

**هيئة الأوراق المالية
الادارة العامة / العنوان**

٢١٥ تشرين الأول ٢٠١٧

رقم التسلسل
الحصة المستحقة
٣٤٣ ١٨٩ ٦٠٠

JORDAN ISLAMIC BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2017

JORDAN ISLAMIC BANK
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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Ernst & Young Jordan
P.O. Box 1140
Amman 11118
Jordan
Office Line: +962 6 5800777 5526111
Fax: +962 6 5538300 www.ey.com/ME



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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JORDAN ISLAMIC BANK (the "Bank") and its subsidiaries (the "Group") 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, other comprehensive income, changes in owners' equity, cash flows, and sources and uses of funds of Qard Hasan Fund 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 Accounting and Auditing Standards for Islamic Financial Institutions 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 Ibrahim Abbasi & Co. as the sole auditor for the Bank for the year 2016. Unqualified opinion and unqualified conclusion were issued on these financial statements on 8 February 2017 and 24 October 2016 respectively. Ernst & Young - Jordan and Ibrahim Abbasi & Co. were appointed as joint auditors for the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

Explanatory Paragraph

The interim condensed consolidated financial statements have been prepared for the purposes of Jordan Securities Commission and management and do not require the Central Bank of Jordan approval.

Ernst & Young / Jordan

Mohammad Ibrahim Al-Karaki

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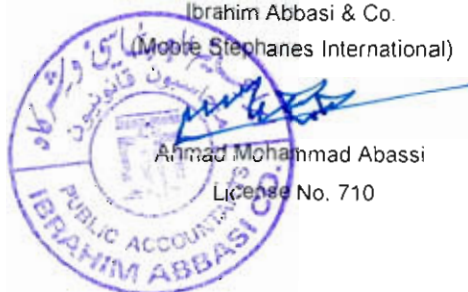
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Amman - Jordan
24 October 2017

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (A)

	Notes	30 September 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<u>Assets</u>			
Cash and balances with Central Banks	4	1,076,549,051	1,090,770,170
Balances at banks and financial institutions	5	46,796,789	41,713,931
Investment accounts at banks and financial institutions	6	17,725,000	17,725,000
Deferred sales receivables and other receivables - net	7	2,052,604,634	2,044,488,509
Ijarah muntahia bittamleek assets - net	8	595,866,300	565,944,539
Financing-net	9	30,424,130	30,064,026
Financial assets at fair value through owner's equity – self financed	10	10,339,609	7,544,141
Financial assets at fair value through investment accounts holder's equity – joint	11	52,150,458	54,536,797
Financial assets at amortized cost	12	64,166,900	37,760,000
Investments in associates		8,233,825	7,658,670
Investment in real estate	13	122,820,138	110,249,076
Qard Hasan – net		9,153,346	7,966,851
Property and equipment- net		77,115,120	71,633,380
Intangible assets		1,589,871	2,028,836
Other assets	14	12,008,519	9,435,770
Total Assets		4,177,543,690	4,099,519,696

LIABILITIES, JOINT INVESTMENT ACCOUNTS HOLDERS' EQUITY, NON-CONTROLLING

INTERESTS AND EQUITY

Liabilities

Banks and financial institutions deposits		4,362,393	8,812,042
Customers' current and on demand deposits	15	1,171,567,518	1,199,334,692
Cash margins		48,193,241	47,919,206
Accounts payable		1,179,563	1,162,406
Other provisions		6,500,000	6,500,000
Income tax provision	16	17,057,686	25,425,244
Deferred tax liabilities		584,417	327,556
Other liabilities		23,321,245	15,450,746
Total Liabilities		1,272,766,063	1,304,931,892

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (A)

	Notes	30 September 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Joint Investment Accounts Holders' Equity -			
Unrestricted investment accounts	17	2,480,102,274	2,389,772,737
Investment accounts holders' in subsidiaries and associates reserve		16,982,001	14,445,401
Fair value reserve	18	9,685,036	11,210,857
Deferred tax liabilities		5,215,020	6,036,616
Total Joint Investment Accounts Holders' Equity		2,511,984,331	2,421,465,611
Non-controlling interests		163,557	130,070
Total Joint Investment Accounts Holders' Equity and Non-Controlling Interests		2,512,147,888	2,421,595,681
Investment risk fund	19	29,786,312	29,619,452
Income tax provision for investment risk fund	19	3,773,601	652,909
Equity -			
Shareholders' Equity			
Paid-in capital		180,000,000	150,000,000
Statutory reserve		68,370,796	68,370,796
Voluntary reserve		22,617,024	22,617,024
General banking risk reserve		1,000,000	1,000,000
Fair value reserve	18	1,085,348	608,319
Retained earnings		47,623,623	100,123,623
Profit for the period after tax		38,373,035	-
Total Shareholders' Equity		359,069,826	342,719,762
Total Liabilities, Joint Investment Accounts Holders' Equity, Non-Controlling Interests, and Equity		4,177,543,690	4,099,519,696
Accounts Managed For Others:			
Restricted investments		28,982,119	28,824,979
Muqarada bonds		-	368,099,076
Wakala investments		430,588,849	6,222,149

CEO / General Manager

Chairman

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (B)

	Note	For the Three Months Ended 30 September		For the Nine Months Ended 30 September	
		2017	2016	2017	2016
		JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Deferred sales revenues	20	35,217,616	36,547,622	104,682,654	111,651,342
Financing revenues	21	108,934	104,596	324,131	302,374
Gain from financial assets at fair value through joint investment accounts holders' equity	22	136,643	160,891	1,774,323	2,543,363
Gain from financial assets at amortized cost	23	379,109	-	985,631	-
Dividends from subsidiaries and associates		-	-	86,760	880,849
Revenues from Investments in real estate	24	344,706	4,030,319	813,976	4,687,575
Revenues from leased assets and Ijarah Muntahia Bittamleek		11,296,727	10,152,739	32,684,807	29,608,585
Revenues from other investments		35,048	1,350	1,346,492	93,175
Revenues of Joint Investment Accounts		47,518,783	50,997,517	142,698,774	149,767,263
Net income of subsidiaries		834,376	872,601	1,944,162	1,783,397
Share of gain from investments in associates		155,052	121,388	577,505	443,213
Total Revenues of Joint Investment Accounts		48,508,211	51,991,506	145,220,441	151,993,873
Share of unrestricted investment accounts holders	25	(12,759,992)	(13,385,972)	(39,324,288)	(39,564,804)
Share of investment accounts holders' from income of subsidiaries		(830,771)	(909,493)	(1,938,015)	(1,776,747)
Share of non-controlling interests' from income of subsidiaries		(3,605)	36,892	(6,147)	(6,650)
Share of loss from investments in associates		(155,052)	(121,388)	(577,505)	(443,213)
Share of investment risk fund		(4,751,878)	(5,099,751)	(14,269,877)	(14,976,726)
Bank's Share of the Joint Investment					
Accounts Revenues as Mudarib and Rab-Mal	26	30,006,913	32,511,794	89,104,609	95,225,733
Bank's self-financed revenues	27	915	94,103	19,659	265,042
Bank's share of restricted investments revenues as Mudarib		38,433	30,874	2,311,602	396,438
Bank's share of restricted investments revenues as Wakeel		38,179	13,727	78,391	39,067
Banking services revenues		4,918,702	4,433,390	14,685,258	14,256,974
Foreign currency gain		636,893	471,743	1,619,601	1,419,209
Other income		326,945	268,067	1,121,731	889,602
Gross Income		35,966,980	37,823,698	108,940,851	112,492,065
Employees expenses		(9,654,769)	(8,837,077)	(29,121,622)	(27,192,144)
Depreciation and amortization		(1,861,735)	(2,225,368)	(5,907,297)	(7,122,291)
Other expenses		(4,732,467)	(4,804,111)	(14,889,558)	(13,819,601)
Total Expenses		(16,248,971)	(15,866,556)	(49,918,477)	(48,134,036)
Profit Before Income Tax		19,718,009	21,957,142	59,022,374	64,358,029
Income tax	16	(7,209,237)	(7,998,086)	(20,649,339)	(22,478,919)
Profit After Income Tax for the Period		12,508,772	13,959,056	38,373,035	41,879,110
		JD / FILS	JD / FILS	JD / FILS	JD / FILS
Basic and Diluted Earnings per Share for the Period	28	0.069	0.078	0.213	0.233

