

الرقم: أ م م / ١٠٠ / ٢٠١٧

To: Jordan Securities Commission

السادة هيئة الأوراق المالية

Amman Stock Exchange

السادة بورصة عمان

Date: 30/7/2017

التاريخ: ٢٠١٧/٧/٣٠

Subject: Semiannual Financial Statements for the  
period ended 30/6/2017

الموضوع: البيانات المالية النصف سنوية للفترة

المنتهية ٢٠١٧/٦/٣٠

Attached the Semiannual Financial Statements of  
Jordan Ahli Bank for the period ended at 30/6/2017.

مرفق طيه نسخة من البيانات المالية النصف  
سنوية لشركة البنك الأهلي الأردني المساهمة العامة  
المحدودة عن الفترة المنتهية في ٢٠١٧/٦/٣٠ . نسخة للهيئة العامة

Kindly accept our highly appreciation and respect

وتفضلوا بقبول فائق الاحترام...

Mohammad Mousa Daoud  
CEO/General Manager

محمد موسى داود  
الرئيس التنفيذي/المدير العام

نسخة للهيئة العامة

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢١ تموز ٢٠١٧
4180
1013
2110711

**JORDAN AHLI BANK**  
**(A PUBLIC SHAREHOLDING COMPANY)**  
**AMMAN - JORDAN**

**INTREIM CONSOLIDATED CONDENSED**  
**FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED 30 JUNE 2017**  
**TOGETHER WITH THE REVIEW REPORT**

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

We have reviewed the accompanying interim consolidated condensed financial statements of **JORDAN AHLI BANK** (a public shareholding company) as of 30 June 2017, comprising the interim consolidated condensed statement of financial position as of 30 June 2017 and the related interim consolidated condensed statements of income, comprehensive income, changes in equity, and cash flows for the six months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim consolidated condensed financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim consolidated condensed financial statements based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.



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# Deloitte.

## Explanatory Paragraph

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

## Other Matters

The consolidated financial statements for the year ended 31 December 2016 and the interim consolidated condensed financial statements for the period ended 30 June 2016 were audited and reviewed respectively by Deloitte and Touche (Middle East) - Jordan as the sole auditor for the Bank for the year 2016. Unqualified opinion and unqualified conclusion were issued on these consolidated financial statements on 28 February 2017 and 31 October 2016 respectively. Ernst & Young - Jordan and Deloitte & Touche (Middle East) - Jordan were appointed as joint auditors of the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

30 July 2017

Ernst & Young – Jordan

Deloitte & Touche (Middle East) - Jordan



**JORDAN AHLI BANK**  
**INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2017**

	<u>Notes</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
		JD (Reviewed not audited)	JD (Audited)
<b>ASSETS</b>			
Cash and balances with central banks	5	195,691,222	201,989,051
Balances at banks and financial institutions	6	183,616,107	185,788,643
Deposits at banks and financial institutions	7	37,809	10,037,793
Financial assets at fair value through profit or loss	8	944,484	968,373
Direct credit facilities - net	9	1,481,843,810	1,447,236,602
Financial assets at fair value through other comprehensive income	10	29,357,742	29,011,930
Financial assets at amortized cost - net	11	694,494,548	754,809,955
Investment in associates and unconsolidated subsidiary company		5,104,498	5,106,980
Property, equipment and projects under construction - net		53,630,237	46,831,590
Intangible assets - net		22,319,622	21,141,035
Other assets	12	115,587,326	106,377,371
Deferred tax assets		6,935,837	6,219,227
<b>Total Assets</b>		<b>2,789,563,242</b>	<b>2,815,518,550</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Banks' and financial institutions' deposits		69,374,132	57,353,655
Customers' deposits	13	2,011,174,396	2,067,294,759
Margin accounts		263,119,044	255,883,131
Loans and borrowings	14	105,657,458	88,520,033
Sundry provisions		3,614,498	3,392,889
Income tax provision	15	2,197,515	926,721
Deferred tax liabilities		446,366	1,002,584
Other liabilities	16	31,661,677	38,479,374
<b>Total Liabilities</b>		<b>2,487,245,086</b>	<b>2,512,853,146</b>
<b>SHAREHOLDERS' EQUITY</b>			
Subscribed and paid in capital	27	183,750,000	175,000,000
Statutory reserve	28	52,015,203	52,015,203
Voluntary reserve	28	24,736,083	33,486,083
Cyclical fluctuations reserve		2,394,566	2,394,566
Special reserve		213,054	213,054
General banking risk reserve		15,080,596	14,988,716
Fair value reserve - net	17	828,965	1,861,943
Retained earnings	18	13,863,959	22,705,839
Profit for the period		9,435,730	-
<b>Total Shareholders' Equity</b>		<b>302,318,156</b>	<b>302,665,404</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>2,789,563,242</b>	<b>2,815,518,550</b>

The accompanying notes from 1 to 31 are part of these interim consolidated condensed financial statements and should be read with them and with the accompanying review report

**JORDAN AHLI BANK**  
**INTERIM CONSOLIDATED CONDENSED INCOME STATEMENT**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2017 (REVIEWED NOT AUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		JD	JD	JD	JD
Interest income	19	36,018,599	34,669,478	71,246,997	68,135,025
Interest expense	20	15,250,987	13,068,132	29,813,337	25,335,972
<b>Net interest income</b>		<b>20,767,612</b>	<b>21,601,346</b>	<b>41,433,660</b>	<b>42,799,053</b>
Net commission income		4,834,670	6,357,327	10,413,344	11,418,484
<b>Net interest and commission income</b>		<b>25,602,282</b>	<b>27,958,673</b>	<b>51,847,004</b>	<b>54,217,537</b>
Gain from foreign currencies		803,315	719,006	1,629,084	1,629,484
Gain (loss) from financial assets at fair value through profit or loss	21	(16,524)	(64,120)	9,554	(85,677)
Dividends from financial assets at fair value through other comprehensive income		534,832	151,375	952,780	862,581
Other income		1,321,585	946,092	3,721,769	2,624,879
<b>Gross income</b>		<b>28,245,490</b>	<b>29,711,026</b>	<b>58,160,191</b>	<b>59,248,804</b>
Employees' expenses		10,140,638	10,166,098	20,379,350	21,343,594
Depreciation and amortization		3,079,012	2,048,867	5,731,203	3,983,043
Other expenses		7,002,530	7,777,955	13,333,851	13,930,410
Provision for impairment losses on direct credit facilities	9	3,904,841	5,493,617	3,007,088	7,097,065
Impairment on assets seized by the Bank	12	1,293,523	1,258,242	2,630,199	2,818,242
<b>Total expenses</b>		<b>25,420,544</b>	<b>26,744,779</b>	<b>45,081,691</b>	<b>49,172,354</b>
Operating profit		2,824,946	2,966,247	13,078,500	10,076,450
Bank's share of associate Companies (losses)		(2,482)	(2,481)	(2,482)	(6,114)
<b>Profit for the period before tax</b>		<b>2,822,464</b>	<b>2,963,766</b>	<b>13,076,018</b>	<b>10,070,336</b>
Income tax expense	15	(854,298)	(358,229)	(3,640,288)	(2,423,559)
<b>Profit for the period</b>		<b>1,968,166</b>	<b>2,605,537</b>	<b>9,435,730</b>	<b>7,646,777</b>
Profit for the period Attributable to :					
Bank's shareholder		1,968,166	2,605,537	9,435,730	7,646,777
		<u>1,968,166</u>	<u>2,605,537</u>	<u>9,435,730</u>	<u>7,646,777</u>
				JD / Fils	JD / Fils
<b>Basic and diluted earnings per share attributable to bank's shareholders</b>	22			<u>0/051</u>	<u>0/044</u>

The accompanying notes from 1 to 31 are part of these interim consolidated condensed financial statements and should be read with them and with the accompanying review report

