AJIB

بنك الإستثمار العربي الأردني

002577

Ref. : D H / L B
Date : 4th May, 2017

To : Jordan Securities Commission

Subject : Annual Report for the fiscal year ended 31/12/2016

Attached four copies of the Annual Report along with a CD, of Arab Jordan Investment Bank (AJIB), for the Fiscal year ended 31/12/2016.

Kindly accept our high appreciation and respect.

Yours Faithfully,

Arab Jordan Investment Bank

Dirar Haddadin
AGM / CFO

Yara Soudah
Financial Controller

هيئة الأوراق المالية
الدائرة الادارية / الديوان

٠٤ أيار ٢٠١٧

الرقم المتسلسل ١٩٥٨٢

الجهة المختصة

الإدارة العامة - هاتف : ٥٦٠٧١٢٦ ٦ (٩٦٢+)- فاكس : ٥٦٨١٤٨٢ ٦ (٩٦٢+) سويفت AJIBJOAX - ص.ب ٨٧٩٧ عمان ١١١٢١ الأردن
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Annual Report 2016

Key Indicators for 2016

33.5 JD Million
Net Profit before Tax

1.1 JD Billion
Customers' Deposits and Cash Margins

16.25%
Capital Adequacy Ratio

1.81 JD Billion
Total Assets

15.1%
Return on Equity before Tax

46%
Efficiency Ratio

220.4 JD Million
Total Equity

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Board of Directors

Mr. Ibrahim Al-Mazyad
Representative of Arab Investment Company
Chairman

Mr. Abdulkadir Al-Qadi
Founding Chairman/Member

Mr. Hussein Al-Dabbas
Vice Chairman

Mr. Hani Al-Qadi
General Manager/CEO

Mr. Emhamed M. Faraj
Representative of Libyan Foreign Bank
Member

H.E. Mr. 'Mohammed Shareef' Al Zoubi
Representative of Petra Company for Restaurants Establishment & Management
Member

H.E. Dr. 'Mohammed Nasser' Abu Hammour
Member

Mr. Mohammed Al-Okar
Member

Mr. Khalil Abul Rubb
Member

Dr. Henry Azzam
Representative of Al Yaqeen Investment Company
Member until 9 April 2016

Mr. Samer Al-Qadi
Member until 26 April 2016

Mr. Khaled Zakaria
Representative of Al Yaqeen Investment Company
Member from 10 April 2016

Dr. Adnan Steitieh
Member from 27 April 2016

Mission Statement

To be recognized as the leading bank in Jordan and the region; in products, and in the use of technology, by being client focused, innovative and having customer service excellence and highly skilled employees.

Chairman's Message

Dear Shareholders,

On behalf of myself and the board of directors, it is my pleasure to present to you the Bank's 38th annual report, which includes 2016's achievements, consolidated financial statements, in addition to notes on the financial statements for the period ending as at December 31, 2016.

The year 2016 was a typical year that witnessed numerous and far-reaching events, yet expectations were optimistic, although some of that optimism was sometimes accompanied by a state of uncertainty. Populist fervor and national transformations in some countries stand out as main events, such as Britain's rather sudden exit from the European Union and the shadows it cast on the European continent's and the world's economies, resulting in the International Monetary Fund reducing its forecast of global economic growth by 0.1% for 2016 and 2017.

At the global economy level, the US Federal Reserve's increased interest rates on the dollar by 0.25% in December 2016,and it is expected that a number of increases will follow in 2017 to reach 1% in March 2017. This reinforces the dollar against major currencies and provides an indication of the relative strength of the US economy, which is seeking to absorb some of the market's liquidity.

Within the same context, the recent agreement among the Organization of Oil Exporting Countries (OPEC) and nations outside the organization to reduce the oil production ceiling by 1.8 million barrels per day, a decision that was implemented at the beginning of 2017, contributed to a noticeable improvement in oil prices, which enabled markets to build new financial positions over the $50 per barrel benchmark. This move will reflect positively on the economies of Arab and Gulf countries in particular, which suffered heavily from low oil prices over the past two years and that, in turn, reflected on their levels of expenditure. In general, 2016 was a difficult year even for the region's wealthier countries, with the decrease in oil prices that began in 2015 and went on throughout 2016. These countries were forced to implement economic reforms, review support and subsidies provided by their governments, and increase the prices of oil derivatives, with some countries eliminating their subsidies of oil derivatives.

Jordan was not isolated from regional and international events, foremost of which was the slow growth of the world economy, with Jordan in the eye of the regional storm. The continuation of the conflicts in Syria and Iraq has cast its dark shadow on the national economy. After estimates that the economy would grow by 3.7%, according to the General Budget Law, it grew by only 2% in 2016. This lower-than-expected growth is the result of a number of factors, foremost of which are the continued closure of Iraqi borders to Jordanian exports, suspended exports to Syria, the slight decrease in income from tourism, the 2.4% decrease in transfers from expatriate Jordanians according to Central Bank of Jordan data, and receding employment opportunities in many countries, most notably in the Gulf.

Challenges facing Jordan also continued as pressure on services and basic resources increased due to the country's hosting of a large number of Syrian refugees. These conditions also contributed to an increase in unemployment rates, which have climbed to record levels over the past five years, reaching about 15.8% in 2016, a figure expected to increase even further as a result of the aforementioned circumstances.

Nevertheless, there were positive changes whose effects have yet to become evident due to implementation difficulties, foremost of which is the agreement to simplify the rules of origin with European Union (EU) countries for a period of 10 years, starting in 2016. This will be realized in industrial zones specified in the agreement by employing 15% Syrian labor against the facilitation of the entry of products from these zones into EU markets, which is expected to result in a large increase in exports to the EU.

As for local economic indicators, the rate of inflation saw an increase by the end of 2016, as the government took measures to increase revenues by raising the sales tax to 16% for industrial goods and a package of commodity and service groups that were previously exempted. The deficit in the balance of trade increased by 9.7% in 2016, in spite of the decrease in the value of imports by 7.5%, to reach JD11257 million with the decrease in the price of oil and oil derivatives. However, the decrease in national exports by 9.3% to JD3655 million contributed to the high level in the trade deficit, which as a result, saw the deficit in the current balance affected negatively by JD1910 million. The net public internal and external debt amounted to JD26.2 billion by the end of 2016, representing about 95.6% of the estimated gross domestic product.

In 2016, AJIB's management team continued to implement a prudent business development policy due to the political and security conditions prevailing in the region, which had a direct effect on both the region's and the Kingdom's economic activities. The Bank's main objectives were its maintaining its financial strength and the solidity of its banking position as well as improving operational profits within a calculated and acceptable risk level, while maintaining comfortable levels of liquidity in line with the requirements of regulatory agencies, foremost of which is the Central Bank of Jordan and the Basel III measures.

The Bank achieved net profits after taxes of JD22.6 million, compared to JD23.2 million in 2015. Total profits before taxes reached JD33.5 million, which is approximately the same level as 2015. Return before taxes on average assets was 1.9%, while return before taxes on average shareholders' equity amounted to 15.1%. Total customer deposits and cash margins totaled JD1140 million, and net credit facilities reached JD753 million.

In light of these results, the Bank's board of directors has recommended to the general assembly that cash profits of JD18 million be distributed to shareholders at a rate of 12% of the Bank's capital, the same level as 2015.

Finally, allow me to extend my deepest gratitude to my colleagues on the board of directors for their effective and exceptional contribution in drafting the Bank's policies and strategic plans, as well as overseeing their implementation.

I would also like to extend my gratitude and appreciation to all of AJIB's shareholders and to our esteemed customers for their continued confidence in the Bank. I would also like to take this opportunity to thank all the Bank's employees for their continued efforts and dedication to their work.

Ibrahim Bin Hmoud Al-Mizyad
Chairman of the Board of Directors

The General Manager/CEO's Message

Dear Shareholders,

The year 2016 was a landmark one for the Arab Jordan Investment Bank (AJIB), and saw our relocation to our new general management headquarters. The management team and the main branch employees have moved to the new headquarters, and the work teams have commenced extending all the Bank's services in a modern and convenient environment, established according to the highest international standards.

The new headquarters are strategically situated in a highly-visible and prime location along Zahran Street, close to Sixth Circle. The new tower is an architecturally-significant structure that has become a landmark in a commercial area that now represents the center of the Kingdom's business sector.

The new main branch serves both customers and employees in an outstanding business environment, and houses a complete floor for Prestige clients with sweeping views of the capital. In order to provide a smooth and unique banking experience, the new premises boast dedicated parking spaces for our clients.

Also in 2016, the Bank successfully completed the final stages of the acquisition of HSBC's operations in Jordan, considered the largest of its kind in the Jordanian banking sector to date. This decisive move was accompanied by the merging of the two work forces into one institutional culture, in addition to the complete restructuring of processes and comprehensive revisions and standardizations of all procedures and policies.

As for the Bank's financial performance and operations, and although 2016 witnessed sizeable challenges for the Jordanian economy's overall performance as a results of the instability in the region, results were positive. The Bank achieved good results in spite of the difficult political and economic environment in the region.

Total assets rose to JD1.810 billion in 2016, compared with JD1.793 billion in 2015. Customer deposits and guarantees grew to JD1.140 billion in 2016, compared to JD1.106 in 2015, at a rate of 3.1%. The net credit facilities portfolio grew to JD753 million in 2016, compared to JD737 million in 2015, a rate of 2.2%. The securities portfolio grew to JD609 million by the end of 2016, against JD603 million at the end of 2015. The Bank realized total revenues of JD95.5 million for 2016, and registered net profits before taxes of JD33.5 million, similar to 2015.

The Bank was successful in maintaining the lowest ratio of non-performing debts among Jordanian commercial banks, which was 1.66%. The Bank also sustained a high capital adequacy ratio of 16.25%, thus largely exceeding the 12% ratio specified by the Central Bank of Jordan, a strong indication of its solid financial position and capital base.

Allow me at the end to extend my gratitude to the Central Bank of Jordan for maintaining monetary stability and strengthening the local banking environment. I also would like to thank all of the Bank's clients for their confidence in AJIB, its dealings and banking services, and I reaffirm that we will continue to live up to their trust.

I would also like to extend special thanks to the Bank's employees for their unparalleled dedication and professionalism, which have allowed the Bank to maintain its leading market position.

Hani Abdulkadir Al-Qadi
General Manager and Chief Executive Officer

Our Achievements During 2016

Corporate Banking Department

AJIB continues its pioneering role in providing distinguished banking services to the corporate sector by relying on a highly-specialized team of customer relations managers with extensive qualifications and experience. The Bank also provides an integrated array of banking products and services designed specifically to achieve the economic and financial goals of leading corporations and institutions across a wide spectrum of sectors.

In spite of the prevailing difficult economic and political conditions, both regionally and globally, and their negative repercussions on most economic sectors and activities, the Corporate Banking Department has been successful in mitigating their severity by reinforcing positive relations with customers and providing them with the necessary facilities to manage their work efficiently. The department has maintained a high quality of service and forged strong relationships with its clients while simultaneously engaging new customers. This was realized by expanding the customer base of corporations from various economic sectors, including the industrial and commercial sectors as well as transport, energy, among others, in accordance with the Bank's credit policy, which assures the quality of facilities offered based on well-studied and accepted risk levels.

Retail Banking Department

As part of AJIB's strategy that aims to maintain customer satisfaction and fulfil their financial needs, the Bank continues to offer numerous innovative banking and investment services and products, such as the AJIB Prestige, AJIB Advantage and AJIB Value.

Each of these services provides exclusive and unique advantages to its customers, and the classification of these accounts was consolidated at all of the Bank's 33 retail branches and offices throughout the Kingdom in 2016.

Recognizing that its employees are its greatest asset, the Bank offered its Retail team members intensive training workshops, conducted by specialists in their fields, in order to enrich their knowledge of the banking products on offer and to equip them with advanced marketing skills. This will allow AJIB employees to be able to identify customer needs and to address them professionally.

As part of its strategy to offer a wide range of services to its clients, the Bank has developed the scope of services provided by the direct call center representatives, which are now available around the clock, seven days a week, throughout the year.

Also this year, the Bank has expanded its retail banking services to guarantee greater coverage through out the Kingdom, distributing automatic teller machines (ATMs) and opening direct sales channels in vital areas of the country.

In 2016, and in order to increase competitiveness, the Bank evaluated its portfolio of products and launched a number of marketing campaigns, foremost of which was one that offered the best loan interest rates available in the local market.

Trade Finance Department

AJIB’s trade finance services were designed with the commercial needs of customers in mind, with a team of specialists providing guidance on the requirements of local and international trade. The department also avails itself of the Bank’s vast international network of correspondent banks.

AJIB offers essential commercial products such as import and export loans, financing loans prior to and after shipment, discounted bills, credit guarantees, transferrable letters of credit, local and foreign Bank guarantees of all types, in addition to bespoke commercial solutions services.

The Bank achieved a breakthrough in the level and method of service provision after completing the acquisition process of HSBC’s operations in Jordan in mid- 2014. AJIB has availed itself of the wealth of banking expertise and qualifications available, which have helped it maintain its wide customer base and increased its workload compared to previous years.

The Bank has been utilizing programs to facilitate commercial transaction procedures in a transparent manner, protecting clients from international trade risks. Services provided by the Trade Finance Department were updated and are now available online, and the automatic notification system was also updated, allowing customers to receive instant notifications on commercial transactions by email.

At the new headquarters building on Zahran Street, near Sixth Circle, a floor was designated for the Trade Finance Department, providing customers with trade financing services as well the most innovative banking solutions.

Transfers Department

In 2016, the Transfers Department saw a noticeable increase in the volume of transactions and the demand for online transfer services at the Bank’s various branches. This led to an increase in department revenues, reflecting positively on the Bank’s reputation among both local and international banks.

These positive results were achieved by implementing the most effective international standards to monitor money laundering operations, utilizing cutting-edge software and keeping pace with the latest developments in the field of transfers’ services, such as Straight Through Process (STP) and Automated Clearing House (ACH). The department's qualified team continued to serve the Bank’s customers at all AJIB branches and offices throughout the Kingdom and through its network of correspondent banks.

VIP Banking Department

Throughout 2016, the VIP Banking Department maintained its outstanding level of banking services and innovative products, ensuring client satisfaction and loyalty. The department also provides a unique VIP banking experience for its customers. The VIP account provides a diverse array of banking solutions and services to the Bank’s leading clients.

International Investments Department

In 2016, the International Investments Department provided outstanding services and investment opportunities while monitoring the changes witnessed by financial markets. The department has created an integrated suite of innovative products and services, including brokerage services, and custodial services in the local and international financial markets, in addition to strategic consulting services in capital markets.

The department’s team has vast investment experience, and works closely with customers to keep them abreast of all the latest local and international market developments, helping them take advantage of opportunities according to international principles and standards that control investment decision-making and increasing profitability.

Prestige Service and Wealth Management

AJIB Prestige Service offers outstanding banking services to its customers through a specialized team of experienced managers who provide private wealth advice as well as preferential interest rates, exclusive benefits and long-term investment plans through a network of six service centers at the headquarters building, and our branches at the Interior Ministry Circle, Abdoun, Bayader Wadi Al-Seer, Jubeiha, and Tla'a Al Ali.

AJIB Prestige includes advanced investment products and services provided by wealth management professionals tailored to individual customer requirements. The Bank also offers a wide array of products and services of added value in global and local markets, including banking insurance services in cooperation with the American Life Insurance Company (MetLife) Jordan and through the Prestige Life program, which targets customers with high financial solvency. Prestige Life also includes programs for life insurance, retirement, child education and investment.

Treasury Department

In 2016, the Treasury Department demonstrated its exceptional ability to meet economic challenges and developments. The year witnessed dramatic economic events that influenced local and international markets, most prominent of which was the sharp drop in international oil prices, resulting in decrease in liquidity in the Arab region. In spite of these factors, the Treasury Department maintained high levels of liquidity and succeeded in providing all the necessary requirements to achieve the financial growth of the Bank's credit and investment portfolios, which was accomplished in accordance with the Bank's policies and the Central Bank of Jordan's directives.

AJIB also maintained a leading role in Jordanian capital markets during 2016, by effectively investing in government bonds, Jordanian treasury bills and bonds issues by Jordanian companies, as well as productively participating in the interbank market.

The Treasury Department updated the Bank's customers on developments and changes on the economic arena, and provided assessments on their possible repercussions as well as advice on the tools and instruments needed to manage market risk and adopt suitable investment policies, while continuing to provide them with the opportunity to conclude contracts in various types of financial derivatives available in international markets.

The Treasury Department offers its customers a wide range of investment tools, including spot foreign currency dealings, margin and forward contracts, swap currency contracts, and options contracts, all of which provide suitable solutions for mitigating exchange rate variations in the market. The department continues to develop its services and products to suit customer trends and requirements and enhance its competitiveness and profitability.

Cards and ATM Department

Throughout the year, AJIB sought to diversify its portfolio of credit cards, continuing to issue Classic, Golden, and Platinum Visa and MasterCard cards, in addition to the Infinite Visa credit card and the Platinum Prestige MasterCard.

The Bank participated in promotional and marketing campaigns organized by Visa and MasterCard, and signed an agreement with Etihad Airways that offers discount to the Bank's credit card holders when purchasing travel tickets.

The Bank also continued to issue its prestigious Visa Platinum and Visa Infinite credit cards, in addition to Prestige MasterCard, which played a role in reinforcing its share in the local market as per the volume of withdrawals on its branded credit cards.

The ATM network was also expanded to cover a wider geographical area, offering around-the-clock services to clients in both commercial and residential areas. AJIB ATMs are now available at all the country's major malls and commercial centers, in addition to Queen Alia International Airport to serve arriving and departing passengers.

Looking forward, the Bank will start issuing contactless cards, which will provide an effective means of conducting transactions securely and easily. Plans for 2017 also include the expansion of the ATM network and adding new services, including cheques and cash deposit services.

Retail Branches and Offices Network

AJIB is present in various strategic locations throughout the Kingdom to serve its customers and ensure interaction with all segments of society in accordance with the most stringent standards for quality and excellence. The Bank inaugurated its Abdali branch, bringing the number of retail branches and offices in the Kingdom to 33. The City Mall office was renovated and customer service officers were appointed to deliver outstanding services to clients.

As part of its plan to increase the efficiency of its branches, the Bank moved its main branch and new headquarters to 200 Zahran Street, near the Sixth Circle in Amman. The building is equipped with the most modern technological services, and offers an expanded Banking Direct Sales Department to ensure communication with all segments of society.

AJIB has maintained its pioneering role at the Queen Alia International Airport, providing money exchange services through its offices throughout the airport to arriving, departing and transit passengers. It also provides banking services around the clock through its Airport Branch, including withdrawals, deposits, foreign exchange services, account services, loan facilities and credit card issuance.

Information Technology Department

In 2016, the Information Technology Department updated its Management Information Systems (MIS), increasing the number of automatically-generated reports in order to facilitate decision making for branches and management. Central Bank of Jordan reports are also issued in accordance with the new requirements, including the statistical statement form and the electronic banking risk system - Common Reporting Standard (CRS).

The Real Time Gross Settlement (RTGS) project for transferring funds among local banks and the Automated Clearing House (ACH) for transferring funds and salaries on the private network were completed.

The department also updated the electronic payment service eFAWATEERcom, which allows customers to pay invoices and subscriptions through the online banking portal securely and easily. The loans transactions system was also updated, facilitating the application process for loans.

Work is also underway to complete the implementation of a mobile banking app - AJIB Mobile. This service will be launched for both individual and corporate customers at the beginning of 2017, allowing them to manage their money securely at their convenience. In tandem, work is underway to launch an electronic mobile wallet service, which will expand the scope of electronic services offered to customers.

