

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE
NINE MONTH-PERIOD ENDED
SEPTEMBER 30, 2017
TOGETHER WITH THE REVIEW REPORT

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
SEPTEMBER 30, 2017

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Review Report

AM/81661

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Cairo Amman Bank (A Public Shareholding Limited Company) as of September 30, 2017, and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the nine month-period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standards IAS (34) relating to interim financial reporting.

Explanatory Paragraph

The fiscal year of the bank ends on December 31 of each year. However, the accompanying condensed consolidated interim financial information have been prepared for management and Jordan Securities Commission in Amman Stock Exchange purposes.

Other Matter

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

Amman – The Hashemite Kingdom of Jordan
October 29, 2017



CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	September 30, 2017 (Reviewed not Audited) JD	December 31, 2016 (Audited) JD
ASSETS			
Cash and balances with Central Banks	4	636,419,835	225,410,667
Balances at banks and financial institutions	5	155,079,468	333,854,252
Deposits at banks and financial institutions	6	70,758,630	73,543,068
Financial assets at fair value through profit or loss	7	25,223,004	25,822,584
Financial assets at fair value through other comprehensive income	8	31,608,148	31,502,293
Direct credit facilities - net	9	1,476,963,980	1,356,279,148
Financial assets at amortized cost - net	10	313,548,426	336,223,295
Financial assets pledged as collateral		7,018,000	13,476,000
Property and equipment - net		41,565,394	42,335,356
Intangible assets - net		10,047,872	10,046,891
Deferred tax assets		6,008,498	6,270,359
Other assets	11	39,563,282	36,419,320
Total Assets		2,813,804,537	2,491,183,233
LIABILITIES AND EQUITY			
LIABILITIES:			
Banks and financial institutions' deposits		510,567,508	358,957,094
Customers' deposits	12	1,731,157,628	1,547,446,248
Margin accounts		51,508,442	81,476,847
Loans and borrowings	13	110,683,665	92,165,097
Sundry provisions		16,911,436	15,000,573
Income tax provision	14	13,658,482	20,892,898
Deferred tax liabilities		1,012,343	2,049,782
Other liabilities	15	41,414,923	35,884,682
Total Liabilities		2,476,914,427	2,153,873,221
EQUITY			
OWNERS' EQUITY			
Authorized and Paid-up capital		180,000,000	180,000,000
Statutory reserve		65,836,075	65,836,075
General banking risk reserve		15,603,761	13,982,002
Cyclical fluctuations reserve		6,816,916	6,816,916
Fair value reserve (net)	16	(9,827,045)	(10,347,484)
Profit for the period after general banking risk reserve		19,284,395	-
Retained Earnings		48,614,752	70,184,530
Total Shareholders' Equity		326,328,854	326,472,039
Non-controlling interests		10,561,256	10,837,973
Total Equity		336,890,110	337,310,012
Total Liabilities and Equity		2,813,804,537	2,491,183,233