m. shihadeh

CEO / General Manager

[Signature]
Chairman

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (C)

	For the Three Months Ended 30 September		For the Nine Months Ended 30 September	
	2017	2016	2017	2016
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit after income tax for the period	12,508,772	13,959,056	38,373,035	41,879,110
Add: Other Comprehensive Income Items, net after Tax:				
Change in fair value reserve of financial assets – net	165,484	125,082	477,029	111,221
Total Comprehensive Income for the Period	12,674,256	14,084,138	38,850,064	41,990,331

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (D)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	General Banking Risk Reserve*	Fair Value Reserve **	Retained Earnings	Profit for the Period after tax	Total
	JD	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2017 (Unaudited) -								
Balance at 1 January 2017	150,000,000	68,370,796	22,617,024	1,000,000	608,319	100,123,623	-	342,719,762
Profit for the period after tax	-	-	-	-	-	-	38,373,035	38,373,035
Change in fair value reserve	-	-	-	-	477,029	-	-	477,029
Total Comprehensive Income for the Period	-	-	-	-	477,029	-	38,373,035	38,850,064
Capital increase	30,000,000	-	-	-	-	(30,000,000)	-	-
Dividends ***	-	-	-	-	-	(22,500,000)	-	(22,500,000)
Balance at 30 September 2017	180,000,000	68,370,796	22,617,024	1,000,000	1,085,348	47,623,623	38,373,035	359,069,826

* The general banking risk reserve amounted to JD 1,000,000 as at 30 September 2017 is restricted from use subject to the Central Bank of Jordan approval.

** The fair value reserve balance of JD 1,085,348 as at 30 September 2017 is restricted from use.

*** The General Assembly approved on 26 April 2017 the distribution of cash dividends at 15% of capital amounted to JD 22,500,000 and shares dividends at 20% of capital amounted to JD 30,000,000 capital increase from the retained earnings.

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (D)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	General Banking Risk Reserve*	Fair Value Reserve **	Retained Earnings	Profit for the Period after tax	Total
	JD	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2016 (Unaudited) -								
Balance at 1 January 2016	150,000,000	59,988,116	14,272,844	700,000	562,291	85,631,408	-	311,154,659
Profit for the period after tax	-	-	-	-	-	-	41,879,110	41,879,110
Change in fair value reserve	-	-	-	-	111,221	-	-	111,221
Total Comprehensive Income for the Period	-	-	-	-	111,221	-	41,879,110	41,990,331
Dividends ***	-	-	-	-	-	(22,500,000)	-	(22,500,000)
Balance at 30 September 2016	150,000,000	59,988,116	14,272,844	700,000	673,512	63,131,408	41,879,110	330,644,990

* The general banking risk reserve amounted to JD 700,000 as at 30 September 2016 is restricted from use subject to the Central Bank of Jordan approval.

** The fair value reserve balance of JD 673,512 is restricted from use.

*** The General Assembly approved on 27 April 2016 the distribution of cash dividends at 15% of capital amounted to JD 22,500,000.

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (E)

	Note	For The Nine Months Ended on 30 September 2017	
		2017	2016
		JD (Unaudited)	JD (Unaudited)
Cash Flows from Operating Activities			
Profit before Tax		59,022,374	64,358,029
Adjustments for non-monetary items:			
Depreciations and amortizations		5,907,297	7,122,291
Investment risk fund		3,287,552	(2,642,458)
Provision for repossessed real estate		(3,090)	8,582
Impairment provision for acquired real estate		63,806	-
Impairment provision for financial assets		1,818,373	-
Gain on sale of property and equipment		(29,200)	(101,498)
Exchange rates effect on cash and cash equivalents		(987,551)	(841,063)
Profit before Change in Assets and Liabilities		<u>69,079,561</u>	<u>67,903,883</u>
Change in Assets and Liabilities:			
Increase in investment accounts at banks and financial institutions maturing after 3 Months		-	(10,280,500)
Increase in deferred sales receivables and other receivables		(8,116,125)	2,061,676
Increase in financing		(360,104)	(1,626,719)
Increase in Ijara muntahia bitamleek assets		(29,921,761)	(57,620,479)
Increase in Qard Hasan		(1,186,495)	(3,715,169)
Increase in other assets		(2,572,749)	(1,166,698)
(Decrease) increase in current and on demand accounts		(27,767,174)	101,968,934
Increase (decrease) in accounts payable		17,157	(627,520)
Increase in cash margins		274,035	4,172,897
Increase in other liabilities		7,870,499	(898,865)
Net change in Assets and Liabilities		<u>(61,762,717)</u>	<u>32,267,557</u>
Net Cash Flows from Operating Activities before Tax		7,316,844	100,171,440
Tax paid	16	(29,016,897)	(26,709,266)
Net Cash Flows (Used in) from Operating Activities		<u>(21,700,053)</u>	<u>73,462,174</u>
Cash flows from Investing Activities			
Proceeds from sale of financial assets at fair value through owner's equity-self		-	250,000
Purchase of financial assets at fair value through owner's equity-self		(2,061,579)	(19,710)
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		3,429,551	17,257,250
Purchase of financial assets at fair value through joint investment account holders equity		(4,694,061)	(46,142,810)
Purchase of financial assets at amortized cost – net		(27,439,000)	-
Proceeds from sale of financial assets at amortized cost- net		1,032,100	-
Proceeds from sale of investment in associates		22,295	7,542,586
Proceeds from sale of investments in real estate		2,910,734	6,637,936
Purchase of investment in real estate		(16,057,452)	(6,822,173)
Proceeds from sale of property and equipment		120,548	565,452
Purchase of property and equipment		(10,607,603)	(13,806,922)
Purchase of intangible assets		(433,817)	(803,577)
Net Cash Flows Used in Investing Activities		<u>(53,778,284)</u>	<u>(35,341,968)</u>
Cash Flow from Financing Activities			
Increase in unrestricted investment accounts holders' equity		92,302,174	101,868,401
Dividends paid		(22,500,000)	(22,500,000)
Net Cash Flow from Financing Activities		<u>69,802,174</u>	<u>79,368,401</u>
Net (Decrease) Increase in Cash and Cash Equivalents		<u>(5,676,163)</u>	<u>117,488,607</u>
Exchange rates effect on cash and cash equivalents		987,551	841,063
Cash and cash equivalents at the beginning of the period	29	1,123,672,059	935,103,162
Cash and Cash Equivalents at the End of the Period	29	<u>1,118,983,447</u>	<u>1,053,432,832</u>