The Bank was awarded the Payment Card Industry Data Security Standard (PCI) in recognition of its high security standards. This is in addition to the advanced control systems at the Bank's information centers, which provide a safe environment for customers and increases their confidence in the services offered.

Over the past year, the Bank's internal network was developed and the speed of data lines was increased. In order to maintain optimal work flow, redundant communication lines and parallel networks were added. The department continues to develop and upgrade its disaster recovery center in order to guarantee the quality and continuity of servicesin case of emergencies.

The Information Technology Department's new Information Center is equipped with cutting-edge technologies, and the move to the new headquarters building was managed seamlessly, without affecting flow of work or the quality of services provided to customers.

In March 2016, the Bank signed the Credit Information Service Agreement with CRIF Jordan, which allows banks to obtain credit information on their customers. The bank will provide CRIF Jordan with credit data on its customers on a monthly basis as of the last quarter of 2016.

The agreement allows AJIB to assess the solvency of customers who apply for credit facilities. The CRIF Jordan aims to facilitate access to financial services for individuals and companies through the provision of a comprehensive database. This comes as part of the Bank's strategy to develop its credit services and products. The Credit Information Service is a valuable tool that allows the Bank to evaluate credit risks and expand its individual and corporate customer base.

Administrative Affairs, Human Resources, and Training Services

The Human Resources Department continued its work, in 2016, to overcome the challenges that accompanied the Bank's acquisition of HSBC's operations in Jordan, launching an initiative to merge human resources and instill one institutional culture. This initiative involved the restructuring of the institution and performing a full review of procedures and policies, working at improving employee benefits and compensations and utilizing new talents while maintaining experienced ones. This work was translated through the Bank's polices and strategies and was the main incentive in the transformation process and the creation of a new culture in the Bank.

The fundamentals necessary for restructuring and organizing work were established in view of new developments that affected the nature of work, through restructuring some functions and creating new ones, as well as completely reviewing the roles and responsibilities assigned to Bank employees and modifying them to fulfil the new work requirements. As part of this process, some positions were discontinued and new ones created. This was accompanied by the Human Resources Department's support and ensuring that that the process does not affect the flow of work.

In addition, the Human Resources Department undertook the responsibility of effecting cultural change that is compatible with the developments that took place in the Bank's operations. For this end, it exerted concerted efforts to instill the values adopted by the Bank in every detail of its daily work. This was achieved through developing and upgrading human relations' policies and procedures in accordance with the best practices and strategies applied. Recruitment policies concentrated on attracting qualifications and talents at different levels, which have the suitable skills and methods to diligently execute the assigned work. The recruitment process was completed in a highly professional manner using a mechanism that is compatible with the Bank's policies and values, through an accurate evaluation process in which the opportunity was provided for fresh university graduates to join the different Bank teams and departments. Experienced staff members were selected carefully to occupy sensitive positions in the Bank according to the need of every department. The Bank gave priority to its staff members for advancement promotion based on their performance. This approach proved effective and contributed to retaining many qualified staff.

The incentive system was modified and applied as of the beginning of 2016 to expand the base of staff who provide customer service, and motivate them to increase their productivity and concentrate on achieving their goals, which will reflect on the Bank's results and profits through the provision of a group of incentives, most important of which being preferential rates on housing and personal loans. The Bank worked continuously to gain the confidence of partners through building a culture that carries the Bank's values, and instilling these values to support the Bank's strategies and ensuring that Bank employees exhibit high flexibility and readiness for serious hard work to face challenges with a high level of integrity and loyalty.

Regarding the Training Department's achievements in 2016, a group of training activities and programs aiming at building the capacities and developing the skills of staff in various fields were implemented. 351 staff members, including managers and section heads from all branches throughout the Kingdom participated in 118 different and diverse courses, seminars, training conferences, and workshops locally. The Bank also arranged for its staff to attend English language courses held at the UNIHOUSE Training Academy. Other courses were held at the Banking Studies Institute, the Association of Banks, the General Association of Banks, Insurance Companies, and Accounting Workers, as well as other institutes and training centers.

Tests were held for 223 job applicants during the year, and another round of tests was organized for the purpose of instituting 41 recently appointed staff. New staff members were oriented with work procedures in different departments. 19 trainees from different Jordanian universities were also trained as part of their required university education.

New Head Office Tower Building

AJIB's new headquarters are located on Zahran Street and backs onto Ibn Al Rumi Street, near the Sixth Circle. The new building, which has an area of 30,000 square meters, towers above the city at 15 stories with six underground levels, houses the Bank's management offices, its main branch, a VIP center, one floor each for Prestige, Corporate and Trade Finance customers, in addition to various departments. The tower also includes training facilities and a conference hall. Two basement floors are dedicated for services and four for staff parking, all designed according to the highest architectural standards, and fitted with cutting-edge audiovisual equipment. A large 75-car free customer parking facility is also available on an adjacent plot of land.

Management teams made the move to the new AJIB tower in 2016, and the building will be officially inaugurated at the beginning of 2017. The tower, which has become an architectural landmark in Amman, possesses a distinguished design replete with a stunning light display and a large outdoor screen with the Bank's logo.

Cyprus Branch

The Cypriot government succeeded in 2016 in completing the economic reform program valued at 10 billion Euros, over a period of three years. In spite of the preliminary agreement with International Monetary Fund (IMF), the European Commission, and the European Central Bank, which stipulated the provision of a 10 billion Euro loan, the Cypriot government used 7.3 billion Euros only, to become the fourth country after Ireland, Spain, and Portugal that completes the economic reform program to save the Euro zone. Thanks to this program, Cyprus succeeded in overcoming the state of economic recession and worked at stabilizing its financial and banking sector, reinforcing its public finance and reentering international financial markets.

In spite of the foreign difficulties and challenges faced by the Cypriot government, it succeeded in achieving economic growth in 2016. As its gross domestic product (GDP) grew by 1.6% in 2015, estimates remained optimistic for 2016, with the economy growing by 2.6%, and expected to grow to reach 2.8% in 2017 as a result of growth in various economic sectors, and the positive reflection of all this on the Cypriot economy. The Cyprus branch completed in January 2016 the process of upgrading its core banking system, improving its IT security, and introducing online banking services to its clients. This led to improving the quality of services offered to the Bank's customers in Cyprus, rendering services faster and more reliable and secure. In addition to providing an integrated group of banking services such as treasury, foreign deposits, lending, and commercial financing. The accreditation of the Cyprus branch, which has been providing its services for the past 26 years has been upgraded as a result of its provision of an outstanding level of personal and professional service, reinforcing customer confidence and loyalty.

United Arab Jordan Company for Investment and Financial Brokerage

The United Arab Jordan Company for Investment and Financial Brokerage facilitates the buying and selling of local stocks and bonds in a comfortable and professional atmosphere for VIP customers. This year, the company saw a good volume of trading, as compared to trading figures in the Amman Stock Exchange during 2016. The Exchange's share price index weighted by free shares increased to 2170.3 points at the end of 2016, compared with 2136.3 points at the end of 2015, an increase of 1.6%. It is important to note that the total trading volume at the Amman Stock Exchange in 2016 was JD2.3 billion, down from JD2.5 billion in the previous year. The number of traded shares decreased to 1.8 billion shares in 2016, with 786,000 executed contracts, compared to 2.29 billion traded shares in 2015 and 898,000 executed contracts. The average stock turnover ratio also decreased to 27.6%, compared to 37.3% in 2015.

Arab Jordan Investment Bank (Qatar) LLC

Although oil and natural gas are considered two of the most important pillars of the Qatari economy, the Qatari government is exerting enormous efforts to reduce the country's reliance on revenues from them. The country has encouraged an investment program in non-energy areas, such as finance, health, education, sports and tourism services. In spite of the sharp decrease in oil prices globally, Qatar's real GDP is expected to increase by 3.8% in 2017, compared to 3.7% in 2016, as a result of the government's continued efforts to implement developmental and capital programs, especially in the fields of infrastructure.

Qatar is the largest exporter of liquefied natural gas in the world, and its stable financial position will allow it to overcome the global decline in oil prices as a result of the solid foundations of its economy. Moreover, the country's significant resources will allow it to continue implementing its capital investment program, which includes the 2022 World Cup projects and the $36 billion Doha Metro project.

For the past eleven years, the Bank has continued to achieve impressive financial results through a well-studied and highly effective strategy. The Bank will continue its successful offerings of various banking services and credit facilities to qualified corporations and high net worth customers, from various economic sectors inside and outside Qatar.

Jordan International Bank - JIB London

Jordan International Bank - JIB London is considered an affiliate company of AJIB. AJIB's share in JIB London is 25% of its capital. JIB London continued to develop on all fronts since its affiliation with AJIB in 2010, through offering short-term loans to real estate developers and investors in London and south east England, a sector historically known for its relatively low risk levels. JIB provides trade finance, private banking services, and treasury services to a select group of individuals and corporations.

The Bank's operating profits before taxes reached £5.8 million in 2016, compared to £6 million in 2015. The Bank's balance sheet grew from £389 million at the end of 2015 to £411 million at the end of 2016.

Business Objectives for 2017

- Further enhance the level of banking services provided by the Bank to individuals, and continue to provide a unique experience to customers by launching innovative services and products that achieve their needs, guarantee their loyalty, and preserve their trust, in turn, reinforcing the Bank's customer base and increasing its market share.

- Focus on providing an outstanding banking experience to VIP and Prestige customers with a carefully-selected and highly qualified team that will apply guidelines and assist in developing customers' wealth.

- Continue to excel and be a pioneer in providing banking services to the corporate sector, and provide an integrated group of banking products and services specifically designed to achieve the economic and financial objectives of companies and institutions in various sectors.

- Expand the corporate customer base in various economic, industrial, commercial, transport and energy sectors in accordance with the Bank's credit policy, which ensures consistency in the quality of services provided according to well-studied and acceptable risk levels.

- Continue to develop our electronic banking services to facilitate banking transactions for customers in a transparent and secure manner, while developing innovative electronic financial services to efficiently cater to the evolving needs of customers in the local market, with a vision to remain a leader in this field.

- Expand the customer base to include lower cost current and demand deposits in order to improve the Bank's operating efficiency index.

- Continue the expansion of the ATM network and direct sale centers in vital areas of the Kingdom, adding new services such as cash and cheque deposits.

- Continue to develop the skills of the Bank's human resources by providing trainings and workshops in order to improve efficiency and the customer service experience.

A. Summary of Key Financial Indicators for AJIB Group

JD Million

Statement/ Year	2016	2015	2014	2013	2012
Total Assets	1809.6	1793.2	1750.2	1198.7	1032.9
Credit Facilities (Net)	753.2	736.6	698.1	377.3	391.9
Financial Assets Held at Amortized Costs	594.0	588.6	578.5	438.9	331.1
Customers' Deposits and Cash Margins	1140.0	1105.9	1050.1	617.9	598.3
Total Equity	220.4	221.6	218.5	159.5	155.1
Gross Income	67.6	69.5	61.0	42.3	40.9
Net Profit Before Tax	33.5	33.5	33.6	22.2	20.3
Net Profit After Tax	22.6	23.2	24.4	16.7	15.0

Financial Position Strength

- Credit portfolio net growth of 2.25% while maintaining credit quality.
- Customer deposits and cash margins grew by 3.08%, while concentrating on low cost such as current and demand accounts in addition to savings accounts.
- A 1% increase in the securities portfolio with a focus on high credit rating constituents.
- Solid capital base that is capable of prudently addressing all risks associated with banks.

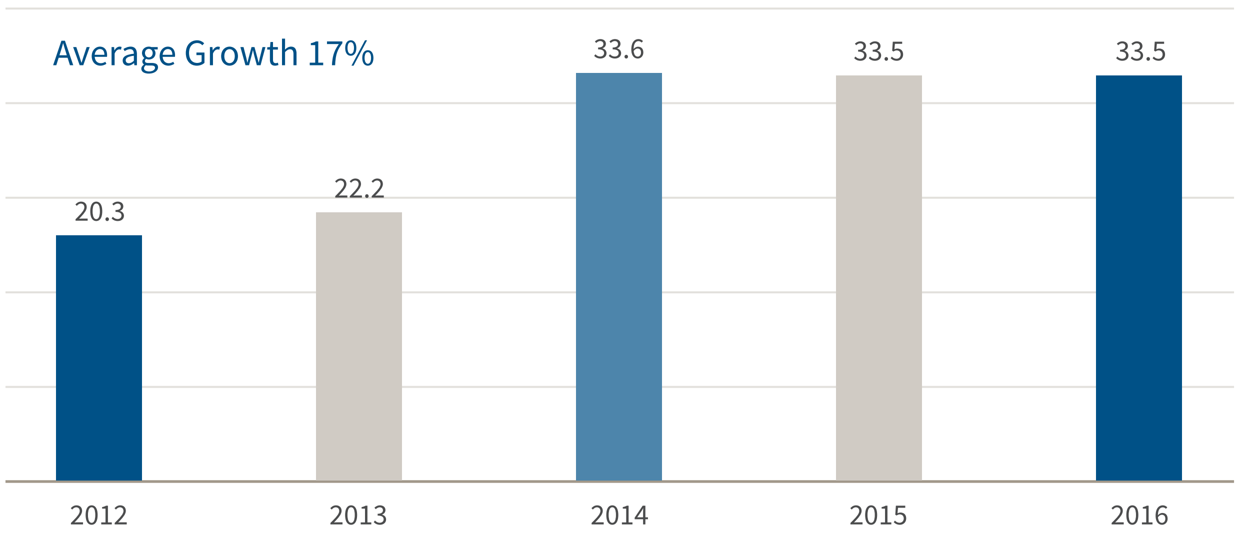
JD Million

	2016	2015	%
Loans & Advances (Net)	753.2	736.6	2.25%
Securities Portfolio	609.3	603.2	1.01%
Total Assets	1809.6	1793.2	0.91%
Total Customers' Deposits	1140.0	1105.9	3.08%
Banks' Deposits	420.5	435.8	(3.51%)
Total Equity	220.4	221.6	(0.54%)

	2016 Basel lll	2015 Basel ll
Capital Adequacy Ratio	16.25%	15.94%
Loans and Advances (Net) / Total Customers' Deposits	69.9%	70.8%

Net Profit before Tax

JD Million

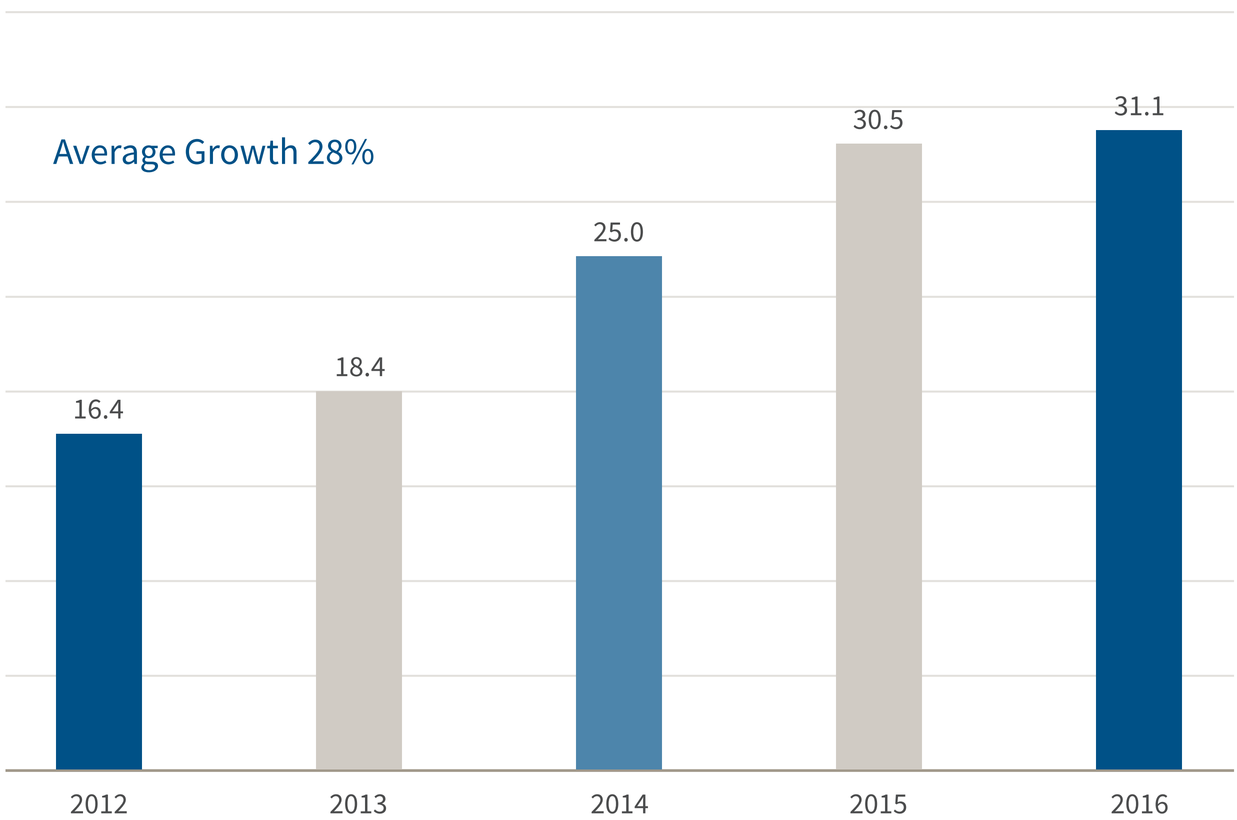


Net Profit before Tax

Total Operational Costs

There was a measured increase in operating expenses as a result of the acquisition of HSBC operations within the principles and policies applicable to guarantee the continuity of future profits at rising levels, while setting the necessary controls for controllable expenditure.

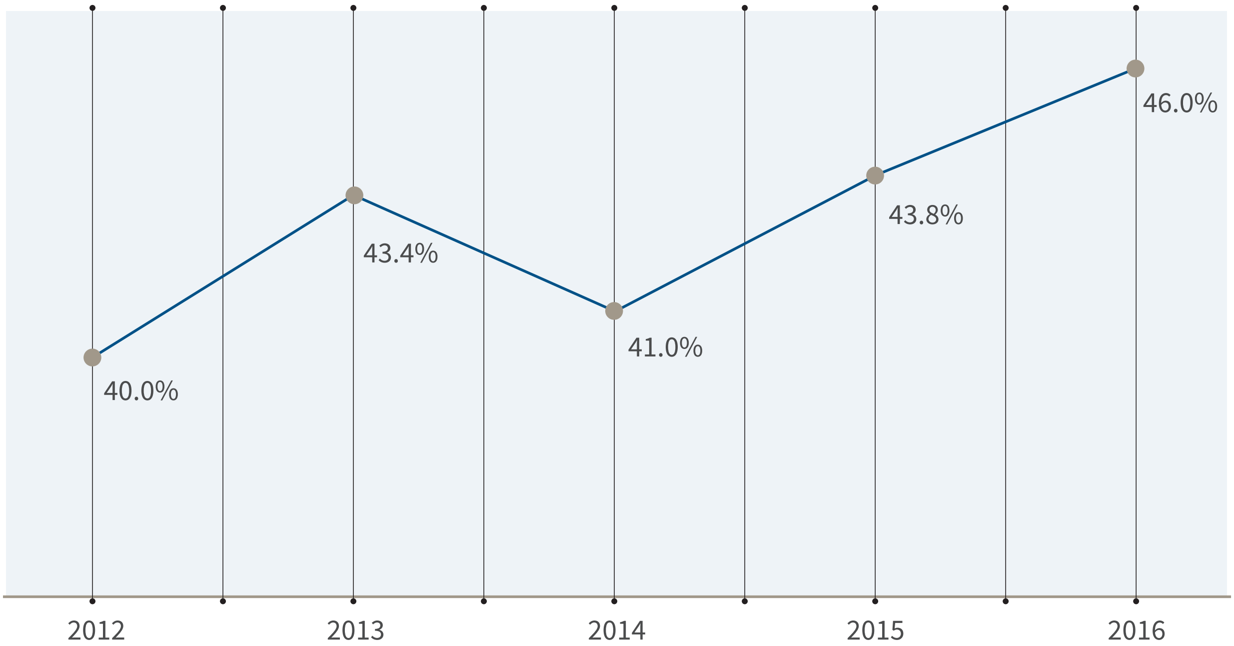
JD Million



Total Operational Costs

Efficiency Ratio (Operational Cost/Gross Income)

This indicator measures the ability of operational costs to generate revenues in a manner that keeps average growth in operating revenues higher than the average growth in operating expenses. A decrease in this indicator denotes the effective management of operating expenses. The graph demonstrates that the Bank manages operating expenses in a highly efficient manner, in spite of the high depreciation and operational costs as a result of the move to the new headquarters building in the middle of 2016, which ensures high levels of revenues. It is noteworthy that the best international banking practices recommend that the average operating efficiency indicator be maintained at about 50%.

