INVESTBANK
البنك الاستثماري

Date: 29 / 3 / 2018
No: 2321

Amman Stock Exchange

Subject: Financial Statements of INVESTBANK for the year 2017

Kindly find attached the Financial Statements of INVESTBANK "In English" for the year 2017, noting that these results are subject to Central Bank of Jordan approval.

INVESTBANK
CEO

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٩ آذار ٢٠١٨
الرقم المتسلسل ١٧٧٤
رقم الملف ١١١٤
الجهة المختصة الاداره العليا

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INVEST BANK

(PUBLIC SHAREHOLDING COMPANY)

AMMAN-JORDAN

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

INVEST BANK

(PUBLIC SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF INVEST BANK

Report on the Report on the Consolidated Financial Statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Invest Bank (publicly listed Company) as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

Key Audit Matters	- Provision for impairment in direct credit facilities - Acquisition of a subsidiary

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Provision for impairment in direct credit facilities As described in the accounting policies (2.6), (2.10) and note number (3) Critical Accounting Estimates And Judgments, the management calculates the provision for impairment in direct credit facilities according to the accounting policies described in note (2.6) (2.10) and in accordance with Central Bank of Jordan related instructions. The Management reviews the contracts individually or in group to assess whether there is objective evidence of impairment such as default in payments of customers. In case evidence exist the management assess the impairment value based on the	We have performed the following procedures to assess the reasonableness of the Provision for impairment in direct credit facilities. • Understood the nature of credit facilities. • Assessed management's methodology in classifying loans and the method used in determining the recoverable amount from the mortgaged assets when sold and expected cash flow. • Tested sample of customers classified as non-performing customers to check the reasonableness of their classification • Tested the information systems of the bank and the automatic classification of the non-performing loans.

recoverable amount from the assets mortgaged to the Bank and in accordance with the International Financial Reporting Standards and Central Bank of Jordan Instructions. Due to the importance of these estimates and judgments, It is considered as significant risk, which might lead to material misstatement in the consolidated financial statements when available information and estimates are misused to determine the provision value. As disclosed in Note (10) to the consolidated financial statements, management had recognised a provision for impairment in direct credit facilities with an amount of JD 30,471,752, while net direct credit facilities amounted to JD 646,039,894 which represents 60% of the group total assets as at 31 December 2017.	• Assessed management's methodology in assessing the required provision as at 31 December 2017. • Assessed the key assumptions used, based on our understanding of the group and the nature of the business. • Tested sample of management estimates of the recoverable amounts from the sale of mortgaged assets. • Tested select of relevant procedures and internal controls applied by the management. • Re-calculated the provision for impairment in direct credit facilities for a sample of customers in accordance with the International Financial Reporting Standards and Central Bank of Jordan Instructions. • Assess the adequacy of disclosures over the provision for impairment in direct credit facilities.
Acquisition of a subsidiary The bank acquired 91,8% of Bindar Trade and Investment Company - Limited public shareholding Company - during the year 2017, through its subsidiary (Tamkeen Leasing Company), through a purchase of 18,369,851 shares with 1 JD par value. The acquisition cost was JD 16,532,866 which resulted in income amounted to JD 5,598,376. The acquisition process requires the management to use its professional judgement in determining the fair value of the net assets at the date of acquisition and determine the goodwill or income from the acquisitions transaction value in accordance with International financial Reporting standards. Due to the importance of these estimates it is considered a key audit matter.	We have performed the following procedures regarding the acquisition process of Jordan trade facilities company: • Assessed the Bank ability to control the relevant financial and operating policies of Jordan Trade Facilities Company. • Assessed the computation of fair value of the net assets at the date of acquisition, and reviewing the income amount generated in accordance with International Financial Reporting Standards. In addition to reviewing the specialist reports assigned by the bank for the acquisition process. • Assessed the assumptions used in determining the value fair value. • Assessed the calculation of non-controlling interest in net income and net assets of Bindar for Trade and Investment Company.

As disclosed in Note (33) (Income generated from acquisition of a subsidiary) The Company assessed the company's net asset fair value at the date of acquisition for the amount of JD 22,131,242. Resulting in income recorded at the income statement amounting JD 5,598,376.	• Assess the adequacy of disclosures over acquisition of a subsidiary.

Other information

The directors are responsible for the other information. The other information comprises all the other information included in the Bank's annual report for the year 2017 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We read the other information, and there is no material misstatement therein, to communicate to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Bank maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith the financial date presented in the Board of Directors' report. We recommended that the General assembly of Shareholders approve these financial statements.

Certified Public Accountants
pwc
Amman - Jordan

PricewaterhouseCoopers

For and behalf of PricewaterhouseCoopers "Jordan" L.L.C.

Amman - Jordan
25 February 2018

INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017

	Note	2017	2016
		JD	JD
Assets			
Cash and balances at the Central Bank of Jordan	4	108,370,113	91,250,017
Balances at banks and financial institutions	5	71,613,034	73,902,498
Deposits at banks and financial institutions	6	11,013,457	5,500,000
Financial assets at fair value through statement of income	7	1,853,987	2,128,116
Direct credit facilities - net	10	646,039,894	538,630,285
Financial assets at fair value through other comprehensive income	8	37,638,042	24,437,914
Financial assets at amortized cost	9	105,548,083	120,143,870
Property and equipment-net	11	29,663,965	28,573,609
Intangible assets	12	2,633,887	3,003,463
Deferred tax assets	20	7,576,553	6,883,615
Other assets	13	51,295,118	55,123,285
Total assets		1,073,246,133	949,576,672
Liabilities And Equity			
Liabilities			
Banks and financial institutions deposits	14	10,232,834	2,432,998
Customers deposits	15	676,100,082	622,816,743
Cash margins	16	41,458,158	38,094,827
Borrowed funds	17	139,982,421	99,789,624
Bonds	18	3,000,000	-
Sundry provisions	19	703,454	710,086
Income tax provision	20	3,984,780	6,501,454
Deferred tax liabilities	20	6,103,221	2,812,850
Other liabilities	21	12,884,199	12,074,876
Total Liabilities		894,449,149	785,233,458
Equity			
Authorized capital	22	100,000,000	100,000,000
Subscribed and paid-in capital	22	100,000,000	100,000,000
Statutory reserve	23	25,004,513	23,570,771
General banking risks reserve	23	6,365,000	5,311,284
Financial assets revaluation reserve	24	12,477,651	5,491,519
Retained earnings	25	30,033,210	27,663,922
Total equity attributable to the shareholders of the bank		173,880,374	162,037,496
Non-controlling interest	27	4,916,610	2,305,718
Total equity		178,796,984	164,343,214
Total liabilities and equity		1,073,246,133	949,576,672

The attached notes from 1 to 49 are an integral part of these consolidated financial statements

INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		JD	JD
Interest income	28	56,577,826	52,218,799
Interest expense	29	(25,226,339)	(17,644,158)
Net Interest Income		31,351,487	34,574,641
Net commissions income	30	8,674,034	6,470,124
Net Interest and Commissions Income		40,025,521	41,044,765
Gain from foreign currency exchange	31	991,941	633,866
Gain from financial assets at amortized cost	9	116,368	-
Gain from financial assets at fair value through statement of income	32	145,485	228,282
Cash dividends from financial assets at fair value through other comprehensive income	8	2,112,075	1,554,592
Gain from acquisition of a subsidiary	33	5,598,376	-
Other income	34	3,439,858	3,638,023
Gross income		52,429,624	47,099,528
Employees' expenses	35	(15,026,270)	(13,507,421)
Depreciation and amortization	11,12	(2,714,893)	(2,852,149)
Other expenses	36	(9,417,866)	(8,669,253)
Provision for impairments on seized assets and provisions for assets seized as per CBJ regulations	13	(755,995)	(1,009,763)
Provision for impairment in direct credit facilities	10	(4,750,013)	894,045
(Sundry provisions) Recoveries from sundry provisions	19	(26,241)	423,239
Total expenses		(32,691,278)	(24,721,302)
Net income for the year before income tax		19,738,346	22,378,226
Income tax expense	20	(3,963,271)	(6,770,967)
Net income for the year		15,775,075	15,607,259
Attributable to:			
Shareholders of the bank		15,073,707	15,297,799
Non-controlling interest	27	701,368	309,460
		15,775,075	15,607,259
Basic and diluted earnings per share from net income for the year attributable to shareholders of the banks	37	0.151	0.153

The attached notes from 1 to 49 are an integral part of these consolidated financial statements

INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	JD	JD
Net income for the year	15,775,075	15,607,259
Other comprehensive income items:		
Net change in financial assets revaluation reserve –Net of tax	6,863,818	1,026,194
Loss on sale of financial assets through other comprehensive income	(94,647)	(45,922)
Total other comprehensive income for the year	6,769,171	980,272
Total comprehensive income	22,544,246	16,587,531
Total other comprehensive income attributable to :		
Shareholders of the bank	21,842,878	16,278,071
Non-controlling interest	701,368	309,460
	22,544,246	16,587,531

The attached notes from 1 to 49 are an integral part of these consolidated financial statements

INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

		Reserves						
	Paid in capital	Statutory	General banking risks	financial assets revaluation reserve-net	Retained earnings	Total shareholders' equity attributable to the bank's shareholder	Non-controlling interest	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2017								
As of 1 January	100,000,000	23,570,771	5,311,284	5,491,519	27,663,922	162,037,496	2,305,718	164,343,214
Net income for the year	-	-	-	-	15,073,707	15,073,707	701,368	15,775,075
Net change in financial assets revaluation reserve–net of tax	-	-	-	6,863,818	-	6,863,818	-	6,863,818
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	122,314	(216,961)	(94,647)	-	(94,647)
Total other comprehensive income	-	-	-	6,986,132	14,856,746	21,842,878	701,368	22,544,246
Transferred to reserves	-	1,433,742	1,053,716	-	(2,487,458)	-	-	-
Dividends (Note 26)	-	-	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)
Investment in subsidiary	-	-	-	-	-		1,909,524	1,909,524
As of 31 December 2017	100,000,000	25,004,513	6,365,000	12,477,651	30,033,210	173,880,374	4,916,610	178,796,984
2016								
As of 1 January	100,000,000	21,332,948	4,603,049	3,839,176	23,984,252	153,759,425	886,882	154,646,307
Net income for the year	-	-	-	-	15,297,799	15,297,799	309,460	15,607,259
Net change in financial assets revaluation reserve–net of tax	-	-	-	1,026,194	-	1,026,194	-	1,026,194
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	626,149	(672,071)	(45,922)	-	(45,922)
Total other comprehensive income	-	-	-	1,652,343	14,625,728	16,278,071	309,460	16,587,531
Transferred to reserves	-	2,237,823	708,235	-	(2,946,058)	-	-	-
Dividends (Note 26)	-	-	-	-	(8,000,000)	(8,000,000)	-	(8,000,000)
Investment in subsidiary	-	-	-	-	-	-	1,109,376	1,109,376
As of 31 December 2016	100,000,000	23,570,771	5,311,284	5,491,519	27,663,922	162,037,496	2,305,718	164,343,214

- Included in retained earnings an amount of JD 7,576,553 as of 31 December 2017 restricted by the instructions of Central Bank of Jordan for deferred tax assets against JD 6,883,615 as of 31 December 2016.
- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 December 2017 (and 31 December 2016: JD 1,039,200) based on Central Bank of Jordan request, for the remaining balance of fraudulent transactions.
- Included in the retained earnings a restricted amount of JD 418,812 as of 31 December 2017 against JD 415,074 as of 31 December 2016, which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realised through actual sale as instructed by Jordan Securities Commission.
- The revaluation difference of financial assets at fair value through income statement in the retained earnings as of 31 December 2017 amounted to JD 3,655 (31 December 2016: Nil).
- Retained Earnings available for distribution to shareholders amounts to JD 15,396,614 as of 31 December 2017 (and 31 December 2016: JD 19,326,033).
- The use of general banking risks reserve is restricted and requires prior approval from the Central Bank of Jordan.
- The use of financial assets revaluation reserve-net is restricted and requires prior approval from Central bank of Jordan.

The attached notes from 1 to 50 are an integral part of these consolidated financial statement

INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		JD	JD
Operating activities			
Income for the year before income tax		19,738,346	22,378,226
Adjustments:			
Depreciation and amortisation	11,12	2,714,893	2,852,149
Provision for (recovered from) impairment in direct credit facilities	10	4,750,013	(894,045)
Provision for employees end-of-service	19	13,600	13,466
Provision for lawsuits held against the bank	19	35,492	163,295
Provision for impairment in seized assets as per CBJ regulations	13	755,995	1,081,426
Recovered from sundry provision	19	(22,851)	(600,000)
Recovered from provision of impairments in seized assets by the bank	13	-	(71,663)
Gain on sale of assets sized by the bank		(116,415)	(12,111)
Gain from sale of property and equipment	34	(90,788)	(283,784)
Unrealized loss from financial assets at fair value through statement of income	32	106,736	40,118
Dividends received from financial assets at fair value through other comprehensive income	8	(2,112,075)	(1,554,592)
Net interest expenses		2,022,768	656,453
Gain from acquisition of a subsidiary	33	(5,598,376)	-
Effect of exchange rate fluctuations on cash and cash equivalents	31	(48,391)	(37,260)
		22,148,947	23,731,678
Change in assets and liabilities			
Deposits at banks and financial institutions (Maturing after more than 3 months)	6	(3,512,143)	(500,000)
Deposits at banks and financial institutions (Restricted Balances)	6	(2,001,314)	2,383,268
Financial assets at fair value through statement of income	7	299,957	517,525
Direct credit facilities	10	(80,923,160)	(48,385,195)
Other assets	13	5,623,213	5,068,107
Customers' deposits	15	53,283,339	38,740,388
Cash margins	16	3,363,331	5,937,420
Other liabilities	20	(1,118,293)	(3,296,083)
Net cash flows (used in) from operating activities before income tax paid and paid provisions		(2,836,123)	24,197,108
Income tax and sundry provisions paid	20	(7,024,256)	(7,725,703)
Net cash flows (used in) from operating activities		(9,860,379)	16,471,405
Investing activities			
Purchase of Financial assets at fair value through other comprehensive income		(3,816,099)	(2,846,389)
Selling of Financial assets at fair value through other comprehensive income		673,567	534,487
Dividends received from financial assets at fair value through statement of Income		2,112,075	1,554,592
Sale of financial assets at amortized cost	8	12,491,789	-
Purchase of Financial assets at amortized cost		(55,101,651)	(72,698,279)
Maturity of financial assets at amortized cost		55,205,649	71,634,363
Purchase of property and equipment and project under progress	11	(2,530,208)	(1,808,339)
Proceeds from sale of property and equipment		98,986	19,000
Purchase of intangible assets	12	(196,547)	(262,306)
Disposal of intangible assets	12	5,621	-
Net cash used in investment in subsidiaries		(16,532,866)	(20,774,618)
Net cash flow used in purchase of additional shares in a subsidiary		(54,000)	-
Net cash generated from investment in subsidiaries		3,618,533	375,979
Net cash flows used in investing activities		(4,025,151)	(24,271,510)
Financing activities			
Dividends paid	26	(10,000,000)	(8,000,000)
Borrowed funds	17	30,867,935	41,501,822
Net cash flows from financing activities		20,867,935	33,501,822
Effect of exchange rate fluctuations on cash and cash equivalents	31	48,391	37,260
Net increase in cash and cash equivalents		7,030,796	25,738,977
Cash and cash equivalents at 1 January		162,719,517	136,980,540
Cash and cash equivalents at 31 December	38	169,750,313	162,719,517

The attached notes from 1 to 50 are an integral part of these consolidated financial statements

(1) GENERAL INFORMATION

Invest Bank (the "Bank") was established as a Jordanian public shareholding company under registration No. (173) dated 12 August 1982 in accordance with the Companies Law No. (12) for the year 1964 with a paid in capital of JD 6 million distributed over 6 million shares with a par value of JD 1 per share. The Bank's capital was increased several times to become JD 77,500,000 / JD 1 per share as of 31 December 2010. Furthermore, during 2011, the Bank's capital was increased to JD 85,250,000 / JD 1 per share. Finally, the Bank's capital was increased by JD 14,750,000 on 10 April 2012. Accordingly, the Bank's authorized and paid in capital became JD 100 Millions / JD 1 per share.