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS OF QARD HASAN FUND

AS OF 30 SEPTEMBER 2017 (UNAUDITED)

STATEMENT (F)

	30 September 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Beginning balance for the period / year	12,466,851	9,049,576
Sources of the Fund:		
Sources the bank is authorized to use	7,508,323	13,372,351
Sources from outside the bank	1,751,826	1,787,393
Total Sources of the Fund for the Period / Year	9,260,149	15,159,744
Uses of the Fund's Sources:		
Education	1,544,922	1,387,855
Medical treatment	775,485	805,254
Marriage	264,610	285,770
Overdraft accounts	6,327,627	10,951,652
Social advances for the bank's employees	1,534,000	2,151,404
The fund's contribution to the Jordan Loans Guarantee Corporation	-	2,995,084
Total Uses for the Period / Year	10,446,644	18,577,019
Ending Balance for the Period / Year	13,653,346	12,466,851
Less: impairment allowance – self financed	(4,500,000)	(4,500,000)
Ending Balance for the Period / Year - Net	9,153,346	7,966,851

The accompanying notes from (1) to (35) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

(1) General Information

Jordan Islamic Bank (the "Bank") was established as a public shareholding company on 28 November 1978 pursuant to the provisions of the Companies Law No. (12) Of 1964, Head Office located in Amman.

The Bank offers banking, financial and investment services on an interest-free basis in compliance with the rules and principles of the Islamic Sharia through its Head Office, 74 branches and 26 banking offices in the Kingdom as well as its subsidiaries. The Bank's transactions are governed by the applicable Banks Law.

Jordan Islamic Bank shares are listed in Amman Stock Exchange -Jordan.

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their No. (8) meeting held on 24 October 2017.

(2) Significant Accounting Policies

Basis of Preparation of the Interim Condensed Consolidated Financial Statements:

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

The Bank applies the standards issued by the Accounting and Auditing Organization for Islamic financial Institutions.

The interim condensed consolidated financial statements are prepared on the historical cost basis except for the financial assets at the fair value through owners equity and the financial assets at the fair value through the joint investment account holders equity, financial assets at amortized cost and investment in real estate that have been measured at fair value at the date of the interim condensed consolidated financial statements.

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 do not contain all information and disclosures for annual consolidated financial statements prepared in accordance with Sharia' rules and principles determined by the Bank's Sharia Supervisory Board and in accordance with Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic financial Institutions (AAOIFI) and it shall be read in conjunction with the Bank's annual report as of 31 December 2016. In addition, the results for the nine months period ended 30 September 2017 do not necessarily indicate the expected results for the year ended 31 December 2017 and no appropriation was made for the nine months profit ended 30 September 2017 since it is made at year-end.

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017 (UNAUDITED)

Basis of Consolidation:

The interim condensed consolidated financial statements include the financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds and subject to the Bank's control. Control exists when the Bank has power to govern the financial and operating policies of subsidiaries in order to obtain benefit from their activities. The transactions, balances, revenues and expenses between the Bank and its subsidiaries are eliminated.

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

The Bank owns the following subsidiaries as of 30 September 2017:

<u>Company Name</u>	<u>Paid in capital</u>	<u>Bank's ownership</u>	<u>Nature of Business</u>	<u>Country of Incorporation</u>	<u>Acquisition Date</u>
	JD				
Omariah Schools Company Ltd.	12,825,000	99.4%	Education	Amman	1987
Al Samaha Financing and Investment Company Ltd.	12,000,000	100%	Financing	Amman	1998
Future Applied Computer Technology Company Ltd	5,000,000	100%	Services	Amman	1998
Sanabel Al-Khair for Financial Investments Company Ltd.	5,000,000	100%	Brokerage	Amman	2005

The results of subsidiaries operations are consolidated in the interim condensed consolidated statement of income from the acquisition date, being the date the Bank obtains control over subsidiaries. The results of operations for disposed subsidiaries shall be consolidated in the interim condensed consolidated statement of income until the date of disposal, which is the same date on which the Bank's loses control over subsidiaries.

The non-controlling interests represent the portion not owned by the Bank or by the unrestricted Investment accounts of the subsidiaries owners' equity.

Investments in subsidiaries are accounted for at cost when the Bank issues separate financial statements.

(3) Use of Estimates

The preparation of 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 shareholders equity and unrestricted investment accounts holder's equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessary based on assumptions about several factors involving varying degrees of judgment and uncertainty. Further more, actual results may differ resulting in future changes in such provision.

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
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We believe that our estimates in the interim condensed consolidated financial statements are reasonable and detailed as follows:

- Impairment provision for deferred sales receivables and financing: The Bank appropriate 10% of net revenues from joint financed investment 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 in accordance Central Bank of Jordan regulations.
- Income tax provision: Income tax expense is calculated in accordance with applicable tax laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically reevaluates the financial assets carried at cost in order to assess any impairment. The impairment is allocated in accordance to the financing party.

(4) Cash and Balances with Central Banks

This item consists of the following:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Cash in vaults	134,627,377	120,387,742
Balances at the Central Bank of Jordan:		
Current accounts	689,232,760	724,292,888
Statutory cash reserve	252,688,914	246,089,540
Total balances at the Central Bank of Jordan	941,921,674	970,382,428
Total	1,076,549,051	1,090,770,170

In compliance with the rules of the Islamic Sharia and the Memorandum and Articles of association, the Bank does not earn any interest on balances and current accounts with the Central Bank of Jordan.

An amount of JD 36,049,107 and JD 46,777,481 were deducted from cash and balances with central banks as of 30 September 2017 and 31 December 2016 respectively, representing cash balances of managed accounts for others that are not invested yet.

There are no balances maturing within more than three months period as of 30 September 2017 and 31 December 2016.

There are no restricted balances except for the statutory cash reserve as of 30 September 2017 and 31 December 2016.

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(5) Balances at Banks and Financial Institutions

	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	1,560	1,560	35,526,438	30,761,387	35,527,998	30,762,947
Unrestricted investment accounts maturing within 3 months or less	-	-	11,268,791	10,950,984	11,268,791	10,950,984
Total	1,560	1,560	46,795,229	41,712,371	46,796,789	41,713,931

- In compliance with the rules of the Islamic Sharia and in accordance with the Memorandum and Articles of association, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.
- There are no restricted balances at the local and foreign banks and financial institutions as of 30 September 2017 and 31 December 2016.

(6) Investment Accounts at Banks and Financial Institutions

This item consists of the following:

	Foreign Banks and Financial Institutions	
	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Mature within more than 1 year	17,725,000	17,725,000
Total	17,725,000	17,725,000

- There are no restricted balances at the foreign banks and financial institutions as of 30 September 2017 and 31 December 2016.