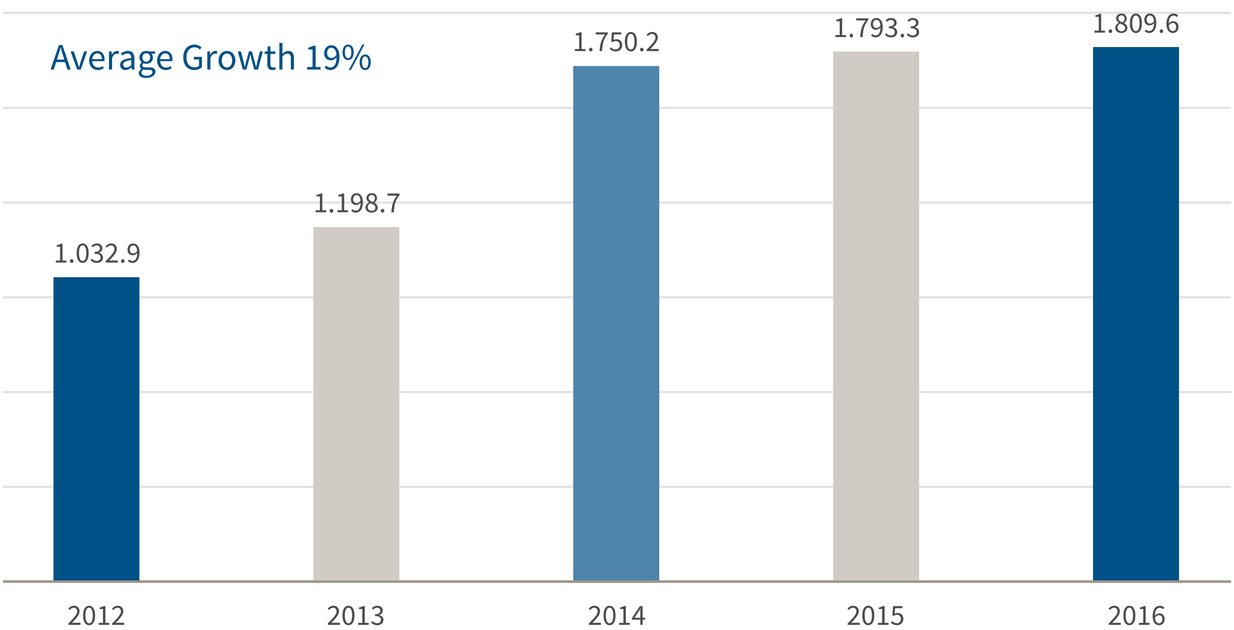


Efficiency Ratio

Steady and Balanced Growth in the Financial Position

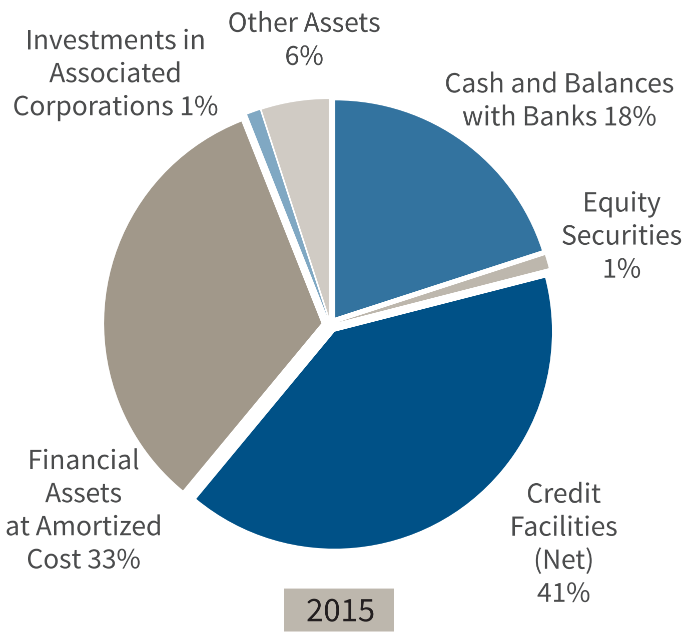
In 2016, assets grew by 0.91%, reaching JD1.81 billion, compared to JD1.79 billion in 2015. This growth was the result of the diversification of sources and investments of funds to ensure rewarding returns for our stakeholders, including shareholders, customers and staff, within calculated and acceptable risk levels, in view of tough economic conditions.

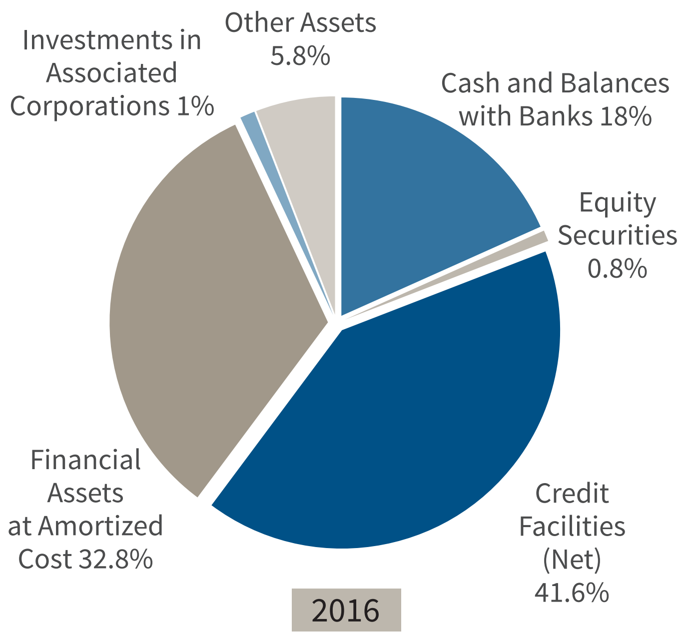
JD Billion



Total Assets

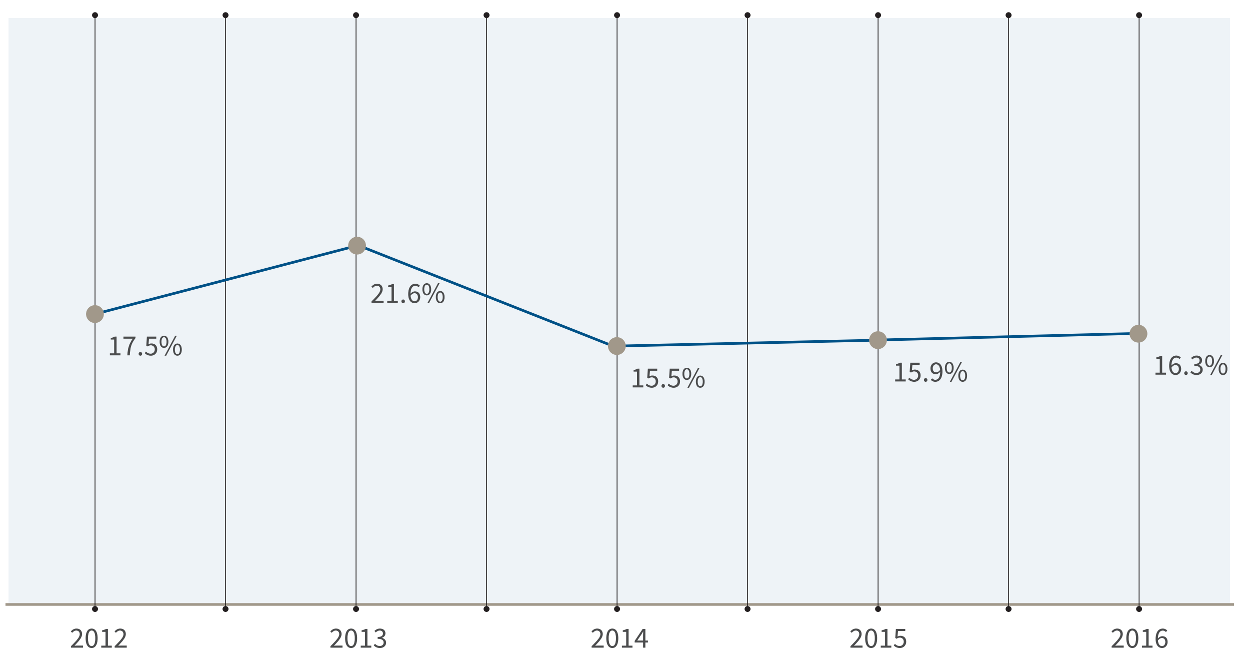
Balanced Composition of Assets Indicates Strong Financial Position





Capital Adequacy

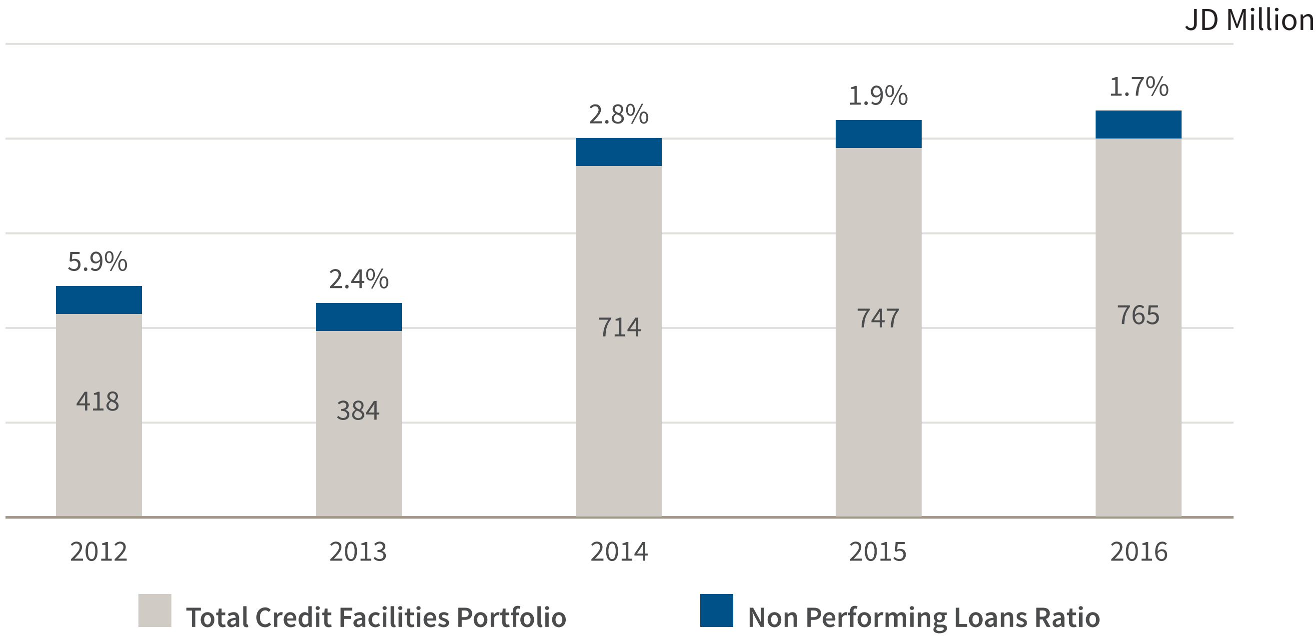
The capital adequacy ratio has significantly surpassed the minimum 8% required by the Basel Committee, as well as the minimum 12% required by the Central Bank of Jordan, reaching 16.3% in 2016, according to the Basel III requirements.



Capital Adequacy Indicator

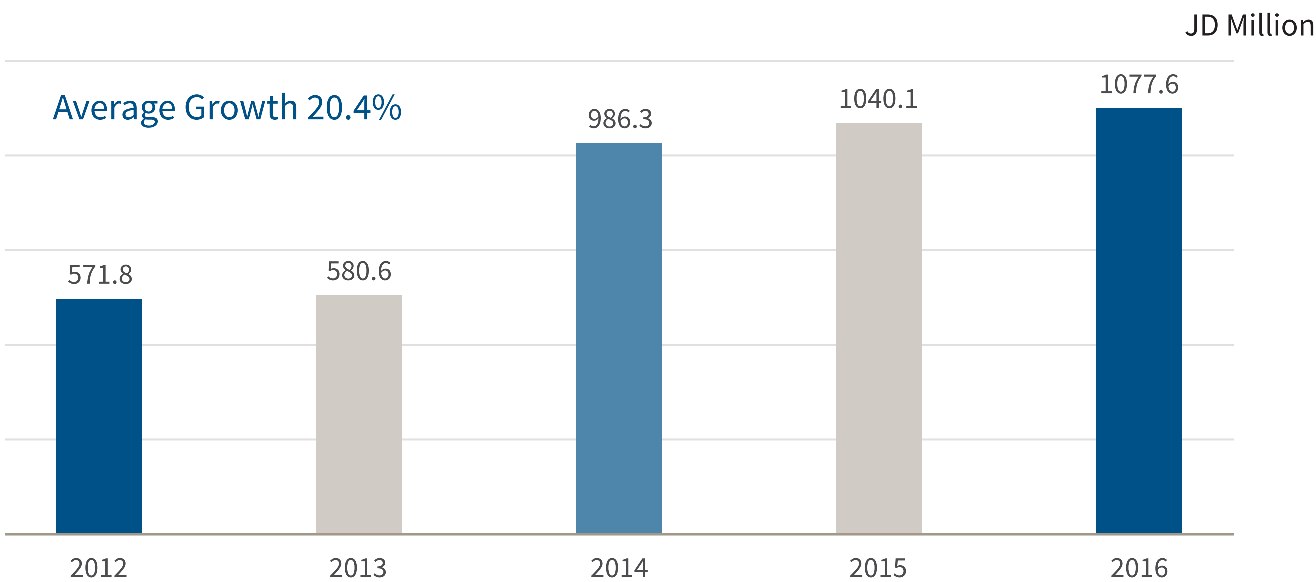
Total Credit Facilities Portfolio

In 2016, the Bank continued exerted efforts to improve the quality of its credit portfolio by implementing two strategic pillars: pursuing a prudent and selective credit policy in granting facilities during these difficult economic conditions, and intensifying its efforts in collecting and processing non-performing loans in a manner that improves their quality. Thanks to these efforts, the total credit facilities portfolio rose to JD765 million, compared to JD747 million at the end of 2015. The percentage of non-performing loans reached 1.66% of total direct credit facilities after deducting suspended interest, compared to 1.9% in 2015. This is ranked as one of the best ratios in the Jordanian banking sector, where the average is 5.5%.



Evolution of Customer's Deposits

Continuous and steady growth rates in customer deposits highlights depositor confidence in the Bank.

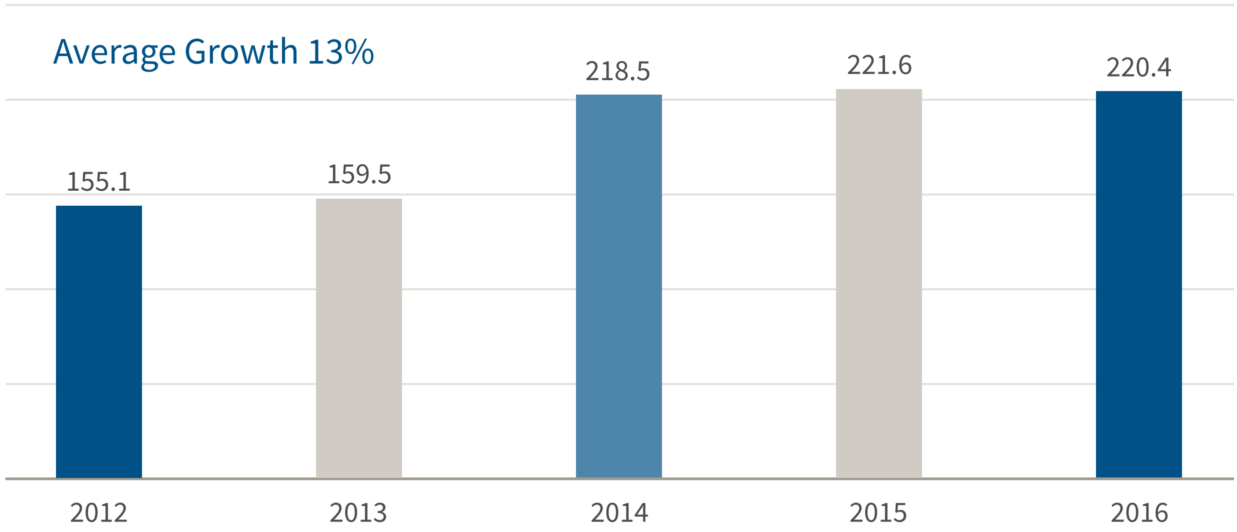


Customers' Deposits

Total Equity

The Bank realized continuing growth of its capital base, placing it within the ranks of well-capitalized and stable financial institutions. Total equity rose to JD220.4 million by the end of 2016.

JD Million



Total Equity

Financial Highlights

	2016	2015
Return on Average Assets (ROaA) before Tax	1.9%	1.9%
Return on Average Assets (ROaA) after Tax	1.3%	1.3%
Return on Average Equity (ROaE) before Tax	15.1%	15.2%
Return on Average Equity (ROaE) after Tax	10.2%	10.5%
Non-Performing Loans /Credit Facilities Portfolio	1.7%	1.9%
Net Credit Facilities / Customers Deposits	69.9%	70.8%
Net Credit Facilities / Total Assets	41.6%	41.1%
Cash and Balances with Banks / Total Assets	18.0%	18.3%
Total Equity / Total Assets	12.2%	12.4%

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Arab Jordan Investment Bank
Public Shareholding Limited Company
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Jordan Investment Bank, and its subsidiaries "the Bank" which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of income and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant to our audit of the consolidated financial statements for the current year. 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.

Adequacy of Credit Facilities Impairment Provision

The provision for credit facilities impairment is significant to the Bank's financial statements. Moreover, its calculation requires making assumptions and management's use of estimates for the drop in credit ratings and un-collectability due to some sectors' deteriorating financial and economic conditions and inadequate guarantees, and the suspension of interest arising from default according to regulatory authorities' instructions. Moreover, the net credit facilities granted by the Bank to customers amounted to JD753 million, representing 41.6 % of total assets as of December 31, 2016.