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Notes	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
		2017	2016	2017	2016
		JD	JD	JD	JD
Interest income	17	38,730,596	32,294,765	102,692,550	97,454,257
Interest expense	18	14,252,247	8,130,384	33,742,991	25,186,789
Net interest income		<u>24,478,349</u>	<u>24,164,381</u>	<u>68,949,559</u>	<u>72,267,468</u>
Net commission income		4,949,559	4,853,887	14,984,682	15,060,676
Net interest and commission income		<u>29,427,908</u>	<u>29,018,268</u>	<u>83,934,241</u>	<u>87,328,144</u>
Gain from foreign currencies		982,119	724,302	2,664,858	2,550,681
Gain (loss) from financial assets at fair value through profit or loss	19	(462,954)	504,268	312,052	(261,555)
Dividends from financial assets at fair value through other comprehensive income		444	305	1,110,896	1,117,216
Gain from financial assets at amortized cost		-	220,336	-	220,336
Other income		2,262,802	1,558,002	6,044,671	5,576,567
Gross profit		<u>32,210,319</u>	<u>32,025,481</u>	<u>94,066,718</u>	<u>96,531,389</u>
Employees' expenses		10,025,669	9,845,816	30,091,830	29,251,151
Depreciation and amortization		2,326,693	1,998,982	6,737,178	5,898,809
Other expenses		7,630,707	6,595,995	21,776,884	18,933,164
Provision for impairment on direct credit facilities	9	1,627,890	1,200,000	3,517,380	2,813,459
Sundry provisions		757,882	246,437	2,619,468	897,640
Total expenses		<u>22,368,841</u>	<u>19,887,230</u>	<u>64,742,740</u>	<u>57,794,223</u>
Profit for the period before tax		<u>9,841,478</u>	<u>12,138,251</u>	<u>29,323,978</u>	<u>38,737,166</u>
Income tax expense	14	(3,157,935)	(3,414,876)	(8,694,541)	(11,544,696)
Profit for the period		<u>6,683,543</u>	<u>8,723,375</u>	<u>20,629,437</u>	<u>27,192,470</u>
Shareholders' Equity		6,763,183	8,858,784	20,906,154	27,327,879
Non-controlling interests		(79,640)	(135,409)	(276,717)	(135,409)
Profit for the period		<u>6,683,543</u>	<u>8,723,375</u>	<u>20,629,437</u>	<u>27,192,470</u>
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share from the profit for the period (Bank's Shareholders)	20	<u>0/038</u>	<u>0/049</u>	<u>0/116</u>	<u>0/152</u>

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Profit for the period	6,683,543	8,723,375	20,629,437	27,192,470
Comprehensive income items				
Items which will not be reclassified to condensed consolidated interim statement of income in subsequent period				
Net change in fair value reserve after tax	(83,647)	(177,036)	570,746	404,436
Total comprehensive income for the period	<u>6,599,896</u>	<u>8,546,339</u>	<u>21,200,183</u>	<u>27,596,906</u>
Total comprehensive income attributable to:				
Shareholders' Equity	6,679,536	8,681,748	21,476,900	27,732,315
Non-controlling interests	(79,640)	(135,409)	(276,717)	(135,409)
Total comprehensive income for the period	<u>6,599,896</u>	<u>8,546,339</u>	<u>21,200,183</u>	<u>27,596,906</u>

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED, NOT AUDITED)

	Reserves										Total Equity
	Authorized and Paid up capital	Statutory	General Banking Risk*	Cyclical Fluctuations	Fair Value	Retained Earnings	Profit for the Period	Total Shareholders' Equity	Non-Controlling Interests		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Nine-month Period Ended September 30, 2017											
Balance as of January 1, 2017	180,000,000	65,836,075	13,982,002	6,816,916	(10,347,484)	70,184,530	-	326,472,039	10,837,973	337,310,012	
Total comprehensive income for the period	-	-	-	-	570,746	-	20,906,154	21,476,900	(276,717)	21,200,183	
Transfers to reserves	-	-	1,621,759	-	-	-	(1,621,759)	-	-	-	
Capital increase related expenses	-	-	-	-	-	(20,085)	-	(20,085)	-	(20,085)	
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(50,307)	50,307	-	-	-	-	
Dividends distributed	-	-	-	-	-	(21,600,000)	-	(21,600,000)	-	(21,600,000)	
Balance as of September 30, 2017	180,000,000	65,836,075	15,603,761	6,816,916	(9,827,045)	48,614,752	19,284,395	326,328,854	10,561,256	336,890,110	
For the Nine-month Period Ended September 30, 2016											
Balance as of January 1, 2016	160,000,000	60,988,222	12,670,000	5,902,049	(6,917,105)	74,934,813	-	307,577,979	-	307,577,979	
Total comprehensive income for the period	-	-	-	-	404,436	-	27,327,879	27,732,315	(135,409)	27,596,906	
Transfers to reserves	-	-	750,000	-	-	-	(750,000)	-	-	-	
Increase in paid-in capital	20,000,000	-	-	-	-	(20,000,000)	-	-	-	-	
Capital increase related expenses	-	-	-	-	-	(150,146)	-	(150,146)	-	(150,146)	
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(3,418,532)	3,418,532	-	-	-	-	
Dividends distributed	-	-	-	-	-	(16,000,000)	-	(16,000,000)	-	(16,000,000)	
Non-controlling interests from inception of the company	-	-	-	-	-	-	-	-	11,163,642	11,163,642	
Balance as of September 30, 2016	180,000,000	60,988,222	13,420,000	5,902,049	(9,931,201)	42,203,199	26,577,879	319,160,148	11,028,233	330,188,381	