**JORDAN AHLI BANK**  
**INTERIM CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2017 (REVIEWED NOT AUDITED)**

	Note	For the three months ended		For the six months ended	
		30 June		30 June	
		2017	2016	2017	2016
		JD	JD	JD	JD
<b>Profit for the period</b>		1,968,166	2,605,537	9,435,730	7,646,777
<b>Other comprehensive income items which will not be reclassified to profit or loss in subsequent periods</b>					
Gain from sale of financial assets at fair value through other comprehensive income		-	-	-	35,497
Net change in fair value reserve	17	(841,613)	(99,772)	(1,032,978)	(90,546)
<b>Total comprehensive income for the period</b>		<u>1,126,553</u>	<u>2,505,765</u>	<u>8,402,752</u>	<u>7,591,728</u>
<b>Total comprehensive income for the period</b>					
Attributable to:					
Bank's Shareholders		<u>1,126,553</u>	<u>2,505,765</u>	<u>8,402,752</u>	<u>7,591,728</u>
		<u>1,126,553</u>	<u>2,505,765</u>	<u>8,402,752</u>	<u>7,591,728</u>

**The accompanying notes from 1 to 31 are part of these interim consolidated condensed financial statements and should be read with them and with the accompanying review report**



# JORDAN AHLI BANK

## INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (REVIEWED NOT AUDITED)

	Notes	Subscribed and paid in capital	Reserves										Total Shareholders' equity	
			Statutory	Voluntary	Cyclical fluctuations	Special	General banking risk	Fair value reserve	Retained earnings	Profit for the period				
											JD	JD		JD
<b>For the six months ended 30 June 2017 -</b>														
Balance as of 1 January 2017		175,000,000	52,015,203	33,486,083	2,394,566	213,054	14,988,716	1,861,943	22,705,839	-	-	302,665,404		
Profit for the period		-	-	-	-	-	-	-	-	9,435,730	-	9,435,730		
Change in fair value reserve, net		-	-	-	-	-	-	(1,032,978)	-	-	-	9,435,730		
Total comprehensive income		-	-	-	-	-	-	(1,032,978)	-	-	-	(1,032,978)		
Transferred to reserves		-	-	-	-	-	-	91,880	(91,880)	-	-	-		
Dividends paid	18	8,750,000	-	(8,750,000)	-	-	-	-	(8,750,000)	-	-	(8,750,000)		
Balance as of 30 June 2017		183,750,000	52,015,203	24,736,083	2,394,566	213,054	15,080,596	828,965	13,863,959	9,435,730	-	302,318,156		
<b>For the six months ended 30 June 2016 -</b>														
Balance as of 1 January 2016		175,000,000	51,197,108	33,486,083	2,080,497	213,054	11,693,374	1,203,412	38,645,258	-	-	313,518,786		
Profit for the period		-	-	-	-	-	-	-	-	7,646,777	-	7,646,777		
Loss from sale of financial assets at fair value		-	-	-	-	-	-	(35,497)	35,497	-	-	-		
Change in fair value reserve, net		-	-	-	-	-	-	(55,049)	-	-	-	(55,049)		
Total comprehensive income		-	-	-	-	-	-	(90,546)	35,497	7,646,777	-	7,591,728		
Transferred to reserves		-	-	-	-	-	2,685,018	-	(2,685,018)	-	-	-		
Dividends paid *	18	-	-	-	-	-	-	-	(17,500,000)	-	-	(17,500,000)		
Balance as of 30 June 2016		175,000,000	51,197,108	33,486,083	2,080,497	213,054	14,378,392	1,112,866	18,495,737	7,646,777	-	303,610,514		

- As at 30 June 2017, an amount of JD 6,935,837 from retained earnings is restricted against deferred tax assets, according to the Central Bank of Jordan regulation (JD 6,219,227) as at 31 December 2016.

- The use of general banking risk reserve, cyclical fluctuations reserve and fair value reserve are restricted unless approved by the Central Bank of Jordan and the Palestinian Monetary Authority.

\* The General Assembly approved in its ordinary meeting held on 30 April 2017 to distribute 5% of the paid in capital as cash dividend and 5% of voluntary reserve as stocks dividends for the year 2016.

**The accompanying notes from 1 to 31 are part of these interim consolidated condensed financial statements and should be read with them and with the accompanying review report**

**JORDAN AHLI BANK**  
**INTERIM CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017 (REVIEWED NOT AUDITED)**

	Notes	30 June 2017 JD	30 June 2016 JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		13,076,018	10,070,336
<b>Adjustments -</b>			
Depreciation and amortisation		5,731,203	3,983,043
Impairment loss on direct credit facilities	9	3,007,088	7,097,065
Impairment on assets seized by the Bank	12	2,630,199	2,818,242
End of service and sundry provisions		440,214	446,182
Unrealized loss from financial assets at fair value through profit or loss	21	25,547	38,834
(Gain) from sale of property and equipment		(111,934)	(716,819)
Bank's share of associate companies losses		2,482	6,114
Net interest income		(3,481,676)	(2,128,872)
Effect of exchange rate changes on cash and cash equivalents		(456,086)	(1,249,619)
<b>Profit before changes in assets and liabilities</b>		<b>20,863,055</b>	<b>20,364,506</b>
<b>Changes in assets and liabilities -</b>			
Decrease in cash and balances at central banks due after 3 months		8,224,400	7,444,500
Decrease in deposits at banks and other financial institutions due after 3 months		9,999,984	14,647,510
Decrease (increase) in balances with restricted withdrawal		18,754	(35,170)
(Increase) in financial assets at fair value through profit or loss		(1,658)	(448,451)
(Increase) in direct credit facilities, net		(37,614,296)	(230,017,558)
(Increase) decrease in other assets		(1,819,938)	5,231,619
(Decrease) increase in customers' deposits		(56,120,363)	210,150,900
Increase (decrease) in margin accounts		7,235,913	(12,094,565)
Decrease in other liabilities		(13,445,498)	(4,034,305)
Decrease in sundry provisions		(218,605)	(104,716)
<b>Net cash flows (used in) from operating activities before income tax</b>		<b>(62,878,252)</b>	<b>11,104,270</b>
Income tax paid	15	(3,086,104)	(8,737,665)
<b>Net cash flows (used in) from operating activities</b>		<b>(65,964,356)</b>	<b>2,366,605</b>
<b><u>INVESTING ACTIVITIES</u></b>			
(Increase) of financial assets at fair value through OCI		(1,935,008)	-
Decrease (increase) financial assets at amortized cost		60,315,407	(52,405,495)
(Purchases) of property and equipment, projects under construction, and intangible assets		(14,840,572)	(10,026,980)
Proceeds from sale of property and equipment		1,244,069	1,014,901
<b>Net cash flows from (used in) investing activities</b>		<b>44,783,896</b>	<b>(61,417,574)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Increase in loans and borrowings		17,137,425	19,808,991
Dividends paid		(8,660,739)	(17,124,726)
<b>Net cash flows from financing activities</b>		<b>8,476,686</b>	<b>2,684,265</b>
Effect of exchange rate changes on cash and cash equivalents		456,086	1,249,619
<b>Net decrease in cash and cash equivalents</b>		<b>(12,247,688)</b>	<b>(55,117,085)</b>
Cash and cash equivalents, beginning of the year		321,995,249	401,578,930
<b>Cash and cash equivalents, end of the period</b>	23	<b>309,747,561</b>	<b>346,461,845</b>

The accompanying notes from 1 to 31 are part of these interim consolidated condensed financial statements and should be read with them and with the accompanying review report

**JORDAN AHLI BANK**  
**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2017 (REVIEWED NOT AUDITED)**

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**(1) GENERAL**

Jordan Ahli Bank was established in the year 1955 as a public shareholding Company under registration No. (6) on 1 July 1955 in accordance with the companies law for the year 1927, with headquarters in Amman. Its address is Queen Noor Street, P.O Box 3103, Amman 11181 Jordan. The Business Bank was merged with the Bank effective from December 1996. Moreover Philadelphia Investment Bank was merged with Jordan Ahli Bank Company PSC effective from 1 July 2005.