The nature and characteristics of credit facilities granted to customers do vary from one sector to another, and from one country to another, due to the Bank's geographical deployment. Consequently, the calculation method of the provision for credit facilities impairment varies due to diverse sectors and different risk assessments for those countries, as well as due to their legal and statutory requirements and the requirements of the Central Bank of Jordan.

How Our Audit Addressed the Risk

The performed audit procedures included understanding the nature of credit facilities portfolios, examining the internal control system adopted in granting and monitoring credit, and evaluating the reasonableness of management's estimates of the provision for credit facilities impairment, collection procedures and follow- up, as well as suspension of interest. Furthermore, we reviewed and understood the Bank's policy for calculating the provisions. We also selected and reviewed a sample of performing, watch list, and non-performing credit facilities at the Bank's level as a whole. In addition, we evaluated the factors affecting the calculation of the provision for credit facilities impairment such as evaluating available guarantees and collaterals, customers' financial solvency, management's estimates of expected cash flows, and regulatory authorities' statutory requirements. We also discussed these factors with executive management to verify the adequacy of recorded provisions. Moreover, we re-calculated the provisions to be taken for those accounts and verified suspension of interest on non-performing or defaulted accounts and the Bank's adherence to the regulatory authorities' instructions, requirements and related International Accounting Standard No. (39), and assumptions used for the calculation of the provision for credit facilities impairment.

Meanwhile, we also evaluated disclosure adequacy relating to credit facilities, provision for credit facilities impairment, and risks set out in Note (9).

Investment in Associate and Foreign Currency Translation

The Bank's share is 25% of the net assets at the Jordan International Bank / London and is measured based on the equity method at the date of preparation of the consolidated financial statements according to the latest available financial statements. The foreign currency exchange rate is calculated at the end of each financial period and its impact for the year is reflected on the foreign currencies translation differences shown within the comprehensive income items.

The evaluation process is subject to the estimates on the Bank›s management. Accordingly, it was a key audit matter for our audit.

How Our Audit Addressed the Risk

The performed audit procedures included obtaining the available financial statements to recalculate the value of the investment according to the equity method. Moreover, we compared the management's exchange rates, matched them with the exchange rates of the Central Bank of Jordan, and calculated foreign currencies translation differences shown within the shareholders equity items.

We also evaluated disclosure adequacy relating to the associate company and the foreign currencies differences stated in Note (11) and (24).

Financial Assets at Amortized Cost

The Bank holds financial assets at amortized cost of JD594 million, representing 32.8 % of total assets as of December 31, 2016. Moreover, the Bank should measure the impairment in their value through comparing the recorded value to their fair value.

Fair value determination of financial assets requires the Bank's management to make several judgments and assessments and to rely on non-listed prices input. Consequently, management's fair value estimation of these assets was significant to our audit.

How Our Audit Addressed the Risk

Audit procedures included evaluating internal procedures relating to determination of the fair value of financial assets at amortized cost and examination of their efficiency. Moreover, these estimates have been compared to the requirements of International Financial Reporting Standards and discussed in light of available information.

The audit procedures also included evaluating the adopted methodology, appropriateness of evaluation models, and input used to determine the fair value of financial assets at amortized cost. They also included reviewing the reasonableness of the most significant input in the evaluation process through reviewing investee companies' financial statements or obtaining secondary market prices as well as other reviewed input.

We also evaluated disclosure adequacy relating to the fair value of non-current financial assets set out in Note (10) and (46).

Other Information

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor›s report thereon, which is expected to be made available to us after the date of our audit report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 procedures.

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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.

Deloitte & Touche

Amman – Jordan
February 7, 2017

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

ARAB JORDAN INVESTMENT BANK - (A PUBLIC SHAREHOLDING LIMITED COMPANY) AMMAN - JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Notes	December 31,	
		2016	2015
		JD	JD
Cash and balances at Central Bank of Jordan	4	73,679,105	100,001,517
Balances at banks and financial institutions	5	224,106,568	206,225,447
Deposits at banks and financial institutions	6	27,312,114	22,021,783
Financial Assets at fair value through Profit or Loss	7	223,760	65,647
Financial Assets at fair value through Comprehensive Income	8	15,066,496	14,582,937
Direct credit facilities - net	9	753,206,802	736,572,470
Financial Assets at Amortized Cost - net	10	594,028,333	588,563,087
Investment in associate company	11	17,376,287	19,680,613
Property and equipment – net	12	65,692,484	62,401,516
Intangible assets - net	13	1,688,482	2,027,833
Deferred tax assets	19-D	936,420	865,071
Other assets	14	36,267,905	40,198,947
Total Assets		1,809,584,756	1,793,206,868
Liabilities and Equity			
Liabilities:			
Banks and financial institutions' deposits	15	420,474,428	435,805,812
Customers' deposits	16	1,077,556,467	1,040,099,945
Cash margins	17	62,460,574	65,764,046
Sundry provisions	18	1,984,077	1,720,199
Income tax provision	19-A	9,975,825	9,509,374
Other liabilities	20	16,719,105	18,698,521
Total Liabilities		1,589,170,476	1,571,597,897
Equity:			
Equity attributable to Bank's shareholders			
Paid-up capital	21	150,000,000	150,000,000
Share issuance premium	22	1,418,000	1,418,000
Statutory reserve	23	26,957,710	23,917,637
General banking risks reserve	23	5,788,551	5,788,551
Foreign currency translation adjustments	24	(4,178,654)	(754,742)
Fair value reserve – net after tax	25	(1,429,227)	(1,017,821)
Retained earnings	26	20,603,714	20,747,416
Total Equity attributable to the Bank's shareholders		199,160,094	200,099,041
Non – controlling interest	28	21,254,186	21,509,930
Total Equity		220,414,280	221,608,971
Total Liabilities and Shareholders' Equity		1,809,584,756	1,793,206,868

The accompanying notes from (1) to (49) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK - (A PUBLIC SHAREHOLDING LIMITED COMPANY) AMMAN - JORDAN

CONSOLIDATED STATEMENT OF INCOME

	Notes	For the Year Ended December 31,	
		2016	2015
		JD	JD
Interest income	29	78,139,623	83,140,906
Interest expense	30	(27,835,611)	(31,137,149)
Net Interest Income		50,304,012	52,003,757
Commissions and fees income - Net	31	8,061,629	9,465,059
Net Interest and Commissions Income		58,365,641	61,468,816
Foreign currencies income	32	3,905,020	4,440,807
(Loss) from financial assets at fair value through profit or Loss	33	(145,095)	(37,785)
Cash dividends from financial assets at fair value through comprehensive income	34	436,622	367,233
Other income	35	4,518,123	2,262,261
Total Income		67,080,311	68,501,332
Employees expenses	36	17,138,820	16,106,060
Depreciation and amortization	12&13	2,607,462	1,889,271
Other expenses	37	11,396,488	12,470,450
Provision for impairment of direct credit facilities	9	2,068,886	4,750,000
Sundry provisions	10,14 & 18	956,526	850,477
Total Expenses		34,168,182	36,066,258
(Loss) from the sale of a subsidiary company	2	(557,650)	-
Bank's Share in the income of subsidiaries	11	1,119,586	1,039,575
Profit before income tax		33,474,065	33,474,649
Income tax expense	19-B	(10,835,765)	(10,289,619)
Profit for the Year		22,638,300	23,185,030
Attributable to:			
Bank's Shareholders		21,006,184	21,314,142
Non – controlling Interest		1,632,116	1,870,888
		22,638,300	23,185,030
		JD/Fils	JD/Fils
Basic and diluted earnings per share	38	0.140	0.142

The accompanying notes from (1) to (49) constitute an integral part of these statements and should be read with them.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Profit for the year	22,638,300	23,185,030
Comprehensive Income Items:		
Foreign Currency translation adjustments - Associate Company (Convertible)	(3,423,912)	(803,469)
Cumulative change in fair value - net after tax (Non-Convertible)	(562,450)	122,025
(Loss) gain from the sale of financial assets through Comprehensive Income (Non-Convertible)	(10,011)	51,211
	(3,996,373)	(630,233)
Total Comprehensive Income for the year	18,641,927	22,554,797
Total Comprehensive Income Attributable to:		
Bank's Shareholders	17,045,428	20,860,666
Non - Controlling Interest	1,596,499	1,694,131
	18,641,927	22,554,797

The accompanying notes from (1) to (49) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK - (A PUBLIC SHAREHOLDING LIMITED COMPANY) AMMAN - JORDAN

CONSOLIDATED STATEMNET OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-up Capital	Share Issuance Premium	Reserves		Foreign Currency Translation Adjustments	Fair Value Reserve - Net after Tax ****	Retained Earnings***	Total Shareholders' Reserves Equity	Non - Controlling Interest	Total Equity
			Statutory Reserve	General Banking Risks Reserve**						
For the Year Ended December 31, 2016	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	150,000,000	1,418,000	23,917,637	5,788,551	(754,742)	(1,017,821)	20,747,416	200,099,041	21,509,930	221,608,971
Profit for the year	-	-	-	-	-	-	21,006,184	21,006,184	1,632,116	22,638,300
Cumulative change in fair value - net after tax	-	-	-	-	-	(526,833)	-	(526,833)	(35,617)	(562,450)
Gain from sale financial assets through comprehensive income	-	-	-	-	-	115,427	(125,438)	(10,011)	-	(10,011)
Foreign currency translation adjustments associate company	-	-	-	-	(3,423,912)	-	-	(3,423,912)	-	(3,423,912)
Total Comprehensive Income	-	-	-	-	(3,423,912)	(411,406)	20,880,746	17,045,428	1,596,499	18,641,927
Dividends paid *	-	-	-	-	-	-	(18,000,000)	(18,000,000)	-	(18,000,000)
Transfer to statutory reserves	-	-	3,052,573	-	-	-	(3,052,573)	-	-	-
Effect of the sale of a subsidiary company	-	-	(12,500)	-	-	-	28,125	15,625	(28,125)	(12,500)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,824,118)	(1,824,118)
Balance - End of the Year	150,000,000	1,418,000	26,957,710	5,788,551	(4,178,654)	(1,429,227)	20,603,714	199,160,094	21,254,186	220,414,280
For the Year Ended December 31, 2015										
Balance - beginning of the year	150,000,000	1,418,000	20,973,655	5,753,170	48,727	(1,321,657)	20,366,480	197,238,375	21,307,886	218,546,261
Income for the year	-	-	-	-	-	-	21,314,142	21,314,142	1,870,888	23,185,030
Cumulative change in fair value - net after tax	-	-	-	-	-	298,782	-	298,782	(176,757)	122,025
Gain from sale financial assets through comprehensive income	-	-	-	-	-	5,054	46,157	51,211	-	51,211
Foreign currency translation adjustments associate company	-	-	-	-	(803,469)	-	-	(803,469)	-	(803,469)
Total Comprehensive Income	-	-	-	-	(803,469)	303,836	21,360,299	20,860,666	1,694,131	22,554,797
Dividends paid *	-	-	-	-	-	-	(18,000,000)	(18,000,000)	-	(18,000,000)
Transfer to statutory reserves	-	-	2,943,982	-	-	-	(2,943,982)	-	-	-
General banking risks reserve	-	-	-	35,381	-	-	(35,381)	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,492,087)	(1,492,087)
Balance - End of the Year	150,000,000	1,418,000	23,917,637	5,788,551	(754,742)	(1,017,821)	20,747,416	200,099,041	21,509,930	221,608,971

* According to the resolution of the Bank's General Assembly meeting held on April 27, 2016 it was approved to distribute 12% of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 18 million.

In accordance to the instructions of the regulatory authorities

** The general banking risk reserve cannot be utilized without the approval of the Central Bank of Jordan.

*** Retained earnings include a restricted amount of JD 936,420 against deferred tax benefits as of December 31, 2016. This restricted amount cannot be utilized through capitalization or distribution unless actually realized in accordance to the Central Bank of Jordan regulations.

**** The negative fair value reserve which amounts to JD 1,429,227 cannot be utilized through capitalization, distribution or any other way unless realized from the actual sales transactions in accordance to the Central Bank of Jordan regulations.

The accompanying notes from (1) to (49) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK - (A PUBLIC SHAREHOLDING LIMITED COMPANY) AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the year ended December 31,	
		2016	2015
		JD	JD
Cash Flows From Operating Activities			
Profit before income tax		33,474,065	33,474,649
Adjustments for:			
Depreciation and amortization	12 & 13	2,607,462	1,889,271
Provision for impairment of direct credit facilities	9	2,068,886	4,750,000
Unrealized loss on financial assets at fair value through profit or loss	33	41,036	9,813
Provision for end-of-service indemnity	18	420,026	489,477
Provision for assets seized by the Bank	14	500,000	326,000
Provision for financial assets at fair value	10	36,500	-
Sundry provisions	18	-	35,000
Gain from the sale of property and equipment	35	(628,402)	(35,998)
Loss from the sale of a subsidiary company	2	557,650	-
Effect of exchange rate fluctuations on cash and cash equivalents	32	(171,599)	(304,057)
Bank's share from (gain) of investment in associate company	11	(1,119,586)	(1,039,575)
Profit before Changes in Assets and Liabilities		37,786,038	39,594,580
Changes in Assets and Liabilities:			
Decrease in deposits with the central bank (maturing over 3 months)		-	21,100,000
(Increase) in deposits with banks and other financial institutions (maturing over 3 months)		(5,290,331)	(2,096,619)
(Increase) in financial assets at fair value through profit or loss		(199,149)	(32,262)
(Increase) in direct credit facilities		(18,703,218)	(43,238,262)
Decrease (Increase) in other assets		3,431,042	(6,184,607)
(Decrease) increase in banks and financial institutions deposits (maturing over 3 months)		(63,720,000)	53,085,000
Increase in customers' deposits		37,456,522	53,799,889
(Decrease) increase in cash margins		(3,303,472)	1,933,951
(Decrease) increase in other liabilities		(1,114,957)	5,614,829
Net Change in Assets and Liabilities		(51,443,563)	83,981,919
Net Cash Flows (used in) from Operating Activities before Taxes		(13,657,525)	123,576,499
Provisions paid	18	(156,148)	(380,167)
Income tax paid	19	(10,440,663)	(10,945,934)
Net Cash Flows (used in) from Operating Activities		(24,254,336)	112,250,398
Cash Flows From Investing Activities:			
Proceeds from the sale of a subsidiary company	2	106,200	-
Investment in associate company	11	-	(2,633,225)
(Purchase) of financial assets at amortized cost - net		(5,501,746)	(10,071,846)
(Purchase) Sale of financial assets at fair value through other comprehensive income		(1,095,579)	470,016
(Purchase) of property and equipment	12	(6,181,321)	(14,496,579)
Sale of property and equipment		1,116,655	36,000
(Purchase) of intangible assets	13	(474,677)	(947,808)
Net Cash Flows (used in) Investing Activities		12,030,468	(27,643,442)
Cash Flows From Financing Activities:			
(Decrease) in borrowed funds from the Central Bank of Jordan		-	(37,500,000)
Change in non–controlling interest		(1,852,243)	(1,492,087)
Dividends paid to shareholders		(18,864,459)	(19,402,217)
Net Cash Flows (used in) Financing Activities		(20,716,702)	(58,394,304)
Net (Decrease) Increase in Cash and Cash Equivalents		(57,001,506)	26,212,652
Effect of exchange rate fluctuations on cash and cash equivalents	32	171,599	304,057
Cash and cash equivalent - beginning of the year		(65,858,848)	(92,375,557)
Cash and Cash Equivalent - end of the year	39	(122,688,755)	(65,858,848)

The accompanying notes from (1) to (49) constitute an integral part of these statements and should be read with them.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

- The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman – Jordan, On January 1, 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No, (22) for the year 1997. Moreover the Bank's authorized and paid-up capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each.

- The Bank is engaged in commercial banking activities through its (33) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Jordan and Qatar (Arab Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage).

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

- The consolidated financial statements have been approved by the Board of Directors in its meeting held on January 26, 2017 and are subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

- The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee stemming from the International Accounting Standards Board and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

- The consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and Loss and financial assets at fair value through Comprehensive Income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements, Moreover hedged assets and liabilities are stated at fair value.

- The consolidated financial statements are presented in Jordanian Dinar (JD) which is the base currency of the Bank.

Changes in Accounting Policies

- The accounting policies for the current year are consistent with those adopted in the year ended December 31, 2015 except for the effect of adoption of the new and modified standards as in note (49-A) below.

Basis of Consolidation

- The consolidated financial statements incorporate the financial statements of the Bank and the subsidiaries controlled by it and under its control. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from its activities. All intra-group transactions balances income and expenses are eliminated in full.

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

- The subsidiary companies results are consolidated in the consolidated income statement from the date of the acquisition, which is the date when the bank have the actual control over the subsidiary.

- Non-controlling interest represents the portion that is not owned by the bank in the owner's equity in the subsidiary companies.

- As of December 31, 2016, the Bank owns the following subsidiaries:

Company's Name	Ownership Percentage	Company's Paid-up Capital Equivalent JD	Headquarter	Date of Incorporated	Company's Objectives
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	Amman-Jordan	February 5, 2002	Financial Brokerage
Arab Jordan Invest Bank / Qatar	50% + two shares	35,450,000	Doha-Qatar	January 5, 2005	Bank Activity

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage		Arab Jordan Invest Bank / Qatar	
	December 31,		December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
Total assets	2,344,150	3,345,168	232,208,146	257,844,179
Total liabilities	121,774	407,493	189,699,769	214,983,802
Equity	2,222,376	2,937,675	42,508,377	42,860,377
	For the Year Ended December 31,		For the Year Ended December 31,	
	2016	2015	2016	2015
	JD	JD	JD	JD
Total revenue	75,578	788,489	8,162,039	8,854,515
Total expenses	745,898	756,010	4,897,805	5,215,977

United Arab Jordan for Investment and Financial Brokerage Company sold all of its shares in Arab Advisors Company which represents 55% of the total shares for an amount of JD 106,200 which resulted in a loss from the sale amounted JD 557,650.

The legal transfer procedures with the Companies Control Department were completed on August 8, 2016, therefore the financial statements of Arab Advisors Company were not included in the consolidated financial statements for the year ended December 31, 2016, noting that the comparative figures has not been changed due to the fact that the company lost control over the financial and operational policies during the year ended December 31, 2016. Total assets of Arab Advisors Company amounted to JD 375,005, total liabilities amounted to JD 197,798, and total owner's equity amounted to JD 177,207 as of December 31, 2015. In addition, total revenue amounted to JD 664,824 and total expenses amounted to JD 550,117 for the year ended December 31, 2015.

Segmental Information

- Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, which were measured according to the reports used by the General Manager and the Bank's decision maker.

- Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Direct Credit Facilities

- Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets, which are measured at amortized cost.

- A provision for the impairment in direct credit facilities is recognized when the bank can't recover its overdue amounts and when there is an evidence that the future cash flows of the direct credit facilities have been negatively impacted by an event and the impairment loss can be estimated and recorded in the consolidated statement of income.

- Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the regulatory authorities whichever is more conservative in countries where the bank has its branches or subsidiaries.

- When direct credit facilities are uncollectible they are written off against the provision account, any surplus in the provision is reversed through the consolidated statement of income, and subsequent recoveries of amounts previously written off are credited to revenue.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements.

In case 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 present value of expected future cash flows for similar instruments.

- Adoption of the option pricing models.

- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aims to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Investments in Associates

An associate company is the company whereby the bank exercises effective influence over their decisions related to financial and operational policies without control, with the bank owning from 20% to 50% of the voting rights, and is stated in accordance to the equity method.