* The general banking risk reserve and revaluation reserve of financial assets is restricted from use without a prior approval from the Central Bank of Jordan.
 - The retained earnings balance as of September 30, 2017 includes a restricted amount of JD 5,097,980 which resulted from the effect of the early implementation of IFRS (9).
 - The retained earnings include deferred tax assets amounting to JD 6,008,498 and is restricted from use as per the Central Bank of Jordan instructions.
 - The negative fair value reserve through other comprehensive income which amounts to JD 9,827,045 cannot be utilized as per the Central Bank of Jordan and the Securities Commission instructions.

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CAIRO AMMAN BANK
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AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Nine-Month Period Ended September 30,	
		2017 JD	2016 JD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before income tax		29,323,978	38,737,166
Adjustments for:			
Depreciation and amortization		6,737,178	5,898,809
Provision for impairment on direct credit facilities	9	3,517,380	2,813,459
Sundry provisions		2,619,468	897,640
Dividends from financial assets at fair value through other comprehensive income		-	(1,117,216)
Unrealized loss from financial assets at fair value through Profit or loss	19	1,581,949	2,100,742
Loss (Gain) from sale of property and equipment		5,521	(4,991)
(Gain) from sale of repossessed assets		(98,289)	(145,456)
Effect of exchange rate changes on cash and cash equivalents		(2,522,520)	(2,385,023)
Operating profit before changes in operating assets and liabilities		41,164,665	46,795,130
Changes in assets and liabilities -			
Decrease (Increase) in deposits at banks and financial institutions		2,784,438	(49,800,000)
(Increase) in financial assets at fair value through profit or loss		(982,369)	(551,778)
(Increase) in direct credit facilities		(124,202,212)	(127,003,399)
(Increase) in other assets		(3,045,673)	(30,149,310)
Increase in banks and financial institutions deposits maturing after three months		78,197,394	13,529,053
Increase (Decrease) in customers' deposits		183,711,380	(526,995)
(Decrease) in margin accounts		(29,968,405)	(5,430,114)
Increase (Decrease) in other liabilities		5,530,241	(2,245,623)
Paid sundry provisions		(708,605)	(772,854)
Net cash Flows from (used in) operating activities before income tax		152,480,854	(156,155,890)
Paid Income Tax	14	(16,477,473)	(20,089,447)
Net cash Flows from (used in) operating activities		136,003,381	(176,245,337)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through OCI		(355,050)	(470,998)
Sale of financial assets at fair value through OCI		592,879	7,886,356
Dividends from financial assets at fair value through other comprehensive income		-	1,117,216
(Purchase) of financial assets at amortized cost		(99,814,489)	(85,520,332)
Proceeds from maturity of financial assets at amortized cost		128,947,358	151,262,674
(Purchase) of property and equipment		(3,653,481)	(15,599,384)
Sale of property and equipment		5,342	12,438
(Purchase) of intangible assets		(2,325,579)	(1,856,945)
Net cash Flows from investing activities		23,396,980	56,831,025
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributed dividends		(21,600,000)	(16,000,000)
Increase in loans and borrowings		34,822,785	23,532,496
Repayment of loans and borrowings		(16,304,217)	(68,385,616)
Non-controlling interest in subsidiary paid in capital		-	11,163,642
Capital increase related expenses		(20,085)	(150,146)
Net cash Flows (used in) financing activities		(3,101,517)	(49,839,624)
Effect of exchange rate changes on cash and cash equivalents		2,522,520	2,385,023
Net increase (decrease) in cash and cash equivalents		158,821,364	(166,868,913)
Cash and cash equivalents, beginning of the period		227,972,605	397,796,995
Cash and cash equivalents, end of the period	21	386,793,969	230,928,082

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AMMAN – THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL