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(7) Deferred Sales Receivables and Other Receivables –Net

This item consist of the following:

	Joint		Self		Total	
	30 September 2017 (Unaudited) JD	31 December 2016 (Audited) JD	30 September 2017 (Unaudited) JD	31 December 2016 (Audited) JD	30 September 2017 (Unaudited) JD	31 December 2016 (Audited) JD
Individuals (retail):						
Murabaha to the purchase orderer	714,775,861	699,205,090	-	-	714,775,861	699,205,090
Deferred Sales	5,911,911	4,088,360	-	-	5,911,911	4,088,360
Ijarah Mawsoufa Bil Thimma	3,253,177	2,451,205	-	-	3,253,177	2,451,205
Ijarah Muntahia Beltamleek receivables	4,258,048	3,301,106	-	-	4,258,048	3,301,106
Customers receivables	4,051,051	2,771,725	4,634,856	5,525,926	8,685,907	8,297,651
Real Estate Financing	472,442,250	459,239,121	200,000	250,000	472,642,250	459,489,121
Corporate:						
International Murabaha	25,700,728	23,123,110	-	-	25,700,728	23,123,110
Istisna'	7,564,616	3,783,797	-	-	7,564,616	3,783,797
Murabaha to the purchase orderer	355,707,701	352,109,805	-	-	355,707,701	352,109,805
Small and Medium Enterprises (SME's):						
Murabaha to the purchase orderer	157,551,529	150,004,821	-	-	157,551,529	150,004,821
Customers receivables	-	-	1,631,390	2,043,286	1,631,390	2,043,286
Government and Public Sector	604,244,888	639,067,907	53,668	361,018	604,298,556	639,428,925
Total	2,355,461,760	2,339,146,047	6,519,914	8,180,230	2,361,981,674	2,347,326,277
Less: Deferred revenues *	(213,702,141)	(218,888,309)	(20,000)	(30,000)	(213,722,141)	(218,918,309)
Less: Suspended revenues **	(12,119,149)	(10,601,110)	-	-	(12,119,149)	(10,601,110)
Less: Impairment provision	(82,894,990)	(72,668,349)	(640,760)	(650,000)	(83,535,750)	(73,318,349)
Net Deferred Sales and Other Receivables	2,046,745,480	2,036,988,279	5,859,154	7,500,230	2,052,604,634	2,044,488,509

* Deferred revenues include the deferred revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoufa Bil Thimma and Istisna'.

** Suspended revenues include the suspended revenues of Murabaha to the purchase orderer, deferred sale, and Ijarah Mawsoufa Bel Thimma and Istisna'.

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Movements on deferred sale receivables, other receivables and financing – self financed impairment provision were as follow:

	Retail	Real estate Financing	Corporates	Small & Medium Enterprises	Government & Public Sector	Total
<u>30 September 2017 (Unaudited)</u>	JD	JD	JD	JD	JD	JD
Beginning balance for the period	580,000	-	-	70,000	-	650,000
Change for the period	-	-	-	-	-	-
Used during the period (write-offs)	(9,240)	-	-	-	-	(9,240)
Ending balance for the period	<u>570,760</u>	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>640,760</u>

	Retail	Real Estate Financing	Corporates	Small & Medium Enterprises	Government & Public Sector	Total
<u>30 September 2017 (Unaudited)</u>	JD	JD	JD	JD	JD	JD
Impairment provision of non-performing Qard Hasan on customer basis	266,853	-	-	22,453	-	289,306
Impairment provision of watch list Qard Hasan on customer basis	179,569	-	-	23,433	-	203,002
Impairment provision of watch list Qard Hasan on portfolio basis	124,338	-	-	24,114	-	148,452
Total	<u>570,760</u>	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>640,760</u>

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	Retail	Real estate Financing	Corporates	Small & Medium Enterprises	Government & Public Sector	Total
	JD	JD	JD	JD	JD	JD
31 December 2016 (Audited)						
Beginning balance for the year	525,000	-	-	-	-	525,000
Change for the year	55,000	-	-	70,000	-	125,000
Used during the year (write-offs)	-	-	-	-	-	-
Ending balance for the year	580,000	-	-	70,000	-	650,000

	Retail	Real Estate Financing	Corporates	Small & Medium Enterprises	Government & Public Sector	Total
	JD	JD	JD	JD	JD	JD
31 December 2016 (Audited)						
Provision of non-performing Qard Hasan on customer basis	279,757	-	-	-	-	279,757
Impairment provision of watch list Qard Hasan on customer basis	190,345	-	-	-	-	190,345
Impairment provision of watch list Qard Hasan on portfolio basis	109,898	-	-	70,000	-	179,898
Total	580,000	-	-	70,000	-	650,000

There is no unneeded provision as a result of settlements or debt payments and transferred to other receivables, financing, and Ijarah as of 30 September 2017 and 31 December 2016.

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Movements on the deferred sale receivables were as follow:

	30 September 2017 (Unaudited)	
	Deferred Sales Receivables	Deferred Revenues
	JD	JD
Beginning balance for the period	4,088,360	179,933
Additions	4,837,266	416,726
Disposals	(3,013,715)	(72,816)
Ending balance for the period	5,911,911	523,843

Movements on the suspended revenues were as follow:

	Joint (Unaudited)				
	30 September 2017				
	Retail	Real Estate Financing	Corporates	Small & Medium Enterprises	Total
	JD	JD	JD	JD	JD
Beginning balance for the period	2,536,469	3,442,334	2,792,514	1,829,793	10,601,110
Add: Suspended revenues during the period	943,014	1,279,799	1,038,207	680,284	3,941,304
Less: Suspended revenues transferred to revenues	(584,686)	(491,069)	(970,978)	(376,532)	(2,423,265)
Ending balance for the period	2,894,797	4,231,064	2,859,743	2,133,545	12,119,149

	Joint (Audited)				
	31 December 2016				
	Retail	Real Estate Financing	Corporates	Small & Medium Enterprises	Total
	JD	JD	JD	JD	JD
Beginning balance for the year	2,415,464	2,226,889	3,497,410	1,727,253	9,867,016
Add: Suspended revenues during the year	1,409,707	1,299,651	968,493	1,008,055	4,685,906
Less: Suspended revenues transferred to revenues	(997,915)	(84,206)	(1,457,000)	(905,515)	(3,444,636)
Less: Suspended revenues Written off	(290,787)	-	(216,389)	-	(507,176)
Ending balance for the year	2,536,469	3,442,334	2,792,514	1,829,793	10,601,110

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(8) Ijarah Muntahia Bittamleek Assets- Net

This item consists of the following:

	Joint (Unaudited)		
	30 September 2017		
	Cost	Accumulated depreciation	Net book value
	JD	JD	JD
Ijarah muntahia bittamleek assets-real estate	776,027,854	(180,161,554)	595,866,300

	Joint (Audited)		
	31 December 2016		
	Cost	Accumulated depreciation	Net book value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets-real estate	744,100,740	(178,156,201)	565,944,539

- The accrued Ijarah installments of JD 4,258,048 as at 30 September 2017 (31 December 2016: JD 3,301,106) were included in deferred sale receivables and other receivables (note 7).

(9) Financing – Net

This item consists of the following:

	Joint		Self		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)
Individual (Retail):						
Diminishing Musharaka	29,740,405	29,925,831	287,864	314,192	30,028,269	30,240,023
Corporates:						
Mosharaka	612,000	-	-	-	612,000	-
Less: impairment provision	(216,139)	(175,997)	-	-	(216,139)	(175,997)
Net Financing	30,136,266	29,749,834	287,864	314,192	30,424,130	30,064,026

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Non-performing deferred sales, Ijarah Muntahia Beltamleek receivables, other receivables, financing and Qard Hasan were amounted to JD 118,912,441 as of 30 September 2017, representing 4.94% of deferred sales, Ijarah Muntahia Beltamleek receivables, other receivables, financing and Qard Hasan balance compared to JD 98,685,015 as of 31 December 2016, representing 4.13% of the utilized balance.