The general assembly decided in its meeting held on 30 April 2017 to increase paid-in capital by 5% to become share / JD 183,750,000 after the increase. The increase was through distribution of 5% of voluntary reserve as free stock dividends. The increase was approved by the companies controller on 10 May 2017.

The Bank provides all banking and financial services related to its business through its main office, branches in Jordan (57 branches), external branches in Palestine and Cyprus (6 branches) and subsidiaries companies in Jordan.

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

The interim consolidated condensed financial statement have been approved by the Bank's board of directors in its meeting No 6, held on 26 July 2017, and are subject to the approval of the Central Bank of Jordan.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

The interim consolidated condensed financial statements have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), and with applicable laws and regulations of the Central Bank of Jordan.

The interim consolidated condensed financial statements are prepared on a historical cost basis, except for financial assets and liabilities at fair value as of the date of the interim consolidated condensed financial statements.

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

The accompanying condensed interim financial statements do not include all the information and disclosures to the financial statements which were prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2016 and should be read with the Bank's annual report as of December 31, 2016. Moreover, the results of the Bank's operations for the six-month period ended on June 30, 2017 do not necessarily represent indications of the expected results for the year ending December 31, 2017 and do not contain the appropriation of the profit of the six months period ended June 30, 2017, which is usually performed at year-end.

The accounting policies adopted, when preparing the interim consolidated condensed financial statements, are consistent with those applied in the year ended 31 December 2016, except for the following:

- Annual Improvements to IFRSs 2014 – 2016 Cycle covering amendments to IFRS 12.
- Amendments to IAS 12 Income Tax relating to recognition of deferred tax assets on the unrealized losses
- Amendments to IAS 7 Statement of Cash Flow relating to providing additional disclosures in the cash flow statement to help the financial statement users in evaluating the changes in liabilities resulted from financing activities.

The application of these revised IFRSs has not had any material impact on the amounts or disclosures mentioned in the interim consolidated condensed financial statements.

### **(3) BASIS OF CONSOLIDATION**

The interim consolidated condensed financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions income, and expenses between the Bank and subsidiaries are eliminated.

The Bank's subsidiaries as at 30 June 2017 are as follows:

<u>Name</u>	<u>Paid-in Capital JD</u>	<u>Ownership %</u>	<u>Company's operation</u>	<u>Date</u>	<u>Country</u>
Ahli Financial Brokerage Company	5,000,000	100%	Brokerage	2006	Jordan
Ahli Financial Leasing Company	17,500,000	100%	Finance and loans	2009	Jordan
Ahli Mirco Finance Company	6,000,000	100%	Finance and loans	1999	Jordan
Ahluna for Social and Cultured Work Company*	1,700,000	100%	Charity	2006	Jordan

- \* According to the decision of the representative partners of Ahlouna Company in their meeting held on 21 May 2012 the whole company's partners withdrew except for Jordan Ahli Bank. Accordingly, the company became fully owned by the bank and got the approval from the ministry of industry and trade on 28 March 2013. Moreover, the investment in this company is shown according to the equity method as of 31 December 2014 which reveal the latest available financial reports. The financial statements were not consolidated because the company is a non-profit organization and all its activities is for charity cause and all its revenue is subject for donation. In addition, according to the general assembly decision during its extraordinary meeting held on 8 October 2015 approved to liquidate the company and to appoint a Liquidator for the company. The companies' controller decided to liquidate the company on 19 July 2017.

The results of the subsidiaries are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Bank loses control over the subsidiaries.

The financial statements of the subsidiary companies are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies followed by the Bank.

Non – controlling interests represent the portion of owners' equity not owned by the Bank in the subsidiaries.

#### **(4) USE OF ESTIMATES**

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

The management believes that the assessments adopted in the consolidated financial statements are reasonable. The details are as follows:

- A provision against debts is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, through which the Bank's branches and subsidiaries companies operate. Moreover, the strictest outcome that conforms with the (IFRSs) is used.
- The impairment of the seized assets value is recorded based on a new real estate evaluations and approved by certified real estate appraisers to evaluate any impairment in their value and it is reviewed periodically.
- The financial year is charged with its part from income tax according to the prevailing regulations, laws and International Financial Reporting Standards. Moreover, the deferred taxes for the financial assets and liabilities and the required provision are calculated.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the condensed consolidated interim statement of income.
- A provision is set for lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- Management periodically reviews the financial assets, shown at cost, to evaluate any impairment in their value. Such impairment is taken to the condensed consolidated interim statement of income.

- Fair value hierarchy: The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial asset or liability, the Bank uses information from the market, if available, and in the absence of the first level inputs, the Bank deals with the independent and qualified parties to prepare evaluation studies. Appropriate methods of assessment and inputs used to prepare the evaluation are reviewed by management.

#### **(5) CASH AND BALANCES WITH CENTRAL BANKS**

The statutory cash reserve held at central banks amounted to JD 114,125,163 as of 30 June 2017 (31 December 2016: JD 122,875,977).

In addition for the statutory cash reserve, the restricted cash balances amounted to JD 185,636 as of 30 June 2017 and (31 December 2016: 204,390).

There are no balances, matured in more than three months as of 30 June 2017 (31 December 2016: 8,224,400).

#### **(6) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS**

- Non-interest bearing balances held at banks and financial institutions amounted to 83,706,820 as of 30 June 2017 ( 31 December 2016: JD 63,143,246).
- There are no restricted balances as of 30 June 2017 and 31 December 2016.

#### **(7) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS**

- Deposits held at banks and financial institutions that matures in more than three months amounted to JD 37,809 as of 30 June 2017 (December 2016: JD 10,037,793).
- There are no restricted balances as of 30 June 2017 ( 31 December 2016: JD 5,000,000).

#### **(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This item consists of the following:

	30 June 2017 JD	31 December 2016 JD
Quoted shares	944,484	968,373
<b>Total</b>	<b>944,484</b>	<b>968,373</b>

**(9) DIRECT CREDIT FACILITIES - NET**

	30 June 2017 JD	31 December 2016 JD
<b>Individuals (Retail)</b>		
Overdrafts	13,919,001	14,987,764
Loans and bills *	404,589,552	389,850,749
Credit Cards	12,802,092	14,693,636
<b>Real Estate Mortgages</b>	<b>279,693,807</b>	<b>260,807,630</b>
<b>Companies:</b>		
<b>a- Corporate Customers</b>		
Overdrafts	125,696,121	129,226,465
Loans and bills *	577,742,826	571,436,672
<b>b- Small and medium enterprises "SMEs"</b>		
Overdrafts	46,669,495	42,249,538
Loans and bills *	119,297,032	127,406,049
<b>Governmental and public sectors</b>	<b>24,640,848</b>	<b>21,616,898</b>
<b>Total</b>	<b>1,605,050,774</b>	<b>1,572,275,401</b>
Less: Provision for impairment losses on non - performing credit facilities	(94,672,614)	(97,303,171)
Less: Suspended interests	(28,534,350)	(27,735,628)
<b>Direct credit facilities - net</b>	<b>1,481,843,810</b>	<b>1,447,236,602</b>

\* Net after deducting interest and commission received in advance of JD 20,062,723 as of 30 June 2017 (31 December 2016: JD 19,156,300).

- Non-performing credit facilities amounted to JD 160,786,349 as of 30 June 2017 (31 December 2016: JD 178,454,833), representing 10.02% as of 30 June 2017 (31 December 2016: 11.35%) of total direct credit facilities.
- Non-performing credit facilities, net of suspended interests and commissions, amounted to JD 134,350,407 as of 30 June 2017 (31 December 2016: JD 151,586,946), representing 8.52% as of 30 June 2017 (31 December 2016: 9.81%) of total direct credit facilities excluding the suspended interest and commissions.
- Non-performing credit facilities transferred to off financial position items, amounted to JD 43,685,363 as of 30 June 2017 (31 December 2016: JD 43,365,900), Moreover, these credit facilities are fully covered with the suspended interests and provisions.
- There are no credit facilities granted to and guaranteed by the Jordanian government as of 30 June 2017 and 31 December 2016.