- Cairo Amman Bank was established as a public shareholding company registered and incorporated in Jordan in 1960 in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964. Its registered head office is in Amman Hashemite Kingdom of Jordan.
- The Bank provides its banking services through its main branch located in Amman and 89 branches located in Jordan, and 21 branches in Palestine and 1 in Bahrain, and its subsidiaries.
- The Bank's shares are listed on the Amman Stock Exchange.
- The condensed consolidated interim financial statements were authorized by the Bank's Board of Directors in their meeting held on October 25, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

- The condensed consolidated interim financial statements for the bank as of September 30, 2017 have been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting) and local laws in force including instructions from Central Bank of Jordan.
- The condensed consolidated interim financial statements are prepared on a historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives which are stated at fair value as of the date of the condensed consolidated interim financial statements. Moreover, financial assets and liabilities whose change in fair value has been hedged are stated at fair value.
- The condensed consolidated interim financial statements are presented in Jordanian Dinars ("JD"), which is the functional currency of the Bank.
- The condensed consolidated interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the nine-month period ended September 30, 2017 do not necessarily indicate to the results that may be expected for the financial year ending December 31, 2017 and should be read with the Bank's annual financial statements as of December 31, 2016 and it does not contain the appropriation of profit for the nine-month period ended September 30, 2017, which is usually performed at the year end.

Changes in accounting policies:

- The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2016. Except for the followings:
 - Annual improvements on International Financial Reporting Standard (IFRS) issued during 2014 -2016 that includes amendments on IFRS (12).
 - Amendments to IAS (12): "Income Taxes" related to recognition of deferred tax assets for unrealized losses.
 - Amendments to IAS (7) "Statement of Cash Flows" that aims to provide additional disclosures in Statement of Cash Flows to enable the users to assess the changes in Liabilities that resulted from Financing Activities.

- The adoption of the above new standards has no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

BASIS OF CONSOLIDATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

- The condensed consolidated interim financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions income, and expenses between the Bank and subsidiaries are eliminated.
- The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the Bank.
- The Bank owns the following subsidiaries as of September 30, 2017:

Company's Name	Paid-up Capital JD	Ownership Percentage %	Nature of Operation	Country of Operation	Ownership Date
Al-Watanieh Financial Services Company	5,000,000	100	Investment Brokerage	Jordan	1992
Al-Watanieh Securities Company	1,600,000	100	Investment Brokerage	Palestine	1995
Tamallak For Financial Leasing Company	5,000,000	100	Finance Leasing	Jordan	2013
Safa Bank	53,175,000	79	Islamic Banking	Palestine	2016
Thimmar Company for Investment Services *	70,900	100	Investment	Palestine	2016

- The most important financial information for subsidiaries as of September 30, 2017 are:

	Al-Watanieh Financial Services Company		Al-Watanieh Securities Company	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	JD	JD	JD	JD
Total Assets	17,834,034	17,104,903	2,100,635	2,255,317
Total Liabilities	6,307,222	6,354,200	534,997	548,230
Net Assets	11,526,812	10,750,703	1,565,638	1,707,087

	For the Period Ended September 30,		For the Period Ended September 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Total Revenues	1,430,211	2,756,796	111,756	124,699
Total Expenses	505,645	748,975	253,205	250,032

	Tamallak For Financial Leasing Company		Safa Bank	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	JD	JD	JD	JD
Total Assets	25,142,807	16,652,489	87,645,388	61,710,290
Total Liabilities	19,457,060	14,998,140	37,323,709	10,070,127
Net Assets	5,685,747	1,654,349	50,321,679	51,640,163

	For the Period Ended September 30,		For the Period Ended September 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Total Revenues	1,057,146	575,179	1,123,727	628
Total Expenses	594,669	280,916	2,442,211	645,614

- * Thimmar Investment Services is wholly owned by the subsidiary Al-Watanieh Securities Company.
- The subsidiaries financial results are consolidated in the condensed consolidated interim statement of income from the date of their acquisition, which is the date on which the control of the Bank on the subsidiary takes place. In addition, the financial results of the disposed subsidiaries are consolidated in the condensed consolidated interim statement of income up to the date of the disposal, which is the date on which the Bank loses control over the subsidiaries.
- Non-controlling interest represents the portion that is not owned by the bank in the owner's equity in the subsidiary companies.