Revenues and expenses resulting from transactions between the bank and the associate companies are eliminated according to the bank's ownership percentage in these companies.

Financial Assets at Amortized Cost

- Are the assets that the bank's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

- Financial assets are recorded at cost upon purchase plus acquisition expenses, Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the in ability 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 impairment loss recognised at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discount at the original effective interest rate.

- It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (and if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in an separated disclosure and note about it according to the International Financial Reporting Standards in specific).

Financial Assets at Fair Value through Profit or Loss

- It is the financial assets purchased by the bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short-term market prices 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 in the consolidated statement of income upon acquisition) and subsequently measured in 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 or part of them 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 Standard.

Financial Assets at Fair Value through Comprehensive Income

- These financial assets represents the investments in equity instruments held for the long term.
- These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity and the balance of the revaluation 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 these assets.
- Dividends are recorded in the consolidated statement of income.

Impairment in Financial Assets

The bank reviews the value 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 so as to determine the impairment loss.

Impairment is determined as follows:

- The impairment in the financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in the financial assets at cost is determined by the difference between book value and the present value of the expected future cash flows discounted in effective market price on any other similar financial assets.
- Impairment is recorded in the consolidated statement of income as does any surplus that occurs in subsequent years that is due to a previous impairment of the financial assets in the consolidated statement of income.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, Moreover Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Buildings	2
Equipment furniture and fixtures	9 - 15
Vehicles	20
Computer	12 – 15
Others	2 - 12

- When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is 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 estimates.

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

Intangible Assets

A. Goodwill

- Goodwill is recognized at cost and represents the excess of the acquisition costs or investment costs in an affiliate or a subsidiary over the net assets fair value of the affiliate or subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognized as a separate item in intangible assets. Later on, goodwill will be reviewed and reduced by any impairment amount.

- Goodwill is allocated to cash generating unit(s) to test impairments in its value.

- Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value, and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognized in the consolidated statement of income.

B. Other Intangible assets

- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other 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 recorded in the consolidated statement of income.

- No capitalization of intangible assets resulting from the banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

- 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 periods.

- The intangible assets appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using a percentage of 25 % annually.

Provisions

Provisions are recognized when the bank has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation is probable and can be reliably measured.

Provision for employees' end-of-service indemnity

The required provision for end-of-service indemnity for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount, Indemnities paid in excess of the provision is taken to the consolidated statement of income upon payment while the required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income.

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 non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent year's accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

- 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 tax assets are recognized.

- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

Capital Cost of Issuing or Buying the Bank's Shares

Cost arising from the issuance or purchase of the bank's shares are charged to retained earnings (net of the tax effect of these costs if any). If the shares issuance or purchase process is incomplete these costs are recorded as expenses in the consolidated statement of income.

Accounts Managed on Behalf of Customers

These represent the accounts managed by the bank on behalf of its customers but do not represent part of the bank's assets. The fees and commissions on such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Bank intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Realization of Income and Recognition of Expenses

- Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities which are not recognized as income and are recorded in the interest and commissions in suspense account.

- Expenses are recognised according to the accrual basis.

- Commission is recorded as revenue when the related services are provided. Moreover dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Recognition of Financial Assets Date

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the bank commits itself to purchase or sell the asset).

Hedge Accounting and Financial Derivatives

Financial Derivatives for Hedging:

For the purpose of hedge accounting the financial derivatives appear at fair value.

Fair Value Hedges

- A fair value hedge is a hedge against the exposure to changes in the fair value of the bank's recognised assets or liabilities, When the conditions of an effective fair value hedge are met the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognised in the consolidated statement of income.

- When the conditions of an 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 income statement for the same year.

Cash flow Hedges:

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

- When the conditions of an effective cash flow hedge are met the gain or loss of the hedging instruments is recognized in the statement of comprehensive income and owner's 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.

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

- Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner's equity in the consolidated statement of financial position.

Assets Seized by the Bank against Due Debts

Assets that have been the subject of foreclosure by the bank are shown under "other assets" at the acquisition value or fair value whichever is lower. As of the consolidated statement of financial position date these assets are revalued individually at fair value, any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the bank's consolidated financial statements due to the bank's continuing exposure to the risks and rewards of these assets using the same accounting policies, (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral), The proceeds of the sale are recorded under loans and borrowings, The difference between the sale and repurchase price is recognised as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the bank's consolidated financial statements since the bank is not able to control these assets and since any risks and benefits do not accrue to the bank when they occur. The related payments are recognised as part of deposits at banks and financial institutions or direct credit facilities as applicable Moreover the difference between the purchase and resale price is recognised in the consolidated statement of income over the agreement term using the effective interest method.

Foreign Currencies

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

- 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 for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

- When consolidating the financial statements assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan, Revenue and expense items are translated using the average exchange rates during the year and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity, In case of selling one of the subsidiaries or branches the related amount of exchange difference is booked in revenues/expenses in the consolidated statement of income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months less balances due to banks and financial institutions maturing within three months and restricted funds.

3. Accounting Estimates

Management through applying the accounting policies uses assumptions and estimates with material impacts on the recognition of the balances recorded in the consolidated financial statements, which the management believes is sufficient the details are as follows:

- A provision for credit facilities is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the instructions of the central banks where the bank branches operate, the strictest outcome that conforms to (IFRSs) is used for the purpose of determining the provision.

- 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 impairment in their value, Impairment loss (if any) is taken to the consolidated statement of income.

- Impairment for assets seized by the Bank is recorded depending on a new valuation approved by certified valuators for the purpose of calculating impairment and it is assessed on an ongoing basis. And starting from the year 2015 the Bank has started to book a provision for assets seized by the Bank from due debts and which has been seized for more than four years in accordance to the Central Bank of Jordan publication 10/1/6740 dated on March 27, 2014.

- A provision for lawsuits raised against the bank (if there is any need) is recorded based on a legal study prepared by the bank's legal advisor, moreover the study highlights any potential risks that the Bank may encounter in the future, and such legal assessments are reviewed periodically.

- A provision for income tax is recorded on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year.

- Fair value hierarchy
  The bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements is assessing whether inputs are observable and whether the unobservable inputs are significant may require judgement and a careful analysis of the inputs used to measure fair value including consideration of factors specific to the assets or liability.

In the opinion of the Bank's management the accounting estimates used within the consolidated financial statements are reasonable.

4. Cash and Balances at the Central Bank of Jordan

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash in vaults	15,338,455	16,394,384
Balances at Central Bank of Jordan:		
Statutory cash reserve	50,340,650	63,707,133
Certificates of deposit *	8,000,000	19,900,000
Total	73,679,105	100,001,517

- Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of December 31, 2016 and 2015.

* There are no certificated of deposit maturing within a period exceeding three months as of December 31, 2016 and 2015.

5. Balances at Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Current and Call accounts	134,579	136,430	53,992,274	49,463,246	54,126,853	49,599,676
Deposits maturing within 3 months	37,876,118	65,504,897	132,103,597	91,120,874	169,979,715	156,625,771
Total	38,010,697	65,641,327	186,095,871	140,584,120	224,106,568	206,225,447

- The balances at banks and financial institutions that bears no interest amounted to JD 54,125,501 as of December 31, 2016 (JD 49,599,676 as of December 31, 2015).

- There are no restricted balances at banks and financial institutions as of December 31, 2016 and 2015.

6. Deposits at Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 to 6 months	8,508,000	-	6,558,873	6,664,144	15,066,873	6,664,144
Deposits maturing from 6 to 9 months	-	-	8,772,561	2,099,362	8,772,561	2,099,362
Deposits maturing from 9 months to one year	-	-	-	2,748,077	-	2,748,077
Deposits maturing in more than one year	3,472,680	-	-	10,510,200	3,472,680	10,510,200
Total	11,980,680	-	15,331,434	22,021,783	27,312,114	22,021,783

- There are no restricted deposits at banks and financial institutions as of December 31, 2016 and 2015.

7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Listed stocks in active markets	223,760	65,647
Total	223,760	65,647

8. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Listed stocks in active markets	13,782,864	13,274,020
Unlisted stocks in active markets *	1,283,632	1,308,917
Total	15,066,496	14,582,937

* The latest available audited financial statements issued by the investee companies has been used to evaluated the financial assets that are not listed in active markets. We believe that there is no need to book any impairment for these investments.

- Cash dividends on the investments above amounted to JD 436,622 for the year ended December 31, 2016 (JD 367,233 for the year ended December 31, 2015).

9. Direct Credit Facilities – Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Individual (Retail):		
Loans	92,248,503	94,935,969
Credit cards	11,273,210	12,277,638
Real-estate Loans	97,906,564	102,662,140
Large companies		
Loans *	217,137,484	197,949,881
Overdraft accounts	112,685,776	63,933,434
Small and medium companies		
Loans *	32,065,663	36,032,146
Overdraft accounts	12,399,580	9,358,529
Government & public sector	189,737,076	230,206,761
Total	765,453,856	747,356,498
Deduct: Provision for impairment of direct credit facilities	(10,236,282)	(9,130,372)
Deduct: Suspended interest	(2,010,772)	(1,653,656)
Net Credit Facilities	753,206,802	736,572,470

* Net after deducting interests and commission received in advance.

- Non-performing credit facilities amounted to JD 14,095,395 representing 1.84% of direct credit facilities balance as of December 31, 2016 (JD 15,908,123 representing 2.13% of the granting balance for the previous year).

- Non-performing credit facilities net of interest in suspense amounted to JD 12,667,048 representing 1.66% of direct credit facilities balance net of interest in suspense (JD 14,509,141 representing 1.94% for the previous year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 163,263,623 representing 21.33% of total direct credit facilities (JD 201,289,168 representing 26.93% for the previous year).

Provision for impairment of direct credit facilities

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

	Individuals	Real-estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2016	JD	JD	JD	JD	JD
Balance – beginning of the year	2,675,220	1,353,720	1,064,000	4,037,432	9,130,372
Provision for the year taken from revenues	209,970	746,716	-	1,112,200	2,068,886
Used during the year	-	(24,248)	-	-	(24,248)
Transfer to off-statement of financial position accounts*	(615,013)	(17,812)	-	(305,903)	(938,728)
Balance – End of the Year	2,270,177	2,058,376	1,064,000	4,843,729	10,236,282
Provision on a single client basis	1,991,695	1,987,424	1,064,000	3,262,264	8,305,383
Provision for watch-list debts on a portfolio basis	278,482	70,952	-	1,581,465	1,930,899
	2,270,177	2,058,376	1,064,000	4,843,729	10,236,282

	Individual	Real-estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2015	JD	JD	JD	JD	JD
Balance – beginning of the year	5,417,683	1,392,898	1,064,000	5,143,478	13,018,059
Provision for the year taken from revenues	1,421,017	1,073,340	-	2,255,643	4,750,000
used during the year	-	-	-	(304,268)	(304,268)
Transfer to off-statement of financial position accounts*	(4,163,480)	(1,112,518)	-	(3,057,421)	(8,333,419)
Balance – End of the Year	2,675,220	1,353,720	1,064,000	4,037,432	9,130,372
Provision on a single client basis	2,584,959	1,265,217	1,064,000	3,372,886	8,287,062
Provision for watch-list debts on a portfolio basis	90,261	88,503	-	664,546	843,310
	2,675,220	1,353,720	1,064,000	4,037,432	9,130,372

* There are direct credit facilities with a balance of JD 62,164,887 and interest in suspense of JD 16,146,179 with a provision of JD 45,133,534 and cash margins of JD 885,174 as of December 31, 2016 (Non-performing credit facilities have a balance of JD 79,728,622 and it's suspended interests JD 13,475,516 and a provision JD 64,838,479 and cash margins JD 1,414,627 as of December 31, 2015) that have been recorded within off–statement of financial position account as per the board of directors decision as these credit facilities are fully covered as of the date of the consolidated financial statements.

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 2,448,277 for the year ended December 31, 2016 (JD 1,605,432 as of December 31, 2015).

Interest in suspense:

The following is the movement on the interest in suspense:

	Individual	Real-estate Loans	Large Companies	Small and medium Companies	Total
For the Year Ended December 31, 2016	JD	JD	JD	JD	JD
Balance – beginning of the year	225,345	629,180	-	799,131	1,653,656
Add: Interest suspended during the year	355,528	425,256	-	303,110	1,083,894
Less: Interest in suspense reversed to revenues	(51,555)	(118,150)	-	(9,087)	(178,792)
Less: Interest in suspense transferred to off - statement of financial position accounts	(275,822)	(148,492)	-	(85,517)	(509,831)
Less: Interest in suspense written off	-	(38,155)	-	-	(38,155)
Balance - End of the Year	253,496	749,639	-	1,007,637	2,010,772

	Individual	Real-estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2015	JD	JD	JD	JD	JD
Balance – beginning of the year	1,592,317	809,428	-	181,799	2,583,544
Add: Interest suspended during the year	1,514,363	669,371	-	696,967	2,880,701
Less: Interest in suspense reversed to revenues	(415,080)	(469,390)	-	(50,620)	(935,090)
Less: Interest in suspense transferred to off - statement of financial position accounts	(2,466,255)	(380,229)	-	(8,460)	(2,854,944)
Less: Interest in suspense written off	-	-	-	(20,555)	(20,555)
Balance - End of the Year	225,345	629,180	-	799,131	1,653,656

10. Financial Assets at Amortized Cost - Net

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Financial Assets with Market Price:		
Governmental Treasury bonds	555,171,529	534,249,022
Bonds guaranteed by other government	4,286,146	4,983,462
Companies bonds	34,607,158	49,330,603
	594,064,833	588,563,087
Less: Impairment	(36,500)	-
Total Financial Assets with market price	594,028,333	588,563,087

Bonds Analysis:

	December 31,	
	2016	2015
	JD	JD
Financial assets at fixed rate of return	594,028,333	588,430,149
Financial assets at variable rate of return	-	132,938
	594,028,333	588,563,087

11. Investment in Associate Company

The following is the movement on the investment in the associate company:

	For the Year ended December 31,	
	2016	2015
	JD	JD
Balance at the beginning of the year	19,680,613	16,811,282
Additions	-	2,633,225
The Bank's share in the associate company's gain	1,119,586	1,039,575
Foreign currency translation adjustment	(3,423,912)	(803,469)
Balance at the End of the Year	17,376,287	19,680,613

- On September 22, 2010 it was agreed with the Central Bank of Jordan that the Arab Jordan Investment Bank would buy a portion of the shares of Jordanian banks investing in the Jordan International Bank /London, Moreover the Bank has bought additional shares during the year 2010 so as for its share to reach 22,86%, Moreover during April 2013 the bank has increased its share percentage by buying more shares reaching a 25% share percentage.

- During April 2015 Jordan International Bank / London increased its capital by GBP 10,000,000 where the bank's share amounted to GBP 2,500,000 (equivalent to JD 2,633,225 at that time).

- The Bank's right to vote on the General Assembly's decisions regarding this investment is based on the ownership percentage in the investment.

- The Bank's share in the associate company's assets liabilities and revenues is as follows:

	December 31,	
	2016	2015
	JD	JD
Total assets	362,225,170	408,839,423
Total liabilities	292,720,023	330,116,971
Net Assets	69,505,147	78,722,452
The Bank's Share in Net Assets	17,376,287	19,680,613
Net Income for the year	4,478,344	4,158,300
The Bank's share in net income for the year	1,119,586	1,039,575

- The Bank's share of 25% in the assets and liabilities and net profit of Jordan International Bank / London has been calculated for the year 2016 (as shown above) according to the latest financial statements available on December 31, 2016.

12. Property and Equipment - Net

This item consists of the following :

For the year-ended December 31, 2016	Land	Buildings	Equipment Furniture and Fixtures	Vehicles	Computers	Others	Payments to Acquire Property and Equipment	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance – beginning of the year	17,898,351	5,150,446	9,992,807	1,432,093	2,845,032	5,245,221	33,582,454	76,146,404
Additions	226,689	233,790	264,750	92,512	163,317	50,809	5,149,454	6,181,321
Transfers*	-	31,381,383	4,095,182	-	1,903	1,914,820	(37,850,188)	(456,900)
Disposals	(213,180)	(296,541)	(284,404)	(95,435)	(90,204)	(140,890)	-	(1,120,654)
Balance – End of the Year	17,911,860	36,469,078	14,068,335	1,429,170	2,920,048	7,069,960	881,720	80,750,171
Accumulated depreciation :								
Balance – beginning of the year	-	1,119,880	6,711,753	927,664	1,824,123	3,161,468	-	13,744,888
Depreciation for the year	-	450,425	656,050	168,669	240,818	429,238	-	1,945,200
Disposals	-	(89,248)	(269,740)	(62,086)	(83,662)	(127,665)	-	(632,401)
Balance – End of the Year	-	1,481,057	7,098,063	1,034,247	1,981,279	3,463,041	-	15,057,687
Net Property and Equipment at the End of the Year	17,911,860	34,988,021	6,970,272	394,923	938,769	3,606,919	881,720	65,692,484
For the year-ended December 31, 2015								
Cost:								
Balance – beginning of the year	11,140,351	5,142,715	9,372,690	1,126,679	2,608,985	4,954,538	27,351,868	61,697,826
Additions	6,758,000	7,731	620,117	353,415	236,047	290,683	6,230,586	14,496,579
Disposals	-	-	-	(48,001)	-	-	-	(48,001)
Balance – End of the Year	17,898,351	5,150,446	9,992,807	1,432,093	2,845,032	5,245,221	33,582,454	76,146,404
Accumulated depreciation :								
Balance – beginning of the Year	-	986,105	6,242,327	826,967	1,590,832	2,799,228	-	12,445,459
Depreciation for the year	-	133,775	469,426	148,696	233,291	362,240	-	1,347,428
Disposals	-	-	-	(47,999)	-	-	-	(47,999)
Balance – End of the Year	-	1,119,880	6,711,753	927,664	1,824,123	3,161,468	-	13,744,888
Net Property and Equipment at the End of the Year	17,898,351	4,030,566	3,281,054	504,429	1,020,909	2,083,753	33,582,454	62,401,516

- Property and equipment consists of assets that has been fully depreciated amounting to JD 8,745,113 as of December 31, 2016 (JD 7,763,416 as of December 31, 2015).

* During the year 2016 payments to acquire property and equipment amounting JD 456,900 were reclassified to Intangible assets - note (13).

13. Intangible Assets - Net

This item consists of the following:

	For the Year Ended December 31, 2016			For the Year Ended December 31, 2015		
	Goodwill *	Computer's Software	Total	Goodwill	Computer's Software	Total
	JD	JD	JD	JD	JD	JD
Balance-beginning of the year	608,666	1,419,167	2,027,833	608,666	1,013,202	1,621,868
Additions	-	474,677	474,677	-	947,808	947,808
Transfers (Note 12)	-	456,900	456,900	-	-	-
Disposals*	(608,666)	-	(608,666)	-	-	-
Amortization for the year	-	(662,262)	(662,262)	-	(541,843)	(541,843)
Balance-End of the Year	-	1,688,482	1,688,482	608,666	1,419,167	2,027,833

* Amortized Goodwill shown above is as a result of United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) selling the Arab Advisors Company (Private Shareholding Company) during year 2016, as mentioned in note (2).