The Bank's Head Office is located in Amman, Abd Alhameed Sharaf Street, Shmesani, Tel: 5001500, P.O Box 950601, Amman – 11195 Jordan.

The Bank provides banking and related financial through services through its Head Office and Twelve branches in the Hashemite Kingdom of Jordan, and through its subsidiaries.

Invest Bank is a public shareholding company listed in Amman Stock Exchange.

These consolidated financial statements have been approved by Board of directors meeting held on 14 February 2018, and are subject to the Central Bank of Jordan and General assembly of Shareholders.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies used by the Bank in the preparation of these consolidated financial statements.

2.1 Basis of preparation

The accompanying consolidated financial statements for the year ended 31 December 2017 of the Bank and its subsidiaries are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), interpretations issued by the Committee of the IASB, prevailing local laws and regulations of the Central Bank of Jordan.

The consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income that have been measured at fair value at the date of these consolidated financial statements. Hedged assets and liabilities are also stated at fair value.

The reporting currency of these consolidated financial statements is the Jordanian Dinar which is the functional currency of the Bank.

The accounting policies applied in preparing the financial statement for the year ended 31 December 2017 are consistent with those used in the year ended 31 December 2016 except for the information presented in note (2-2).

2.2 Changes in accounting policies and disclosures

The principal accounting policies applied in the preparation of these consolidated financial statements for the year ended 31 December 2016 except for the implementations of new standards and amendments on existing standards as mentioned below:

(a) New standards, amendments and interpretations adopted by the Bank

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12.
- Disclosure initiative – amendments to IAS 7.
- Transfers of Investment Property – Amendments to IAS 40.
- Annual Improvements to IFRSs – 2012-2014 Cycle.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Bank:

- **IFRS 15 "Revenue from Contracts with Customers"**

  Nature of change: The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

  The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.
  The standard permits a modified retrospective approach for the adoption

  Impact: The management is not expecting any impact of adoption this standard over the Bank's financial statements, as most of the Bank's income is generated through sources not subject to this standard.

  Mandatory application date: Is mandatory for financial years beginning on or after 1 January 2018.

- **IFRS 16 "Leases"**

  Nature of change: IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

  Impact: The Standard will primarily affect the accounting of the Bank's operating leases. As at the reporting date, most of the Bank's operating leases are short-term and low-value leases. Therefore, the standard is not expected to have any financial impact on the Bank.

Mandatory application date: Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

- **IFRS 9 "Financial Instruments":**

Nature of change: IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and introduced a new impairment model.

Impact of adopting IFRS 9:

The Bank is required to adopt IFRS 9 starting 1 January 2018, for that, the Bank has prepared an initial assessment over the impact of the adoption as the transition operations have not been completed, and impact upon the actual adoption of the standard as at 1 January 2018 will differ due to the below reasons:

- The Bank will reflect the impact of the estimates and required assessments in compliance with the standard upon issuing the first interim condensed consolidated financial statements of the Bank for the period ending 31 March 2018.
- Currently Expected Credit Losses and related assessments are being finalized, were the Bank is at the final stages of reviewing the related applications.
- The new accounting standards and interpretations, estimates and assumption used are subject to changes until the Bank issues the interim condensed consolidated financial statements as at 31 March 2018.
- Any matters that many require amendment when issuing the instructions of the Central Bank Jordan regarding the application of IFRS (9) finally.

The following are the most important aspects of application:

A- Classification and measurement of financial assets

The Bank's management does not expect any material impact from applying this standard; the Bank has early adopted the first phase of IFRS (9) from January 1st, 2011 based on the request Central Bank of Jordan and Jordan Securities Commission.

The Bank did not yet decide about reclassification between the categories of the financial instruments of this standard, which is allowed for one time starting 1 January 2018 to achieve the requirements of the standard. Such decision will be made during the first quarter.

B- Classification and measurement of financial liabilities:

IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS 39 (revised) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit or loss, whereas IFRS (9) requires:

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through statement of profit or loss as a result of changes in credit risk in the consolidated statement of comprehensive income.

- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss.

C- Hedge accounting

When initially applying IFRS (9), the Bank has the choice to continue applying the hedge accounting requirements of IAS (39) instead of the requirements IFRS (9).

D- Impairment of financial assets

IFRS (9) replaces the 'incurred loss' model in IAS (39) with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgements to estimate economic factors. The model will be applied to all financial assets – debt instruments which classified as amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.
Impairment losses will be calculated in accordance with the requirements of IFRS (9) in accordance with the following rules:

- 12 month impairment loss: the expected impairment will be calculated for the next 12 months from the date of the consolidated financial statements.

- Impairment losses for the lifetime of the instrument: the expected impairment of the life of the financial statement will be calculated until the maturity date from the date of the consolidated financial statements.

  The expected credit loss mechanism depends on the probability of default (PD). Which is calculated according to the credit risk and future economic factors, the loss in default (LGD), which depends on the value of the existing collateral, the exposure at default (EAD).

  The preliminary estimate for the credit losses will increase the provision for impairment loss by JD 10 million, which will lead to decrease in equity with the same amount after taking into account the deferred that assets.

E- Disclosures

IFRS (9) requires detailed disclosures, particularly with regard to hedge accounting, credit risk, and expected credit losses. The Bank is working to provide all the necessary details for these disclosures to be presented in the subsequent consolidated financial statements after application.

F- Implementation

The Bank will take advantage of the exception provided by the standard at the implementation on January 1, 2018 by recording potential effects (if any) on the opening balances of retained earnings, provisions and non-controlling interests rather than restating the figures of the consolidated financial statements for the year ended December 31, 2017 and earlier.

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and the wholly owned subsidiary companies controlled by it. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiary companies in order to achieve financial benefits out of their operations. All inter-company transactions, balances, revenues and expenses between the Bank and its subsidiaries are eliminated, as well as between the subsidiaries themselves.

The consolidated financial statements contains the banks financial statement and its following subsidiaries as of 31 December 2017:

Company's Name	Paid-in capital JD	Bank's ownership	Nature of operations	Location	Date of acquisition
Al- Mawared for Financial Brokerage Company*	5,000,000	100%	Financial securities brokerage	Amman	2006
Tamkeen Leasing Company**	10,000,000	95%	Lease financing	Amman	2006
Al- Istethmari Latemweel Selselat Al Imdad Company	3,000,000	94%	Management and operation of bonded stores	Amman	2010
Jordanian Company for Factoring ***	30,000	100%	Factoring receivables	Amman	2011
Jordan Trade Facilities	16,500,000	94.9%	Providing loans and facilities	Amman	2016
Trade Facilities for finance leasing	2,000,000	94.9%	Lease financing	Amman	2016
Bindar Trade and Investment Company****	20,000,000	91.8%	Providing loans and facilities	Amman	2017
Aayan Trading, Agencies & Investment Company****	50,000	91.8%	Investment	Amman	2017
Rakeen Investment Company****	30,000	91.8%	Investment	Amman	2017
Bindar Lease Financing Company****	1,000,000	91.8%	Lease financing	Amman	2017

* Based on a decision agreed upon by the Board of Directors in their extra ordinary meeting held on 5 June 2017, the paid in capital has been decreased by JD 5,000,000 to equal an authorized and paid in capital of JD 5,000,000. The procedures to decrease the capital were completed on 2 July 2017.

** Based on a decision agreed upon by the Board of Directors in their extra ordinary meeting held on 13 November 2017, the paid in capital has been increased by JD 5,000,000 to equal an authorized and paid in capital of JD 10,000,000. The procedures to increase the paid in capital were completed on 21 November 2017.

*** Jordanian Company for Factoring was established on 21 December 2011 and has not yet started operating at the date of these consolidated financial statements.

**** During the year ended 31 December 2017, the bank acquired 91.8% of Bindar Trade and Investment Company (which owns 100% of Aayan Trading, Agencies & Investment Company, Rakeen Investment Company and Bindar Lease Financing Company) through its subsidiary (Tamkeen Leasing Company), through purchasing 18,369,851 shares with JD 1 par value. The acquisition cost was JD 16,532,866 and the fair value of net assets amounted to JD 22,131,242 which generated an income of JD 5,598,376 recorded within the consolidated statement of income and disclosed under note (33).

The financial statements of the subsidiaries are prepared using the same accounting policies adopted by the Bank. Changes are made to the accounting policies of subsidiaries, when necessary, to align them with accounting policies adopted by the Bank.

Subsidiaries are investees controlled by the Bank. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the Bank obtains control of the investee and ceases when the Bank loses control of the investee.

Non-controlling interest represents the portion of net profit or loss and net assets not owned directly or indirectly by the Bank in its subsidiaries and are presented in the consolidated statement of income and within equity in the consolidated statement of financial position separately from the equity attributable to the shareholders of the Bank.

2.4 Segment Information

A business segment is a group of assets or operations jointly engaged in providing an individual product or service and a group of related products or services subject to risks and returns different from those of other business segments. It is measured according to the reports used by the General Manager or other key decision makers at the Bank.

A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments.

2.5 Financial Assets at Fair Value through Statement of income

It is the financial assets held by the Bank for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of income upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of income.

Dividends and interests from these financial assets are recorded in the consolidated statement of income.

It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standards.

It is not allowed to classify any financial assets that do not have prices in active markets and active dealings in this item.

2.6 Direct Credit Facilities

Represents financial assets which have fixed or agreed payments which the bank submitted in the first place and these financial assets do not have quoted prices in active markets.

Direct credit facilities are recorded at amortized cost after deducting the provision for the direct credit facilities and interest and commissions in suspense.

A provision for the impairment in direct credit facilities is recognized when it is obvious that the financial assets of the Bank cannot be recovered, there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the consolidated statement of income. Interest and commissions on non-performing credit facilities are suspended in accordance with the regulations of the Central Bank of Jordan.

Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets. Any surplus in the provisions is taken to the consolidated statement of income, while debt recoveries are taken to income.

2.7 Financial Assets at Fair Value through Other Comprehensive Income

Those financial assets represent the investments in equity instruments held for long term.

Financial assets at fair value through other comprehensive income are initially stated at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or loss from the sale of these investments should be recognized in the consolidated statement of comprehensive income and within owner's equity, and the balance of the evaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for those assets.

Dividends are recorded in the consolidated statement of income.

2.8 Financial Assets at Amortized Cost

Financial assets at amortized cost are the financial assets which the Bank's management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium \ discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

It is not allowed to reclassify any financial assets from / to this category except for certain cases specified at the International Financial Reporting Standards (and in the case of selling those assets before its maturity date, the results should be recorded in a separate account in the consolidated statement of income, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

2.9 Fair Value

Fair value represents the closing market price (Acquisition of assets/ Sale of liabilities) of financial assets and derivatives on the date of the consolidated financial statements. In case the declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms and risk characteristics.

Evaluation of long term assets and liabilities that bears no interest in accordance to discounted cash flows using effective interest rate, premiums and discounted are amortized within interest revenue or expense in the consolidated statement of income.

The evaluation methods aim to provide a fair value reflecting the expectations of the market, and take into consideration market factors, risks and expected benefits, at the time of evaluation of the financial instruments. In case the fair value of an investment cannot be measured reliably, it is stated at cost less any impairment.

2.10 Impairment in the Value of Financial Assets

The Bank reviews the values of financial assets on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated in order to determine the impairment loss.

Impairment is determined as follows:

Impairment in financial assets recorded at amortized cost represents the difference between the book value and the present value of the expected cash flows discounted at the original interest rate.

The impairment in value is recorded in the consolidated statement of income. Any surplus in the following period resulting from previous impairment in the value of debt instruments is taken to the consolidated statement of income and any impairment in the value of equity instruments is taken to the consolidated statement of other comprehensive income.

2.11 Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over their estimated useful lives using the following rates:

	%
Buildings	2
Fixtures, equipment and furniture	10- 25
Vehicles	15- 20
Computers	20
Decorations	25

When the carrying values of property and equipment exceed their recoverable values, assets are written down to the recoverable value, and impairment losses are recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use or disposal.

2.12 Provisions

Provisions are recognized when the Bank has an obligation on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.13 Provision for Employees End-of-Service Indemnities

The employees' end-of-service indemnities provision is calculated at a rate of one month per service year for contracted employees more than 60 years old.

The required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount.

2.14 Cost of Issuing or Purchasing Bank Shares

Any costs that result from purchasing or issuing bank shares are charged to retained earnings (net of the tax effect relating to those costs, if any). If the underwriting process or purchase process was incomplete, these costs are charged to the consolidated statement of income.

2.15 Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes nontaxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.

Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

2.16 Accounts Managed on Behalf of Customers

This item represents the accounts managed by the Bank on behalf of its customers and is not part of the Bank's assets. The fees and commissions for managing these accounts are shown in the consolidated statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers.

2.17 Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

2.18 Realization of Income and Recognition of Expenses

Interest income is realized and expenses are recognized using the effective interest rate method, except for interest and commission on non-performing loans which are not recognized as revenue but recorded in the interest and commission in suspense account until they are received in cash.

Expenses are recognized on the accrual basis.

Commission is recorded as revenue when the related services are provided.

Dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

2.19 Recognition of Financial Assets

Financial assets are recognized on the trading date which is the date the Bank commits itself to purchase or sell the financial assets.

2.20 Financial Derivatives and Hedge Accounting

For hedge accounting purposes, financial derivatives are stated at fair value. Hedges are classified as follows:

- **Fair value hedge:**

  Hedge for the change in the fair value exposures of the Bank's assets and liabilities.

  When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the consolidated statement of income.

  When the conditions of effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated statement of income for the same period.

- **Cash flow hedge:**

  Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

  When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in the consolidated statement of other comprehensive income in owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

- **Hedge for net investment in foreign entities:**

  When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of other comprehensive income and in owner's equity. The ineffective portion is recognized in the consolidated statement of income. The effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

  When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income in the same period.

2.21 Financial Derivatives for Trading

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the consolidated statement of financial position under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if they are not available, the measurement method should be disclosed. The change in their fair value is recognized in the consolidated statement of income.

2.22 Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the consolidated financial statements as a result of the Bank's continuous control over these assets and as the related risks and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

2.23 Assets Seized by the Bank

Assets seized by the Bank are shown under "other assets" at the acquisition value or fair value, whichever is lower. As of the consolidated financial statements date, these assets are revalued individually at fair value. Any decline in their market value is taken to the consolidated statement of income whereas any such increase is not recognized. A subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

Provision is provided against sized assets with more than four years aging according to central bank of Jordan regulation

2.24 Intangible Assets

(a) Goodwill

The goodwill represent the positive difference between the cost of acquisition or purchase price of the associate or subsidiary and the company's net asset fair value at the date of acquisition.

The goodwill resulting from investment in subsidiary is disclosed in a separate note as intangible asset, as for goodwill resulting from investment in associate it's disclosed as part of investment account and it gets impaired over the period, when its value goes down.