3. USE OF ESTIMATES

The preparation of the condensed consolidated interim financial statements and the applications of accounting policies requires the bank's management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by the bank's management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment, uncertainty and actual results that may differ resulting in future changes such as in provisions.

The bank management believes that their estimates in the financial statements are reasonable and as follow:

- A provision for credit facilities is taken on the basis and estimates approved by bank management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these basis 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 with (IFRSs) is used for the purpose of determining the provision.
- Impairment losses on the valuation of repossessed real estate propagating are determined based on appraisal reports prepared by certified appraisers and reviewed periodically.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the condensed consolidated interim 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 Condensed consolidated Interim statement of income.
- 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, 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 categorized in their entirety segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements i.e., 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 condensed consolidated interim financial statements are reasonable.

4. CASH AND BALANCES WITH CENTRAL BANKS

- The Statutory cash reserve held at the Central Banks amounted to JD 89,108,489 as of September 30, 2017 (against JD 81,695,162 as of December 31, 2016).
- The restricted cash balances amounted to JD 8,224,400 as of September 30, 2017 and December 31, 2016 respectively.
- There are no balances which mature in more than three months as of September 30, 2017 and December 31, 2016.

5. BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	Local Banks and Financial Intuitions		Foreign Banks and Financial Institutions		Total	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2017	September 30, 2017	December 31, 2017
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	2,925,611	896,556	15,219,301	36,907,332	18,144,912	37,803,888
Deposits that mature within 3 months or less	72,378,520	249,267,615	64,556,036	46,782,749	136,934,556	296,050,364
Total	<u>75,304,131</u>	<u>250,164,171</u>	<u>79,775,337</u>	<u>83,690,081</u>	<u>155,079,468</u>	<u>333,854,252</u>

- Non-interest bearing balances at banks and financial institutions amounted to JD 18,144,912 as of September 30, 2017 (against JD 37,803,888 as of December 31, 2016).
- There are no restricted balances as of September 30, 2017 and December 31, 2016.

6. DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Deposit maturing within:		
More than 3 to 6 months	-	12,500,000
More than 6 to 9 months	16,440,630	24,199,984
More than 9 to 12 months	18,000,000	14,180,000
More than 1 year	36,318,000	22,663,084
Total	<u>70,758,630</u>	<u>73,543,068</u>

- There are no restricted balances as of September 30, 2017 and December 31, 2016.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Quoted Equities	23,365,754	23,963,344
Investment Funds	1,857,250	1,859,240
	<u>25,223,004</u>	<u>25,822,584</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Quoted Investments		
Quoted Equities	19,061,621	19,201,161
Total quoted investments	<u>19,061,621</u>	<u>19,201,161</u>
Unquoted Investments		
Unquoted Equities	12,546,527	12,301,132
Total unquoted investments	<u>12,546,527</u>	<u>12,301,132</u>
Financial assets at fair value through other comprehensive income	<u>31,608,148</u>	<u>31,502,293</u>

- Cash dividends were distributed on investments in the amount of JD 1,110,896 for the period ended September 30, 2017 (against JD 1,117,216 for the period ended September 30, 2016).

9. DIRECT CREDIT FACILITIES, NET

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Consumer lending		
Overdrafts	12,507,239	8,221,354
Loans and bills *	660,124,418	632,917,856
Credit cards	11,300,776	10,070,530
Other	6,275,490	6,109,762
Residential mortgages	186,542,027	171,512,514
Corporate lending		
Overdrafts	87,530,505	99,378,606
Loans and bills *	265,085,689	203,901,684
Small and medium enterprises lending		
Overdrafts	19,928,399	13,755,261
Loans and bills *	71,681,547	52,266,535
Public and governmental sectors	219,051,349	216,615,307
Total	<u>1,540,027,439</u>	<u>1,414,749,409</u>
Less: Suspended interest	(11,512,614)	(10,794,925)
Less: Allowance for impairment losses	(51,550,845)	(47,675,336)
Direct credit facilities, net	<u>1,476,963,980</u>	<u>1,356,279,148</u>