14. Other Assets

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Earned interest income	15,091,675	19,150,305
Rent and prepaid expenses	1,330,122	1,947,334
Assets seized by the Bank *	18,064,249	17,078,727
Stationery and printing	242,227	276,418
Refundable deposits	451,281	478,933
Others	1,088,351	1,267,230
Total	36,267,905	40,198,947

* The following is the movement on the assets seized by the Bank:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance-beginning of the year	17,404,727	10,963,666
Additions	1,985,578	6,589,666
Disposals	(500,056)	(148,605)
	18,890,249	17,404,727
Provision for assets seized by the Bank **	(826,000)	(326,000)
Balance- End of the Year	18,064,249	17,078,727

** According to Central Bank of Jordan's Law, buildings and plots of land that were foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date, however this period could be extended for two more years, In accordance with the central bank of Jordan's circulating number 10/1/4076 dated on March 27, 2014. The bank has recorded a provision for assets seized against debts that have been sized for more than four years as of December 31, 2016.

Provision for assets seized by the Bank

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance-beginning of the year	326,000	-
Provision During the year	500,000	326,000
Balance-End of the Year	826,000	326,000

15. Banks and Financial Institutions' Deposits

This item consists of the following:

	December 31,					
	2016			2015		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	668,032	2,418,302	3,086,334	30,381	2,466,168	2,496,549
Time deposits due within 3 months	224,209,956	193,178,138	417,388,094	193,477,000	176,112,263	369,589,263
Time deposits due within 3 to 6 months	-	-	-	-	63,720,000	63,720,000
Total	224,877,988	195,596,440	420,474,428	193,507,381	242,298,431	435,805,812

16. Customers' Deposits

This item consists of the following:

	Individual	Large Companies	Small and Medium Companies	Government and Public Sector	Total
December 31, 2016	JD	JD	JD	JD	JD
Current accounts and demand deposits	96,070,847	143,295,906	40,066,259	27,299,519	306,732,531
Saving accounts	182,063,088	3,431,765	1,784,270	4,359	187,283,482
Time and notice deposits	396,418,888	71,828,270	13,283,950	102,009,346	583,540,454
Total	674,552,823	218,555,941	55,134,479	129,313,224	1,077,556,467
December 31, 2015					
Current accounts and demand deposits	73,513,932	97,818,970	45,759,727	13,651,496	230,744,125
Saving accounts	78,184,123	112,074,037	2,669,775	14,209	192,942,144
Time and notice deposits	316,617,068	195,001,179	16,514,688	88,280,741	616,413,676
Total	468,315,123	404,894,186	64,944,190	101,946,446	1,040,099,945

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 93,863,224 and the government deposits outside the Kingdom of Jordan 35,450,000 equivalent to 12% from the total deposits as of December 31, 2016 (JD 101,946,446 equivalent to 9,80% as of December 31, 2015).
- Non-interest bearing deposits amounted to JD 293,599,483 equivalent to 27.25% of total deposits as of 31 December 2016 (JD 221,068,941 equivalent to 21.25% as of December 31, 2015).
- Restricted deposits amounted to JD 3,443,164 equivalent to 0.32% of total deposits as of December 31, 2016 of which JD 12,886 is at Cyprus branch and JD 3,430,278 at Jordan Branches (JD 6,478,660 equivalent to 0.62% as of December 31, 2015 of which JD 167,258 is at Cyprus branch and JD 6,311,402 at Jordan branches).
- Dormant deposits amounted to JD 462,314 as of December 31, 2016 (JD 936,620 for the previous year).
- During the year 2016, deposits were reclassified according to the depositor's operations.

17. Cash Margins

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash margins against direct credit facilities	49,412,304	50,742,451
Cash margins against indirect credit facilities	13,048,270	15,021,595
Total	62,460,574	65,764,046

18. Sundry Provisions

This item consists of the following:

	For the Year Ended December 31, 2016			
	Beginning Balance	Provided During the Year	Used During the Year	Ending Balance
	JD	JD	JD	JD
Provision for end-of-service indemnity	1,513,199	420,026	(156,148)	1,777,077
Lawsuits Provision	127,000	-	-	127,000
Other provisions	80,000	-	-	80,000
Total	1,720,199	420,026	(156,148)	1,984,077

	For the Year Ended December 31, 2015			
	Beginning Balance	Provided During the Year	Used During the Year	Ending Balance
	JD	JD	JD	JD
Provision for end-of-service indemnity	1,243,889	489,477	(220,167)	1,513,199
Lawsuits Provision	92,000	35,000	-	127,000
Other provisions	240,000	-	(160,000)	80,000
Total	1,575,889	524,477	(380,167)	1,720,199

19. Income Tax

A- Income Tax Provision

The movement on the income tax provision is as follows:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance – beginning of the year	9,509,374	10,094,765
Income tax paid	(10,440,663)	(10,945,934)
Accrued income tax expense	10,907,114	10,360,543
Balance – End of the year	9,975,825	9,509,374

B- Income tax in the statement of income represents the following:

	2016	2015
	JD	JD
Accrued Income tax expense for the year	10,907,114	10,360,543
Amortization of deferred tax assets	(71,349)	(70,924)
Total	10,835,765	10,289,619

C- Tax Situation

The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to 2014 and paid the taxes declared up to the year 2015 and there are no accrued balances due to the Department as of December 31, 2016 relating to previous years.

- United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2014, In addition the company has already submitted its tax returns for the year 2015 which hasn't been audited by the Income Tax and Sales Department yet.

- A final tax settlement has been reached for the bank in Qatar up to the year 2015.

- A final tax settlement has been reached for Cyprus branch up to the year 2015.

- The Bank has booked a provision against any expected tax liabilities for the declared years which includes the above-mentioned years. In the opinion of the bank's management and its tax consultant the income tax provision booked in the consolidated financial statement is sufficient to cover any future tax liabilities that may arise.

D- Deferred Tax Assets

The details of this item are as follows:

	For the Year Ended December 31, 2016				December 31,	
					2016	2015
	Balance Beginning of the Year	Amount Released	Additional Amounts	Balance End of the Year	Deferred Tax	Deferred Tax
Accounts Included	JD	JD	JD	JD	JD	JD
Provision for impairment of direct credit facilities	1,202,335	-	-	1,202,335	420,817	420,817
Provision for staff end-of-service Indemnity*	1,269,296	(156,148)	360,000	1,473,148	515,603	444,254
	2,471,631	(156,148)	360,000	2,675,483	936,420	865,071

* Deferred tax assets has not been calculated on the total balance of the staff's end-of-service indemnity provision as a part of this balance relates to Arab Jordan Investment Bank – Qatar.

- The movement on deferred tax assets is as follows:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance-beginning of the year	865,071	794,147
Additions	126,000	140,000
Released	(54,651)	(69,076)
Balance-end of the Year	936,420	865,071

E. The following is a summary of the reconciliation between accounting income and tax income:

	2016	2015
	JD	JD
Accounting income	33,474,065	33,474,649
Tax-exempted income	(500,257)	(1,316,857)
Unacceptable tax expenses	1,246,027	1,104,633
Taxable Income	34,219,835	33,262,425
Effective income tax rate	32,58%	30,95%
Income tax for the year	10,907,114	10,360,543

- According to the Income Tax Law which has come into force effective from January 1, 2015 a tax rate of 35% is used to calculate the income tax expense for the year-ended December 31, 2015.

- The tax rate on the Bank's branch in Cyprus and the subsidiary in Qatar is 10% and 24% for the subsidiaries in Jordan.

- The deferred tax assets are calculated at 35% on the doubtful debts provisions balances and the provision of end-of-service indemnity as of years-ended 2015 and 2016. In our opinion these tax benefits will be utilized during the coming years for the Bank.

20. Other Liabilities

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Accrued interest payable	3,564,543	4,205,499
Unearned revenues	177,450	178,295
Accounts payable	117,407	220,411
Accrued and unpaid expenses	2,092,051	1,903,679
Transfers and checks payable	42,243	311,367
Bank cheques issued at Jordanian Dinars	7,022,956	6,314,890
Safe boxes deposits	86,931	79,821
Other Deposits	953,179	873,059
Scattered Creditors	305,272	270,593
Undistributed dividends	1,015,443	1,879,902
Due to income tax	73,873	69,859
Restricted Insurance	516,522	967,238
Others*	751,235	1,423,908
Total	16,719,105	18,698,521

21. Paid-up Capital

The paid-up capital of the Bank is JD 150,000,000 divided into 150,000,000 shares at a par value of JD 1 each as of December 31, 2015 and 2016.

22. Share Issuance Premium

During 2012 Arab Jordan Investment Bank – Qatar raised its capital from USD 25,000,000 to USD 50,000,000 through the issuance of shares at a share price of USD 1,16 which includes an issuance premium of USD 0.16 for a total of USD 4,000,000 where the share of Arab Jordan Investment Bank was USD 2,000,000 (which is equivalent to JD 1,418,000).

23. Reserves

Statutory Reserve

The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the Bank's Law, this reserve cannot be distributed to shareholders.

General Banking Risks Reserve

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

The restricted reserves are as follows:

Reserve	Amount	Nature of Restriction
	JD	
Statutory reserve	26,957,710	Banks and Companies' Laws
General banking risks reserve	5,788,551	Central Bank of Jordan's Instructions

24. Foreign Currency Translation Adjustments

This represents differences resulting from the translation of the net investment in associates and foreign branches outside of Jordan upon consolidation of the financial statements of the Bank and the movement for this account is the following:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance – beginning of the year	(754,742)	48,727
Movement during the year	(3,423,912)	(803,469)
Balance – End of the year	(4,178,654)	(754,742)

25. Fair Value Reserve

The details of fair value reserve for financial assets at fair value through other comprehensive income are as follows:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance - beginning of the year	(1,017,821)	(1,321,657)
Unrealized (losses) gains	(526,833)	298,782
Realized gains transferred to the consolidated statement of comprehensive income	115,427	5,054
Balance – End of the Year	(1,429,227)	(1,017,821)

26. Retained Earnings

The movement on retained earnings account as the following:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Balance at the beginning of the year	20,747,416	20,366,480
Income for the year	21,006,184	21,314,142
Gain from sale of financial assets through Comprehensive Income	(125,438)	46,157
Transferred to reserves	(3,052,573)	(2,979,363)
Effect of the sale of a subsidiary company	28,125	-
Distributed dividends	(18,000,000)	(18,000,000)
Balance – End of the Year	20,603,714	20,747,416

Retained earnings include an amount of JD 936,420 as of December 31, 2016 (JD 865,071 as of December 31, 2015) restricted against deferred tax assets.

27. Proposed Dividends to the General Assembly

The Board of Directors recommended the distribution of 12% of capital as cash dividends to the shareholders; equivalent to JD 18,000,000 subject to the approval of the General Assembly of Shareholders during the year 2016. The Bank distributed 12% of capital as cash dividends to shareholders equivalent to 18,000,000 JD for the year 2015).

28. Non - Controlling Interest

This item represents other shareholders' interest of 50% (minus two shares) as of December 31, 2016 from the net shareholders' equity of Arab Jordan Investment Bank in Qatar (A subsidiary).

29. Interest Income

This item consists of the following:

	2016	2015
	JD	JD
Direct Credit Facilities:		
Individual (retail):		
Loans	4,658,357	4,138,466
Credit cards	2,204,565	2,273,359
Real-estate loans	4,771,806	5,017,584
Large companies		
Loans	8,558,185	9,300,195
Overdraft Accounts	6,369,557	6,726,553
Small and medium companies		
Loans	3,853,579	5,948,782
Overdraft Accounts	3,815,629	4,288,746
Government and public sector	9,423,554	8,458,896
Balances at the Central Bank of Jordan	361,151	1,798,616
Balances and deposits at banks and financial institutions	2,684,689	2,190,153
Financial Assets at amortized cost	31,438,551	32,999,556
Total	78,139,623	83,140,906

30. Interest Expense

This item consists of the following:

	2016	2015
	JD	JD
Deposits from banks and financial institutions	6,008,986	7,431,459
Customers' deposits:		
Current accounts and demand deposits	1,422,404	1,343,492
Saving accounts	1,145,442	926,597
Time and notice deposits	16,596,511	19,050,388
Cash margins	1,173,905	1,051,011
Deposits insurance fees	1,488,363	1,334,202
Total	27,835,611	31,137,149

31. Commissions Income - Net

This item consists of the following:

	2016	2015
	JD	JD
Commissions Income:		
Direct credit facilities	1,730,297	2,019,707
Indirect credit facilities	7,620,970	8,574,430
Less: Commission expense	(1,289,638)	(1,129,078)
Net Commissions Income	8,061,629	9,465,059

32. Foreign Currencies Income

This item consists of the following:

	2016	2015
	JD	JD
Resulting from trading	3,733,421	4,136,750
Resulting from revaluation	171,599	304,057
Total	3,905,020	4,440,807

33. (Losses) from Financial Assets at Fair Value through Profit or Loss

The details of gains on financial assets of fair value through profit and loss in accordance with IFRS (9) are as follows:

	Realized (Losses)	Unrealized (Losses)	Shares Dividends	Total
For the Year Ended December 31, 2016	JD	JD	JD	JD
Companies' shares	(104,059)	(41,036)	-	(145,095)
Total	(104,059)	(41,036)	-	(145,095)

	Realized (Losses)	Unrealized (Losses)	Shares Dividends	Total
For the Year Ended December 31, 2015	JD	JD	JD	JD
Companies' shares	(27,972)	(9,813)	-	(37,785)
Total	(27,972)	(9,813)	-	(37,785)

34. Cash Dividends on Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	2016	2015
	JD	JD
Local companies dividends	344,109	314,527
Foreign companies dividends	92,513	52,706
Total	436,622	367,233

35. Other Income

This item consists of the following:

	2016	2015
	JD	JD
Income from sale of property and equipment	628,402	35,998
(Loss) from sales of seized property	(3,856)	(4,986)
Returns from managed portfolios	112,486	41,459
Commission of salary transfer	55,671	90,278
Returns from shares trading on behalf of customers	60,896	53,100
Recorded revenues from pervious provisions	-	160,000
Recovered revenues from bad debts	3,492,298	1,044,038
Revenues from subsidiaries	6,518	482,060
Revenues from credit cards sponsorship	52,724	219,893
Other revenues	112,984	140,421
Total	4,518,123	2,262,261

36. Employees Expenses

This item consists of the following:

	2016	2015
	JD	JD
Salaries, bonuses and employees benefits	14,057,152	12,874,712
Bank’s contribution in social security	1,401,194	1,297,980
Bank’s contribution in provident fund	466,212	557,038
Employees’ life insurance	181,000	98,102
Medical expenses	670,354	825,743
Staff training	45,765	61,173
Travel expenses	251,470	312,628
Other	65,673	78,684
Total	17,138,820	16,106,060

37. Other Expenses

This item consists of the following:

	2016	2015
	JD	JD
Rent	2,470,560	2,889,922
Printing and stationery	467,010	564,550
Subscriptions	681,233	680,589
Professional and audit fees	257,844	310,638
Telephone, telex and postage	1,049,485	1,112,473
Insurance expenses	191,145	214,488
Maintenance and repair	587,514	756,245
General services	1,564,135	1,532,999
Swift services	144,393	190,122
Security	298,716	252,056
Donations	134,002	134,750
Board of Directors remunerations	55,000	55,000
Board of Directors expenses	235,709	236,869
Foreign currency trading fees	149,298	156,457
Registration and governmental fees	77,445	98,237
Mortgage and insurance fees	447,498	478,360
Consultations	264,667	230,020
Automated clearing (offset) expenses	7,524	13,662
Property tax fees	45,081	29,691
Marketing and advertising expenses	258,438	544,685
Computers and ATM expenses	766,358	626,970
Other expenses	1,243,433	1,361,667
Total	11,396,488	12,470,450

38. Earnings per Share (Bank's Shareholders)

This item consists of the following:

	2016	2015
	JD	JD
Income for the year	21,006,184	21,314,142
Weighted average number of shares	150,000,000	150,000,000
Earnings per share (Bank shareholders) Basis and Diluted	0.140	0.142

39. Cash and Cash Equivalents

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash and balances at the Central Bank of Jordan Maturing within 3 months	73,679,105	100,001,517
Add: Balances at banks and other financial Institutions maturing within 3 months	224,106,568	206,225,447
Less: Deposits from banks and financial Institutions maturing within 3 months	(420,474,428)	(372,085,812)
Total	(122,688,755)	(65,858,848)

40. Related Parties Transactions

The Consolidated Financial Statements includes the financial statements of the Bank and its subsidiaries include the following:

Company's Name	Ownership Percentage	Company's Capital	
		December 31,	
		2016	2015
		JD	JD
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	2,500,000
Arab Jordan Investment Bank /Qatar LLC	50% + two shares	35,450,000	35,450,000

The Bank has entered into transactions with members of the Board of Directors and Executive Management within the normal course of its activities at the commercial interest rates and commissions.

The following is a summary of the transactions with related parties during the year:

	Related party				Total	
					December 31,	
	Subsidiaries	Board of Directors Members and Management Executives	Affiliated Bank	Other	2016	2015
Statement of Financial Position Items:	JD	JD	JD	JD	JD	JD
Total Deposits for related parties	53,790,679	60,628,791	11,520,340	-	125,939,810	169,009,671
Total Bank Deposits with related parties	42,924,103	-	20,763,344	-	63,687,447	77,502,897
Loans and credit facilities granted to related parties	-	449,817	-	2,058,042	2,507,859	2,213,399
Off-Statement of Financial Position Items:						
Letter of Credit and Guarantee	160,000	-	-	-	160,000	177,100
Managed Accounts*	12,111,266	-	-	-	12,111,266	15,195,964
Statement of Income Items:						
Credit interest and commission	102,023	21,406	69,379	153,409	346,217	354,983
Debit interest and commission	2,153,550	2,246,135	203,040	-	4,602,725	4,677,879

* It represents the Bonds managed by the Bank on behalf of AJIB-Qatar and not considered as part of the Bank's assets.

- Balances transactions revenues and expenses between the Bank and the subsidiaries are eliminated.
- The interest rate received on amounts granted as facilities to related parties reached 4.25% annually which the interest rate paid reached 6.5% annually.
- All credit facilities granted to related parties are performing and consequently no related provisions have been booked.

The following is a summary of the benefits (salaries and remunerations plus other benefits) of the executive management of the Bank:

	For the Year Ended December 31,	
	2016	2015
	JD	JD
Salaries, remunerations and other benefits	2,030,263	1,570,182
Travel and transportation	21,150	7,456
Total	2,051,413	1,577,638

41. Risk Management

First: Qualitative Disclosures:

- Risk is an integral part of the Bank's operations, The general framework of the Risk Management Department in the bank is to identify understand and evaluate risks associated with the Bank's operations, The Department also ensures that risk is maintained within approved and accepted limits and that the necessary measures are taken to reduce risk and attain a balance between risks and rewards.

- The Risk Department's policies are developed in order to identify analyse control and place caps on risk, Moreover risk is also monitored through the Bank's risk database system.

- The Bank periodically reviews the policies and procedures associated with the Risk Department in order to incorporate new market developments and practices best suited to the Bank's operations.

- The Risk Management Department in the Bank is responsible for managing risk through close alignment of the policies and procedures authorized by the Bank's Board of Directors, Furthermore the Risk Committee which is emerged from the Board of Directors reviews the said department's activities and continually issues reports to the Board of Directors disclosing whether the risk is maintained according to the Bank's policies and approved and accepted risk levels.

- The Assets and Liabilities Management Committee and Investment Committee also partake in risk management within the Bank. In addition all of the Bank's work centers are responsible for identifying the risks associated with their activities, They also set the necessary and appropriate risk controls; the most important risks are credit risk liquidity risk operation risk and market risk which also includes interest rate risk and currency risk.