Impairment test for goodwill is performed at the date of each financial statement, which is the result of a decrease in cash flow generated by goodwill recoverable value at the date of the financial compared to the cost of goodwill recorded in the books, in such cases the goodwill impairment amount is disclosed in the Income statement.

(b) Other intangible assets

Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Intangible assets purchased other than through acquisition are recorded at cost.

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is treated in the consolidated statement of income as an expense for the period.

No capitalization of internally generated intangible assets resulting from the Bank's operations is made. They are rather recorded as an expense in the consolidated statement of income for the period.

Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

Software and computer programs are amortized over their estimated useful economic lives at a rate of 20% annually.

2.25 Foreign Currency

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

Translation differences on non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value.

2.26 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with the Central Bank of Jordan and balances with banks and financial institutions maturing within three months from purchase date, less balances due to banks and financial institutions maturing within three months and restricted funds.

(3) ACCOUNTING ESTIMATES

Preparation of the consolidated financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities, fair value reserve and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown within the consolidated statement of other comprehensive income. 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.

A provision is set against the lawsuits raised against the Bank. This provision is subject to an adequate legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

A provision for performing and non-performing loans is taken on the bases and estimates approved by the Bank's management in conformity with International Financial Reporting Standards (IFRS). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the Central Bank of Jordan's instructions. The strictest outcome that conforms to International Financial Reporting Standards is used for determining the provision.

Impairment loss is booked after a sufficient and recent evaluation of the assets seized by the Bank has been conducted by approved surveyors. The impairment loss is reviewed periodically.

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 (if any) is taken to the consolidated statement of income.

Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss (if any) is taken to the consolidated statement of income as an expense for the year.

Management estimates the impairment in fair value when the market value reaches a certain limit indicative of the amount of impairment loss, which doesn't conflict with the International Financial Reporting Standards and the instructions of the Regulatory authorities.

Fair Value Hierarchy:
The Bank determines and discloses the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, 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.

Goodwill:
Impairment test for goodwill is performed yearly or if there is any indicator for impairment. Any impairment losses cannot be recovered at later periods.

The management believes that the estimates adopted in the preparation of the consolidated financial statements are reasonable.

(4) CASH AND BALANCES AT CENTRAL BANK OF JORDAN

This item consists of the following:

	31 December 2017	31 December 2016
	JD	JD
Cash on hand	15,544,812	10,754,130
Balances at central banks of Jordan.		
Current and demand accounts	4,270,138	6,152,449
Term and notice deposits	19,000,000	-
Statutory cash reserve	45,355,163	43,643,438
certificate of Deposit	24,200,000	30,700,000
Total	108,370,113	91,250,017

- Except for the statutory cash reserve, there are no restricted balances as of 31December 2017 and 2016.
- There are no balances matured in a period exceeding three months as of 31 December 2017 and 2016.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Current accounts and demand account	2,297,778	57,219	26,677,077	28,879,984	28,974,855	28,937,203
Deposit maturing within three months	19,104,518	29,641,362	23,533,661	15,323,933	42,638,179	44,965,295
Total	21,402,296	29,698,581	50,210,738	44,203,917	71,613,034	73,902,498

- Non-interest bearing balances at banks and financial institutions amounted to JD 29,073,432 as of 31 December 2017 against JD 29,012,436 as of 31 December 2016.

- There are no restricted balances as of 31 December 2017 and 2016.

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Deposits	9,012,143	5,500,000	-	-	9,012,143	5,500,000
Cash margin deposited by subsidiaries against direct credit facilities*	2,001,314	-	-	-	2,001,314	-
Total	11,013,457	5,500,000	-	-	11,013,457	5,500,000

* Restricted deposits amounted to JD 2,001,314 as of 31 December 2017 (31 December 2016: Nil) represent cash margins deposited by subsidiary against direct credit facilities .

Deposits balances maturing within a period exceeding three months amounted to JD 11,013,457 as of 31 December 2017 against JD 5,500,000 as of 31 December 2016.

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

	31 December 2017	31 December 2016
	JD	JD
Companies shares	1,853,986	2,089,000
Investment funds	1	39,116
Total	1,853,987	2,128,116

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

	31 December 2017	31 December 2016
	JD	JD
Quoted shares	34,755,373	21,851,633
Unquoted shares *	2,882,669	2,586,281
Total	37,638,042	24,437,914

* Fair value of the unquoted shares has been valued using the net book value method which is considered the best valuation method for such investments.

- Realized losses on the sale of shares at fair value through other comprehensive income amounted to JD 216,961 for the year ended 31 December 2017 against JD 672,071 for the year ended 31 December 2016, which was directly recorded to retained earnings in owner's equity.

- Cash dividends on financial assets amounted to JD 2,112,075 for the year ended 31 December 2017 against JD 1,554,592 for the year ended 31 December 2016.

(9) FINANCIAL ASSETS AT AMORTIZED COSTS

	31 December 2017	31 December 2016
	JD	JD
Quoted financial assets:		
Governmental bonds	31,003,864	83,129,767
Companies bonds and debentures	13,066,386	5,278,208
Total	44,070,250	88,407,975
Unquoted financial assets:		
Governmental bonds	27,577,833	16,942,111
Companies bonds and debentures	33,900,000	14,793,784
Total	61,477,833	31,735,895
Total financial assets at amortized cost	105,548,083	120,143,870
Bonds and bills analysis:		
Analysis bonds and treasury bills		
Fixed rate	63,223,336	98,119,954
Floating rate	42,324,747	22,023,916
	105,548,083	120,143,870

- Financial assets at amortized costs amounting JD 12,375,420 have been sold during the year ended 31 December 2017, causing a recognized profit amounted JD 116,368.

(10) DIRECT CREDIT FACILITIES-NET

	31 December 2017	31 December 2016
	JD	JD
Individuals (retail):		
Overdraft	11,672,635	12,439,777
Loans and discounted bills *	108,112,143	78,798,397
Credit Cards	17,450,407	15,908,806
Real estate loans	148,867,482	122,890,088
Companies		
Corporate:		
Overdraft	64,926,554	79,883,162
Loans and discounted bills *	275,951,816	213,864,066
Medium and small entities		
Overdraft	7,822,845	7,878,533
Loans and discounted bills *	49,578,813	36,590,188
Government and public sector	11,366	24,203
Total	684,394,061	568,277,220
Less: Provision for impairment in direct credit facilities	30,471,752	23,314,696
Less: Interest in suspense	7,882,415	6,332,239
Net Direct Credit Facilities	646,039,894	538,630,285

* Net after deducting interest and commissions received in advance of JD 23,904,333 as of 31 December 2017 against JD 18,908,609 as of 31 December 2016.

- Non-performing credit facilities amounted to JD 48,419,234 which is equivalent to 7.1% of total direct credit facilities as of 31 December 2017 against JD 38,509,592, which is equivalent to 6.8% of total credit facilities as of 31 December 2016.

- Non- performing credit facilities excluding interest and commissions in suspense amounted to JD 40,639,734 which is equivalent to 6% of total direct credit facilities after excluding interest in suspense as of 31 December 2017 against JD 32,183,664 which is equivalent to 5.7% of total credit facilities after excluding interest in suspense as of 31 December 2016.

- Direct credit facilities granted to/guaranteed by Jordan Government as of 31 December 2017 amounted JD 11,366 against JD 24,203 as of 31 December 2016.

- Part of the collaterals of the due instalments and finance lease contract related to Jordan Tarde Facilities Company with an amount of JD 31,722,337 (Cheques and promissory notes) as of 31 December 2017 against 16,937,500 as of 31 December 2016 were deposited as collaterals against the loans and overdraft of the company.

Provision for Impairment in Direct Credit Facilities:

The movement on the provision for impairment in direct credit facilities was as follows:

			Companies		
	Individuals	Real estate loans	Corporate	Medium and Small	Total
	JD	JD	JD	JD	JD
2017					
Balance at 1 January	6,625,733	1,461,513	10,081,195	5,146,255	23,314,696
Balances generated from investment in subsidiaries	1,724,220	478,670	-	481,311	2,684,201
Provision (recoveries) Charge for the year	432,706	(12,047)	4,207,142	122,212	4,750,013
Used during the year (written-off)*	(22,471)	-	(251,980)	(2,707)	(277,158)
Balance at year end	8,760,188	1,928,136	14,036,357	5,747,071	30,471,752
2016					
Balance at 1 January	4,416,993	1,220,209	9,867,535	3,773,109	19,277,846
Balances generated from investment in subsidiaries	3,218,243	909,524	-	1,013,888	5,141,655
(recoveries) provision Charge for the year	(809,902)	(668,220)	213,660	370,417	(894,045)
Used during the year (written-off)*	(199,601)	-	-	(11,159)	(210,760)
Balance at year end	6,625,733	1,461,513	10,081,195	5,146,255	23,314,696

- Non-performing credit facilities provision amounted to JD 30,145,536 as of 31 December 2017 against JD 23,052,493 as of 31 December 2016 in addition the watch list provision amounted to JD 326,216 as of 31 December 2017 against JD 262,203 as of 31 December 2016.

- The provisions no longer needed due to settlements or repayments of debts and transferred against other debts amounted to JD 5,444,375 as of 31 December 2017 against JD 8,043,963 as of 31 December 2016.

- As of 31 December 3017 the provision for impaired credit facilities representing watch list and non-performing credit facilities are calculated based on the individual customer and not the portfolio except for the amount 880,327 JD which has been calculated on the bases of the portfolio as at 31December 2016.

Interest in Suspense:

The movement on the interest in suspense is as follows:

	Individuals	Real estate loans	Companies		Total
			Corporate	Medium and Small	
	JD	JD	JD	JD	JD
2017					
Balance at 1 January	1,710,435	626,434	2,834,888	1,160,482	6,332,239
Interest in suspense for the year	755,711	299,088	589,601	594,264	2,238,664
Interest transferred to revenue	(47,553)	(34,748)	(237,281)	(107,752)	(427,334)
Interest in suspense written-off *	(20,059)	(122,443)	(117,912)	(740)	(261,154)
Balance at year end	2,398,534	768,331	3,069,296	1,646,254	7,882,415
2016					
Balance at 1 January	2,000,226	1,661,116	6,181,862	1,238,353	11,081,557
Interest in suspense for the year	394,319	92,289	767,187	297,911	1,551,706
Interest transferred to revenue	(31,313)	(925,392)	(3,827,503)	(371,834)	(5,156,042)
Interest in suspense written-off *	(652,797)	(201,579)	(286,658)	(3,948)	(1,144,982)
Balance at year end	1,710,435	626,434	2,834,888	1,160,482	6,332,239

* According to the decision taken by board of directors of the Bank and the senior management of Its subsidiaries, non performing credit facilities with their related interest in suspense have been written off amounted to of JD 538,312 during the year ended 31 December 2017 against JD 1,355,742 for the year 2016.

Net credit facilities are distributed according to economic sector taking into consideration that all loans granted inside Jordan as follows:

	31 December 2017	31 December 2016
	JD	JD
Financial	40,371,455	17,871,592
Industrial and mining	89,088,950	65,471,661
Trading	136,711,705	117,341,253
Real estates	148,867,482	124,713,596
Constructions	43,959,276	27,682,729
Agricultural	650,937	596,518
Tourism restaurants and public	75,900,662	80,959,912
Shares	14,418,136	15,140,085
Government and public sector	11,366	24,203
Individuals/others	134,414,092	118,475,671
Total	684,394,061	568,277,220

(11) PROPERTY AND PLANT – NET

	Land*	Buildings*	Equipment, fixtures and furniture	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
2017						
Cost						
Balance at 1 January	9,341,886	14,862,146	12,868,559	446,985	2,366,932	39,886,508
Balances generated from investment in subsidiaries	-	-	612,913	35,750	221,070	869,733
Additions	1,007,180	157,933	1,460,517	159,938	52,307	2,837,875
Disposals	-	(199,615)	(344,147)	(131,789)	(7,933)	(683,484)
Transfers	-	738,571	99,000	-	-	837,571
Balance at 31 December	10,349,066	15,559,035	14,696,842	510,884	2,632,376	43,748,203
Accumulated depreciation						
Balance at 1 January	-	1,930,223	8,319,300	206,672	1,718,797	12,174,992
Balances generated from investment in subsidiaries	-	-	419,320	12,513	169,932	601,765
Additions	-	349,459	1,521,091	56,916	226,926	2,154,392
Disposals	-	(199,606)	(322,938)	(48,451)	(7,920)	(578,915)
Balance at 31 December	-	2,080,076	9,936,773	227,650	2,107,735	14,352,234
Net book value of fixed assets as of 31 December	10,349,066	13,478,959	4,760,069	283,234	524,641	29,395,969
Advanced payments on purchase property and equipment and projects under construction	-	2,637	265,359	-	-	267,996
Net property and equipment	10,349,066	13,481,596	5,025,428	283,234	524,641	29,663,965
2016						
Cost						
Balance at 1 January	9,341,886	14,360,096	11,294,518	321,879	2,107,264	37,425,643
Balances generated from investment in subsidiaries	-	502,050	200,475	84,500	103,248	890,273
Additions	-		800,403	86,336	170,952	1,057,691
Disposals	-	-	(81,270)	(45,730)	(25,930)	(152,930)
Transfers	-	-	654,433	-	11,398	665,831
Balance at 31 December	9,341,886	14,862,146	12,868,559	446,985	2,366,932	39,886,508
Accumulated depreciation						
Balance at 1 January	-	1,223,505	6,697,733	164,000	1,402,008	9,487,246
Balances generated from investment in subsidiaries	-	392,621	131,485	29,710	80,526	634,342
Additions	-	314,097	1,571,335	51,827	262,192	2,199,451
Disposals	-	-	(81,253)	(38,865)	(25,929)	(146,047)
Balance at 31 December	-	1,930,223	8,319,300	206,672	1,718,797	12,174,992
Net book value of fixed assets as of 31 December	9,341,886	12,931,923	4,549,259	240,313	648,135	27,711,516
Advanced payments on purchase property and equipment and projects under construction **	-	738,571	123,522	-	-	862,093
Net property and equipment	9,341,886	13,670,494	4,672,781	240,313	648,135	28,573,609

- Property, plant and equipment include fully depreciated items amounting to JD 8,383,691 as of 31 December 2017 against JD 5,813,101 as of 31 December 2016.

* This item contains pledged lands and buildings by JD 7,272,207 as of December 2017 to the interest of Specialized Company for Lease Financing against JD 6,222,084 as at 31 December 2016, against finance lease provided for Al- Istethmari Latemweel Selselat Al Imdad Company (subsidiary) for an amount of JD 4,352,624 as of 31 December 2017 (31 December 2016: JD 4,622,487).

(12) INTANGIBLE ASSETS

	2017				2016
	Down payments for acquiring programs	Computer Systems and Software	Goodwill**	Total	Intangible assets
	JD	JD	JD	JD	JD
Balance at beginning of the year	30,295	1,542,570	1,430,598	3,003,463	1,955,925
Balances generated from investment in subsidiaries	-	-	-	-	7,380
Additions*	128,655	67,891	-	196,546	1,692,856
Disposals	-	5,621	-	5,621	
Less: Amortization for the year	-	560.501	-	560.501	652,698
Transfers	(30,295)	30,295	-	-	-
Balance at year end	128,655	1,074,634	1,430,598	2,633,887	3,003,463

* Additions represent the amounts paid to acquire and improve the banking systems and programs.

** The bank acquired 94.7% of Jordan Trade facilities Company during the year 2016, through its subsidiary (Tamkeen Leasing Company), which owns 100% of Trade Facilities for Finance Leasing Company), as the Bank purchased 15,390,385 shares with 1 JD stated value. The acquisition cost JD 20,774,620 and the net assets fair value JD 19,344,022 on the date of acquisition that raised a goodwill amounted to JD 1,430,598.