- * Net after deducting interest and commissions received in advance of JD 7,443,139 as of September 30, 2017 (December 31, 2016 JD 5,251,444).
- As of September 30, 2017 non-performing credit facilities amounted to JD 72,491,792 (December 31, 2016: JD 59,328,905), representing 4.71% (December 31, 2016: 4.19%) of gross facilities granted.
- As of September 30, 2017, non-performing credit facilities, after deducting suspended interest, amounted to JD 61,166,397 (December 31, 2016: JD 48,701,464), representing 4% (December 31, 2016: 3.47%) of gross credit facilities granted after excluding the suspended interest.
- As of September 30, 2017, credit facilities granted to the Government of Jordan amounted to JD 93,492,342 (December 31, 2016: JD 102,143,212), representing 6.07% (December 31, 2016: 7.22%) of gross credit facilities granted.
- As of September 30, 2017 credit facilities granted to the public sector in Palestine amounted to JD 70,912,734 (December 31, 2016: JD 55,232,268), representing 4.6% (December 31, 2016: 3.9%) of gross credit facilities granted.

Direct credit facilities impairment provision:

The movement of the provision for impairment is as follows:

	September 30, 2017	December 31, 2016
	JD	JD
Beginning balance of the period/year	47,675,336	46,299,446
Charge during the period/year	3,517,380	3,213,480
Amount used from provision within the period/year (written off debts)	(86,772)	(1,861,655)
Revaluation differences	444,901	24,065
Balance at the end of the period/year	<u>51,550,845</u>	<u>47,675,336</u>

Interest in suspense

The movement of interest in suspense is as follows:

	September 30, 2017	December 31, 2016
	JD	JD
Beginning balance of the period/ year	10,794,925	10,266,892
<u>Add</u> : Suspended interest during the period/year	1,453,118	905,099
<u>Less</u> : Amount transferred to income	(729,382)	(335,458)
Written off interest in suspense	(6,047)	(41,608)
Balance at the end of the period/year	<u>11,512,614</u>	<u>10,794,925</u>

10. FINANCIAL ASSETS OF AMORTIZED COST, NET

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Quoted Investments		
Foreign treasury bills	1,773,864	1,630,068
Corporate debt securities	17,630,818	17,559,550
Total quoted investments	<u>19,404,682</u>	<u>19,189,618</u>
Unquoted Investments		
Jordanian treasury bills	29,645,640	12,887,124
Government treasury bonds	222,138,394	260,373,453
Government debt securities	2,076,110	2,603,250
Corporate debt securities	40,283,600	41,311,650
Less: Impairment losses	-	(141,800)
Total unquoted investments	<u>294,143,744</u>	<u>317,033,677</u>
Total financial assets at amortized cost	<u>313,548,426</u>	<u>336,223,295</u>
Analysis of debt instruments		
Fixed rate	313,548,426	335,337,045
Floating rate	-	886,250
Total	<u>313,548,426</u>	<u>336,223,295</u>

11. OTHER ASSETS

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Accrued interest revenues	9,427,706	10,803,301
Prepaid expenses	8,594,142	7,237,323
Reposessed assets - net *	11,843,757	11,849,384
Accounts receivable - net	1,622,622	807,028
Clearing checks	3,871,115	2,683,260
Settlement Guarantee Fund	25,000	25,000
Trading Settlement Account	749,470	144,486
Refundable deposits	570,172	499,820
Deposit at Visa International	1,999,401	1,765,431
Others	859,897	604,287
Total	39,563,282	36,419,320

- * As per the Central Bank of Jordan instructions the reposessed assets should be sold within two years of repossession, and can be extended under specific circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the Bank has recognized a gradual provision for the reposessed assets which are being held for more than four years in accordance to the Central Bank of Jordan instructions number 10/1/4076 dated March 27, 2014 and 10/1/7096 dated June 8, 2014.