Credit Risk

Credit risk arises from the probable default or inability of the borrower or third party to fulfil its obligations to the Bank Moreover, this risk is one of the most important risks the Bank faces during the conduct of its activities, Therefore the Bank manages credit risk continuously this risk relates to items such as loans bonds and activity investments in debt instruments in addition to credit risk related to off- statement of financial position items such as unutilized loans guarantees and documentary credits.

Measurement of Credit Risk:

1. Debt Instruments

The external rating issued by the International Rating Institutions such as (Standard and Poor) and (Moodys) or the like is used in managing exposure to credit risk relating to debt instruments, This rating is within specific categories and as instructed by the regulatory authorities in the countries where the bank has its branches or subsidiaries.

2. Control on Risk Ceilings and Credit Risk Mitigation Policies

- The Bank manages credit ceilings and controls the credit concentrations risks on the customers' levels (individual or corporate) in addition to managing and controlling the exposure to credit risk for each sector or geographical area.

- The Bank determines the accepted credit risk levels through installing ceilings for the acceptable risks relating to one borrower or a group of borrowers and for each sector or geographical area.

- These risks are continuously controlled and are subject to annual / periodic reviews in addition to controlling the actual exposure against the risk ceilings daily.

Credit Risk Mitigation Methods
The Bank adopts several methods and practices to mitigate credit risk such as obtaining guarantees according to acceptable standards.

The most prevalent guarantees against loans and credit facilities are the following:
- Real estate mortgages
- Mortgages of financial instruments such as shares
- Bank guarantees
- Cash Collaterals
- Government guarantees.

Moreover the Bank adopts the following methods to improve the quality of credit and mitigate risks:

- A system of three approvals for granting a credit

- Credit approval authority that varies from one management level to another depending on the volume of the customer's portfolio extent of exposure maturity and customer's risk degree.

- Complete segregation between credit management departments (business) credit control and analysis departments.

Second: Quantitative Disclosures:

(41/A) Credit Risk

1. Exposure to credit risk (after impairment provisions and suspended interest and before collateral held or other mitigation factors):

	December 31,	
	2016	2015
	JD	JD
On- Statement of Financial Position		
Cash and balances at Central Bank of Jordan	58,340,650	83,607,133
Balances at banks and financial institutions	224,106,568	206,225,447
Deposits at banks and financial Institutions	27,312,114	22,021,783
Credit Facilities:		
Individual	100,998,040	104,313,042
Real-estate loans	95,098,549	100,679,240
Large companies	328,759,260	260,819,315
Small and medium companies	38,613,877	40,554,112
Government & public sector	189,737,076	230,206,761
Bonds and Treasury Bills:		
Within financial assets at amortized Cost	594,028,333	588,563,087
Other assets	15,091,675	19,229,688
Total	1,672,086,142	1,656,219,608
Off- Statement of Financial Position Items:		
Letters of guarantee	86,865,733	113,224,133
Letters of credit	27,463,115	34,217,559
Acceptances	27,466,188	32,756,911
Un-utilized facilities	35,056,519	60,977,293
Total	176,851,555	241,175,896
Grand Total	1,848,937,697	1,897,395,504

- The Bank obtains cash and in-kind collaterals representing real estates and shares to mitigate credit risks to which the Bank might be exposed.

- The above schedule represents the Bank's maximum exposure to credit risk as of December 31, 2016 and 2015 without taking into consideration guarantees and other credit risk mitigation factors.

- As for on-consolidated statement of financial position assets the above exposure is based on the balance shown in the consolidated statement of financial position.

2. Credit exposure is distributed according to the degree of risk as follows:

December 31, 2016	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Government and Public Sector	Banks and Other Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low grade	23,745,722	3,317,465	4,959,148	443,481	782,007,065	-	814,472,881
Standard grade	78,782,158	96,427,709	339,082,608	27,475,897	33,629,844	263,033,813	838,432,029
From which past due:							
Up to 30 days	91,513	33,617	-	-	-	-	125,130
From 31 to 60 days	7,163	-	-	12,694	-	-	19,857
Watch list	1,859,005	4,730,138	-	10,743,748	-	-	17,332,891
Non performing:							
Substandard	592,001	281,039	-	1,396	-	-	874,436
Doubtful	959,923	604,527	-	143,331	-	-	1,707,781
written - off	1,124,138	4,731,650	-	5,657,390	-	-	11,513,178
Total	107,062,947	110,092,528	344,041,756	44,465,243	815,636,909	263,033,813	1,684,333,196
Deduct: interest in suspense	253,496	749,639	-	1,007,637	-	-	2,010,772
Allowance for Impairment losses	2,270,177	2,058,376	1,064,000	4,843,729	-	-	10,236,282
Net	104,539,274	107,284,513	342,977,756	38,613,877	815,636,909	263,033,813	1,672,086,142

December 31, 2015	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Government and Public Sector	Banks and Other Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low grade	21,442,585	9,798,730	1,964,374	88,918	824,578,891	-	857,873,498
Standard grade	79,534,874	101,757,783	282,908,967	29,979,786	37,049,723	243,634,874	774,866,007
From which past due:							
Up to 30 days	80,120	25,816	-	-	-	-	105,936
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	5,990,850	4,151,339	-	8,213,819	-	-	18,356,008
Non performing:							
Substandard	819,283	982,899	-	1,144	-	-	1,803,326
Doubtful	1,704,320	1,268,992	-	896,186	-	-	3,869,498
written - off	1,306,169	2,585,849	-	6,343,281	-	-	10,235,299
Total	110,798,081	120,545,592	284,873,341	45,523,134	861,628,614	243,634,874	1,667,003,636
Deduct: interest in suspense	225,345	629,180	-	799,131	-	-	1,653,656
Allowance for impairment losses	2,675,220	1,353,720	1,064,000	4,037,432	-	-	9,130,372
Net	107,897,516	118,562,692	283,809,341	40,686,571	861,628,614	243,634,874	1,656,219,608

* Exposures include credit facilities balances and deposits with banks and Treasury bonds and any assets of its credit exposures.

* The full balance of the debt owed in the event of a single maturity premiums or benefits and the overdraft is considered payable if it exceeds the ceiling.

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

	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Government and Public Sector	Total
December 31, 2016	JD	JD	JD	JD	JD	JD
Low grade	23,745,722	3,317,465	4,959,148	443,481	160,453,171	192,918,987
Standard grade	59,815,466	66,044,848	251,054,861	22,719,201	29,283,905	428,918,281
Watch list	108,360	4,716,102	-	5,184,914	-	10,009,376
Non- performing :						
Substandard grade	-	214,207	-	-	-	214,207
Doubtful	1,525	604,527	-	112,513	-	718,565
written - off	7,590	4,211,922	-	4,293,919	-	8,513,431
Total	83,678,663	79,109,071	256,014,009	32,754,028	189,737,076	641,292,847
As :						
Cash margins	22,682,222	507,013	4,959,148	443,481	-	28,591,864
Governmental guarantees	-	2,810,452	-	-	189,737,076	192,547,528
Accepted bank guarantees	1,063,500	-	-	-	-	1,063,500
Real estate	59,386,016	75,791,606	251,054,861	32,310,547	-	418,543,030
Listed shares	496,157	-	-	-	-	496,157
Equipment and Vehicles	50,768	-	-	-	-	50,768

	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Government and Public Sector	Total
December 31, 2015	JD	JD	JD	JD	JD	JD
Low grade	21,442,585	9,798,730	1,964,374	88,918	198,204,896	231,499,503
Standard grade	61,666,570	66,098,860	204,719,531	24,042,834	32,001,865	388,529,660
Watch list	1,531,296	2,308,698	-	4,613,456	-	8,453,450
Non- performing :						
Substandard grade	-	485,299	-	-	-	485,299
Doubtful	207,503	595,438	-	355,012	-	1,157,953
written - off	-	1,149,505	-	3,714,416	-	4,863,921
Total	84,847,954	80,436,530	206,683,905	32,814,636	230,206,761	634,989,786
As :						
Cash margins	20,379,085	6,714,459	1,964,374	88,918	-	29,146,836
Governmental guarantees	-	3,084,268	-	-	230,206,761	233,291,029
Accepted bank guarantees	1,063,500	-	-	-	-	1,063,500
Real estate	55,784,115	70,616,803	204,719,531	32,725,718	-	363,846,167
Listed shares	7,616,081	-	-	-	-	7,616,081
Equipment and Vehicles	5,173	21,000	-	-	-	26,173

Rescheduled Loans

These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans. They amounted to JD 3,951,712 for the current year (JD 4,887,430 for the previous year).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured Loans

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc. They are classified as a watch-list debt and it amounted to JD 39,282,482 for the current year (JD 10,614,237 for the previous year-end).

4. Bills Bonds and Debentures

The table below shows the classification of bills bonds and debentures according to external rating agencies:

Risk Rating Class	Rating Agency	Included in Assets at Amortized Cost
Government guaranteed bonds	Moody's	541,704,139
Government guaranteed bonds B1	Moody's	13,467,390
Foreign governmental bonds Aa2	Moody's	2,171,784
Foreign governmental bonds BBB -	Moody's	687,013
Foreign governmental bonds Ba1	Moody's	716,786
Foreign governmental bonds Ba3	Moody's	710,563
Companies Bond A	Moody's	716,534
Companies Bond A2	Moody's	714,434
Companies Bond A3	Moody's	2,171,174
Companies Bond Aa3	Moody's	712,043
Companies Bond B2	Moody's	721,932
Companies Bond Ba1	Moody's	5,686,407
Companies Bond Ba2	Moody's	716,899
Companies Bond Baa3	Moody's	4,300,325
Companies Bond BB+	Moody's	1,425,281
Companies Bond Caa1	Moody's	1,418,000
Companies Bond without classification	Moody's	15,987,629
Total		594,028,333

5. The schedule below shows the geographical distribution of the credit risk exposure:

	Inside the Kingdom	Other Middle East Countries	Europe	Asia *	Africa *	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at Central Bank of Jordan	58,340,650	-	-	-	-	-	-	58,340,650
Balances at banks and financial institutions	45,811,669	124,163,257	36,543,011	91,300	253,691	16,988,497	255,143	224,106,568
Deposits at banks and financial institutions	11,980,680	-	15,331,434	-	-	-	-	27,312,114
Credit Facilities-net:								
Individual	82,855,137	15,452,296	2,690,607	-	-	-	-	100,998,040
Property loans	83,569,883	11,528,666	-	-	-	-	-	95,098,549
Large companies	295,609,684	32,263,076	886,500	-	-	-	-	328,759,260
Small and medium companies (SMES)	37,939,499	-	674,378	-	-	-	-	38,613,877
Government and public sector	189,737,076	-	-	-	-	-	-	189,737,076
Bonds debentures and bills:								
Financial assets at amortized cost	570,425,209	7,925,738	7,862,651	1,422,608	687,013	5,705,114	-	594,028,333
Other assets	14,398,591	276,569	320,503	13,019	2,345	80,648	-	15,091,675
Total / Current Year	1,390,668,078	191,609,602	64,309,084	1,526,927	943,049	22,774,259	255,143	1,672,086,142
Total / Comparative Figures	1,369,978,433	175,859,772	81,089,427	13,141,975	807,017	15,071,862	271,122	1,656,219,608

* Excluding Middle East Countries.

6. The schedule below shows the credit risk exposure according to economic activities:

	Finance	Industrial	Trade	Real estates	Agriculture	Shares	Individual (retail)	Government and public sector	Total
Economic Sector	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	58,340,650	58,340,650
Balances at banks and financial institutions	224,106,568	-	-	-	-	-	-	-	224,106,568
Deposits at banks and financial institutions	27,312,114	-	-	-	-	-	-	-	27,312,114
Credit facilities	9,189,480	146,685,154	204,285,803	95,098,549	3,846,846	3,365,854	100,998,040	189,737,076	753,206,802
Bonds Debentures and Bills:									
Financial assets at amortized cost	10,672,075	9,269,887	2,628,696	12,000,000	-	-	-	559,457,675	594,028,333
Other assets	943,056	1,021,231	1,258,880	185,964	12,582	27,220	3,541,234	8,101,508	15,091,675
Total / Current Year	272,223,293	156,976,272	208,173,379	107,284,513	3,859,428	3,393,074	104,539,274	815,636,909	1,672,086,142
Total / Comparative figures	248,689,819	129,293,679	184,881,209	118,562,692	2,313,456	2,952,632	107,897,516	861,628,614	1,656,219,608

(41/B) Market Risks:

Market risk is the risk of the fluctuation in the fair value or cash flows of financial instruments due to changes in market prices such as interest rates currency rates and stock prices The risks subject to this requirement are foreign currency risk price risk and commodity risk Market risks arise due to open positions for interest rate foreign currency exchange rate investment rate and share prices These risks are controlled according to predetermined policies and procedures and through specialized committees and work centers.

Sensitivity analysis is based on estimating the loss risk in fair value due to changes in interest rate and exchange rate Moreover fair value is calculated according to the current value of future cash flows that will be affected by price changes.

Interest Rate Risks

Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period Moreover the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy The Bank will study all the factors that have an effect on the interest rates whether they are local regional or global in addition to studying the interest rate gap and their future expectations to determine the degree of risk in the short and long term so as to be able to put a suitable future plan and make the right decisions such as amending the maturity date and repricing the deposits and loans and the purchase and sale of the financial investments.

1. Interest Rate Risk

Sensitivity Analysis 2016

Currency	Change (increase) in Interest Rate%	Sensitivity of Interest Revenue (profit & loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	692,298	-
Euro	1	(101,691)	-
British Pound	1	(63,351)	-
Japanese Yen	1	(666)	-
Others	1	97,213	-

Currency	Change (increase) in Interest Rate%	Sensitivity of Interest Revenue (profit & loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	(692,298)	-
Euro	1	101,691	-
British Pound	1	63,351	-
Japanese Yen	1	666	-
Others	1	(97,213)	-

Sensitivity Analysis 2015

Currency	Change (increase) in Interest Rate%	Sensitivity of Interest Revenue (profit & loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	686,239	-
Euro	1	(215,076)	-
British Pound	1	(96,613)	-
Japanese Yen	1	3	-
Others	1	157,840	-
Currency	Change (increase) in Interest Rate%	Sensitivity of Interest Revenue (profit & loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	(686,239)	-
Euro	1	215,076	-
British Pound	1	96,613	-
Japanese Yen	1	(3)	-
Others	1	(157,840)	-

2. Foreign Currencies Risk

This is the risk that results from the changes in foreign exchange rates with potential impact on the Bank's assets and liabilities in foreign currencies The Bank prepares a sensitivity analysis to monitor the changes in exchange rates at (± 5%) of net profits and losses.

Sensitivity Analysis 2016

Currency	Change in Currency Exchange Rate (%)	Effect on Profits and Losses	Sensitivity of Shareholders' Equity
		JD	JD
Euro	5	(7,482)	-
British Pound	5	870,327	(222,533)
Japanese Yen	5	(134)	-
Other currencies	5	54,407	-

Sensitivity Analysis 2015

Currency	Change in Currency Exchange rate (%)	Effect on Profits & Losses	Sensitivity of Shareholders' Equity
		JD	JD
Euro	5	(1,513)	-
British Pound	5	989,426	(51,337)
Japanese Yen	5	33	-
Other currencies	5	124,597	-

- In case the decrease in the currency exchange rate amounts to 5% the same financial effect will result with an opposite sign.

3. Shares Prices Risks

Is the risk arising from changes in the prices of stocks within the portfolio of financial assets at fair value through the statement of income and comprehensive income The Bank manages the risks of stock prices by analyzing value at losses.

Sensitivity Analysis 2016

Indicator	Change in Equity Prices (%)	Effect on Profit and Losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	11,188	638,030
Qatar Stock Exchange	5	-	51,113

Sensitivity Analysis 2015

Indicator	Change in Equity Prices (%)	Effect on Profit and Losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	3,282	609,026
Qatar Stock Exchange	5	-	54,675

- If the stock exchanges indicator decreases by the same percentage the same financial effect will arise but with an opposite sign.

4. Interest rate sensitivity gap

Classification is done according to interest re-pricing or maturity whichever is closer.

	Less than 1 Month	From 1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 Year	From 1 to 3 Years	Over 3 Years	Non - interest Bearing Items	Total
December 31, 2016	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central Banks of Jordan	-	8,000,000	-	-	-	-	65,679,105	73,679,105
Balances at banks and financial institutions	-	169,981,067	-	-	-	-	54,125,501	224,106,568
Deposits at banks and financial institutions	-	-	15,066,873	8,772,561	3,472,680	-	-	27,312,114
Financial Assets at amortized costs	-	710,210	26,301,288	32,486,010	251,798,142	282,732,683	-	594,028,333
Financial Assets at fair value through profit or loss	-	-	-	-	-	-	223,760	223,760
Direct credit facilities	165,981,411	57,306,502	79,738,264	76,212,286	173,573,690	200,394,649	-	753,206,802
Financial Assets at fair value through other comprehensive income	-	-	-	-	-	-	15,066,496	15,066,496
Investments in associate company	-	-	-	-	-	-	17,376,287	17,376,287
Property and equipment - Net	-	-	-	-	-	-	65,692,484	65,692,484
Intangible assets - Net	-	-	-	-	-	-	1,688,482	1,688,482
Other assets	-	-	-	-	-	-	36,267,905	36,267,905
Deferred tax assets	-	-	-	-	-	-	936,420	936,420
Total Assets	165,981,411	235,997,779	121,106,425	117,470,857	428,844,512	483,127,332	257,056,440	1,809,584,756
Liabilities								
Banks and financial institution deposits	3,086,334	417,388,094	-	-	-	-	-	420,474,428
Customers' deposits	354,356,472	247,400,879	113,487,308	67,657,961	1,044,311	10,053	293,599,483	1,077,556,467
Cash collaterals	25,754,526	7,989,547	6,623,669	11,536,985	150,226	20,152	10,385,469	62,460,574
Sundry provisions	-	-	-	-	-	-	1,984,077	1,984,077
Income tax provisions	-	-	-	-	-	-	9,975,825	9,975,825
Other liabilities	-	-	-	-	-	-	16,719,105	16,719,105
Total Liabilities	385,472,717	672,778,520	126,698,255	79,194,946	1,194,537	30,205	323,801,296	1,589,170,476
Interest Rate Sensitivity Gap	(219,491,306)	(436,780,741)	(5,591,830)	38,275,911	427,649,975	483,097,127	(66,744,856)	220,414,280
December 31, 2015								
Total Assets	123,270,426	282,774,431	110,444,775	162,114,315	287,406,891	560,151,351	267,044,679	1,793,206,868
Total Liabilities	518,554,850	566,318,984	150,863,093	64,513,648	15,747,121	43,605	255,556,596	1,571,597,897
Interest Rate Sensitivity Gap	(395,284,424)	(283,544,553)	(40,418,318)	97,600,667	271,659,770	560,107,746	11,488,083	221,608,971

5. Foreign Currency Sensitivity Gap:

December 31, 2016	USD	Euro	Sterling Pounds	Japanese Yen	Others	Total
Assets						
Cash and balances at Central Banks of Jordan	23,886,770	2,499,530	513,776	243	531,747	27,432,066
Balances and deposits at banks and financial institutions	163,682,724	49,928,610	22,322,438	91,300	15,284,902	251,309,974
Direct credit facilities	185,668,995	3,769,167	-	-	62,137,145	251,575,307
Financial securities at amortized cost	113,441,021	738,691	-	-	-	114,179,712
Assets through Comprehensive Income	35,672	-	-	-	1,022,259	1,057,931
Investments in associate company	-	-	17,376,287	-	-	17,376,287
Property and equipment - net	1,953,195	-	-	-	-	1,953,195
Other assets	34,586,730	(106,850)	750,358	-	(10,198,718)	25,031,520
Total Assets	523,255,107	56,829,148	40,962,859	91,543	68,777,335	689,915,992
Liabilities						
Banks and financial institutions deposits	152,296,831	24,828,241	1,825,125	-	3,095,591	182,045,788
Customers' deposits	348,444,877	31,809,849	21,309,179	94,152	55,904,320	457,562,377
Cash margins	9,127,233	228,409	400,287	-	8,392,887	18,148,816
Banking risks reserve	303,929	-	-	-	-	303,929
Sundry provisions	325,950	-	-	-	-	325,950
Deferred tax liabilities	2,354,759	112,296	21,722	78	296,392	2,785,247
Other liabilities	69,809	-	-	-	-	69,809
Retained earnings	495,531	-	-	-	-	495,531
Cumulative change in fair value	80,701	-	-	-	-	80,701
Share Issuance Premium	1,418,000	-	-	-	-	1,418,000
Non - Controlling Interest	21,254,186	-	-	-	-	21,254,186
Total Liabilities	536,171,806	56,978,795	23,556,313	94,230	67,689,190	684,490,334
Net concentration on - balance sheet for the current year	(12,916,699)	(149,647)	17,406,546	(2,687)	1,088,145	5,425,658
Contingent liabilities off - balance sheet for the current year	83,620,930	11,923,178	833,630	-	16,061,979	112,439,717
December 31, 2015						
Total Assets	506,920,347	55,294,005	45,509,006	16,693	80,655,511	688,395,562
Total Liabilities	511,698,956	55,324,273	25,720,495	16,037	78,163,578	670,923,339
Net concentration on - balance sheet for the current year	(4,778,609)	(30,268)	19,788,511	656	2,491,933	17,472,223
Contingent liabilities off - balance sheet for the current year	93,721,429	32,097,099	748,213	1,055,347	21,664,251	149,286,339

(41/C) Liquidity Risk

Liquidity risk is defined as the Bank's inability to provide the necessary funding to cover its obligations at the due date, Liquidity risk is managed through the following:

- Funding requirements are managed through daily oversight of future cash flows to ensure the possibility of meeting them and the Bank maintains a presence in the market of cash that allows the bank to achieve it.