Non-performing deferred sales, Ijarah Muntahia Beltamleek receivables, other receivables, financing and Qard Hasan after deducting suspended revenues were amounted to JD 107,865,949 as of 30 September 2017, representing 4.51 % of deferred sales, Ijarah Muntahia Beltamleek receivables, other receivables, financing and Qard Hasan balance, compared to JD 88,083,905 as of 31 December 2016, representing 3.70 % of the utilized balance.

Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan were amounted to JD 607,293,640 as of 30 September 2017, representing 25.37% of deferred sales, other receivables and financing balance, compared to JD 642,424,009 as of 31 December 2016, representing 27% of the utilized balance.

(10) Financial Assets at Fair Value Through Owner's Equity – Self Financed

This item consists of the following:

	30 September 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Quoted financial assets-		
Companies shares	2,334,617	1,738,201
Total financial assets - Quoted	2,334,617	1,738,201
Unquoted financial assets-		
Companies shares	1,604,992	1,055,940
Muqarada bonds	6,400,000	4,750,000
Total financial assets - Unquoted	8,004,992	5,805,940
Total financial assets at fair value through owners' equity – self financed	10,339,609	7,544,141

- Financial assets stated at cost, due to the inability of determining its fair values were amounted to JD 6,400,000 as of 30 September 2017 compared to JD 4,750,000 as of 31 December 2016.

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(11) Financial Assets at Fair Value Through Investment Account Holder's Equity – Joint

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Quoted financial assets		
Companies shares	21,663,373	23,407,734
Islamic Sukuk	10,263,484	10,475,744
Total Quoted financial assets	31,926,857	33,883,478
Unquoted financial assets		
Companies shares	2,568,643	2,366,000
Islamic banks portfolio	2,564,831	4,378,819
Islamic Sukuk	4,608,500	4,608,500
Muqarada bonds	12,300,000	9,300,000
Total unquoted financial assets	22,041,974	20,653,319
Impairment provision	(1,818,373)	-
Net unquoted financial assets	20,223,601	20,653,319
Total Financial Assets at fair value through investment account holder's equity – Joint	52,150,458	54,536,797

Financial assets stated at cost due to the inability of determining their fair values, were amounted to JD 22,041,974 as at 30 September 2017 compared to JD 20,653,319 as of 31 December 2016.

(12) Financial Assets at Amortized Cost

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Unquoted financial assets:		
Islamic Sukuk	64,166,900	37,760,000
Total unquoted Financial Assets at amortized cost	64,166,900	37,760,000

Sukuk bear a rate of return ranging from 2.8% to 4.1% payable on a semiannual basis and a maturity of 5 years.

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(13) Investments in Real Estate

This item consists of the following:

Held For Use:

	Joint	
	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Investments in real estate *	123,157,495	110,525,717
Impairment provision for repossessed investments in real estate **	(12,363)	(15,453)
Impairment provision for repossessed investments in real estate	(324,994)	(261,188)
Net Assets	122,820,138	110,249,076

* Investment in real estate are presented at fair value, with a book value (cost) of JD 108,636,416 as at 30 September 2017 compared to JD 95,489,698 as at 31 December 2016.

** Impairment for repossessed investments in real estate was provided for starting from 1 January 2016 according to the Central Bank of Jordan letter No. 10/1/2510 dated 14 February 2017 by charging 10% annually until the impairment provision reaches 50% of investment in real estate value.

(14) Other Assets

This item consists of the following:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Accrued revenues	197,310	228,147
Prepaid expenses	504,774	330,494
Temporary debit accounts	4,947,323	4,161,136
Stationery and publications	663,657	639,334
Prepaid rent	946,319	877,042
Mail stamps	642,412	718,051
Credit card accounts	821,204	1,288,112
Settlement security guarantee fund deposits	33,000	25,000
Settlement of Bank cards JONET - account	2,136,545	599,729
Others	1,115,975	568,725
Total	12,008,519	9,435,770

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(15) Customers Current and on Demand Accounts

This item consists of the following:

30 September 2017 (Unaudited)					
	Retail	Corporates	Small and Medium Enterprises	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts	741,276,858	13,948,945	180,003,518	24,296,818	959,526,139
On demand accounts	211,297,958	212,040	531,381	-	212,041,379
Total	952,574,816	14,160,985	180,534,899	24,296,818	1,171,567,518

31 December 2016 (Audited)					
	Retail	Corporates	Small and Medium Enterprises	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts	772,899,295	13,627,139	174,217,098	27,879,234	988,622,766
On demand accounts	209,586,738	94,548	1,023,238	7,402	210,711,926
Total	982,486,033	13,721,687	175,240,336	27,886,636	1,199,334,692

The government and public sector deposits inside the Kingdom amounted to JD 24,296,818, representing 2.07% of the total customers current and on demand accounts as at 30 September 2017 compared to JD 27,886,636, representing 2.33% as at 31 December 2016.

Dormant accounts amounted to JD 47,782,473 as at 30 September 2017 compared to JD 51,138,404 as at 31 December 2016.

Restricted accounts amounted to JD 6,133,151, representing 0.52% of the total customers current and on demand accounts as of 30 September 2017 compared to JD 10,468,098 representing 0.87% as of 31 December 2016 of the total customers current and on demand accounts.

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(16) Income Tax Provision

A- Bank's Income Tax Provision:

Movements on the Bank's income tax provision were as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	25,425,244	22,458,115
Income tax paid	(23,648,897)	(20,998,139)
Income tax expense	20,649,339	29,728,858
Income tax paid for the year 2016	(5,368,000)	(5,763,590)
Ending balance for the period / year	17,057,686	25,425,244

B- The income tax expense shown in the interim condensed consolidated statement of income represents the following:

	For the Nine Months ended 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period / year	20,649,339	22,478,919
Total	20,649,339	22,478,919

Income tax provision for the period ended 30 September 2017 was calculated in accordance with Income Tax Law No. (34) for the year 2014.

The Bank obtained final income tax clearance up to the year 2014, and submitted its Income tax declaration for the years 2015 and 2016.

Future Applied Computer Technology Company Ltd, Al Samaha Financing and Investment Company Ltd., and Sanabel Al-Khair obtained final income tax clearance up to the year 2014 and submitted thier income tax declaration for the years 2015 and 2016. Omariah Schools Company Ltd. has obtained final income tax clearance up to 2015 and submitted its income tax declaration for the year 2016.