12. CUSTOMERS' DEPOSITS

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Current accounts and demand deposits	454,445,015	474,163,723
Saving deposits	425,767,803	391,015,071
Time and notice deposits	850,873,910	682,267,454
Certificates of Deposits	70,900	-
Total	1,731,157,628	1,547,446,248

- Jordanian Government and Public Sectors deposits amounted to JD 316,008,019 as of September 30, 2017 (December 31, 2016: JD 323,317,762) representing 18.25% (December 31, 2016: 20.89%) of gross customers' deposits.
- There are no restricted deposits as of September 30, 2017 and December 31, 2016.
- Non-interest bearing deposits and current accounts amounted to JD 632,552,434 as of September 30, 2017 (December 31, 2016: JD 625,400,173) representing 36.54% (December 31, 2016: 40.41%) of gross deposits.

13. LOANS AND BORROWINGS

This item consists of the following:

September 30, 2017 (Reviewed not Audited)

	Amount	Total No. of Instalments	Outstanding Instalments	Payable Every	Maturity Date	Collaterals	Interest Rate
	JD					JD	
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845% - 4.895%
Amounts borrowed from French Development Agency	2,836,000	20	16	Semi - annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan *	9,500,000	10	10	Semi - annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan **	28,031,155	114	114	At maturity /per loan	2017-2022	Treasury Bills	1%-2.5%
Amounts borrowed from Central Bank of Jordan *	2,400,000	14	14	Semi - annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	5,064,286	7	5	Semi - annually	2020	None	4.25%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,080,000	7	7	Semi - annually	2021	None	4.75%
Amounts borrowed from Central Bank of Jordan *	4,100,000	20	20	Semi - annually	2031	None	2.39%
Amounts borrowed from Jordan Loan Guarantee Corporation	30,000,000	1	1	At maturity	2019	None	4.4%
Amounts borrowed from Jordan Loan Guarantee Corporation	5,000,000	1	1	At maturity	2020	None	5.75%
Amounts borrowed from International Markets Financial (IMF)	1,074,224	1	1	-	None	None	-
Total	110,683,665						

December 31, 2016 (Audited)

	Amount	Total no. of Instalments	Outstanding Instalments	Payable Every	Maturity Date	Collaterals	Interest Rate
	JD					JD	
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845% - 4.895%
Amounts borrowed from French Development Agency	3,013,250	20	17	Semi - annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	9,500,000	10	10	Semi - annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	19,389,623	71	71	At maturity/per loan	2017-2022	Treasury Bills	1% - 2.5%
Amounts borrowed from Central Bank of Jordan	2,400,000	14	14	Semi - annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	7	7	Semi - annually	2020	None	1.75% - 3.25%
Amounts borrowed from Central Bank of Jordan	4,100,000	20	20	Semi - annually	2031	None	2.39%
Amounts borrowed from Jordan Loan Guarantee Corporation	30,000,000	1	1	At maturity	2019	None	4.4%
Amounts borrowed from International Markets Financial (IMF)	1,074,224	1	1	-	None	None	-
Total	92,165,097						

* The borrowed amount from the Central Bank of Jordan was re-lent to SME's on an average interest rate of 6%. In addition, the repayment starts after 5 years of the granting date.

** The borrowed amount from the Central Bank of Jordan for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 4.25%.

14. INCOME TAX PROVISION

A. Income Tax provision

The movement on the income tax provision was as follows:

	September 30, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period/year	20,892,898	23,599,266
Income tax paid	(16,477,473)	(20,104,075)
Income tax payable	9,243,057	15,559,626
Amortization of deferred tax liabilities	-	1,838,081
Balance at the end of the period/year	<u>13,658,482</u>	<u>20,892,898</u>

Income tax appearing in the statement of income represents following:

	For the Nine-Month Period Ended September 30,	
	2017	2016
	JD	JD
Income tax for the period	9,243,057	11,544,696
Deferred Tax Assets	168,145	-
Amortization of deferred tax liabilities	(716,661)	-
Income tax payable for the profit of the period	<u>8,694,541</u>	<u>11,544,696</u>