- Holding highly marketable assets that can be easily liquidated to meet any unexpected liquidity requirements.

- Monitoring the liquidity ratios according to the internal requirements and the requirements of the regulatory authorities.

- Managing concentrations in assets / liabilities and their maturities.

- Maintaining a portion of customers' deposits as a cash reserve at the Central Bank of Jordan; this reserve cannot be disposed of except for certain conditions as specified by the Central Bank of Jordan.

Liquidity is measured on the basis of normal and emergency conditions. This includes analysing the remaining period of the contractual maturity and financial assets on the basis of the expected recoverability.

The treasurer is in charge of controlling the liquidity of the Bank taking into consideration loans and any related commitments letters of credit and guarantees.

Sources of Funds

The Bank diversifies its funding sources according to geographical areas currencies customers and products in order to achieve financial flexibility and reduce funding costs. It also endeavours to maintain stable and reliable funding sources, Moreover the Bank has a large customer base including individual customers companies and corporations.

1. The table below summarizes the distribution of liabilities (not discounted) on the basis of the remainder of the contractual maturity at the date of the financial statements:

December 31, 2016	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 months to 1 Year	From 1 To 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
LIABILITIES								
Banks' and financial institution's deposits	3,089,875	417,491,651	-	-	-	-	-	420,581,526
Customers' deposits	354,696,513	247,954,038	114,245,989	68,218,306	1,158,966	11,692	293,599,483	1,079,884,987
Cash margins	25,778,739	7,997,197	6,652,935	11,668,449	155,127	23,289	10,385,469	62,661,205
Miscellaneous provisions	-	-	-	-	-	-	1,984,077	1,984,077
Income tax provision	2,275,385	-	6,587,278	-	-	-	1,113,162	9,975,825
Other liabilities	-	-	-	-	-	-	16,719,105	16,719,105
TOTAL	385,840,512	673,442,886	127,486,202	79,886,755	1,314,093	34,981	323,801,296	1,591,806,725
TOTAL ASSETS (according to expected maturities)	721,152,940	235,997,779	101,938,086	87,126,067	187,067,631	219,245,813	257,056,440	1,809,584,756

December 31, 2015	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 months to 1 Year	From 1 To 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
LIABILITIES								
Banks' and financial institution's deposits	2,535,346	370,234,094	63,767,014	-	-	-	-	436,536,454
Customers' deposits	486,857,854	188,065,455	77,545,424	53,232,734	16,368,840	-	221,068,941	1,043,139,248
Cash margins	27,409,570	9,359,066	4,609,665	11,921,086	131,771	50,807	12,554,589	66,036,554
Miscellaneous provisions	-	-	-	-	-	-	1,720,199	1,720,199
Income tax provision	2,096,891	22,541	5,875,596	-	-	-	1,514,346	9,509,374
Other liabilities	-	-	-	-	-	-	18,698,521	18,698,521
TOTAL	518,899,661	567,681,156	151,797,699	65,153,820	16,500,611	50,807	255,556,596	1,575,640,350
TOTAL ASSETS (according to expected maturities)	698,070,361	282,774,431	110,444,775	233,639,563	97,459,677	189,947,214	180,870,847	1,793,206,868

2. The following table summarizes forward currency contracts based on the remaining period to the contractual maturity date on the date of the financial statements:

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total
December 31, 2016	JD	JD	JD	JD	JD	JD	JD
Forward currency contracts							
Outflows	9,217,000	-	1,397,113	-	-	-	10,614,113
Inflows	9,217,000	-	1,397,113	-	-	-	10,614,113
December 31, 2015							
Forward currency contracts							
Outflows	11,664,293	-	-	-	-	-	11,664,293
Inflows	11,664,293	-	-	-	-	-	11,664,293

3. Off- the statement of financial position items:

	Up to 1 Year	More than 1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
2016				
Letters of credit and acceptances / issued	54,173,064	-	-	54,173,064
Un-utilized facilities	35,056,519	-	-	35,056,519
Letters of guarantee	58,887,156	27,901,832	76,745	86,865,733
Total	148,116,739	27,901,832	76,745	176,095,316
2015				
Letters of credit and acceptances / issued	65,424,629	-	-	65,424,629
Un-utilized facilities	60,977,293	-	-	60,977,293
Letters of guarantee	88,610,016	24,591,117	23,000	113,224,133
Total	215,011,938	24,591,117	23,000	239,626,055

42. Segment Analysis

A. Information about the Bank's Business Segments

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

Individual Accounts: include following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.

Corporate Accounts: include corporate transactions on loans credit facilities and deposits.

Treasury: principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.

1-The Following represents information about the bank's sector activities:

	Individual	Corporate	Treasury	Others	Total For the Year Ended December 31, 2016	2015
	JD In Thousands	JD In Thousands	JD In Thousands	JD In Thousands	JD In Thousands	JD In Thousands
Gross income	8,365	38,522	38,682	9,347	94,916	99,638
Provision for impairment of direct credit facilities	(975)	(1,112)	-	-	(2,069)	(4,750)
Loss of disposal of subsidiary	-	-	(558)	-	(558)	
Bank's share of income from associate Company	-	-	1,120	-	1,120	1,040
Segment results	7,408	37,410	39,244	9,347	93,409	95,928
Undistributed segment expenses	-	-	-	-	(59,935)	(62,453)
Income before tax	-	-	-	-	33,474	33,475
Income tax	-	-	-	-	(10,836)	(10,290)
Income for the Year	-	-	-	-	22,638	23,185
Segment's assets	191,122	562,083	934,416	-	1,687,621	1,668,033
Investments in associate Company	-	-	17,377	-	17,377	19,681
Undistributed assets	-	-	-	104,587	104,587	105,493
Total Segment's Assets	191,122	562,083	951,793	104,587	1,809,585	1,793,207
Segment's liabilities	713,901	426,113	420,475	-	1,560,489	1,541,670
Undistributed liabilities	-	-	-	28,681	28,681	29,928
Total Liabilities	713,901	426,113	420,475	28,681	1,589,170	1,571,598
Capital expenses	-	-	-	-	6,656	15,444
Depreciation	-	-	-	-	2,607	1,889

B. Information about Geographical Distribution

This item represents the geographical distribution of the Bank's activities Moreover the Bank conducts its activities mainly in Jordan representing local activities Additionally the Bank performs international activities through its branches in the Middle East and the Near East.

The following is the geographical distribution of the Bank's revenues assets and capital expenses:

	Inside the Kingdom		Outside the Kingdom		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total Revenues	87,415,402	91,782,347	8,062,456	8,895,709	95,477,858	100,678,056
Total Assets	1,488,801,130	1,485,692,941	320,783,626	307,513,927	1,809,584,756	1,793,206,868
Capital Expenses	6,474,561	15,296,319	181,437	148,068	6,655,998	15,444,387

43. Capital Management:

The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.
- Maintaining the ability to continue as a going concern.
- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management Moreover the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

On October 31, 2016, the central Bank of Jordan issued regulations concerning capital adequacy according to Basel III , and cancelled the regulations that is stated by Basel II, therefore, capital adequacy is prepared and calculated according to Basel III, while the comparative figures is prepared according to Basel II.

According to the Central Bank of Jordan instructions the minimum requirements for the capital adequacy ratio is 12% Moreover banks are classified into five categories the best one having an average capital adequacy ratio equal to or more than 14% Additionally the Bank's capital adequacy ratio is 16.25% as of December 31, 2016 in accordance to Basel III (15.94% as of December 31, 2015 in accordance to Basel II).

The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel III Committee regulations:

Primary capital	2016 JD In Thousands
Paid-up capital	150,000
Retained Earnings	2,604
Other Comprehensive income items:	
Change in fair value	(1,429)
Foreign currency translation adjustments	(4,179)
Share Issuance Premium	1,418
Statutory Reserve	26,958
Non–controlling interest	6,797
Total Ordinary Share Capital	182,169
Total Regulatory Adjustments	
Goodwill and Intangible assets	(1,688)
Deferred tax assets resulting from provisions of Investment in Bank's Capital and financial institutions and insurance companies outside the scope of regulatory consolidation and where the bank owns more than 10%	(936)
Net Ordinary Shareholders	179,545
Supplementary Capital:	
Total primary Capital	179,545
Secondary Capital	
General banking risk reserve	5,789
Total Stable Capital	5,789
Net stable capital	5,789
Total regulatory capital	185,334
Total risk weighted assets	1,140,817
Capital adequacy ratio (%)	16.25%
Primary capital ratio (%)	15.74%

The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel II Committee regulations:

	2015
Primary capital	JD
Paid-up capital	150,000
Statutory reserve	23,918
Share Issuance Premium	1,418
Retained earnings	1,882
Non – controlling interest	9,609
Goodwill	(2,028)
Less: Real Estate owned by bank for more than 4 years	-
Less: Investments in banks insurance companies and subsidiaries with unconsolidated financial statements	(15,665)
Total primary capital	169,134
Supplementary capital:	
Foreign currency translation adjustments	(755)
Cumulative change in fair value	(1,018)
General banking risk reserve	5,789
Less: Investments in banks insurance companies and subsidiaries with unconsolidated financial statements	(4,016)
The Total supplementary capital	-
Total regulatory capital	169,134
Total risk weighted assets	1,061,098
Capital adequacy ratio %	15,94%
Primary capital ratio %	15,94%

44. Accounts Managed on Behalf of Customers

This item represents the accounts managed by the bank on behalf of its customers but are not considered part of the bank's assets and its balances as of December 31, 2016 was JD 31,881,896 (JD 19,773,003 as of December 31, 2015), The fees and commissions on such accounts are stated in the consolidated statement of Income.

45. Assets and Liabilities Maturity Analysis:

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

December 31, 2016	Up to 1 year JD	Over 1 year JD	Total JD
Assets			
Cash and balances at Central Bank of Jordan	73,679,105	-	73,679,105
Balances at banks and financial institutions	224,106,568	-	224,106,568
Deposits at banks and financial institutions	23,839,434	3,472,680	27,312,114
Financial assets at fair value through Comprehensive Income	15,066,496	-	15,066,496
Financial assets at fair value through Profit or Loss	223,760	-	223,760
Direct Credit facilities	379,238,463	373,968,339	753,206,802
Financial assets at amortized cost	565,155,908	28,872,425	594,028,333
Investments in associate company	-	17,376,287	17,376,287
Property and equipment-Net	-	65,707,091	65,707,091
Intangible assets-Net	-	1,673,875	1,673,875
Deferred tax assets	-	936,420	936,420
Other assets	-	36,267,905	36,267,905
TOTAL ASSETS	1,281,309,734	528,275,022	1,809,584,756
Liabilities			
Banks and financial institutions' deposits	420,474,428	-	420,474,428
Customers' deposits	782,902,620	294,653,847	1,077,556,467
Cash margins	51,904,727	10,555,847	62,460,574
Sundry provisions	-	1,984,077	1,984,077
Income tax provision	8,862,663	1,113,162	9,975,825
Other liabilities	-	16,719,105	16,719,105
TOTAL LIABILITIES	1,264,144,438	325,026,038	1,589,170,476
Net	17,165,296	203,248,984	220,414,280

December 31, 2015	Up to 1 Year JD	Over 1 Year JD	Total JD
Assets			
Cash and balances at Central Bank of Jordan	100,001,517	-	100,001,517
Balances at banks and financial institutions	206,225,447	-	206,225,447
Deposits at banks and financial institutions	11,511,583	10,510,200	22,021,783
Financial assets at amortized cost	542,225,065	46,338,022	588,563,087
Financial assets at fair value through Profit or Loss	65,647	-	65,647
Financial assets at fair value through Comprehensive Income	14,582,937	-	14,582,937
Direct credit facilities	431,087,246	305,485,224	736,572,470
Investments in associate company	-	19,680,613	19,680,613
Property and equipment-Net	-	62,401,516	62,401,516
Intangible assets-Net	-	2,027,833	2,027,833
Deferred tax assets	-	865,071	865,071
Other assets	19,229,688	20,969,259	40,198,947
TOTAL ASSETS	1,324,929,130	468,277,738	1,793,206,868
Liabilities			
Banks and financial institutions' deposits	435,805,812	-	435,805,812
Customers' deposits	804,104,163	235,995,782	1,040,099,945
Cash margins	48,179,252	17,584,794	65,764,046
Sundry provisions	-	1,720,199	1,720,199
Income tax provision	7,995,028	1,514,346	9,509,374
Other liabilities	4,205,499	14,493,022	18,698,521
TOTAL LIABILITIES	1,300,289,754	271,308,143	1,571,597,897
Net	24,639,376	196,969,595	221,608,971

46. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

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

Financial Assets/ Financial Liabilities	Fair Value as at 31, December 2016 JD	2015 JD	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable	Relationship of Unobservable Inputs to Fair Value
Financial assets at fair value:						
Financial assets at fair value through profit or loss						
Companies shares	223,760	65,547		Quoted rates in financial markets	Not Applicable	Not Applicable
Companies bonds	-	-	Level 1	Quoted rates in financial markets and comparing to similar financial Instrument	Not Applicable	Not Applicable
Total	223,760	65,547				
Financial assets at fair value through comprehensive income						
Shares available at market price	13,782,864	13,274,020	Level 1	Quoted rates in financial markets	Not Applicable	Not Applicable
Shares not available at market price	1,283,632	1,308,917	Level 2	Compare to similar financial instruments	Not Applicable	Not Applicable
Total	15,066,496	14,582,937				
Foreign currency futures contracts	10,614,113	11,664,293	Level 1	Quoted rates in financial markets	Not Applicable	Not Applicable
Total Financial Assets at fair value	25,904,369	26,312,777				

There were no transfers between level 1 and 2 during 2016 and 2015.

B. Fair value of financial assets and financial liabilities that are not measured at fail value on a recurring basis,

Except what is detailed in the following table we believe that the carrying amounts of financial assets recognized in the Company's financial statements approximate their fair values, due to that the bank's management believes that the item's book value are equals to the fair value which is due to its short term maturity or to the interest rates being revaluated during the year.

	December 31, 2016		December 31, 2015		Hierarchy
	Book value	Fair value	Bookvalue	Fair value	
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Balances at central banks	58,340,650	58,446,951	83,607,133	84,165,968	level 2
Balances at banks and financial institutions	224,106,568	224,202,941	206,225,447	206,287,481	level 2
Deposits at banks and financial institutions	27,312,114	27,415,167	22,021,783	22,047,225	level 2
Loans and other bills	616,958,309	622,357,028	651,606,984	660,299,255	level 2
Financial assets at amortized costs	594,028,333	603,311,893	588,563,087	597,921,939	level 1&2
Total Financial assets not calculated at fair value	1,520,745,974	1,535,733,980	1,552,024,434	1,570,721,868	
Liabilities not calculated at fair value					
Banks and financial institution deposits	420,474,428	420,783,974	435,805,812	436,023,223	level 2
Customer deposits	1,077,556,467	1,080,458,509	1,040,099,945	1,043,840,888	level 2
Cash margins	62,460,574	62,490,341	65,764,046	65,802,529	level 2
Total Liabilities not Calculated at Fair Value	1,560,491,469	1,563,732,824	1,541,669,803	1,545,666,640	

- The fair value of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing.
- Models based on discounted cash flow analysis with the most significant inputs being that discount rate the reflects the credit risk of counterparties.

47. Commitments and Contingent Liabilities (Off-Statement of Financial Position)

A. Contingent Liabilities:

	December 31,	
	2016	2015
	JD	JD
Letters of credit		
Export	26,706,876	32,667,718
Import (backed)	756,239	1,549,841
Import (not backed)	18,256,659	17,944,202
Acceptance		
Export / letter of credit	19,206,824	23,976,048
Export / policies	8,259,364	8,780,863
Import (not backed)	8,316,672	11,936,669
Letters of guarantee		
Payments	29,155,264	31,972,362
Performance	33,249,426	47,548,846
Other	24,461,043	33,702,925
Forward contracts	10,614,113	11,664,293
Un-utilized facilities	35,056,519	60,977,293
Total	214,083,999	282,721,060

B. There are contractual commitments to purchase fixed assets or constructional contracts that has an estimate value of JD 500,000.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

The minimum capital lease payment is as follows:

	2016	2015
	JD	JD
Within one year	573,676	935,998
Total	573,676	935,998

48. Lawsuits against the Bank

The lawsuits against the bank amounted to JD 8,299,988 as of December 31, 2016 (JD 9,276,734 as of December 31, 2015) which represents mostly lawsuits that clients have raised to respond to lawsuits that the bank has raised against them In the opinion of the Bank's lawyer the Bank will not incur any significant amounts against these lawsuits except for the booked provision which amounted to JD 127,000 as of December 31, 2016. Moreover the amounts paid by the Bank against concluded or settled lawsuits are taken to the consolidated statement of income upon payment.

49. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

49. A. New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts.
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants.
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

49. B. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28.	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017.
Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017

IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: There is consideration that is denominated or priced in a foreign currency; The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and The prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions	January 1, 2018
Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018
Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 16 Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:	January 1, 2018
Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a ‹fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment: The 2014 version of IFRS 9 introduces an ‹expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
Amendments to IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018

IFRS 15 Revenue from Contracts with Customers In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	January 1, 2018
Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 , may have no material impact on the financial statements of the Bank in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Bank's financial statements for the annual period beginning 1 January 2019.

The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of revenue from contracts with customers and the Bank's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of its leases.

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