## **Provision for Impairment in Direct Credit Facilities**

The movement on the Provision for impairment in direct credit facilities is as follows:

			Companies		
	Individuals	Real estate loans	Corporates	Small and medium Companies	Total
	JD	JD	JD	JD	JD
<b>For the six months ended 30 June 2017</b>					
Balance at beginning of the period	20,956,429	2,193,064	62,453,173	11,700,505	97,303,171
Deduction (surplus) for the period taken from revenues	2,152,160	57,790	1,198,205	(401,067)	3,007,088
Used during the period (written off)	(66,340)	(1,326)	(5,242,432)	(13,930)	(5,324,028)
Transferred to off consolidated statement of financial position items	(42,422)	-	(104,094)	(314,419)	(460,935)
Foreign currencies evaluation difference	75,133	-	68,628	3,557	147,318
Balance at the end of the period	<u>23,074,960</u>	<u>2,249,528</u>	<u>58,373,480</u>	<u>10,974,646</u>	<u>94,672,614</u>
Provision for non-performing facilities on an individual customer basis	22,879,104	2,239,906	57,245,489	10,811,158	93,175,657
Provision for under watch list facilities on an individual customer basis	195,856	9,622	1,127,991	163,488	1,496,957
Balance at the end of the period.	<u>23,074,960</u>	<u>2,249,528</u>	<u>58,373,480</u>	<u>10,974,646</u>	<u>94,672,614</u>
<b>For the year ended 31 December 2016</b>					
Balance at beginning of the year	18,185,016	2,194,192	44,329,880	10,014,837	74,723,925
Deduction (surplus) for the year taken from revenues	3,573,884	10,832	18,450,896	1,995,806	24,031,418
Used during the year (written off)	(528,392)	(624)	(149,231)	(195,492)	(873,739)
Transferred to off consolidated statement of financial position items	(45,162)	(11,336)	(186,830)	(292,803)	(536,131)
Foreign currencies evaluation difference	(228,917)	-	8,458	178,157	(42,302)
Balance at the end of the year	<u>20,956,429</u>	<u>2,193,064</u>	<u>62,453,173</u>	<u>11,700,505</u>	<u>97,303,171</u>
Provision for non-performing facilities on an individual customer basis	20,798,625	2,193,064	61,322,238	11,540,650	95,854,577
Provision for under watch facilities on an individual customer basis	157,804	-	1,130,935	159,855	1,448,594
Balance at the end of the year	<u>20,956,429</u>	<u>2,193,064</u>	<u>62,453,173</u>	<u>11,700,505</u>	<u>97,303,171</u>

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 10,708,205 for the six months ended 30 June 2017 (JD 8,719,144 for the year ended 31 December 2016).



## **Suspended Interest**

The movement on suspended interest is as follows:

			Companies		
	Individuals	Real estate loans	Corporates	Small and medium Companies	Total
	JD	JD	JD	JD	JD
For the six months ended in 30 June 2017					
Balance at the beginning of the period	6,064,699	974,958	16,333,643	4,362,328	27,735,628
Add: Interest in suspense for the period	639,748	32,690	4,127,308	725,358	5,525,104
Less: Surplus taken to income	(170,869)	(23,673)	(1,020,079)	(115,320)	(1,329,941)
Transferred to off-Consolidated statement of financial position items	(58,897)	(24,940)	(19,500)	(30,041)	(133,378)
Interest in suspense written-off	(127,798)	(41,416)	(3,047,033)	(81,326)	(3,297,573)
Foreign currencies evaluation difference	32,400	-	1,225	885	34,510
Balance at the end of the period.	6,379,283	917,619	16,375,564	4,861,884	28,534,350

			Companies		
	Individuals	Real estate loans	Corporates	Small and medium Companies	Total
	JD	JD	JD	JD	JD
For the year ended in 31 December 2016					
Balance at the beginning of the year	4,931,268	1,040,848	10,593,696	3,389,319	19,955,131
Add: Interest in suspense for the year	1,513,703	55,154	6,856,900	1,613,068	10,038,825
Less: Surplus taken to income	(158,427)	(77,777)	(58,319)	(192,419)	(486,942)
Transferred to off-Consolidated statement of financial position items	(23,847)	(10,765)	(38,491)	(130,653)	(203,756)
Interest in suspense written-off	(201,671)	(32,502)	(1,033,660)	(382,756)	(1,650,589)
Foreign currencies evaluation difference	3,673	-	13,517	65,769	82,959
Balance at the end of the year	6,064,699	974,958	16,333,643	4,362,328	27,735,628

Direct credit facilities before provisions and suspended interest are distributed to geographic location and economic sector as follows:

Economic sector	Inside Jordan JD	outside Jordan JD	30 June 2017 JD	31 December 2016 JD
	JD	JD	JD	JD
Financial	147,331,435	42,644,086	189,975,521	217,974,332
Industrial	123,512,839	22,806,198	146,319,037	167,770,222
Trade	309,835,095	47,283,465	357,118,560	356,692,596
Real estate	447,657,788	9,187,148	456,844,936	411,339,353
Agriculture	49,034,937	2,109,058	51,143,995	58,250,368
Shares	9,908,183	-	9,908,183	10,722,269
Individuals	313,993,612	29,195,626	343,189,238	303,421,826
Government and public sector*	2,668,302	21,972,546	24,640,848	21,616,898
Other	25,910,456	-	25,910,456	24,487,537
	<b>1,429,852,647</b>	<b>175,198,127</b>	<b>1,605,050,774</b>	<b>1,572,275,401</b>

\* This item includes credit facilities granted to the Palestinian National Authority of around JD 22 million as of 30 June 2017, which were rescheduled based on the Palestinian Monetary Authority's approval.

**(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The details of this item are as follows:

	30 June 2017 JD	31 December 2016 JD
Quoted shares	11,915,227	12,303,548
Unquoted shares *	12,377,419	11,840,388
Mutual funds**	5,065,096	4,867,994
Total	29,357,742	29,011,930

\* The fair value for the unquoted shares is determined according to the equity method. Which is considered the best tool available to measure the fair value of these investments, and according to the latest financial information available.

\*\*This item represents investment in Abraj capital fund of US dollars 5.6 million, which was stated at fair value as of June 30, 2017 the total fund capital amounted to US dollars 2 billion, moreover, the fund capital is not guaranteed.

- Cash dividends distributions for the above mentioned financial assets amounted to JD 952,780 for the period ended 30 June 2017 (JD 862,581 for the period ended 30 June 2016).

**(11) FINANCIAL ASSETS AT AMORTIZED COST**

The details of this item are as follows:

	30 June 2017 JD	31 December 2016 JD
Treasury bonds and bills	634,641,139	696,556,757
Corporate bonds and debentures	59,853,409	58,878,536
	694,494,548	755,435,293
<u>Less: Provision for impairment loss*</u>	-	(625,338)
	694,494,548	754,809,955
<b>Bills and bonds analysis</b>		
Fixed return	694,494,548	754,809,955

\* This item represents the impairment provision for corporate bonds.

**(12) OTHER ASSETS**

The details of this item are as follows:

	30 June 2017 JD	31 December 2016 JD
Real estate sized by the bank against debts – net*	75,069,240	65,696,413
Accrued interest and commissions income	10,112,361	9,554,288
Checks and transfers under collection	7,716,940	6,967,877
Seized assets sold-net**	6,764,609	9,796,507
Prepaid expenses	4,675,098	2,686,002
Various debtors	5,026,889	3,598,306
Real estate for sale	45,149	55,151
Prepaid rent	2,032,250	1,634,445
Receivables – disposal of subsidiary***	572,192	743,048
Refundable deposits****	333,073	315,419
Revenue stamps	118,852	154,537
Prepaid income tax	-	989,257
Temporary advances	2,831,904	4,134,579
Other debit balances	288,769	51,542
<b>Total</b>	<b>115,587,326</b>	<b>106,377,371</b>

Movement on assets seized by the bank is as follows:

	Seized Assets	
	30 June 2017 JD	31 December 2016 JD
Balance at the beginning of the period / year	65,696,413	72,339,431
Additions	13,818,791	1,981,134
Disposals	(1,815,767)	(6,972,850)
Impairment loss	(107,341)	(2,603,231)
Provision for violated seized assets *****	(2,522,856)	(790,158)
Recovery of impairment loss	-	1,366,175
Recovered provision for violated assets seized by the bank	-	375,912
Balance at the end of the period / year	<b>75,069,240</b>	<b>65,696,413</b>

According to the Banks Law, buildings and plots of land seized by the bank against debts due from customers should be sold within two years from the ownership date. For exceptional cases, the Central Bank of Jordan may extend this period for two additional years.