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(17) Unrestricted Investment Accounts

This item consists of the following:

30 September 2017 (Unaudited)						
	Retail	Corporates	Small and Medium Enterprises	Government and Public Sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	514,924,801	175,173	10,243,030	7,708	656,651	526,007,363
Notice accounts	13,782,629	-	1,104,743	16,805,871	-	31,693,243
Term accounts	1,724,029,953	5,589,272	105,039,385	43,418,770	5,000,000	1,883,077,380
Total	2,252,737,383	5,764,445	116,387,158	60,232,349	5,656,651	2,440,777,986
Depositors' share in investment returns	36,360,561	93,042	1,889,896	972,187	8,602	39,324,288
Total unrestricted investment accounts	2,289,097,944	5,857,487	118,277,054	61,204,536	5,665,253	2,480,102,274
31 December 2016 (Audited)						
	Retail	Corporates	Small and Medium Enterprises	Government and Public Sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	504,905,395	371,179	4,338,379	19,445	640,443	510,274,841
Notice accounts	13,307,276	4,112	945,760	16,460,335	-	30,717,483
Term accounts	1,661,267,517	5,687,842	88,040,059	41,202,155	-	1,796,197,573
Total	2,179,480,188	6,063,133	93,324,198	57,681,935	640,443	2,337,189,897
Depositors' share in investment returns	49,029,865	136,397	2,115,095	1,297,620	3,863	52,582,840
Total unrestricted investment accounts	2,228,510,053	6,199,530	95,439,293	58,979,555	644,306	2,389,772,737

The unrestricted investment accounts share in the profits according to the following basis:

- 50% of the annual average balance of saving accounts.
- 70% of the annual average balance of notice accounts.
- 90% of the minimum balance of term accounts.

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The unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 61,204,536, representing 2.47% of the total unrestricted investment accounts as of 30 September 2017 compared to JD 58,979,555, representing 2.47% as of 31 December 2016.

The withdrawal restricted investment accounts were amounted to JD 3,723,999 of the total unrestricted investment accounts, representing 0.15% as of 30 September 2017 compared to JD 5,524,003, representing 0.23% as of 31 December 2016.

(18) Fair Value Reserve

This item consists of the following:

(A) Joint

	Joint	
	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through investment accounts		
holders equity reserve – joint	246,335	1,437,445
Investment in real estate reserve	9,438,701	9,773,412
Total	9,685,036	11,210,857

(B) Self

	Self	
	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through owner's equity reserve	1,085,348	608,319
Total	1,085,348	608,319

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(C) Movements on the fair value reserve for the unrestricted investment accounts holders' equity were as following:

30 September 2017 (Unaudited)			
	Financial		
	Assets at Fair	Investment in	
	Value	Real Estate	Total
	JD	JD	JD
Balance at the beginning of the period *	2,211,454	15,036,019	17,247,473
Unrealized losses	(1,832,477)	(441,197)	(2,273,674)
Deferred tax liabilities	(132,642)	(5,082,378)	(5,215,020)
Profits transferred to the interim condensed consolidated statement of income	-	(73,743)	(73,743)
Balance at the end of the period	246,335	9,438,701	9,685,036

31 December 2016 (Audited)			
	Financial		
	Assets at fair	Investment in	
	value	Real Estate	Total
	JD	JD	JD
Balance at the beginning of the year	2,476,104	13,773,349	16,249,453
Unrealized profits	917,081	5,163,387	6,080,468
Deferred tax liabilities	(774,009)	(5,262,607)	(6,036,616)
Profits transferred to the consolidated statement of income	(1,181,731)	(3,900,717)	(5,082,448)
Balance at the end of the year	1,437,445	9,773,412	11,210,857

* Included in fair value reserve beginning balance a deferred tax liabilities of JD 6,036,616 from prior year.

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(D) Movement on the fair value reserve / shareholder's equity is as follows:

	Financial assets at fair value	
	30 September 2017	31 December 2016
	(Unaudited)	(Audited)
	JD	JD
Beginning balance for the period / year *	935,875	865,063
Unrealized profits	733,890	70,812
Deferred tax liabilities	(584,417)	(327,556)
Ending Balance for the period / year	1,085,348	608,319

* The fair value reserve balance presented at the beginning of the period after adding up deferred tax liabilities of JD 327,556 from prior year.

(19) Investment Risk Fund

A. Movements on the investment risk fund were as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	95,629,553	91,752,989
Add: transferred from investment profits during period / year	14,269,877	19,794,532
Tax settlement, net	3,115	-
Recovered amounts from prior years losses	394,092	92,995
Losses written off during the period / year *	-	(13,991,315)
Less: payments on the tax account for 2016, 2017	(1,358,788)	(1,366,739)
Net accrued tax **	(3,773,601)	(652,909)
Ending balance for the period / year	105,164,248	95,629,553

* No losses were written off as of 30 September 2017 compared to JD 6,036,538 as of 31 December 2016, and no realized losses from investment in Sukuk and sale of investment in shares as of 30 September 2017 compared to JD 7,954,777 as of 31 December 2016, in accordance with the provisions of Article (55) of the Banks Law and the Interpretation issued by the Bureau of Laws Interpretation.

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A percentage of 10% was deducted from the net joint investment profits realized of different transactions as of 30 September 2017, and the amount was transferred to the Investment Risk Fund (2016: 10%).

The balance of the Investment Risk Fund devolves to the Zakah Fund in case of the Bank's liquidation.

** This item represents investment risk fund income tax as follow:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Income tax expense on the investment profits	5,132,389	2,019,648
Less: tax paid for the year 2016	(1,358,788)	(1,366,739)
Net due tax	3,773,601	652,909

The bank obtained a final income tax settlement for Investment Risk Fund income tax until the year 2014. Tax declaration was submitted for the year 2015 and 2016 and the tax payable was paid in accordance with the related Sharia fatwa.

B. The Investment Risk Fund balance is allocated as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	105,164,248	95,629,553
Impairment provision for deferred sales receivables – Note (7)	80,479,852	70,513,371
Impairment provision for Ijarah muntahia bittamleek receivables – Note (7)	1,900,985	1,640,270
Impairment provision for financing–Note (9)	216,139	175,997
Impairment provision for repossessed investment in real estate – Note (13)	12,363	15,453
Impairment provision for repossessed investment in real estate – Note (13)	324,994	261,188
Impairment provision for financial assets – Note (11)	1,818,373	-
Total impairment provision	84,752,706	72,606,279
Share of Mutual Insurance Fund –deferred sales receivables (impairment provision)	(9,197,445)	(6,514,959)
Share of Mutual Insurance Fund –Ijarah muntahia bittamleek receivables (impairment provision)	(177,325)	(81,219)
Remaining balance *	29,786,312	29,619,452

* The remaining balance (unallocated portion) is related to the Joint Investment Accounts.

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C. Mutual Insurance Fund

Movement on the Mutual Insurance Fund were as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	73,711,297	64,236,270
Add: profit for the years 2016, 2015	1,981,015	1,535,834
Add: insurance premiums collected during the period / year	11,163,089	17,095,660
Add: recovered from previous years losses	23,842	16,771
Less: insurance premiums paid during the period / year	(4,208,919)	(3,679,520)
Less: tax paid for the year 2017, 2016	(709,438)	(938,351)
Less: fund income tax for the years 2016, 2015	(4,180,404)	(4,211,637)
Less: fund committee members remuneration	(16,000)	(16,000)
Less: auditors fee for the period / year	(1,740)	(1,740)
Less: losses written off during the period / year	-	(325,990)
Ending balance for the period / year	77,762,742	73,711,297

The Mutual Insurance Fund policies is based on paragraph (D/3), Article (54) of the Banks' Law No. (28) of 2000.

A prior approval is required from the Central Bank of Jordan in case of any changes to the Mutual Insurance Fund policies.

In case of seizing the Mutual Insurance Fund for any reason, the Board of Directors shall determine the way of using Fund's money for charity.

The Central Bank of Jordan approved considering the Mutual Insurance Fund as mitigating risk exposure according to its letter No. 10/1/12160 dated 9 October 2014.