An impairment test has been performed for goodwill on 31 December 2017, in which the Goodwill was not impaired

(13) OTHER ASSETS

	31 December 2017	31 December 2016
	JD	JD
Accrued interest and revenue	1,577,171	1,596,917
Prepaid expenses *	3,278,040	3,151,092
Assets seized by the Bank **	39,288,705	43,096,352
Refundable deposits	511,974	436,480
Post-dated Cheques	21,501	134,747
Balances related to fraudulent transactions - Net ***	1,039,200	1,039,200
Purchase acceptances	1,066,710	3,463,986
Others	4,511,817	2,204,511
Total	51,295,118	55,123,285

* Prepaid expenses include JD 1,7 million which represent the rent of the branch for the bank in Abdoun Area for 18 years that are paid in advance.

** The Central Bank of Jordan's instructions require disposal of assets seized by the bank during a maximum period of two years from the date of foreclosure and the Central Bank of Jordan can extend that period for a maximum of another two consecutive years. The balance is presented net of related impairment provision for the amount of JD 34,392 as of 31 December 2017 against to JD 424,689 for the year 2016, and provision for assets seized for more than four years according to the instructions of Central Bank of Jordan for the amounts of JD 2,018,362 at 31 December 2017 against JD 1,361,841 as of 31 December 2016.

The movement on assets seized by the Bank was as follows:

	31 December 2017			31 December 2016
	Seized Assets	Other Seized Assets *	JD Total	JD Total
Balance at beginning of the year	42,383,027	713,325	43,096,352	47,413,603
Balances generated from investment in	453,352	-	453,352	902,069
Additions	1,672,957	-	1,672,957	2,889,852
Disposals	(4,954,407)	(713,325)	(5,667,732)	(7,099,409)
(Provision) Amount reversed from impairment of assets seized by the Bank	-	(99,474)	(99,474)	71,663
Used from assets seized by the Bank impairment provision	390,297	99,474	489,771	-
Provision for assets seized according to the instructions of Central Bank of Jordan	(656,521)	-	(656,521)	(1,081,426)
Balance at year end	39,288,705	-	39,288,705	43,096,352

* This item represent provision against sized assets for matured facilities and bank sized it for more than four years and the provision against seized assets for more than two years and less than four years according to the instructions of Central Bank of Jordan.

*** This item includes net balance related to the fraudulent transactions after deducting the related provision as shown below:

	31 December 2017	31 December 2016
	JD	JD
Balance related to fraudulent transactions	12,974,700	12,974,700
Deduct: Provision related to this balance	10,435,500	10,435,500
Deduct: Proceeds from insurance company	1,500,000	1,500,000
Net balance related to fraudulent transactions	1,039,200	1,039,200

The Bank was imposed to embezzlement transaction in the balances at banks and financial institutions accounts which led to a loss of approximately JD 12.9 million. This primarily relates to the possibility of collusion between some of the bank's employees. All the necessary legal procedures were taken by the bank's management and a provision for an amount of JD 10.4 million was booked for the transaction as of 31 December 2017 and 31 December 2016 after netting the amounts expected to be recovered and the repossessed assets, and deducting proceeds from the insurance company with an amount of JD1.5 million. The case is still pending at the court of Amman of to all procedures were performed of the General Attorney.

(14) BANKS AND FINANCIAL INSTITUTIONS DEPOSITS

	31 December 2017			31 December 2016		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts	35,516	2,670,306	2,705,822	35,517	2,365,638	2,401,155
Time and notice Deposits*	27,012	7,500,000	7,527,012	31,843	-	31,843
Total	62,528	10,170,306	10,232,834	67,360	2,365,638	2,432,998

* This amount does not include any amount maturing within a period exceeding three months as of December 2017 and 2016.

(15) CUSTOMERS DEPOSITS

	Individuals (Retail)	Corporate	Small and medium entities	Government and Public sector	Total
	JD	JD	JD	JD	JD
31 December 2017					
Current and demand accounts	73,860,039	65,296,308	14,876,217	5,502,817	159,535,381
Saving deposits	29,941,038	792,473	302,750	-	31,036,261
Time and notice deposits	296,102,686	154,641,855	10,996,972	23,786,927	485,528,440
Total	399,903,763	220,730,636	26,175,939	29,289,744	676,100,082
31 December 2016					
Current and demand accounts	62,273,422	50,732,701	15,755,634	1,210,301	129,972,058
Saving deposits	25,962,399	524,055	286,619	1,877	26,774,950
Time and notice deposits	259,964,238	162,691,700	9,087,447	34,149,100	465,892,485
Deposits certificates	177,250	-	-	-	177,250
Total	348,377,309	213,948,456	25,129,700	35,361,278	622,816,743

- Government and Public sector deposits amounted to JD 29,289,744 which is equivalent to 4.3% of total customer's deposits as of 31 December 2017 against JD 35,361,278 which is equivalent to (5.7%) of total customer's deposits as of 31 December 2016.

- Non-interest bearing deposits amounted to JD 187,900,984 which is equivalent to 27.8% of total customers deposits as of 31 December 2017 against JD 153,426,582, which is equivalent to (24.6%) of total customers deposits as of 31 December 2016.

- Restricted deposits amounted to JD 9,658,105 which is equivalent to 1.4% of total customer's deposits as of 31 December 2017 against JD 8,808.286, which is equivalent to 1.4% as of 31 December 2016.

- Dormant deposits amounted to JD 6,272,210 as of 31 December 2017 against JD 5,382,574 as of 31 December 2016.

(16) CASH MARGIN

	31 December 2017	31 December 2016
	JD	JD
Cash margins on direct credit facilities	25,298,983	26,700,506
Cash margins on indirect credit facilities	16,153,425	11,388,571
Other margins	5,750	5,750
Total	41,458,158	38,094,827

(17) BORROWED FUNDS

		Number of installments				
	Amount	Total	Remaining	Frequency of installments	Guarantees	Loan interest rate
31 December 2017	JD	JD	JD	JD	JD	JD
Borrowed loans from the central bank of Jordan	1,506,940	70	61	Monthly	Discounted bills	1.75%
Borrowed loans from banks Local instituation	138,475,481	2,576	1,851	Monthly,Quarterly, Semi Annually and on maturity date	Cash margin ,mortgage,pledge&property and equipments/Bills	4.3% to 10%
Total	139,982,421					
31 December 2016						
Borrowed loans from banks/ Local instituation	99,789,624	978	715	Monthly,Quarterly, Semi Annually and on maturity date	Mortgage gurantee/ Tools /equipment gurantee and bills	4.3% to 8.25%
Total	99,789,624					

- Borrowed funds from the Central Bank of Jordan amounted to JD 1,506,940 represent funds granted to refinance customer loans as a part of financing medium term loans.

- Borrowed funds contain credit facilities granted from local banks amounted to JD 110,975,481 represented by overdrafts and revolving loans granted to subsidiaires (Al- Istethmari Latemweel Selselat Al Imdad Company, Tamkeen Leasing Company, Jordan Trade Facilities and Bindar Trade and Invetsments).

- The above amount represents funds borrowed from Jordan Trade Facilities for finance leasing amounting JD 27,500,000. Refinanced housing loans had averaged interest rate of 8.1%.

- Fixed interest bearing loans amounted to JD 78,189,670 and variable interest bearing loans amounted JD 60,285,811 as of 31 December 2017, against fixed interest bearing loans amounted JD 78,789,624 and variable interest bearing loans amounted JD 21,000,000 as of 31 December 2016.

- Part of the instalments and finance lease scontracts collaterals of Jordan Tarde Facilities Company and Bindar Trade and Investment amounting JD 31,722,337 as of 31 December 2017 (Cheques and promissory notes), were deposited as collaterals against loans and overdrafts of the companies.

(18) BONDS

This item represents a five year bond issued on 10 March 2015 by Bindar for Trade and Investment (subsidiary) with annual interest rate of 8.9% applicable for the first two years and variable interest rate each six months for the years after based on the best customers' average interest rates at referenced banks added up to it risk margin of 1%, interest is due on 10 March and 10 September of each year. Interest rate have been amended to reach 10% starting 10 September 2017, and the bond matures on 10 March 2020.

(19) SUNDRY PROVISIONS

This item consists of the following:

	Balance at beginning of the year	Investments in subsidiaries	Additions	Used During the year	reversed to revenue	Balance at year end
31 December 2017	JD	JD	JD	JD	JD	JD
Provision for employees end-of service indemnity	33,093	-	13,600	-	-	46,693
Provision for lawsuits against the Bank (Note 48)	640,620	-	35,492	76,300	-	599,812
Others	36,373	69,415	32,149	25,988	55,000	56,949
	710,086	69,415	81,241	102,288	55,000	703,454
31 December 2016						
Provision for employees end-of service indemnity	19,627	-	13,466	-	-	33,093
Provision for lawsuits against the Bank (Note 48)	1,062,463	22,956	215,613	608,094	52,318	640,620
Others	-	636,373	-	-	600,000	36,373
	1,082,090	659,329	229,079	608,094	652,318	710,086

(20) INCOME TAX

A. Provision for income tax

The movement on the provision for income tax is as follows:

	31 December 2017	31 December 2016
	JD	JD
Balance at the beginning of the year	6,501,454	6,208,287
Balances generated from investment in subsidiaries	441,712	278,912
Total income tax paid	(6,921,968)	(7,117,609)
Refunded from prior year income tax	(68,857)	-
Prior years' income tax	50,458	143,763
Income tax for the year	3,981,981	6,988,101
Balance at year end	3,984,780	6,501,454

Income tax provision for the year ended 31 December 2017 and 2016 was calculated according to applicable laws, regulations and International financial reporting standards.

Income tax expense for the year consists of the following:

	31 December 2017	31 December 2016
	JD	JD
Income tax on profit for the year	3,981,981	6,988,101
Prior year's income tax	21,601	163,372
Deferred tax assets for the year	(1,346,263)	(1,229,276)
Amortization of deferred tax assets	1,304,006	855,082
Deferred tax liabilities for the year	1,946	-
(Amortization of deferred tax liabilities)	-	(6,312)
Balance at year end	3,963,271	6,770,967

The legal income tax rate in Jordan for the Bank (Parent Company) is 35% and for the subsidiaries is 24%.

Tax status of the Bank

The Bank has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2015.

The Bank provided its tax declaration for the year 2016 on the period specified legally and Sales Tax Department did not revise record until the date of preparation of these financial statements.

As per the opinion of the Banks' management and its tax consultant, the Bank will not have any tax liabilities exceeding the booked provision as of 31 December 2017.

Tax status of Al Mawared for Financial Brokerage Company (Subsidiary Company)

The Company has reached to a final settlement with the income and sales tax department for the period since inception on 5 June 2006 till the end of the year 2014. Moreover, Income and sales tax department accepted years 2012, 2013 and 2014 tax returns without any amendments.

The Company has submitted the Income Tax report for the years 2015 and 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it yet until date if preparation of these financial statements.

As per the opinion of the company' management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2017.

Tax status of Tamkeen Leasing Company (Subsidiary Company)

The Company has not submitted its tax return for the period since inception on 31 October 2006 to 31 December 2009 as it did not operate during those years.

The Company has reached to a final settlement with the income and sales tax department for the years 2010 to 2015.

The Company has submitted the Income Tax report for the year 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it.

The company has submitted the Income Tax report for sales upon legal due date, and the Income and Sales Tax Department has reviewed the report for the period until 31 August 2015.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2017.

Tax status of Al Istethmari Letamweel Selselat Al Imdad Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department until the end of the year 2010.

The Company has submitted the Income tax report for the years 2011 till 2014 upon legal due date and has settled all announced outstanding liabilities within the legal due dates. Tax reports have been accepted by the Income and sales tax department without any amendments.

The Company has submitted the Income tax report for the years 2015 and 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it up till date of preparation of these financial statements.

The Company has submitted the Sales tax report upon legal due date and no deferred tax liabilities were applicable until date of preparation of these financial statements.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2017.

Tax status of Jordan Trade Facilities Company (Subsidiary Company)

The Income and Sales Tax department had finalized its review and issued a final clearance up to the year ended 31 December 2011, except for the years 2009 and 2010.

The Company had raised a lawsuit against the income tax department in the related courts over the year 2009 taxes, and the case is still periods at the court of cassation.

As per the opinion of the Company's lawyer and tax consultant, there are no tax liabilities imposed to the Company against the year 2010.

The Company has reached to a final settlement with the income and sales tax department for the years from 2011 until 2014.

The Company has submitted the Income tax report for the years 2015 and 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it up till date of preparation of these financial statements.

The Company has submitted the Sales tax report upon legal due date, and the sales and income tax department had reviewed the tax reports submitted over the years from 2009 to 2013.

The Subsidiary "Jordan Facilities for Finance Lease L.L.C." submitted corporate income tax return up to the year ended 31 December 2014 and it was accepted under the sample basis and has submitted the Income Tax report for the years 2015 and 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it until date of preparation of these financial statements.

The Subsidiary "Jordan Facilities for Finance Lease L.L.C." submitted corporate sales tax return upon legal due date and the Income and Sales Tax Department have reviewed the report submitted up till year end 2013.

As per the opinion of the company' management and its tax consultant, the company and its subsidiary will not have any tax liabilities exceeding the booked provision as of 31 December 2017.

Tax status of Bindar for Trading and Investments (Subsidiary Company)

The Company has reached to a final settlement with the income and sales tax department until the end of the year 2015.

The Company has submitted the Income tax report for the year 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it up till date of preparation of these financial statements.

The Company has submitted the Sales tax report upon legal due date and paid all due taxes until 31 October 2017.

The Subsidiary "Bindar for Finance Leasing Company" submitted corporate income tax return up to the year ended 31 December 2015, and had submitted the income tax report for the year 2016 upon legal due date, the Income and Sales Tax Department have not yet reviewed it up till date of preparation of these financial statements.

The Subsidiary "Bindar for Finance Leasing Company" registered submitted per the sales taxes starting 1 January 2017, were corporate sales tax return have been submitted and due taxes were paid until 31 October 2017.

The Subsidiary "Aayan Trading, Agencies & Investment Company" has reached to a final settlement with the income and sales tax department until the end of the year 2015 and has submitted the Income tax report for the year 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it up till date of preparation of these financial statements.

The Subsidiary "Rakeen Investment Company" has reached to a final settlement with the income and sales tax department until the end of the year 2015 and has submitted the Income tax report for the year 2016 upon legal due date and the Income and Sales Tax Department have not yet reviewed it up till date of preparation of these financial statements.

As per the opinion of the company' management and its tax consultant, the company and its subsidiary will not have any tax liabilities exceeding the booked provision as of 31 December 2017.

