the effect of implementation of IFRS 9.

16. Balances and Transactions with Related Parties

The Bank entered into transactions with the board of directors and related parties and representing companies with board of directors and upper management within the normal Bank activities, and according to the normal interest's rates and commissions. The credit facilities granted to related parties considered performing and no provision has taken for it as of the condensed interim financial statements date.

The following are balances and transactions with related parties during the period/year:

	BOD Members	Companies Represented by the BOD	Executive Managers	Others	Total	
					March 31,2017	December 31,2016
<u>On-Statement of Financial</u>	JD	JD	JD	JD	JD	JD
<u>Position Items</u>						
Deposits	33,439,810	1,400,658	661,503	501,789	36,003,760	41,972,563
Direct credit facilities	2,348,327	14,226,027	829,926	547,929	17,952,209	18,253,342
Cash margins	739	18,010	-	19,055	37,804	41,262
<u>Off-statement of Financial</u>						
<u>Position Items</u>						
Guarantees	-	588,847	-	74,550	663,397	659,941
Collection Policies	-	-	-	-	-	20,986
Credits	-	1,941,850	-	-	1,941,850	-
					Total	
					For the Three-Month Period Ended March 31,	
					2017	2016
<u>Condensed Interim</u>	JD	JD	JD	JD	JD	JD
<u>Statement of Income Items</u>						
Interest and Commission	34,410	231,282	5,857	147,951	419,500	284,665
Income**						
Interest and commission	659,220	43,166	3,558	3,853	709,797	732,699
expense***						

** Credit interest rates vary between 8% to 8/25%.

*** Debit interest rates vary between 1% to 4/5%.

Executive Management Salaries and paid incentives

Executive management salaries and bonuses for the Bank JD 856,422 for the period ended on March 31, 2017 (JD 919,207 for the period ended on March 31, 2016).

17. Commitments and Contingent Liabilities

The Bank has contingent liabilities at the date of condensed interim financial statements as follows:

	March 31, 2017	December 31, 2016
	JD	JD
Letters of credit	26,520,687	32,824,094
Letters of acceptance	10,151,194	14,669,689
Letters of guarantees:		
Payments	27,240,489	27,840,449
Performance bonds	43,206,412	45,151,925
Other	50,725,268	47,680,764
unutilized credit facilities ceilings	71,524,884	86,272,631
Total	229,368,934	254,439,552

18. Lawsuits against Bank

The Banks is defendant in lawsuits amounting to JD 7,468,568 as of March 31, 2017 (JD 7,204,006 as of December 31, 2016).

In opinion of Bank's management and Bank's legal consultant, the bank will not incur obligations exceeding the booked provision amounted to JD 97,837 as of March 31, 2017 (JD 48,787 JD of December 31, 2016).

19. Statutory Reserves

According to Jordanian Companies Law, the Bank did not appropriate the profit of the current period as this is an interim statements and these allocations usually performed at the year end.

20. Proposed Dividends

The Board of Directors recommended in their meeting number 4/2017 held on March 30, 2017 to the General Assembly of shareholders to distribute stock dividends, 6.312% making the Bank's capital JD 120 million, the Central Bank of Jordan's approval on such dividends was obtained on April 3, 2017. However, this distribution is subject to General Assembly approval.