Compensation payment for the subscriber is made from the Fund as determined by the Bank from the subscriber's outstanding debt insured in Murabaha or in any other form of deferred sales or as determined by the Bank from the debt and/or the remaining amount from the Ijarah asset in the following cases:

- Death of subscriber.
- The subscriber's physical disability, fully or partially.
- The subscriber's insolvency due to lack of income sources for at least one year, without having an assets or possessing the leased estate to settle his debt and has no apportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease.

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The Mutual Insurance Fund balance is allocated as follows:

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Ending balance for the period / year	77,762,742	73,711,297
Impairment provision for deferred sales receivables	(9,197,445)	(6,514,959)
Impairment provision for Ijarah muntahia bittamleek receivables	(177,325)	(81,219)
Excess of Mutual Insurance Fund	68,387,972	67,115,119

The impairment provision for the Deferred Sales Receivables and Ijarah Muntahia Bittamleek receivables included in the mutual insurance fund was calculated starting from 31 December 2014 in accordance to the Central Bank of Jordan regulations.

D. Subsidiaries Impairment Provision

	30 September 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Al Samaha Financing and Investment Company Ltd. – Note (7)	64,708	64,708
AL Omariah School company Ltd. – Note (7)	449,445	450,000
Total	514,153	514,708

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(20) Deferred Sales Revenues

This item consists of the following:

	Joint		Self	
	For the Nine Months Ended on 30 September		For the Nine Months Ended on 30 September	
	2017	2016	2017	2016
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Individuals (Retail):				
Murabaha to the purchase orderer	40,527,472	37,347,966	-	-
Deferred Sales	364,453	278,735	-	-
Ijarah Mawsoufa Bil Thimma	182,324	135,343	-	-
Real Estate Financing	26,670,243	25,573,161	10,000	78,996
Corporates:				
International Murabaha	80,870	37,893	-	-
Istisna'	161,918	273,160	-	-
Murabaha to the purchase orderer	11,985,618	16,914,902	-	-
Small and Medium Enterprises:				
Murabaha to the purchase orderer	6,170,996	7,016,360	-	-
Government and Public Sector	18,538,760	24,073,822	-	-
Total	104,682,654	111,651,342	10,000	78,996

(21) Financing Revenues

This item consists of the following:

	Joint		Self		Total	
	For the Nine Months Ended on 30 September		For the Nine Months Ended on 30 September		For the Nine Months Ended on 30 September	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Individuals (Retail):						
Diminishing Musharaka	318,631	294,214	2,720	2,908	321,351	297,122
Small and Medium Enterprises:						
Diminishing Musharaka	5,500	8,160	-	-	5,500	8,160
Total	324,131	302,374	2,720	2,908	326,851	305,282

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(22) Gain from Financial Assets at Fair Value Through Joint Investment Accounts Holders' Equity

This item consists of the following:

	Joint	
	For the Nine Months Ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Dividends income	995,614	646,502
Gain on sale of financial assets at the fair value	-	1,181,731
Islamic banks fund revenues	63,276	92,009
Islamic IjarahSukuk revenues	694,021	605,396
Investment funds revenues	21,412	17,725
Total	1,774,323	2,543,363

(23) Gain from Financial Assets at Amortized Cost

This item consists of the following:

	Joint	
	For the Nine Months Ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Islamic Sukuk	985,631	-
Total	985,631	-

(24) Revenues from Investments in Real Estate

This item consists of the following:

	Joint	
	For the Nine Months Ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Realized gain from investments in Real Estate	813,976	4,687,575
Total	813,976	4,687,575

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(25) Share of Unrestricted Investment Accounts Holders

This item consists of the following:

	For the Nine months ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Banks and Financial Institutions	8,602	3,736
Customers:		
Saving Accounts	5,023,523	5,107,287
Notice Accounts	466,674	459,843
Term Accounts	33,825,489	33,993,938
Total	39,324,288	39,564,804

(26) Bank's Share of the Joint Investment Accounts Revenues as Mudarib and Rab-Mal

This item consists of the following:

	For the Nine months ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
As Mudarib	64,382,680	67,524,568
As Rab-Mal	24,721,929	27,701,165
Total	89,104,609	95,225,733

(27) Bank's Self financed Revenues

This item consists of the following:

	For the Nine months ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Deferred sales revenues – Note (20)	10,000	78,996
Financing revenues – Note (21)	2,720	2,908
Gain on sale of financial assets through statement of income	-	174,917
Dividends income from financial assets at the fair value through equity	6,939	8,221
Total	19,659	265,042

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(28) Basic and Diluted Earnings Per Share (EPS)

This item consists of the following:

	For the Nine months ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period after tax	38,373,035	41,879,110
Weighted average number of shares	180,000,000	180,000,000
Basic and diluted earnings per share (JD/Fills)	0.213	0.233

(29) Cash and Cash Equivalents

This item consists of the following:

	For the Nine months ended on 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances with Central Banks matured within three months	1,076,549,051	1,026,725,062
Add: Balances at banks and financial institutions matured within three months	46,796,789	37,924,201
Less: Balances at banks and financial institutions matured within three months	(4,362,393)	(11,216,431)
Total	1,118,983,447	1,053,432,832

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(30) Related Parties Transactions

A. The interim condensed consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Company Name	Ownership %	Paid-in Capital	
		30 September 2017	31 December 2016
		JD (Unaudited)	JD (Audited)
Omariah Schools Company Ltd.	99.4%	12,825,000	8,550,000
Al Samaha Finacing and Investment Company Ltd.	100%	12,000,000	12,000,000
Future Applied Computer Technology Company Ltd.	100%	5,000,000	5,000,000
Sanabel Al-Khair for Financial Investments Company Ltd.	100%	5,000,000	5,000,000

The Bank entered into transactions with the shareholders, subsidiaries, associates, senior shareholders, board members and senior executive management within the Bank's ordinary course of business using Murabaha rates and commercial commissions. All deferred sale receivables, financing and Ijarah Muntahia Bittamleek granted to related parties are considered performing and no provision was established against their balances.

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B. Below is a summary of transactions with related parties:

	Related Parties				Total	
	Parent Company	Associates	Subsidiaries	Board Members and Senior Executive Management	30 September 2017	31 December 2016
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
Interim Condensed Consolidated Statement of Financial Position items:						
Deferred sales receivables	-	1,638,387	257,517	7,356,955	9,252,859	7,787,226
Employees housing financing/						
Musharaka financing	-	-	-	1,115,918	1,115,918	1,190,516
Musharaka financing	-	-	-	-	-	3,667
Deposits	142,511	6,603,339	4,348,336	1,166,267	12,260,453	11,813,707
Off Interim Condensed Consolidated Statement of Financial Position items:						
Guarantees and letter of credits	-	117,109	650,833	2,199,183	2,967,125	2,561,085
					For the Nine Months Ended 30 September	
					2017	2016
					JD	JD
					(Unaudited)	(Unaudited)
Interim Condensed Consolidated Statement of Income Items:						
Paid expenses	-	2,830,104	1,404,553	2,111,855	6,346,512	-
Received revenues	-	98,190	24,110	129,093	251,393	115,499
Paid profits	-	19,329	6,607	1,863	27,799	195,157

- The Murabaha rate is ranging from 3.5% - 5.5% per annum as of 30 September 2017 (2016: 3.5% -5.5%).
- The profit rate of Musharaka financing granted to the employees is ranging from 2% - 4.8% per annum as of 30 September 2017 (2016: 2% - 4.8%).
- The commission rate on guarantees is ranging from 1% - 4% per annum as of 30 September 2017 (2016: 1% - 4%), and 1/4% - 3/8% quarterly on letters of credit as of 30 September 2017 (2016: 1/4% -3/8% for quarters).