B. Deferred tax assets/Liabilities

This item consists of the following:

	2017					31 December 2017	31 December 2016
	Beginning balance	Investment in subsidiaries	Amounts released	Additions	Ending balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD	JD
Accounts included							
A- Deferred Tax Assets							
Provision for employees end-of-service indemnities	33,093	-	-	13,600	46,693	16,343	11,583
Provision for lawsuits against the Bank	640,620	-	76,300	5,992	570,312	199,609	224,217
Provision for lawsuits/ Jordan Trade Facilities Company	-	-	-	29,500	29,500	7,080	-
Provision for debts Watch list	141,841	-	99,457	190,449	232,833	81,492	49,644
Provision for impairment on portfolio	880,327	-	880,327	-	-	-	308,114
Provision for impairment in seized assets by the Bank	424,689	-	390,297	-	34,392	12,037	148,641
Provision for asset sized owned more than four years	1,361,841	-	422,438	1,078,960	2,018,363	706,427	476,644
Provision for impairment in financial brokerage	1,791,763	-	9,309	-	1,782,454	427,781	430,015
Provision for doubtful debt – Al Imdad Company	-	-	-	184,393	184,393	44,254	-
Provision for doubtful debt – Tamkeen Finance leasing	-	-	-	487,906	487,906	117,097	-
Provision for doubtful debt – Jordan Trade Facilities Company	5,016,973	-	1,176,137	1,447,707	5,288,543	1,269,250	1,204,074
Provision for doubtful debt – Bindar Trading and Investments	-	2,711,172	146,315	146,222	2,711,079	650,659	
Unpaid board of directors bonuses / Al Mawared Company	40,000	-	40,000	20,000	20,000	4,800	9,600
Provision against balances related to fraudulent transactions*	10,435,500	-	-	-	10,435,500	3,652,425	3,652,425
Unpaid employees bonus	938,678	-	801,645	914,536	1,051,569	368,049	328,537
Unpaid board of directors remunerations	114,630	-	114,630	55,000	55,000	19,250	40,121
	21,819,955	2,711,172	4,156,855	4,574,265	24,948,537	7,576,553	6,883,615
B- Deferred Tax Liabilities							
Change in fair value reserve	8,274,266	-	621,502	10,825,407	18,478,171	6,101,275	2,812,850
Effect of early adoption of IFRS (9)	-	-	-	5,559	5,559	1,946	-
	8,274,266	-	621,502	10,830,966	18,483,730	6,103,221	2,812,850

Deferred tax liabilities include an amount of JD 6,101,275 as of 31 December 2017 against JD 2,812,850 as of 31 December 2016 which represents tax liabilities against gains on the evaluation of financial assets at fair value through other comprehensive income which is shown under fair value reserve in owners' equity. In addition, there's an amount of JD 1,946 as of 31 December 2017 against Nil as of 31 December 2016 represents deferred tax liabilities on gain on financial assets at fair value through profit or loss which is related to the early adoption of IFRS (9).

* This item represents the deferred tax benefits expected from the provision booked against the balances related to the fraudulent transactions (note 13), and the management believes these amounts can be recovered from in the futures.

The movement on deferred tax assets / liabilities was as follows:

	31 December 2017		31 December 2016	
	Assets	Liabilities	Assets	Liabilities
Balance at the beginning of the year	6,883,615	2,812,850	5,365,915	2,073,433
Balances generated from investment in subsidiaries	650,681	-	1,143,506	-
Additions	1,346,263	3,473,409	1,229,276	739,417
Deductions	1,304,006	183,038	855,082	-
Balance at year end	7,576,553	6,103,221	6,883,615	2,812,850

C. The summary of the reconciliation between accounting profit and taxable profit is as follows:

	31 December 2017	31 December 2016
	JD	JD
Accounting profit for the year	19,738,346	22,378,226
Non-taxable profit	(12,723,597)	(6,042,126)
Expenses not deductible for tax purposes	7,503,476	6,024,570
Taxable profit	14,518,225	22,360,670
Income tax percentage for the Bank*	35%	35%
Deferred taxes percentage for the Bank*	35%	35%
Income tax percentage for the subsidiary companies	24%	24%
Deferred tax percentage for the subsidiary companies	24%	24%

* Excluding the profits generated from investments outside the Kingdom, that are subject to a 10% tax.

(21) OTHER LIABILITIES

	31 December 2017	31 December 2016
	JD	JD
Accepted and certified checks	1,327,514	1,041,832
Accrued interest	5,026,964	3,230,269
Sundry creditors	1,432,062	3,326,202
Brokerage payable	437,657	544,726
Dividends payable	281,247	216,913
Deposits on safe deposit boxes	138,678	110,871
Accrued expenses	1,343,279	1,291,307
Other liabilities	2,896,798	2,312,756
	12,884,199	12,074,876

(22) PAID-IN CAPITAL

Authorized and paid-up capital amounted to JD 100 million distributed over 100 million shares at a par value of JD 1 per share as of the end of the year 2017 and 2016.

(23) RESERVES

The details of the reserves as of 31 December 2017, are as follows:

a- **Statutory Reserve:**

This account represents the accumulated amount of appropriations from income before tax for prior years at 10% according to the Banks Law. This amount is not to be distributed to shareholders.

b- **General Banking Risks Reserve**

This item represents the general banking risks reserve according to the Central Bank of Jordan's instructions.

c- **The details of the restricted reserves are as follows:**

Reserve	31 December 2017 JD	31 December 2016 JD	Nature of restriction
Statutory reserve	25,004,513	23,570,771	Restricted according to the Banks law and Companies Law
General banking risks reserve	6,365,000	5,311,284	Restricted according to the Central Bank of Jordan

(24) FINANCIAL ASSETS VALUATION RESERVE - NET

This item consists of the following:

	31 December 2017 JD	31 December 2016 JD
Balance at the beginning of the year	5,491,519	3,839,176
Unrealized gain	10,057,596	1,726,001
Deferred tax liabilities	(3,288,425)	(745,729)
Losses on sale of financial assets through other comprehensive income	216,961	672,071
Balance at end of the year	12,477,651	5,491,519

The financial assets revaluation reserve is presented net after deducting deferred tax liabilities of JD 6,101,275 as of 31 December 2017 against JD 2,812,850 as of 31 December 2016.

(25) RETAINED EARNINGS

This item consists of the following:

	31 December 2017	31 December 2016
	JD	JD
Balance at the beginning of the year	27,663,922	23,984,252
Profit for the year	15,073,707	15,297,799
Transferred to reserves	(2,487,458)	(2,946,058)
Dividends	(10,000,000)	(8,000,000)
losses on sale of financial assets through other comprehensive income	(216,961)	(672,071)
Balance at end of the year	30,033,210	27,663,922

- Included in retained earnings is an amount of JD 7,576,553 restricted against deferred tax assets as of 31 December 2017 against JD 6,883,615 as of 31 December 2016.

- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 December 2017 (and 31 December 2016: JD 1,039,200) based on Central Bank of Jordan request, for the remaining balance of fraudulent transactions.

- Included in retained earnings an amount of JD 418,812 as of 31 December 2017 against JD 415,074 as of 31 December 2016, which represents the effect of early adoption of IFRS (9). These amounts are restricted amounts and cannot be utilized unless realized as instructed by the Jordan Securities Commission.

- Distributable retained earnings to the Bank's shareholders amounted JD 15,396,614 as of 31 December 2017 against JD 19,326,033 as of 31 December 2016.

- The balance of the retained earnings include differences revaluation of financial assets at fair value through the income statements amounting JD 3,655 as of 31 December 2017 against NIL as of 31 December 2016.

(26) PROPOSED DIVIDENDS

The board of directors recommended to the general assembly of shareholders to distribute JD 10 Million for the year 2017 during 2018 which is equivalent to 10% of the Bank's capital and it is subject to the approval of the general assembly of shareholder.

In 24 April 2017, and based on the general assembly meeting of shareholders JD 10 million were distributed from year 2016 retained earnings which is equivalent to 10% of the Bank's capital.

(27) NON-CONTROLLING INTEREST

	31 December 2017			31 December 2016		
	Non-Controlling Interest share	Non-controlling interest share of net profit	Non-controlling interest share of net assets	Non-Controlling Interest share	Non-controlling interest share of net profit	Non-controlling interest share of net assets
	%	JD	JD	%	JD	JD
Tamkeen leasing company	5	230,994	885,890	10	40,859	654,896
Al-Istethmari letamweel Selselat Al Imdad	6	25,620	338,342	6	39,877	312,722
Jordan Trade Facilities Company	5.09	421,348	1,705,036	5.33	228,724	1,338,100
Bindar Trade and Investments	8.15	23,406	1,987,342	-	-	-
Total		701,368	4,916,610		309,460	2,305,718

(28) INTEREST INCOME

	2017	2016
	JD	JD
Direct credit facilities:		
Individuals (retail):		
Loans and discounted bills	6,909,719	4,959,336
Overdraft	1,092,242	1,172,189
Credit cards	1,917,050	1,387,901
Real estate loans	12,985,669	10,899,686
Companies		
Corporate		
Loans and discounted bills	17,487,678	19,373,102
Overdraft	5,601,199	5,627,510
Medium and small companies		
Loans and discounted bills	3,676,122	1,740,183
Overdraft	571,725	728,428
Government and public sector	3,497	289
Balances at the Central Bank of Jordan	876,649	652,756
Balances and deposits at banks and financial institutions	1,184,819	509,500
Financial assets at amortized cost	4,271,457	5,167,919
	56,577,826	52,218,799

(29) INTEREST EXPENSE

	2017	2016
	JD	JD
Deposits at banks and financial institutions	276,520	30,776
Customers Deposits:		
Current and demand accounts	368,045	200,593
Saving accounts	265,056	243,602
Time and deposits subject to notes	16,045,637	12,015,798
Certificates of deposit	1,796	5,664
Cash margins	561,985	503,469
Borrowed funds	6,482,928	3,549,077
Bonds	27,348	-
Fees to Deposit insurance corporation	1,197,024	1,095,179
	25,226,339	17,644,158

(30) NET COMMISSIONS INCOME

	2017	2016
	JD	JD
Commissions Income:		
Direct credit facilities	6,551,057	4,587,641
Indirect credit facilities	1,917,701	1,732,841
Brokerage commissions	238,285	266,375
Other commissions	1,418,381	1,070,837
Total Commissions Income	10,125,424	7,657,694
Less: Commissions expense	1,451,390	1,187,570
Net Commissions Income	8,674,034	6,470,124

(31) GAIN ON FOREIGN CURRENCY EXCHANGE

This item consists of the following:

	2017	2016
	JD	JD
Gains from foreign currencies trading / dealing	943,550	596,606
Gains from revaluation	48,391	37,260
	991,941	633,866

(32) GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

This item consists of the following:

	Realized gain	Unrealized losses	Dividends income	Total
	JD	JD	JD	JD
2017				
Companies shares	208,278	(106,736)	43,943	145,485
Total	208,278	(106,736)	43,943	145,485
2016				
Companies shares	236,853	(40,118)	31,547	228,282
Total	236,853	(40,118)	31,547	228,282

(33) INCOME GENERATED FROM ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2017, the bank acquired 91.849% of Bindar Trade & Investment Company (which owns 100% of Aayan Trading, Agencies & Investment Company, Rakeen Investment Company and Bindar Lease Financing Company) through its subsidiary (Tamkeen Leasing Company). That was through purchasing 18,369,851 shares with JD 1 par value. The acquisition cost was JD 16,532,866 and the fair value of net assets amounted to JD 22,131,242 which raised an income of JD 5,598,376.

The fair value of Trade and Investment Company on the date of acquisition is as follows:

	Fair value 7 December 2017	Book value 7 December 2017
	JD	JD
Cash and cash equivalents	3,618,533	3,618,533
Financial assets at fair value through the statement of comprehensive income	132,564	132,564
Direct credit facilities – net	32,926,920	32,926,920
Property and equipment	267,968	267,968
Other assets	3,960,173	3,799,446
Total Assets	40,906,158	40,745,431
Borrowed funds	11,015,318	11,015,318
Bonds	5,000,000	5,000,000
Other liabilities	795,662	795,662
Total Liabilities	16,810,980	16,810,980
Net Assets	24,095,178	23,934,451
Non-controlling interest	1,963,936	
Net asset acquired	22,131,242	
Amount paid for the bank's share (91.849%)	16,532,866	
Bargain generated from acquisition	5,598,376	
Cash flow from acquisition		
Amount paid for the bank's share (91.849%)	(16,532,866)	
Net cash from subsidiary	3,618,533	
Net cash used in acquisition	(12,914,333)	

(34) OTHER INCOME

	2017	2016
	JD	JD
Bonded income	1,930,350	2,044,457
Telecommunication income	222,392	226,589
Gain on sale of assets seized by the bank	90,788	283,784
Reversed from written off debts	605,338	749,509
Other	590,990	333,684
	3,439,858	3,638,023

(35) EMPLOYEES EXPENSES

	2017	2016
	JD	JD
Salaries, benefits, bonuses and employees' allowances	12,748,625	11,478,849
Bank and subsidiaries share in social security	1,313,343	1,148,760
Medical expenses	766,679	673,501
Per diems	4,410	6,114
Travel and transportation expenses	48,871	46,315
Employees training expense	119,995	115,792
Employees life insurance expense	24,347	38,090
	15,026,270	13,507,421

(36) OTHER EXPENSES

	2017	2016
	JD	JD
Rent	996,315	707,416
Stationery and Printing	143,183	231,783
Advertisements	769,403	1,081,463
Subscriptions and fees	772,429	679,206
Telecommunication and courier expenses	864,448	821,225
Maintenance, repair for buildings and equipment	408,050	333,313
Maintenance, repair and programme licences	890,779	797,374
Credit cards and accounts incentives'	1,146,826	855,550
Insurance	144,701	179,885
Legal fees	167,853	192,516
Water, electricity and heating	385,122	424,879
Professional fees	674,870	712,645
Donations	93,349	128,680
Credit cards expense	267,584	211,714
Board members bonus and transportation	466,647	436,016
Others	1,226,307	875,588
	9,417,866	8,669,253

(37) EARNINGS PER SHARE FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK

	2017	2016
	JD	JD
Income for the year/attributes to banks shareholders	15,073,707	15,297,799
Weighted average number of shares *	100,000,000	100,000,000
	JD/ Share	JD/ Share
Earnings per share from the income for the year attributable Bank shareholders	0.151	0.153

* The basic earnings per share (EPS) for the current year profit attributed to parent owners equals to diluted (EPS) , since the bank did not issue any financial instruments which may affect the basic (EPS)

(38) CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
	JD	JD
Cash on hand and balances at the Central Bank mature within three months	108,370,113	91,250,017
Add:		
Balances at banks and financial institutions mature within three months	71,613,034	73,902,498
Less:		
Banks and financial institutions deposits mature within three months	10,232,834	2,432,998
Cash and Cash Equivalents	169,750,313	162,719,517

(39) RELATED PARTIES TRANSACTIONS

The consolidated financial statements include the financial statements of the bank and the subsidiary companies as follows:

Company's Name	Ownership	Company's Capital 2017	Company's Capital 2016
	%	JD	JD
Al-Mawared for financial brokerage	100	5,000,000	10,000,000
Tamkeen leasing Company	95	10,000,000	5,000,000
Al Istethemari Letamweel Selselat Al Imdad	94	3,000,000	3,000,000
Jordan factoring	100	30,000	30,000
Jordan Trade Facilities Company	94.9	16,500,000	16,500,000
Trade Facilities Company for Finance leasing	94.9	2,000,000	2,000,000
Bindar for Trade and Investment Company	91.8	20,000,000	-
Aayan Trading, Agencies & Investment Company	91.8	50,000	-
Rakeen Investment Company	91.8	30,000	-
Bindar Company for Lease Financing	91.8	1,000,000	-

The Bank entered into transactions with members of the Board of Directors, executive management, subsidiary companies and major shareholders within the normal banking practice according to the commercial interest rates and commissions. All credit facilities granted to related parties are within the normal course of the banks operation and no provision was taken, except for the below:

The following represents a summary of transactions with related parties:

	Related Party			Total	
	Subsidiaries*	Board of Directors Members and Executive Management	Others (Employees, Employees Relatives, Relatives of Members of the Board of Directors, Executive Management and Controlled Companies	31 December 2017	31 December 2016
	JD	JD	JD	JD	JD
Statement of financial position Items:					
Credit facilities	6,790,836	5,175,504	50,588,990	62,555,330	54,434,285
Provision for impairment in credit facilities	-	-	717,692	717,692	-
Financial assets at amortized costs	2,000,000	-	-	2,000,000	-
Deposits, current accounts and cash margin	3,307,879	4,112,392	30,312,589	37,732,860	36,789,404
Off-Financial Position Statement Items:					
Letters of credit	-	-	48,554	48,554	140,263
Letters of guarantee	1,355,500	667,181	7,119,779	9,142,460	9,574,504
Statement of income					
Interest and commissions received	756,472	242,338	3,434,561	4,433,371	7,077,938
Interest and commissions paid	88,937	204,443	832,661	1,126,041	314,834
Provision for impairment in credit facilities	-	-	692,304	692,304	(5,079,618)
Additional Information					
Watch list credit facilities	-	-	223,476	223,476	-
Provision for Watch list credit facilities	-	-	3,545	3,545	-
Non-performing credit facilities	-	-	1,331,963	1,331,963	-
Provision for non-performing credit facilities	-	-	717,692	717,692	-

* Such balances and transactions are eliminated in the consolidated financial statements and are shown for explanatory purposes only.