\*\* During the year 2011, The bank sold land No. (879), Basin No(3),Qatana South; and land No(418),Basin (3),Qatana South of Amman Village for instalments of JD 4.4 million to the South house trade and investment Company, An amount of JD 3.4 Million has been received during the year 2012. Moreover, during the year 2013, a provision of JD one million has been recorded for the entire balance since the amount is considered a doubtful debt. During the year 2015, The Bank sold the assets erected on Lands No.(923 and 924), Basin (5), Al Shaileh Qwaisme Village of Amman's Sothern lands, known as (Baghdad Carage), to Jamal Al Shawabkeh and partner Company for JD 3.6 Millions in instalments. During 2017, The sale transaction was cancelled, and the bank returned the first payment of 900,000 to the buyer.

\*\*\* On 29 December 2014 an agreement was signed with Al Quds Company for Learning, Training and consulting to sell the Bank's shares in Al Zarqa National College Company, 100% of the company's capital. Furthermore, The investment was derecognized on 30 June 2014.

\*\*\*\*Included in this item cash deposits in a foreign trading and financial brokerage Company under liquidation and its currently restricted until the liquidation procedures are finalized. A provision was booked for JD 79,864 as of June 30, 2017 (December 31, 2016: JD 79,864).

\*\*\*\*\*According to the Central bank of Jordan Circular No. 10/1/4076, 10/1/7096, 10/1/6841 and 10/1/2510 issued on 14 February 2017, regarding the provision of the assets seized by the bank against debts, a minimum of 10% deducted as a provision for assets seized as at the end of the year 2016. Moreover, provision of 10% to be taken until it reaches 50% of these assets, as a result a provision of JD 2.5 million has been recorded as of 30 June 2017.

The movement on provision for impairment of assets seized is as follows:

	30 June 2017 JD	31 December 2016 JD
Balance at beginning of the period/ Year	4,989,038	4,574,792
Additions during the period/ year	2,522,856	790,158
Recovered for the period/ year	-	(375,912)
Provision for sold real estate during the period/ year	(17,468)	-
Balance at the end of the period/ year	7,494,426	4,989,038

### **(13) CUSTOMERS' DEPOSITS**

The details of this item are as follows:

	Individual	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD
<b>30 June 2017 -</b>					
Current and demand deposits	227,956,515	150,910,321	109,641,564	7,315,622	495,824,022
Saving accounts	306,030,829	158,445	575,972	-	306,765,246
Time and notice deposits	782,028,900	234,035,972	120,074,787	72,445,469	1,208,585,128
<b>Total</b>	<b>1,316,016,244</b>	<b>385,104,738</b>	<b>230,292,323</b>	<b>79,761,091</b>	<b>2,011,174,396</b>
<b>31 December 2016 -</b>					
Current and demand deposits	254,672,627	129,955,006	122,701,997	15,354,235	522,683,865
Saving accounts	257,598,870	78,469	598,102	-	258,275,441
Time and notice deposits	755,905,663	277,147,028	165,436,522	87,846,240	1,286,335,453
<b>Total</b>	<b>1,268,177,160</b>	<b>407,180,503</b>	<b>288,736,621</b>	<b>103,200,475</b>	<b>2,067,294,759</b>

- The deposits of government and general public sector inside Jordan amounted to JD 79,747,197 representing 3.97% of total customers' deposits as of 30 June 2017 compared to JD 103,190,383 representing 4.99% of total customers' deposits as of 31 December 2016.
- Non-interest bearing deposits amounted to JD 506,839,637 representing 25.20% of total customers' deposits as of 30 June 2017 compared to JD 528,350,577 representing 25.56% of total customers' deposits as of 31 December 2016.
- Restricted deposits amounted to JD 2,140,345 representing 0.11% of total customers' deposits of as of 30 June 2017 compared to JD 1,796,457 representing 0.09% of total customers' deposits as of 31 December 2016.
- Dormant accounts amounted to JD 66,940,644 as of 30 June 2017 compared to JD 45,258,348 as of 31 December 2016.
- Dormant deposits fund amount JD 636,769 representing 0.03% as of 30 June 2017 compared to JD 589,600 representing 0.03% of total customers' deposits as of 31 December 2016.

## **(14) LOANS AND BORROWINGS**

The details of this item are as follows:

	Number of instalments			Instalment maturity frequency	Collaterals	Interest rate	Relending interest rate
	Amount	Total	Remaining				
	JD	JD	JD			%	
<b>30 June 2017 -</b>							
Central Bank of Jordan	4,000,000	30	26	Semi-Annual	-	3/23%	6/279
Central Bank of Jordan	1,350,000	20	18	Semi-Annual	-	2/5%	6/143
Central Bank of Jordan	1,350,000	19	19	Semi-Annual	-	2/5%	6/143
Central Bank of Jordan	2,305,000	20	20	Semi-Annual	-	3/28%	6/666
Central Bank of Jordan	16,692,366	20	20	Semi-Annual	-	2%	4/692
European Bank for Reconstruction and Development	7,090,000	7	7	Semi-Annual	-	4/18%	9-12
Jordan Mortgage Reference Company	10,000,000	1	1	-	-	4/3%	4/5-8/5
Local Bank (loan to a Subsidiary)	7,191,052	-	-	First of March 2018	-	5%	8-9/5
Local Bank (Overdraft loan to a Subsidiary)	6,241,919	-	-	5 Million Over draft Limit	-	5%	8-9/5
Local Bank (loan to a Subsidiary)	4,000,000	24	-	24 Monthly Instalments from withdrawal date	-	5/5%	8-9/5
Local Bank (loan to a Subsidiary)	5,000,000	-	-	31 March 2019	-	5%	8-9/5
Jordan Mortgage Reference Company (loan to a Subsidiary)	30,000,000	5	5	First of July 2018 and 28 December 2018 and 3 April 2019 and 2 May 2019 and 11 May 2019	-	4/55%- 4/75%	8-9/5
Local Bank (loan to a Subsidiary)	354,332	24	-	24 Monthly instalment from the withdrawal date	-	5/45%	15-18
Local Bank (loan to a Subsidiary)	2,955,657	36	-	36 Monthly instalment from the withdrawal date	-	6%	15-18
Local Bank (loan to a Subsidiary)	6,981,298	24	-	24 Monthly instalment from the withdrawal date	-	5/45%	15-18
Local Bank (loan to a Subsidiary)	145,834	36	-	36 Monthly instalment from the withdrawal date	-	7%	15-18
<b>Total</b>	<u>105,657,458</u>						