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C. Compensation of the Bank's Executive Management Benefits (Salaries, Remuneration and other Benefits) were as follows:

	For the Nine Months Ended 30 September	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Salaries, remuneration and transportation	1,794,890	1,867,906
End of service benefits	118,787	-
Total	1,913,677	1,867,906

(31) Segment Information

A. Information about Bank's Activities

The Bank is organized for administrative purposes based on the reports submitted to the General Manager and the primary decision maker in the bank through four main business sectors:

Retail

This includes follow up on unrestricted investment accounts, deferred sales receivables and other financing and banking services related to individuals.

Corporate Accounts

This includes follow up on unrestricted investment accounts, deferred sales receivables and other financing and banking services related to the institutions.

Investment in Assets

This includes investing in real estate and leasing.

Treasury

This includes trading, treasury and managing the bank's funds.

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B. Below is the Bank's business sectors distributed according to its activities:

	Retail	Corporates	Investment in Assets	Treasury	Others	Total	
						For the Nine Months	
						Ended 30 September	
						30 September 2017	30 September 2016
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Unaudited)
Total revenues (Joint and self financed)	102,312,009	47,581,725	3,008,594	9,554,297	78,391	162,535,016	167,033,595
Net results of subsidiaries and investment in associates share of results	-	-	2,521,667	-	-	2,521,667	2,226,610
Share of investment risk fund from revenues of joint investment accounts	(9,861,740)	(3,342,934)	(300,859)	(764,344)	-	(14,269,877)	(14,976,726)
Share of the unrestricted investment accounts, investment accounts holder and non-controlling interests from the subsidiaries and associates net results	(35,353,642)	(3,318,374)	(2,521,667)	(652,272)	-	(41,845,955)	(41,791,414)
Segment Results	57,096,627	40,920,417	2,707,735	8,137,681	78,391	108,940,851	112,492,065
Allocated expenses	(25,855,257)	(19,093,243)	(1,153,013)	(3,816,964)	-	(49,918,477)	(48,134,036)
Profit before tax	31,241,370	21,827,174	1,554,722	4,320,717	78,391	59,022,374	64,358,029
Income tax	(11,375,221)	(7,754,315)	(420,026)	(1,080,179)	(19,598)	(20,649,339)	(22,478,919)
Profit after tax	19,866,149	14,072,859	1,134,696	3,240,538	58,793	38,373,035	41,879,110
						30 September 2017	31 December 2016
						JD	JD
						(Unaudited)	(Audited)
Segment assets	1,159,356,679	923,672,085	845,343,405	1,141,070,840	-	4,069,443,009	4,000,796,189
Investment in associates	-	-	8,233,825	-	-	8,233,825	7,658,670
Unallocated assets	-	-	-	-	99,866,856	99,866,856	91,064,837
Total Assets	1,159,356,679	923,672,085	853,577,230	1,141,070,840	99,866,856	4,177,643,690	4,099,519,696
Segment liabilities	3,241,672,760	409,997,032	-	4,362,393	-	3,656,032,185	3,597,919,471
Unallocated liabilities	-	-	-	-	162,441,679	162,441,679	158,880,463
Total Liabilities	3,241,672,760	409,997,032	-	4,362,393	162,441,679	3,818,473,864	3,756,799,934
						For the Nine Months	
						Ended 30 September	
						2017	2016
						JD	JD
						(Unaudited)	(Unaudited)
Capital expenditures	-	-	-	-	11,041,420	11,041,420	14,610,499
Depreciation and amortization	-	-	-	-	5,907,297	5,907,297	7,122,291

(32) Capital Management

The Banks' capital consists of the paid-in capital, reserves including statutory, voluntary, general banking risk and fair value reserves, and retained earnings.

According to the Central Bank of Jordan regulations and based on the decisions of Islamic Financial Services Board, the Bank has to keep an adequate capital to face the risks associated with its operations which consist of its capital credit risks, market risks and operational risks. The capital adequacy ratio should not be less than 12% according to the established regulation.

The Bank achieves its capital objectives through the following:

- Realizing acceptable returns on capital without affecting its financial stability as well as realizing acceptable return on equity.
- Achieving the required level of capital according to the requirements of Basel Committee of Banking Supervision and the trends of the supervisory bodies.
- Providing an adequate capital to expand the granting of financings and large investments in consistency with the regulations of the Central Bank of Jordan as well as facing any future risks.

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The Bank determines the capital adequacy ratio in accordance with the instructions of the Central Bank of Jordan based on the Islamic Financial Services Board decisions. Below is the capital adequacy ratio compared with the previous year:

	30 September 2017 Thousands JD (Unaudited)	31 December 2016 Thousands JD (Audited)
Basic Capital Items:	315,836	315,330
Subscribed capital (paid-in)	180,000	150,000
Statutory reserve	68,371	68,371
Voluntary reserve	22,617	22,617
Retained earnings	47,624	77,624
50% of Bank's share from investments in banks' capitals and other financial institutions	(247)	(247)
50% of Bank's share from investment in insurance companies	(939)	(1,006)
Intangible assets	(1,590)	(2,029)
Additional Capital Items:	12,365	13,393
Fair value reserve of the financial assets at fair value through owners equity	488	274
Bank's share from the fair value reserve of the financial assets at fair value through the joint investment accounts holder's equity	45	622
Bank's share from the surplus of the investment risk fund	8,109	8,463
General banking risks reserve / self	1,000	1,000
Bank's share from the general banking risks reserve / joint	3,909	4,287
50% of the Bank's share from investments in banks' capitals and other financial institutions	(247)	(247)
50% of the Bank's share from investment in insurance companies	(939)	(1,006)
Total Regulatory Capital	328,201	328,723
Total Risk Weighted Assets	1,553,180	1,493,081
Capital Adequacy Ratio	21.13%	22.02%
Basic Capital Ratio	20.33%	21.12%

(33) Commitments and Contingent Liabilities (Off the Interim Condensed Consolidated Statement of Financial Position)

Credit Commitments and Obligations:

	30 September 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Letter of Credits	41,976,999	38,579,418
Acceptances	5,004,106	5,325,298
Guarantees:	114,699,406	114,674,722
- Payment	34,894,430	33,446,779
- Performance	51,576,589	51,360,474
- others	28,228,387	29,867,469
Unutilized Limits	118,995,327	140,915,403
Total	280,675,838	299,494,841

(34) Lawsuits Filed Against the Bank

The lawsuits filed against the Bank (self) amounted to JD 10,614,559 as of 30 September 2017 with a provision of JD 500 compared to JD 10,903,574 as of 31 December 2016 with a provision of JD 76,927. The lawsuits filed against the Bank (joint) as of 30 September 2017 amounted to JD 1,882,156 with a provision of JD 185,538 compared to JD 1,575,049 as of 31 December 2016 with a provision of JD 174,293.

The Banks management and its legal advisor believes that any obligations that may arise from the lawsuits against joint investments will be recognized in the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision.

(35) Statutory Reserves

The Bank did not appropriate any amounts to the reserves as required by the Companies Law, since these condensed financial statements are interim financial statements.