Maximum credit interest rate in Jordanian dinars 21%
Maximum credit interest rate in other currencies 12%
Maximum debit interest rate in Jordanian dinars 6.1%
Maximum debit interest rate in other currencies 0.1%
Maximum credit commission rate 1%

Minimum credit interest rate in Jordanian dinars 2.25%
Minimum credit interest rate in other currencies 3%
Minimum debit interest rate in Jordanian dinars 0%
Minimum debit interest rate in other currencies 0%
Minimum credit commission rate 0%

Executive management salaries and benefits amounted to JD 3,260,527 for the year ended 31 December 2017 against JD 2,645,738 for the year 2016.

(40) RISK MANAGEMENT

General framework of risk management

The bank has identified control levels (defense lines) by placing the framework for the following control levels as follows:

- **Business units**: represents employees that are part of first line defense, which responsible for risk management and related control procedures.
- **Independent risk management function**: the employees of risk management department represent the second line defense by making them responsible over arranging risk management efforts and facilitating the supervision process over the implemented procedures from the bank.
- **Compliance Department**: the employees of compliance department represent another part in the second line defense by assure of complying with the implemented procedures, laws and regulations.
- **Internal audit**: Internal audit employees represent the third line defense, and they are responsible for performing an independent review for control procedures and systems that are related to risk management at the bank level.

In addition, the Bank had established a risk management committee from the board of directors in order to manage the risks that the bank is exposed to. These risks are managed to mitigated the impact of these risks to ensure proper alignment with the bank strategy

Risk Management Committee's tasks are as follows:

A. To supervise the management of the risk policy and ensure that the Risk Management and Compliance Department achieves its objectives according to the approved policies.

B. To ensure appropriate and sufficient support for the Risk Management and Compliance Department in achieving its objectives in accordance with the approved policies and procedures and the Central Bank's instructions.

C. To ensure the availability of work procedures for risk management in compliance with the various management risk policies at the Bank.

D. To ensure the use of the new techniques and method of management and assessment of risk management.

E. To identify basis and principles of risk management and risk acceptance, risk transfer, risk refuse and risk mitigation.

F. To review the periodical reports of the Risk Management and Compliance Department.

G. To ensure that the Bank adheres to the Central Bank of Jordan instructions.

H. To review the internal calculation of capital adequacy for the bank and present it to the board of directors, taking in consideration the bank strategies and plans.

I. Ensure the independency of the risk department.

The Compliance Management, the committee's objectives includes adding value for the Banks' operations through enhancing the effectiveness of risk management, internal control procedures and corporate governance. That is done through ensuring compliance with the Bank's internal policies, and to all regulations, instructions, rules of conduct, standards and banking practices established by local and international bodies and reports to the board of directors over the Bank compliance.

Compliance Committee's tasks are as follows:

A. Ensuring compliance with the rules, instructions and regulations that the Bank complies to, and the existence of frame work for the code of conduct, and following extend of implementing the provisions of the legislations and the requirements of the supervisory authorities.

B. Ensuring having integrated general framework for internal control and working to improve it if necessary and to restore the institutional governance mechanisms.

C. Reviewing transactions of the related parties with the Bank and recommending them to the Board of Directors prior to their release.

D. Ensuring availability of sufficient qualified resources to manage the compliance and training them, and is responsible for assessing the performance of the compliance manager and staff and determining their remuneration.

E. The review and adoption of any disclosures in the annual report relating to risks and internal control environments.

F. Adopting the Compliance Policy, the Money Laundering Policy and Financing of Terrorism, and assessing the degree to which the Bank manages compliance management at least once a year, and reviewing it once changes are made.

G. Monitor and follow-up the implementation of compliance policy and compliance with the Bank's internal policies, international standards and related legislation.

H. Review reports on customer complaints and make sure that appropriate steps are taken to follow up on these complaints.

I. Fully comply with the requirements of the US Income Tax Act (FATCA) to avoid any risks arising from non-compliance with these requirements.

J. Take the necessary measures to promote the values of integrity and proper professional practice within the Bank in such a way that makes compliance with laws, regulations and instructions, a primary objective that should be reached.

K. Reviewing and submitting annual compliance plans.

In addition, the Bank had established the Risk Management and Compliance Committee have set the risk management framework for the Bank. Moreover, the Board of Directors has established the Risk Management and Compliance Committee, formed by the Board members and executive management. Its objective is to monitor and control the various risks (credit risks, operating risks, market risks and compliance risks) or any other risks the Bank might be exposed to.

The department manages the Bank's various risks (credit risk, operating risk, market risk, compliance risk, and other risks) within the general framework of risks management. The role of the department can be summarized as follows:

- Risk Identification.
- Risk Assessment.
- Risk Control / Mitigation.
- Risk Monitoring.

The Bank managed to prepare the required plans and action points to ensure the compliance with the Central Bank of Jordan instructions related to (Basel III) and internal capital adequacy assessment process.

(40. A) CREDIT RISKS

Credit risks are defined as the probability of not fully recovering the debt or interest in the specified time causing financial losses to the Bank.

Moreover, credit risk represents the major portion banks are exposed to in general. In recognition of this reality, the Bank has accorded credit risk management great significance through managing credit risks at the portfolio level, economic sector level, group level, or single customer level, taking into consideration the achievement of an appropriate return on the risks the Bank is exposed to.

To achieve this, based on the risk management strategy, the Bank has performed the following:

1. The risk appetite and ceilings are based on credit risk commensurate with the acceptable risk limits adopted by the Board of Directors and Risks and Compliance Department. Risk limits are set for each client, group and economic sector, in order to mitigate the Bank's exposure to credit risk concentrations.

2. The bank implemented a credit risk rating system from Moody's company for Corporate and retail companies, this will impact on the quality of credit portfolio and will help in taking the appropriate credit decisions.

3. Credit risk is mitigated through credit risk factors (collaterals such as real estate, shares or other) commensurate with the credit risk faced by the Bank to cover any unexpected subsequent events.

4. Proper legal and credit documentation is applied for all conditions associated with the credit facilities.

1- Credit risk exposure (less the impairment provision and interest in suspense and before guarantees and other risk - mitigating factors):

	2017	2016
	JD	JD
On financial position statement items:		
Balances at the central bank of Jordan	92,825,301	80,495,887
Balances at banks and financial institutions	71,613,034	73,902,498
Deposits at banks and financial institutions	11,013,457	5,500,000
Credit facilities:		
Individuals	126,076,463	98,810,812
Real estate loans	146,171,015	120,802,141
Companies		
Corporate	323,772,717	280,831,145
Small and medium institutions (SMEs)	50,008,333	38,161,984
Government and public sector	11,366	24,203
Bonds, bills and debentures:		
Financial assets at amortized cost	105,548,083	120,143,870
Other assets	4,216,556	6,671,330
Total on financial statement items	931,256,325	825,343,870
Off financial position statement items:		
Letters of guarantee	93,619,651	78,223,226
Letters of credit	14,113,336	7,613,523
Letters of acceptance	5,847,162	8,438,672
Unutilised facility limits	43,106,027	28,634,407
Total off financial statement items	156,686,176	122,909,828
Total on and off financial statement items	1,087,942,501	948,253,698

To mitigate the above credit risk exposures, the Bank uses the following risk mitigating factors within the conditions of the credit policy set by the Bank:

1. Cash collaterals.
2. Accepted bank guarantee.
3. Real estate mortgages.
4. Listed shares collaterals.
5. Vehicles and equipment mortgages.
6. Financial inventories collaterals

2- Credit exposures according to the degree of risk:

	Individuals	Real estate loans	Companies: Corporate	Companies: Small and medium	Government and Public Sector	Banks and other Financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
31 December 2017							
Low risk	6,237,803	-	8,260,149	988,563	151,418,364	-	166,904,879
Acceptable risk	112,305,315	137,635,099	348,827,387	44,297,682	-	94,334,238	737,399,721
Of which is due:*							
within 30 days	82,228	981,113	4,091,363	72,044	-	-	5,226,748
from 31 to 60 days	38,001	148,243	1,998,569	33,274	-	-	2,218,087
Watch list	4,742,370	4,746,022	5,537,008	1,861,258	-	-	16,886,658
Non-performing:							
Substandard	1,290,268	732,600	683,450	987,924	-	-	3,694,242
Doubtful	1,834,019	1,989,508	201,963	728,503	-	-	4,753,993
Bad debt	10,825,410	3,764,253	16,843,608	8,537,728	-	-	39,970,999
Total	137,235,185	148,867,482	380,353,565	57,401,658	151,418,364	94,334,238	969,610,492
Less: Impairment provision	8,760,188	1,928,136	14,036,357	5,747,071	-	-	30,471,752
Interest in suspense	2,398,534	768,331	3,069,296	1,646,254	-	-	7,882,415
Net	126,076,463	146,171,015	363,247,912	50,008,333	151,418,364	94,334,238	931,256,325

- Credit exposures (financial assets and investments in financial assets) are distributed according to the credit classification as follows:

Credit classification	Government and public sector	Financial institutions
	JD	JD
(AAA to -AA)	-	21,256,147
(A+ TO -A)	-	15,032,024
(BBB+ TO -BBB)	-	12,509,262
(BB+ to -B)	151,418,364	16,949,630
Less than (-B) not classified	-	-
Not classified	-	28,587,175
	151,418,364	94,334,238

	Individuals	Real estate loans	Companies: Corporate	Companies: Small and medium	Government and Public Sector	Banks and other Financial institutions	Total
	JD	JD	JD	JD	JD		JD
31 December 2016							
Low risk	7,141,472	-	5,108,320	777,328	180,591,968	-	193,619,088
Acceptable risk	79,718,180	117,162,845	299,363,259	31,204,312	-	79,402,498	606,851,094
Of which is due:*							
within 30 days	190,244	258,812	7,012,854	129,216	-	-	7,591,126
from 31 to 60 days	73,886	41,451	3,299,299	82,569	-	-	3,497,205
Watch list	7,334,657	3,534,943	3,449,595	1,691,836	-	-	16,011,031
Non-performing:							
Substandard	609,130	53,002	685,191	244,676	-	-	1,591,999
Doubtful	917,194	858,025	10,290,126	847,519	-	-	12,912,864
Bad debt	8,090,483	2,365,736	8,035,549	5,512,961	-	-	24,004,729
Total	103,811,116	123,974,551	326,932,040	40,278,632	180,591,968	79,402,498	854,990,805
Less: Impairment provision	6,625,733	1,461,513	10,081,195	5,146,255	-	-	23,314,696
Interest in suspense	1,710,435	626,434	2,834,888	1,160,482	-	-	6,332,239
Net	95,474,948	121,886,604	314,015,957	33,971,895	180,591,968	79,402,498	825,343,870

- Credit exposures (financial assets and investments in financial assets) are distributed according to the credit classification as follows:

Credit classification	Government and public sector	Financial institutions
	JD	JD
(AAA to -AA)	-	13,055,160
(A+ TO -A)	-	10,321,525
(BBB+ TO -BBB)	-	16,775,486
(BB+ to -B)	180,591,968	10,325
Less than (-B) not classified	-	-
Not classified	-	39,240,002
	180,591,968	79,402,498

* The whole debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account becomes due whenever it exceeds the ceiling.

Credit exposures include credit facilities, balances and deposits at banks in addition to financial assets.

The following table breaks down the fair value of collaterals held as security for credit facilities:

	Individuals	Real estate loans	Companies		Total
			Corporate	Small and medium	
	JD	JD	JD	JD	JD
2017					
Guarantees against:					
Low risk	6,237,803	-	8,260,149	988,563	15,486,515
Acceptable risk	33,420,961	139,318,336	167,189,542	6,461,384	246,390,223
watch list	36,515	8,548	4,552,608	224,845	4,822,516
Non-performing:					
Substandard	675,563	957,868	1,324,020	95,820	3,053,271
Doubtful	1,016,403	1,494,054	1,561,387	186,780	4,258,624
Bad debt	2,629,494	4,129,526	2,289,085	6,532,039	15,580,144
	44,016,739	145,908,332	185,176,791	14,489,431	389,591,293
Of it:					
Cash margins	6,258,198	-	8,326,981	988,563	15,573,742
Real estate	27,563,178	145,908,332	146,363,890	10,635,397	330,470,797
Trade stocks	-	-	548,472	-	548,472
Vehicles and equipment	10,195,363	-	29,937,448	2,865,471	42,998,282
	44,016,739	145,908,332	185,176,791	14,489,431	389,591,293

	Individuals	Real estate loans	Companies		Total
			Corporate	Small and medium	
	JD	JD	JD	JD	JD
2016					
Guarantees against:	7,141,472	-	5,108,320	777,328	13,027,120
Low risk	59,227,957	115,331,487	136,497,409	1,141,400	312,198,253
Acceptable risk	425,697	802,367	1,365,397	222,147	2,815,608
watch list					
Non-performing:					
Substandard	250	-	85,654	-	85,904
Doubtful	89	1,200,256	-	19	1,200,364
Bad debt	487,920	2,664,838	4,234,066	1,137,623	8,524,447
	67,283,385	119,998,948	147,290,846	3,278,517	337,851,696
Of it:					
Cash margins	7,275,581	52,000	5,123,207	777,328	13,228,116
Real estate	47,235,450	119,946,948	137,748,579	1,450,000	306,380,977
Trade stocks	6,073,742	-	165,513	-	6,239,255
Vehicles and equipment	6,698,612	-	4,253,547	1,051,189	12,003,348
	67,283,385	119,998,948	147,290,846	3,278,517	337,851,696

Guarantees fair value are evaluated when the facilities are granted based on acceptable evaluation methods for these guarantees, in the subsequent periods the fair value is updated to market prices or related assets prices.

Rescheduled Loans

These loans are loans previously classified as non-performing credit facilities but taken out there from according to proper rescheduling. They have been classified as "debts under control (watch list)" or changed to performing and amounted to JD 7,157,825 as of 31 December 2017 against JD 11,650,355 for the year 2016.

Restructured Loans

Restructuring means rearranging credit facilities installments through increasing their duration, postponing some installments, or increasing the grace period. Restructured debts amounted to JD 43,067,221 for the year 2017 against JD 31,059,839 for the year 2016.