	Amount	Number of instalments		Instalment maturity frequency	Collaterals	Interest rate	Relending interest rate
		Total	Remaining				
	JD	JD	JD			%	
<b>31 December 2016 -</b>							
Central Bank of Jordan	4,000,000	30	26	Semi-Annual		2/130%	6/279
Central Bank of Jordan	1,350,000	20	18	Semi-Annual		2/5%	6/143
Central Bank of Jordan	1,350,000	19	19	Semi-Annual		2/5%	6/143
Central Bank of Jordan	2,305,000	20	20	Semi-Annual		2/39%	6/666
Central Bank of Jordan	5,910,441	20	20	Semi-Annual		2/5%	4/692
Central Bank of Jordan	3,714,352	20	20	Semi-Annual		2/5%	4/692
Central Bank of Jordan	4,582,181	20	20	Semi-Annual		2/5%	4/692
Jordan Mortgage Reference Company	10,000,000	1	1	-		4/3%	4/5-8/5
Local Bank (loan to a Subsidiary)	7,189,625	-	-	First of March 2017		5%	8-9/5
					5 Million deposit related to		
Local Bank (Overdraft loan to a Subsidiary)	4,491,796	-	-	5 Million Overdraft Limit	Jordan Ahli Bank	4	8-9/5
				24 Monthly Installments from withdrawal date			
Local Bank (loan to a Subsidiary)	5,947,557	24	-	First of July 2018 and 28 December 2018 and 3 April 2019 and 2 May 2019 and 11 May 2019		4/25%	8-9/5
Jordan Mortgage Reference Company (loan to a Subsidiary)	30,000,000	5	5	24 Monthly instalment from the withdrawal date		4/55%-4/75%	8-9/5
Local Bank (loan to a Subsidiary)	944,444	24	-	36 Monthly instalment from the withdrawal date		7/5%	15-18
Local Bank (loan to a Subsidiary)	922,647	36	-	24 Monthly instalment from the withdrawal date		6/75%	15-18
Local Bank (loan to a Subsidiary)	1,134,113	24	-	36 Monthly instalment from the withdrawal date		5/45%-5/85%	15-18
Local Bank (loan to a Subsidiary)	4,594,544	36	-	30 Monthly instalment from the withdrawal date		6%	15-18
Development and Employment Fund (loan to a Subsidiary)	83,333	30	-	date		6%	15-18
<b>Total</b>	<b>88,520,033</b>						

- Loans with fixed-interest rates amounted to JD 105,657,458 as of 30 June 2017 (31 December 2016: JD 88,520,033)

**(15) INCOME TAX**

The movement on the income tax provision was as follows:

	For the six months ended 30 June 2017 JD	For the year ended 31 December 2016 JD
Balance at the beginning of the period/ year	926,721	7,557,618
Income tax paid	(3,086,104)	(9,028,571)
Income tax for the period/ year	4,356,898	2,397,674
Balance at the end of the period/ year	2,197,515	926,721

Income tax appearing in the interim consolidated condensed income statement represents the following:

	For the six months ended 30 June 2017 JD	30 June 2016 JD
Accrued income tax on the period's profit	4,356,898	3,414,501
Deferred tax assets for the period	(1,039,257)	(1,119,071)
Amortization of deferred tax assets for the period	322,647	538,537
Deferred tax liabilities	-	(410,408)
	3,640,288	2,423,559

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on foreign branches and subsidiaries range between 12.5% to 28.79%.
- A final settlement has been reached with the Income and Sales Tax Department till the end of 2014 for Jordan branches.
- A final settlement with the Income Tax and Value-Added Tax Department has been reached for Palestine branches up to the end of the year 2014. It is expected to reach for a final settlement for the year 2015 in 2017.
- A final settlement for income tax for the Cyprus Branch has been reached for the end of the year 2015.
- Ahli Financing Brokerage Company- reached a final settlement with the Income and Sales Tax Department up for the year 2014. Moreover, the self-tax assessment were submitted for the year 2015. However, the income tax department did not review the record for the mentioned year yet.
- Ahli Financing Leasing Company- reached a final settlement with the Income and Sales Tax Department up for the year 2014. Moreover, the self-tax assessment were submitted for the year 2015. However, the income tax department did not review the records for the mentioned year yet.
- Ahli Micro Finance Company- reached a final settlement with the Income and Sales Tax Department up for the year 2014. Moreover, the self-tax assessment were submitted for the year 2015. However, the income tax department did not review the record for the mentioned year yet.



Deferred tax assets and liabilities were calculated as follows:

	30 June 2017 JD	31 December 2016 JD
<u>Income tax rate</u>		
Jordan Branches	35%	35%
Palestine Branches	28.79%	28.79%

- A provision for income tax for the period ended 30 June 2017 has been booked for the bank, its branches and its subsidiaries. In the opinion of management and its tax consultant, no further liabilities will exceed the provision taken by the bank in the condensed consolidated interim financial statements.

#### **(16) OTHER LIABILITIES**

The details of this item are as follows:

	30 June 2017 JD	31 December 2016 JD
Accepted checks and transfer	6,040,404	9,803,241
Trade payables for brokerage companies	713,555	594,886
Accrued interests	6,830,240	6,128,897
Temporary deposits	9,615,083	12,202,163
Various creditors	3,767,626	3,627,961
Accrued expenses	2,236,922	3,380,080
Interest and commissions received in advance	464,124	636,695
Check and transfers – delayed in payment	1,732,566	1,633,114
Provision for technical and vocational education and training support fund fees	157,255	157,255
Board of directors remuneration	50,518	83,018
Others	53,384	232,064
	<u>31,661,677</u>	<u>38,479,374</u>

**(17) FAIR VALUE RESERVE, NET**

The movement on this item is as follows:

	30 June 2017	31 December 2016
	JD	JD
Balance at the beginning of the period/ year	1,861,943	1,203,412
Shares sold	-	256,549
Deferred tax liabilities	556,218	(354,593)
Net Unrealized (loss) gain transferred to the consolidated statement of comprehensive income	(1,589,196)	756,575
Balance at the end of the period/ year	828,965	1,861,943

**(18) RETAINED EARNINGS AND DISTRIBUTED DIVIDENDS****A. RETAINED EARNINGS**

The details if this item are as follows:

	30 June 2017	31 December 2016
	JD	JD
Balance at the beginning of the period / year	22,705,839	38,645,258
Profit for the year	-	6,274,933
Distributed Dividends	(8,750,000)	(17,500,000)
Transferred to reserves	(91,880)	(4,427,506)
Net (loss) from sale of financial assets at fair value through other comprehensive income	-	(286,846)
Balance at the end of the period/ year	13,863,959	22,705,839

As at 30 June 2017, an amount of JD 6,935,837 from retained earnings is restricted against deferred tax assets, according to the Central Bank of Jordan regulations (JD 6,219,227 as at 31 December 2016)

**B. DISTRIBUTED DIVIDENDS**

- The General Assembly approved in its ordinary meeting held on 30 April 2017 to distribute 5% of the paid in capital as cash dividends and 5% of voluntary reserve as stocks dividends for the year 2016.

- The General Assembly approved in its meeting held on 27 April 2016 to distribute 10% of share capital as of 31 December 2015 as cash dividends which is equivalent to JD 17.5 million for the shareholder for the year 2015.

**(19) INTEREST INCOME**

The details of this item are as follows:

	For the six months ended	
	30 June	30 June
	2017	2016
	JD	JD
<b>Direct Credit Facilities:</b>		
<b>Individuals (Retail)</b>		
Overdrafts	929,673	653,129
Loans and bills	14,998,049	13,826,787
Credit cards	884,257	1,193,455
<b>Real estate mortgages</b>	<b>8,430,292</b>	<b>6,958,656</b>
<b>Corporate lending</b>		
Large Corporate:		
Overdrafts	4,718,255	4,550,732
Loans and bills	15,853,830	16,791,286
Small and medium enterprises lending:		
Overdrafts	2,153,760	1,629,652
Loans and bills	9,929,365	8,406,946
<b>Public and governmental sectors</b>	<b>476,730</b>	<b>704,003</b>
Balances at Central Banks	283,283	763,028
Balances and deposits at banks and financial institutions	688,011	583,695
Financial assets at amortized cost	11,901,492	12,073,656
<b>Total</b>	<b>71,246,997</b>	<b>68,135,025</b>

**(20) INTEREST EXPENSE**

The details of this item are as follows:

	For the six months ended	
	30 June	30 June
	2017	2016
	JD	JD
Banks and financial institutions deposits	847,956	262,447
Customers' deposits:		
Current accounts and demand deposits	111,633	87,619
Saving accounts	623,846	497,177
Time and notice placements	21,136,933	18,218,442
Margin accounts	2,887,344	3,163,642
Loans and borrowings	1,949,544	1,133,034
Deposits insurance fees	2,256,081	1,973,611
<b>Total</b>	<b>29,813,337</b>	<b>25,335,972</b>