Bonds, Bills, and Debentures

The following table illustrates the classification of bonds, bills, and debentures according to external rating institutions:

2017

Rating Grade	Within Financial Assets at fair value through profit or loss	Within Financial assets at amortized cost	Total
	JD	JD	JD
Unrated	-	46,966,386	46,966,386
Governmental	-	58,581,697	58,581,697
Total	-	105,548,083	105,548,083

2016

Rating Grade	Within Financial Assets at fair value through profit or loss	Within Financial assets at amortized cost	Total
	JD	JD	JD
Unrated	-	20,071,992	20,071,992
Governmental	-	100,071,878	100,071,878
Total	-	120,143,870	120,143,870

4- Credit risk exposure according to geographic area as follows:

	Geographical Area						
	Inside Jordan	Middle east countries	Europe	Asia *	Americas	Others	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank of Jordan	92,825,301	-	-	-	-	-	92,825,301
Balances at banks and financial institutions	21,402,297	10,677,367	22,693,784	77,378	16,669,875	92,333	71,613,034
Deposits at banks and financial institutions	11,013,457	-	-	-	-	-	11,013,457
Direct credit facilities:							
Individuals	126,076,463	-	-	-	-	-	126,076,463
Real estate loans	146,171,105	-	-	-	-	-	146,171,105
Companies:							
Corporate	323,772,717	-	-	-	-	-	323,772,717
Small and medium institutions	50,008,333	-	-	-	-	-	50,008,333
Government and Public sector	11,366	-	-	-	-	-	11,366
Bonds, bills and debentures:							
Financial assets at amortized cost	92,481,697	1,707,747	11,358,639	-	-	-	105,548,083
Other assets	4,216,556	-	-	-	-	-	4,216,556
Total /the current year 2017	867,979,202	12,385,114	34,052,423	77,378	16,669,875	92,333	931,256,325
Total / comparative figures 2016	771,967,961	8,548,796	32,023,518	10,325	12,785,253	8,017	825,343,870

* Excluding Middle East Countries.

5- Credit exposure according to economic sectors as follows:

	Economic Sector								
	Financial	Industrial	Trading and services	Real estate	Agricultural	Shares	Individual	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Item:									
Balances at the central Bank of Jordan	-	-	-	-	-	-	-	92,825,301	92,825,301
Balance at banks and financial institutions	71,613,034	-	-	-	-	-	-	-	71,613,034
Deposits at banks and financial institutions	11,013,457	-	-	-	-	-	-	-	11,013,457
Credit facilities	40,213,397	87,062,663	193,113,176	189,191,216	618,447	11,246,027	124,583,572	11,366	646,039,894
Bonds, bills and debentures:									
Financial assets at amortised cost	44,824,747	-	2,141,639	-	-	-	-	58,581,697	105,548,083
Other assets	752,570	770,075	2,693,911	-	-	-	-	-	4,216,556
Total /the current year 2017	168,417,205	87,833,738	197,948,726	189,191,216	618,447	11,246,027	124,583,572	151,418,364	931,256,325
Total / comparative figures 2016	149,633,106	72,447,461	184,222,928	73,616,717	753,691	12,531,033	151,546,966	180,591,968	825,343,870

(40.B) OPERATIONAL RISKS

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal risk.

Investment bank has implemented a Control and Risk Self-Assessment process for the management of operational risk at the Bank through the use of an automated system named CARE. The Bank manages operational Risk on the basis of the following:

- Preparation of operational risk policy.
- Preparation of Operational Risk Accountability Policy and approved by bank board of directors.
- Implement risk profile that determine risks and the mitigating controls for these risks for the banks main departments.
- Implement automatic system for operation risk management (CARE system) to implement self-assessment methodology for risks and controls procedure.
- Build database for risks events and operational errors.
- Express an opinion over working procedure to evaluate the risks in it and the adequacy of these implemented control procedures.
- Reporting to the Board Risk Management Committee and the Executive Risk Management Committee with needed reports.

In order to ensure the effectiveness and continuous enhancement of the Bank's Internal Control Department (ICD) which is part of the Risk Management group, monitors continuously the Bank's activities with particular emphasis on primary activities.

Compliance Risk

This represents the risks that arise from the probability that the Bank may not comply with (violate / transgress) the prevailing laws, regulations, instructions, banks laws, and code of ethics issued by international and local regulatory authorities.

Compliance with the regulations and prevailing laws issued by the regulatory authorities represents one of the most important risks which the Bank might be exposed to, due to the major financial losses resulting from the violation of the laws and instructions that affect the Bank's reputation. Moreover, the past few years witnessed many new regulations, instructions and laws organizing the work of the various institutions. Accordingly, the need for managing the compliance risk of the Bank is necessary. Moreover, compliance enhances the efficiency of managing risks and decreases the risk the Bank might be exposed to as a result of noncompliance with the prevailing laws and instructions.

(40.C) MARKET RISK

Market risk is the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, and prices of shares and products.

The Bank periodically applies the appropriate methodology to evaluate market risks and sets estimates for the probable economic losses based on a set of assumptions and changes in market conditions. The following are the methods used by the Bank to measure market risks:

1- Value at Risk (VaR)
2-Stress Testing
3-Stop Loss Limit policy
4-Monitoring open financial centers in foreign currencies.

C/1- Interest Rate Risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of repricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee (ALCO). Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

- **Sensitivity analysis:**

31 December 2017

Currency	Increase in interest rate	Impact on profits (losses)	Owners' equity sensitivity
	%	JD	JD
US Dollar	2	47,103	-
Euro	2	6,776	-
GBP	2	(6,997)	-
Japanese Yen	2	57,569	-
Other currencies	2	(15,335)	-

Currency	Decrease in interest rate	Impact on profits (losses)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	2	(47,103)	-
Euro	2	(6,776)	-
GBP	2	6,997	-
Japanese Yen	2	(57,569)	-
Other currencies	2	15,335	-

31 December 2016

Currency	Increase in interest rate	Impact on profits (losses)	Owners' equity sensitivity
	%	JD	JD
US Dollar	2	(80,698)	-
Euro	2	(9,719)	-
GBP	2	(2,714)	-
Japanese Yen	2	868	-
Other currencies	2	(20,341)	-

Currency	Decrease in interest rate	Impact on profits (losses)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	2	80,698	-
Euro	2	9,719	-
GBP	2	2,714	-
Japanese Yen	2	(868)	-
Other currencies	2	20,341	-

C/2- Foreign currencies risk

(a) The following table illustrates the currencies to which the Bank is exposed and the potential and reasonable change in their rates against the Jordanian Dinar and the related impact on the consolidated statement of income. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

31 December 2017 Currency	Change in foreign currency exchange rate	Impact on profits and losses	Owners' Equity Sensitivity
	%	JD	JD
Euro	+5	16,941	102,872
GBP	+5	(17,493)	-
Japanese Yen	+5	143,922	-
Other currencies	+5	(38,337)	8,288

31 December 2016 Currency	Change in foreign currency exchange rate	Impact on profits and losses	Owners' Equity Sensitivity
	%	JD	JD
Euro	+5	(24,298)	22,032
GBP	+5	(6,785)	-
Japanese Yen	+5	2,169	-
Other currencies	+5	(50,852)	-

If there is a negative change, the effect will be equal with negative effect.

C/3- Risks of Changes in Shares Prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares indicators and the change in the value of shares individually.

2017 Indicator of	Change in indicator %	Impact on profits and losses	Owners' Equity Sensitivity
Amman Stock Exchange	5	(7,584)	(1,383,355)
Palestine Stock Exchange	5	(2,290)	(104,186)
International Stock Exchange	5	(66,313)	(250,228)

2016 Indicator of	Change in indicator %	Impact on profits and losses	Owners' Equity Sensitivity
Amman Stock Exchange	5	(25,476)	(1,031,816)
Palestine Stock Exchange	5	-	(66,581)
International Stock Exchange	5	(80,930)	(123,500)

Interest rate Repricing Gap

The Bank adopts the assets-liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates, and using hedging policies through the adoption of advanced financial instruments such as derivatives.

	Interest rate reporting gap							
31 December 2017	Less than one month JD	More than 1 month up to 3 months JD	More than 3 month up to 6 months JD	More than 6 month up to 1 year JD	From 1 year up to 3 years JD	More than 3 years JD	Non-interest bearing items JD	Total JD
Assets:								
Cash and balances at the Central Bank of Jordan	43,200,000	-	-	-	-	-	65,170,113	108,370,113
Balance at banks and financial institutions	42,539,602	-	-	-	-	-	29,073,432	71,613,034
Deposits at banks and financial institutions	-	-	-	2,680,300	8,333,157	-	-	11,013,457
Financial assets at fair value through statement of income	-	-	-	-	-	-	1,853,987	1,853,987
Direct credit facilities – net	78,089,586	57,153,794	61,696,305	96,241,228	197,949,425	154,909,556	-	646,039,894
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	37,638,042	37,638,042
Financial assets at amortised cost	1,663,195	1,000,000	5,000,000	12,770,146	23,319,909	61,794,833	-	105,548,083
Property and equipment – net	-	-	-	-	-	-	29,663,965	29,663,965
Intangible assets	-	-	-	-	-	-	2,633,887	2,633,887
Deferred tax assets	-	-	-	-	-	-	7,576,553	7,576,553
Other assets	929,971	33,729	103,010	-	-	-	50,228,408	51,295,118
Total assets	166,422,354	58,187,523	66,799,315	111,691,674	229,602,491	216,704,389	223,838,387	1,073,246,133
Liabilities								
Deposits at banks and financial institutions	7,500,000	-	-	-	-	-	2,732,834	10,232,834
Customers' deposits	141,238,114	77,732,529	131,182,588	127,335,362	10,710,505	-	187,900,984	676,100,082
Cash margins	5,327,858	3,934,351	3,920,061	5,982,907	10,721,223	11,571,758	-	41,458,158
Borrowed funds	5,511,463	14,656,367	18,850,965	22,533,465	49,710,167	28,719,994	-	139,982,421
Bonds	-	-	-	-	3,000,000	-	-	3,000,000
Sundry provisions	-	-	-	-	-	-	703,454	703,454
Income tax provision	-	-	-	-	-	-	3,984,780	3,984,780
Deferred tax liabilities	-	-	-	-	-	-	6,103,221	6,103,221
Other liabilities	-	-	-	-	-	-	12,884,199	12,884,199
Total liabilities	159,577,435	96,323,247	153,953,614	155,851,734	74,141,895	40,291,752	214,309,472	894,449,149
Interest rate reporting gap	6,844,919	(38,135,724)	(87,154,299)	(44,160,060)	155,460,596	176,412,637	9,528,915	178,796,984
31 December 2016								
Total assets	127,429,221	74,419,627	94,000,961	88,915,807	182,398,911	176,163,676	206,248,469	949,576,672
Total liabilities	146,084,618	117,499,211	114,495,338	139,377,946	51,015,515	38,801,984	177,958,846	785,233,458
Interest rate reporting gap	(18,655,397)	(43,079,584)	(20,494,377)	(50,462,139)	131,383,396	137,361,692	28,289,623	164,343,214

Concentration in foreign currencies risk

	Currency (Equivalent in Jordanian Dinars)					
Items	USD	Euro	Sterling Pound	Japanese Yen	Others	Total
2017						
Assets						
Cash and balances at the Central Bank	18,322,174	1,833,288	241,904	-	351,263	20,748,629
Balances at banks and financial institutions	26,949,933	20,113,351	3,783,217	2,918,891	3,562,375	57,327,767
Deposits at banks and financial institutions	-	1,012,143	-	-	-	1,012,143
Financial assets at fair value through statement of income	1,326,269	-	-	-	330,217	1,656,486
Direct credit facilities – net	43,539,011	37,135	28,574	-	5,736	43,610,456
Financial assets at fair value through other comprehensive income	4,865,063	2,057,438	-	-	165,768	7,088,269
Financial assets at amortised cost	40,713,573	-	-	-	-	40,713,573
Other assets	504,175	16,102	10,549	10,099	109,254	650,179
Total assets	136,220,198	25,069,457	4,064,244	2,928,990	4,524,613	172,807,502
Liabilities:						
Deposits at banks and financial institutions	724,593	325,717	-	-	457,593	1,507,903
Customers' deposits	122,910,946	19,958,772	4,400,670	50,560	4,828,937	152,149,885
Cash margins	10,213,455	2,588,415	10,533	-	4,731	12,817,134
Other liabilities	16,040	1,857,735	2,906	-	86	1,876,767
Total Liabilities	133,865,034	24,730,639	4,414,109	50,560	5,291,347	168,351,689
Net Concentration on-statement of Financial Position	2,355,164	338,818	(349,865)	2,878,430	(766,734)	4,455,813
Contingent Liabilities – off statement of Financial Position	45,604,873	4,869,352	152,883	5,292,369	1,074,058	56,993,535

	Currency (Equivalent in Jordanian Dinars)					
	USD	Euro	Sterling Pound	Japanese Yen	Others	Total
Items						
2016						
Assets						
Cash and balances at the Central Bank	15,031,971	4,969,787	164,376	-	364,204	20,530,338
Balances at banks and financial institutions	16,187,085	19,577,896	6,326,992	35,378	2,818,220	44,945,571
Financial assets at fair value through statement of income	1,434,797	-	-	-	183,793	1,618,590
Direct credit facilities – net	36,320,891	15,022	-	-	-	36,335,913
Financial assets at fair value through other comprehensive income	3,360,968	440,644	-	-	-	3,801,612
Financial assets at amortised cost	31,979,351	-	-	-	-	31,979,351
Other assets	1,646,977	13,891	9,303	9,215	272,037	1,951,423
Total assets	105,962,040	25,017,240	6,500,671	44,593	3,638,254	141,162,798
Liabilities:						
Deposits at banks and financial institutions	430,611	369,736	36,650	74	490,766	1,327,837
Customers' deposits	101,610,816	20,869,145	6,590,337	1,129	4,141,157	133,212,584
Cash margins	7,843,713	2,645,139	9,152	1	23,283	10,521,288
Other liabilities	111,804	1,619,186	233	-	84	1,731,307
Total Liabilities	109,996,944	25,503,206	6,636,372	1,204	4,655,290	146,793,016
Net Concentration on-statement of Financial Position	(4,034,904)	(485,966)	(135,701)	43,389	(1,017,036)	(5,630,218)
Contingent Liabilities – off statement of Financial Position	31,166,699	4,957,260	-	5,109,607	1,355,771	42,589,337

(40/D) LIQUIDITY RISK

Liquidity risk represents the Bank's inability to meet obligations on their maturity dates. To ward off these risks, including the management of assets and liabilities, matching, and analyzing their maturities, matching the maturities, diversifying source of funds, and maintaining an adequate fund of cash and cash equivalents and marketable securities, liquidity is managed and reviewed periodically at different levels,. According to the Central Bank of Jordan instructions, the Bank maintains cash reverses to mitigate liquidity risk.

First: The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the consolidated financial statements.