**(21) GAIN (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Realized Gain (loss) JD	Unrealized (losses) JD	Dividends JD	Total JD
<b>30 June 2017</b>				
Equity instruments	2,679	(25,547)	32,422	9,554
<b>Total</b>	<u>2,679</u>	<u>(25,547)</u>	<u>32,422</u>	<u>9,554</u>
<b>30 June 2016</b>				
Equity instruments	(46,843)	(38,834)	-	(85,677)
<b>Total</b>	<u>(46,843)</u>	<u>(38,834)</u>	<u>-</u>	<u>(85,677)</u>

**(22) EARNINGS PER SHARE ATTRIBUTED TO THE SHAREHOLDERS OF THE BANK**

	For the six months ended 30 June	
	2017 JD	2016 JD
Profit for the period	9,435,730	7,646,777
Weighted average number of shares	183,750,000	175,000,000
	(JD/ Fils)	(JD/ Fils)
Basic and diluted earnings per share	<u>(-0.051)</u>	<u>(-0.044)</u>

**(23) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	30 June 2017 JD (Unaudited)	30 June 2017 JD (Unaudited)
Cash and balances with central banks maturing within three months	195,691,222	275,733,475
<u>Add: Balances at banks and financial institutions maturing within three months</u>	<u>183,616,107</u>	<u>137,842,201</u>
<u>Less: Banks and financial institutions' deposits maturing within three months</u>	<u>(69,374,132)</u>	<u>(66,905,536)</u>
Restricted cash balances	(185,636)	(208,295)
<b>Cash and cash equivalents</b>	<u>309,747,561</u>	<u>346,461,845</u>

## **(24) CAPITAL MANAGEMENT**

### **A. DESCRIPTION of what is considered as paid-in capital**

Capital is categorized into paid-up capital, economic capital, and regulatory capital whereby regulatory capital is defined, according to the Bank law, as the total value of the determined by the central bank for control purposes to meet the requirement of capital adequacy ratio as per the central bank of Jordan (Tier 1 ) made up of paid-up capital, declared reserves (including statutory reserve, voluntary reserve, share premium and treasury shares premium ), and retained earnings, excluding restricted and minatory interest amount net of loss for the period, cost of the acquisition of treasury stock, decrease in the provisions required from the Bank, and goodwill; and support capital (Tier 2 ) consisting of the undeclared reserves, exchange rate differences, general banking risks reserve, interment with debt-equity shared characteristic, support debts and 45% of the cumulative change in fair value, if positive and 100% if negative. A third part of capital (Tier 3 ) might be formed in case the capital adequacy ratio goes below 12% due to factoring capital adequacy ratio into market risks, Moreover. Investments in subsidiary banks and financial institutions are deducted (if their financial statements are not consolidated), and investments in the capitals of bank and financial institutions are deducted as well.

### **B. Regulatory party's requirements concerning capital and the manner in which they are met**

Instructions of the Central Bank of Jordan require that paid-up capital be not less the JD 100 Million and equity –to – assets ratios be not less than 6%. Moreover, the Central Bank of Jordan instructions require that the ratio of regulatory capital to assets weighted by risks and market's risk (Capital adequacy ratio) be not less than 14% which is considered by the Bank.

Additionally, The bank complies with Article (62) of the banks law, which requires the Bank to appropriate 10% of its net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. This meets the requirement of the statutory reserve prescribed by the Companies laws.

The Bank complies with Article (41) of the Banks law, which requires adherence to the limits set by the central bank of Jordan relating to the following:

- 1- The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves and contra accounts.
- 2- Ratios of total loans to regulatory capital the Bank is allowed to grant to one person, his allies, or to related stakeholders.
- 3- Ratios of total loans granted to the major customers of the Bank to total loan extended by The Bank.

### **C. Method OF achieving capital management objectives**

Capital management includes the optimal employment of fund to achieve the highest return on capital possible while maintaining the minimum required by laws and regulations. The Bank adopts a policy of exerting efforts to reduce the cost of funds as much as possible through finding low-cost funds, increasing the customer's base, and optimally employing these funds in acceptable risk activities to achieve the highest return possible on capital.

#### **D- Capital Adequacy:**

On 31 October 2016, the Central Bank of Jordan has issued instructions to follow BASIL III for capital adequacy, and cancelling the use of BASIL II.

The Bank manages its capital in a way that ensures the continuation of its operating activities and achieving the highest possible return on equity, and capital is defined according to BASIL III as shown in the below table:

	30 June 2017 <u>In thousands JD</u>	31 December 2016 <u>In thousands JD</u>
Total capital for ordinary shares (CET1)	287,237	287,676
Adjustments (subtracted from total capital for ordinary shares)	(39,348)	(41,217)
Tier 2 capital	15,081	14,989
Total regulatory capital	262,970	261,448
Total assets (risky)	2,005,642	1,961,446
Capital percentage from regular shares (CET1) (%)	12.36%	12.57%
Regulatory capital percentage (%)	13.11%	13.33%

\* Primary capital is calculated net of investments in banks and subsidiary financial institution, as their financial statements were not consolidated.

#### **25. SEGMENT INFORMATION**

The Bank is organized for administrative purposes so that the segments are measured according to the reports that are used by the Executive Director and the main decision-maker at the bank through the following main business segments:

- 1- Individual accounts: Principally following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.
- 2- SME's: Principally "SME's" transactions on loans credit facilities and deposits and whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the bank and commensurate with the instructions of the regulatory authorities.
- 3- Corporate accounts: Principally corporate transactions on loans credit facilities and deposits, whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the bank and commensurate with the instructions of the regulatory authorities.
- 4- Treasury: principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.
- 5- Institutional Financing: The activity of this sector is related to arrangements for the structure of financing and shares underwriting.
- 6- Others: This sector includes all non-listed accounts in the above sectors, for example equity and investments in associates, receivables, equipment, and general management.

	Total					
	For the Six Months Ended 30 June					
	Individuals	SME's	Corporate	Treasury	Institutional Financing	Others
	JD	JD	JD	JD	JD	JD
<b>Gross Income</b>						
Provision for impairment of direct credit facilities	21,622,872	10,565,639	18,082,174	3,579,319	910,202	3,399,985
Segment results	(2,209,950)	401,067	(1,198,205)	-	-	-
Net distributed segment expenses	19,412,922	10,966,706	16,883,969	3,579,319	910,202	3,399,985
Provision for seized assets	(19,141,615)	(6,110,959)	(7,272,529)	(2,311,203)	(547,385)	(4,060,713)
Bank's share of losses from associates	-	-	-	-	-	(2,630,199)
Income before tax	-	-	-	-	(2,482)	(2,482)
Income tax	271,307	4,855,747	9,611,440	1,268,116	360,335	(3,290,927)
<b>Income for the Period</b>						
<b>Other matters:</b>						
Capital expenditures						
Depreciation and amortization						

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b- Information on the geographical distribution:

The sector represents the geographical distribution of the bank's operations. The bank performs its operations, which represent local operations, mainly in the kingdom. Moreover, the bank conducts regional operations through its branches in Palestine and Cyprus.

The following are the bank's revenues, assets and capital expenditures according to geographical distribution:

	Inside Jordan			Outside Jordan			Total	
	30 June	31 December		30 June	31 December		30 June	31 December
	2017	2016	JD	2017	2016	JD	2017	2016
	JD			JD		JD	JD	JD
Bank's Assets	2,466,319,299	2,488,822,276		323,243,943	326,696,274		2,789,563,242	2,815,518,550

Following is the geographical distribution and economic sector of the Bank's profit and loss inside and outside Jordan:

	Inside Jordan			Outside Jordan			Total	
	30 June	30 June		30 June	30 June		30 June	30 June
	2017	2016	JD	2017	2016	JD	2017	2016
	JD			JD		JD	JD	JD
Gross income	51,785,637	53,796,241		6,374,554	5,452,563		58,160,191	59,248,804
Capital								
Expenditure	14,117,526	7,673,241		723,046	2,353,739		14,840,572	10,026,980



## **(26) RELATED PARTIES TRANSACTIONS**

The Bank entered into transactions with sister Companies, major shareholders, Board of Directors and executive management within the normal banking practices according to the commercial interest and commission rates. All of the credit facilities that are provided to related parties are considered to be performing and no provisions have been taken except for the mentioned below:

The following related parties' transactions took place during the period:

	Associates	Subsidiaries	Board of directors	Executive management	Other*	Total	
						30 June	31 December
						2017	2016
	JD	JD	JD	JD	JD	JD	JD
<b><u>On- condensed consolidated interim</u></b>							
<b><u>Statement of financial position:</u></b>							
Credit facilities	-	3,047,263	6,234,798	2,406,793	78,278,237	89,967,091	101,180,006
Deposits	147,889	5,581,787	15,392,915	2,144,093	15,654,076	38,920,760	34,219,946
Cash margin	-	-	120	52,406	2,771,575	2,824,101	1,981,941

### **Off- condensed consolidated interim**

#### **Statement of financial position:**

Letters of guarantee	50,000	660,000	-	-	621,552	1,331,552	5,998,735
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### **Condensed consolidated interim**

#### **statement of income items**

	Associates	Subsidiaries	Board of directors	Executive management	Other*	For the six months ended	
						30 June	30 June
						2017	2016
	JD	JD	JD	JD	JD	JD	JD
Interest and commissions income	3,382	69,648	240,750	76,028	2,480,392	2,870,200	3,626,680
Interest and commissions expense	4,591	84,467	371,580	23,198	185,127	668,963	1,801,968
Consulting Fees	-	-	-	-	-	-	1,240,000

\* This item represents companies partially owned by members of the Bank's Board of Directors, Board of Directors' relatives, and the bank's employees.

- During the year 2015, credit facilities granted to related parties of JD 3.3 million were transferred to off-consolidated statement of financial position items. Moreover, these facilities were fully covered by provisions.

- There are accounts receivable from a subsidiary company (Ahli Brokerage Company) of JD 2,424,160, belonging to a related party as of 30 June 2017. On 31 October 2013, the Company signed a settlement agreement with those clients to pay the obligations through an advance payment upon signing the settlement agreement, in addition to monthly installments, as well as enhancement of their guarantees.

- According to the Board of Directors' decision on 17 December 2014, a contract was signed with the former chairman of the Board on 15 January 2015 for consulting services to the Bank for JD 30,000 monthly, in addition to health and life insurance and other benefits, for five years. The contract was terminated in the subsequent period, effective from the beginning of January 2016, for JD 940,000.
- During the first half of 2016, an amount of JD 300 thousand was paid to the former Chief Executive Officer as an additional bonus according to a subsequent decision to the Board of Directors' decision on 20 December 2015.
- Interest income prices range from 4% to 12%.
- Interest expense prices range from 0% to 4.5%.

Compensation of executive management of the Bank are as follows:

	For the six months ended 30 June	
	2017	2016
	JD	JD
Salaries and other benefits	2,527,190	2,265,013
Travel and transporting	13,382	7,295
Periderms	14,285	10,034
	<u>2,554,857</u>	<u>2,282,342</u>

#### **(27) ISSUED AND PAID IN CAPITAL AND ADDITIONAL PAID IN CAPITAL**

- The Bank's paid in capital amounted to JD 183,750,000 distributed to 183,750,000 shares as of 30 June 2017. (JD 175,000,000 as of 31 December 2016)
- The General Assembly approved in its ordinary meeting held on April 30, 2017 to distribute 5% of the paid in capital as cash dividend and 5% of voluntary reserve as stocks dividends for the year 2016.
- The General Assembly approved in its meeting held on 27 April 2016 to distribute 10% of share capital as of 31 December 2015 as cash dividends which is equivalent to JD 17.5 million for the shareholder for the year 2015.

#### **(28) RESERVES**

The Bank did not make any appropriation to the legal reserves form, in these condensed consolidated interim financial statements as such appropriations are performed at year end.

**(29) COMMITMENTS AND CONTINGENT LIABILITIES**

The details of this item are as follows:

	30 June 2017 JD	31 December 2016 JD
Letter of credit:		
Letter of credit-outgoing	85,483,925	91,392,693
Letter of credit-incoming	80,485,124	109,162,798
Acceptances:	44,534,406	55,150,734
Letter of guarantees:		
-Payment	110,592,245	110,086,167
-Performance bonds	69,820,836	69,249,069
-Others	47,283,864	35,993,985
Unutilized credit facilities	106,292,935	139,061,512
Total	544,493,335	610,096,958

**(30) LITIGATION**

Lawsuits raised against the Bank amounted to JD 3,687,326 as of 30 June 2017 (31 December 2016: JD 5,606,615). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 256,360 as of 30 June 2017 will arise (31 December 2016: JD 216,160)

**(31) FAIR VALUE MEASUREMENT**

**A. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS:**

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following table gives information about how the fair value of these financial asset and financial liability are determined (valuation techniques & key inputs):

	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs of fair value
	30 June 2017	31 December 2016				
	JD	JD				%
<b>Financial assets at fair value</b>						
Financial assets at fair value through profit or loss:						
Companies stocks	944,484	968,373	Level 1	Quoted Shares	Not Applicable	Not Applicable
	<b>944,484</b>	<b>968,373</b>				
Financial assets at fair value through Comprehensive income:						
Quoted shares	11,915,227	12,303,548	Level 1	Quoted Shares	Not Applicable	Not Applicable
Mutual fund	5,065,096	4,867,994	Level 2	The Fund's Manager evaluation of the Fair Value Through using the equity method and latest financial information available	Not Applicable	Not Applicable
Unquoted shares	12,377,419	11,840,388	Level 2		Not Applicable	Not Applicable
	<b>29,357,742</b>	<b>29,011,930</b>				
<b>Total financial assets at fair value</b>	<b>30,302,226</b>	<b>29,980,303</b>				

There were no transfer between level 1 and level 2 during the period / year ended 30 June 2017 and 31 December 2016.

**B. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS:**

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statement approximate their fair values:

	30 June 2017		31 December 2016		Fair value Hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
<b>Financial assets not calculated at fair value</b>					
Deposits at Central Banks	11,236,230	11,246,060	15,261,385	15,262,590	Level 2
Balances and deposits at banks and financial institutions	183,653,916	183,681,041	195,826,436	195,961,063	Level 2
Direct credit facilities at amortized cost	1,481,843,810	1,485,471,667	1,447,236,602	1,449,821,971	Level 2
Other financial assets at amortized cost	694,494,548	700,788,795	754,809,955	761,548,541	Level 2
Force-closed assets against debts	87,388,738	75,069,240	75,495,083	65,696,413	Level 2
<b>Total financial assets not calculated at fair value</b>	<b>2,458,617,242</b>	<b>2,456,256,803</b>	<b>2,488,629,461</b>	<b>2,488,290,578</b>	Level 1 and 2
<b>Financial liabilities not calculated at fair value</b>					
Banks and financial institutions deposits	69,374,132	69,515,277	57,353,655	57,421,102	Level 2
Customer deposits	2,011,174,396	2,017,298,692	2,067,294,759	2,072,801,518	Level 2
Cash margin	263,119,044	263,121,388	255,883,131	255,911,686	Level 2
Borrowed funds	105,657,458	105,916,730	88,520,033	88,749,342	Level 2
<b>Total financial Liabilities not calculated at fair value</b>	<b>2,449,325,030</b>	<b>2,455,852,087</b>	<b>2,469,051,578</b>	<b>2,474,883,648</b>	

For the items listed above, the fair value of the financial assets and liabilities classified as level two has been determined in accordance with generally accepted pricing models that reflect the credit risk of counterparties.