	Less than one month	More than 1 month up to 3 months	More than 3 month up to 6 months	More than 6 month up to 1 year	From 1 year up to 3 years	More than 3 years	Non-interest bearing items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2017								
Liabilities								
Deposits at banks and financial institutions	10,250,751	-	-	-	-	-	-	10,250,751
Customers' deposits	213,440,504	112,322,317	160,716,017	152,900,110	45,190,769	-	-	684,569,717
Cash margins	5,335,788	3,943,134	3,946,316	6,063,048	11,008,445	12,191,773	-	42,488,504
Borrowed funds	5,539,897	14,769,788	19,288,610	23,579,740	54,326,459	34,054,109	-	151,558,603
Bonds	-	-	-	-	-	3,900,000	-	3,900,000
Sundry provisions	-	-	-	-	-	-	703,454	703,454
Income tax provision	1,592,792	2,391,988	-	-	-	-	-	3,984,780
Deferred tax liabilities	-	-	-	-	-	-	6,103,221	6,103,221
Other liabilities	3,112,638	5,026,964	4,744,597	-	-	-	-	12,884,199
Total liabilities	239,272,370	138,454,191	188,695,540	182,542,898	110,525,673	50,145,882	6,806,675	916,443,229
Total assets	260,665,899	58,187,523	66,799,315	111,691,674	229,602,491	216,704,389	129,594,842	1,073,246,133
31 December 2016								
Liabilities								
Deposits at banks and financial institutions	2,432,998	-	-	-	-	-	-	2,432,998
Customers' deposits	199,871,940	137,087,720	128,308,205	122,984,031	39,364,229	-	-	627,616,125
Cash margins	4,779,781	5,367,237	5,621,908	6,838,362	7,963,620	8,253,923	-	38,824,831
Borrowed funds	557,768	2,432,617	4,320,551	31,049,394	34,534,283	36,160,774	-	109,055,387
Sundry provisions	-	-	-	-	-	-	710,086	710,086
Income tax provision	2,084,740	4,416,714	-	-	-	-	-	6,501,454
Deferred tax liabilities	-	-	-	-	-	-	2,812,850	2,812,850
Other liabilities	2,577,215	3,230,269	6,267,392	-	-	-	-	12,074,876
Total liabilities	212,304,442	152,534,557	144,518,056	160,871,787	81,862,132	44,414,697	3,522,936	800,028,607
Total assets	216,991,674	74,419,627	94,000,961	88,915,807	182,398,911	176,163,676	116,686,016	949,576,672

Second: Off financial position statement:

	Up to one year	From one year to 5 years	More than 5 years	Total
	JD	JD	JD	JD
31 December 2017				
Letters of credit and acceptances	19,960,498	-	-	19,960,498
Unutilised limits	43,106,027	-	-	43,106,027
Guarantees	78,965,954	14,653,697	-	93,619,651
Operating lease contract obligations	946,682	2,821,248	2,043,360	5,811,290
Capital liabilities	556,287	-	-	556,287
	143,535,448	17,474,945	2,043,360	163,053,753

	Up to one year	From one year to 5 years	More than 5 years	Total
	JD	JD	JD	JD
31 December 2016				
Letters of credit and acceptances	16,052,195	-	-	16,052,195
Unutilized limits	28,634,407	-	-	28,634,407
Guarantees	69,374,093	8,849,133	-	78,223,226
Operating lease contract obligations	642,728	2,240,688	1,445,748	4,329,164
Capital liabilities	11,804	-	-	11,804
	114,715,227	11,089,821	1,445,748	127,250,796

(41) SEGMENT ANALYSIS

(a) Information on the bank operating segments

The Bank is organized, for managerial purposes, which measured according to reports used by general manager and decision makers to the Bank into three major segments. Moreover, the Bank owns subsidiaries: that conduct financial brokerage, finance lease, and bonded stores operation and management.

- Individuals accounts: include following up on individual customers accounts, and granting them loans, credit, credit cards, and other services.

- Corporate accounts: include following up on deposits, credit facilities, and other banking services related to customers.

- Treasury: includes providing dealing services and management of the Bank's funds.

	Individuals (Retail)	Corporate	Treasury	Financial Brokerage	Financial Lease	Bonded Management	Other	Total 31 December 2017	Total 31 December 2016
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross income	17,410,415	16,896,290	5,654,513	1,873,677	1,758,339	2,609,464	6,226,926	52,429,624	47,099,528
Provision for impairment on direct credit facilities	(193,150)	(4,278,096)	-	9,309	(90,793)	(197,283)	-	(4,750,013)	894,045
(Recovery) Sundry provisions	-	-	-	-	-	-	(26,241)	(26,241)	423,239
Results of business sector	17,217,265	12,618,194	5,654,513	1,882,986	1,667,546	2,412,181	6,200,685	47,653,370	48,416,812
Undistributed expenditures on sectors	-	-	-	(527,436)	(1,282,318)	(1,846,260)	(24,259,010)	(27,915,024)	(26,038,586)
Profit for the year before taxes	17,217,265	12,618,194	5,654,513	1,355,550	385,228	565,921	(18,058,325)	19,738,346	22,378,226
Income tax	-	-	-	(328,212)	(375,133)	(138,915)	(3,121,011)	(3,963,271)	(6,770,967)
Income for the year	17,217,265	12,618,194	5,654,513	1,027,338	10,095	427,006	(21,179,336)	15,775,075	15,607,259
Sector's assets	226,051,748	350,844,441	333,649,557	14,802,511	85,350,738	29,699,483	-	1,040,398,478	891,692,701
Undistributed assets on sectors	-	-	-	-	-	-	32,847,655	32,847,655	57,883,971
Total assets	226,051,748	350,844,441	333,649,557	14,802,511	85,350,738	29,699,483	32,847,655	1,073,246,133	949,576,672
Sector's liabilities	416,692,434	304,172,185	36,739,774	719,130	70,234,888	24,060,458	-	852,618,869	758,749,047
Undistributed liabilities on sectors	-	-	-	-	-	-	41,830,280	41,830,280	26,484,411
Total liabilities	416,692,434	304,172,185	36,739,774	719,130	70,234,888	24,060,458	41,830,280	894,449,149	785,233,458
Capital expenditures								2,726,755	2,070,645
Depreciation and amortization								2,714,893	2,852,149

(b) Information on the geographical distribution.

The bank conducts its business and operations primarily in Jordan. Accordingly, most of the Bank's revenues, assets and capital expenditures are in Jordan.

(42) CAPITAL MANAGEMENT

(a) Description of Capital

According to the Central Bank of Jordan Law and in compliance with the capital adequacy requirements, capital consists of many parts:

- Tier one: Primary consist of the banks going concern, which includes:

  1. Common Equity Tier 1
  2. Additional paid in capital Tier 1.

- Tier two: Primary consist of the paid in capital that will be used when going concern issues arise.

- For all three types of paid in capital (CET1, AT1,T2) special standards that the financial instrument must meet to be classified in the right .

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.

(b) Regulatory Authorities Requirements Concerning Capital and Method of Fulfilling Them.

The Bank considers the compatibility of the size of capital with the nature of risks it is exposed to provided that paid-up capital is not less than the minimum required by the Central Bank of Jordan and regulatory capital, which is required to be:

1- For common equity Tire 1, not less than 6% of the market risk-weighted assets..
2- For paid in capital, not to be less than 7.5% of the market risk-weighted assets.
3- For capital adequacy ratio not to be less than 12% of market risk-weighted assets

(c) How to Achieve the Objectives of Capital Management

The Bank's management aims at achieving the Bank's capital management objectives, a surplus in operating income and revenues, and the optimal utilization of the available sources of funds so as to reach the targeted growth in shareholders' equity through the increase in the statutory reserve, recognized profits, voluntary reserve, and retained earnings.

The effect of capital adequacy ratio is taken into considerations when entering to investments. Moreover, capital and its adequacy are monitored periodically, and capital adequacy is calculated by the Risk Management and Compliance Department.

Capital risk was calculated based on the central bank of Jordan regulations, which is represented by Basel III as of 31 December 2017, and 31 December 2016 determinants.

(d) The amount the Bank considers as capital and capital adequacy ratio are as follows:

	31 December 2017	31 December 2016
	JD	JD
Primary capital items:		
Subscribed and paid-in capital	100,000,000	100,000,000
Retained earnings (net of restricted amounts)	18,575,198	16,209,648
Financials assets fair value reserve in according with IFRS (9)	12,477,651	5,491,519
Statutory reserve	25,004,513	23,570,771
Total capital for common stocks	156,057,362	145,271,938
Monitoring changes (deductions from capital):		
Goodwill or any intangibles assets	(2,633,887)	(3,003,463)
Deferred tax assets generated from doubtful debts	(7,576,553)	(6,883,615)
Investments in the capital of unconsolidated subsidiaries	-	-
Net equity	145,846,922	135,384,860
Tier II of paid in capital:		
General banking risks reserve (not more than 1,25%) of risk weighted assets	6,365,000	5,311,284
Total	6,365,000	5,311,284
Adjustments (deductions form paid-in capital):		
Investments in the capital of unconsolidated subsidiaries	-	-
Net supporting paid-in capital (Tier II)	6,365,000	5,311,284
Total Capital Structure	152,211,922	140,696,144
Total risk weighted assets	959,877,544	810,256,182
Capital adequacy ratio (%)	15.86%	17.36%
Common stock equity holders' ratio (%)	15.19%	16.71%
Primary capital ratio	15.19%	16.71%

(43) ANALYSIS OF THE MATURITIES OF ASSETS AND LIABILITIES:

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement:

31 December 2017	Up to one year	More than one year	Total
	JD	JD	JD
Assets:			
Cash and balances at the Central Bank	108,370,113	-	108,370,113
Balances at banks and financial institutions	71,613,034	-	71,613,034
Deposits at banks and financial institutions	2,680,300	8,333,157	11,013,457
Financial assets at fair value through statement of income	1,853,987	-	1,853,987
Direct credit facilities - net	293,180,913	352,858,981	646,039,894
Financial assets at fair value through other comprehensive income	-	37,638,042	37,638,042
Financial assets at amortized cost	20,433,341	85,114,742	105,548,083
Property and plant -net	1,794,989	27,868,976	29,663,965
Intangible assets	772,522	1,861,365	2,633,887
Deferred tax assets	392,099	7,184,454	7,576,553
Other assets	8,903,572	42,391,546	51,295,118
Total assets	509,994,870	563,251,263	1,073,246,133
Liabilities:			
Deposits at banks and financial institutions	10,232,834	-	10,232,834
Customers' deposits	632,954,417	43,145,665	676,100,082
Cash margins	19,165,177	22,292,981	41,458,158
Borrowed funds	61,552,260	78,430,161	139,982,421
Bonds	-	3,000,000	3,000,000
Sundry provisions	-	703,454	703,454
Income tax provision	3,984,780	-	3,984,780
Deferred tax liabilities	-	6,103,221	6,103,221
Other liabilities	12,884,199	-	12,884,199
Total Liabilities	740,773,667	153,675,482	894,449,149
Net	(230,778,797)	409,575,781	178,796,984

31 December 2016	Up to one year JD	More than one year JD	Total JD
Assets:			
Cash and balances at the Central Bank	91,250,017	-	91,250,017
Balances at banks and financial institutions	73,902,498	-	73,902,498
Deposits at banks and financial institutions	5,500,000	-	5,500,000
Financial assets at fair value through statement of income	2,128,116	-	2,128,116
Direct credit facilities - net	243,907,884	294,722,401	538,630,285
Financial assets at fair value through other comprehensive income	-	24,437,914	24,437,914
Financial assets at amortized cost	56,303,684	63,840,186	120,143,870
Property and plant -net	2,045,123	26,528,486	28,573,609
Intangible assets	530,127	2,473,336	3,003,463
Deferred tax assets	378,258	6,505,357	6,883,615
Other assets	8,859,586	46,263,699	55,123,285
Total assets	484,805,293	464,771,379	949,576,672
Liabilities:			
Deposits at banks and financial institutions	2,432,998	-	2,432,998
Customers' deposits	583,968,845	38,847,898	622,816,743
Cash margins	22,469,071	15,625,756	38,094,827
Borrowed funds	36,995,909	62,793,715	99,789,624
Sundry provisions	-	710,086	710,086
Income tax provision	6,501,454	-	6,501,454
Deferred tax liabilities	-	2,812,850	2,812,850
Other liabilities	12,074,876	-	12,074,876
Total Liabilities	664,443,153	120,790,305	785,233,458
Net	(179,637,860)	343,981,074	164,343,214

(44) CUSTOMERS' MANAGED ACCOUNT

There is no guaranteed paid in capital investment portfolio managed by the Bank or its subsidiaries for the benefit of the customers.

(45) FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical financial assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable market data.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The Bank has applied book value method which considered the best available method to measure fair value of these investments due to difficulty of fair value measurement.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
2017				
Financial assets through statement of income	1,523,770	-	330,217	1,853,987
Financial assets through other comprehensive income	34,755,373	-	2,882,669	37,638,042
	36,279,143	-	3,212,886	39,492,029
2016				
Financial assets through statement of income	1,944,323	-	183,793	2,128,116
Financial assets through other comprehensive income	21,851,633	-	2,586,281	24,437,914
	23,795,956	-	2,770,074	26,566,030

(46) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the unquoted financial instruments presented in the consolidated financial position are not materially different from their carrying value in the consolidated financial statements. In addition, the fair value of direct credit facilities, deposits in banks and financial institution, customer deposits, cash margin and borrowed money which presented at amortized cost are note materially different from their carrying value presented in the consolidated financial statements because the interest rate in the financial assets market are not materially different from their contractual prices, furthermore, due to the short term periods when it comes to deposits at banks and financial institution. The fair value presented at amortized cost is measured either through prices announced in the market when it is available or through valuation methods such as used in some bonds with fixed interest rate cases.

(47) COMMITMENTS AND CONTINGENT LIABILITIES (OFF-FINANCIAL POSITION)

(a) Credit commitments and contingencies:

	31 December 2017	31 December 2016
	JD	JD
Letters of credit	14,113,336	7,613,523
Acceptances and periodic withdrawals	5,847,162	8,438,672
Letters of guarantees:		
Payments	35,510,416	26,075,744
Performance	43,313,447	39,777,088
Other	14,795,788	12,370,394
Unutilised credit facilities limits	43,106,027	28,634,407
	156,686,176	122,909,828

(b) Contractual obligations:

Contracts to purchase property and equipment	-	804
Construction contracts	556,287	11,000
	556,287	11,804

Operating leases amounted to JD 946,682 as of 31 December 2017 (2016: JD 642,728).

(48) LAWSUITS AGAINST THE BANK

(a) The Bank is a defendant in lawsuits amounting to JD 4,462,850 as 31 December 2017 against JD 5,652,963 as of 31 December 2016. The total provision booked against these lawsuits amounted to JD 570,312 as of 31 December 2017 against JD 640,620 as of 31 December 2016. As per the estimate of the management and the bank's lawyer, no addition liabilities would arise against these lawsuits.

(b) There were no lawsuits against the subsidiary companies: Al Mawared for financial brokerage, Tamkeen for Finance leasing and Jordan Company for factoring.

(c) The lawsuits against Al Istethmari Latamweel Selselat Al Imdad Company amounted to JD 3,000 as of 31 December 2017 and 31 December 2016, based on the estimations of the management and the company's lawyer no provision is needed at this level.

(d) The lawsuits against Jordan Trade Facilities amounted to JD 39,200 as of 31 December 2017 and 31 December 2016, as the lawsuit provisions amounted to JD 29,500 in 31 December 2017 (31 December 2016: Nil). Based on the estimations of the management and the company's lawyer no additional liabilities would rise from these lawsuits.

(e) Lawsuits raised against Trade Facilities for Financial Leasing (Subsidiary of Jordan Trade Facility) amounted to JD 300 as of 31 December 2017 (31 December 2016: Nil), based on the management's assessment and the Company's legal consultant, no additional liabilities would rise from these lawsuits.

(f) Lawsuits raised against Bindar Trading and Investment Company amounted to JD 115,625 as of 31 December 2017 and based on management estimates and the company's legal consultant, no additional liabilities would rise from these lawsuits.

(g) No lawsuits were raised against Bindar for Financial Leasing, Aayan Trading, Agencies and Investments and Rakeen Investment Company (Subsidiaries of Bindar for Trading and Investments) as of 31 December 2017.

(49) COMPARATIVE FIGURES

Certain comparative figures were reclassified for the year ended 31 December 2016 to match the financial statement classifications for the year ended 31 December 2017.