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on foreign branches and subsidiaries range between 0% to 31%. Banks in Palestine are subject to an income tax rate of 15% plus VAT of 16%.
- The Bank reached a final settlement with the Income and Sales Tax Department for the year ended 2014 for the Bank's branches in Jordan. The Income and Sales Tax Department did not reviewed 2015, 2016 records up to the date of these condensed consolidated interim financial statements.
- A final settlement was reached with the tax authorities for Palestine branches until 2014. The Income Tax Department did not review 2015, 2016 records up to the date of these condensed consolidated interim financial statements.
- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2009. In addition, the Income and Sales Tax Department reviewed the company's records for the years 2010 and 2011, and estimated the tax payable for these years at JD 318,644 for the amounts paid. This decision was objected by the company in specialized courts where a decision was issued by the Court of First Instance in June 2016 to annul a claim, consider it voided and return it in order to be corrected to the Sales and Tax Department. This decision has been confirmed during the appeal stage in October 2016. Based on the court's decision, the Income Tax Department re-issued certificates with the same amounts. As a result, the company appealed against the decision, for which an objection was issued in June 2017 and therefore the appeal was filed before the courts which ended in July 2017. The court is still awaiting to correct the legal procedures, even though the legal period available after submitting the statements has passed by 4 years for both years being looked at. The Income and Sales Tax Department reviewed the company's records for the years 2012, 2013, 2014 and estimated that the tax payable for these years was JD 1,222,807 for the exceeding paid amounts. The company had filed an appeal at specialized courts and no court decision has been made till this day. The Income and Sales Tax Department has not reviewed the accounts for the year 2015 and 2016 up to the date of these condensed consolidated interim financial statements. In the opinion of Company's management, income tax provision recorded at the date of condensed consolidated interim statement of financial position are sufficient to face any future tax liabilities.

- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income and Sales Tax Department up to the year 2015. The Income and Sales Tax Department had not reviewed 2016 records, up to the date of these condensed consolidated interim financial statements.
- Tamallak for Financial Leasing Company had reached a final settlement with the Income and sales tax Department for the year ended December 31, 2014. Furthermore, the Income and Sales Tax Department had not reviewed 2015, 2016 records, up to the date of these condensed consolidated interim financial statements.
- In the opinion of the Bank's management, income tax provision as of September 30, 2017 is sufficient to meet any future tax obligation.

15. OTHER LIABILITIES

This item consists of the following:

	September 30, 2017	December 31, 2016
	JD	JD
Accrued interest expense	7,128,573	4,246,466
Unearned Revenue	493,471	1,023,780
Accounts payable	3,477,062	2,898,141
Accrued expenses	8,549,374	6,616,674
Temporary deposits	13,791,144	13,880,874
Checks and withdrawals	5,166,527	4,420,043
Others	2,808,772	2,798,704
	<u>41,414,923</u>	<u>35,884,682</u>

16. FAIR VALUE RESERVE (NET)

The movement is as follows:

	September 30, 2017	December 31, 2016
	JD	JD
Beginning balance of period/year	(10,347,484)	(6,917,105)
Unrealized gain (loss)	343,684	(194,219)
(Gain) from sale of financial assets at fair value through other comprehensive income	(50,307)	(3,418,582)
Deferred tax assets	(93,716)	82,911
Deferred tax liabilities	320,778	99,511
Ending balance for the period/year	<u>(9,827,045)</u>	<u>(10,347,484)</u>

17. INTEREST INCOME

This item consists of the following:

	For the Nine-Month Period Ended September 30,	
	2017	2016
	JD	JD
Direct credit facilities		
Overdrafts	11,516,246	10,842,862
Loans and bills	73,156,238	63,087,638
Credit cards	1,792,068	1,698,893
Margin of brokerage accounts	195,204	233,628
Balances at Central Banks	4,920,543	241,487
Balances and deposits at banks and financial institutions	3,459,812	10,574,299
Financial assets at amortized cost	7,652,439	10,771,345
Other	-	4,105
Total	<u>102,692,550</u>	<u>97,454,257</u>

18. INTEREST EXPENSE

This item consists of the following:

	For the Nine-Month Period Ended September 30,	
	2017	2016
	JD	JD
Banks and financial institutions deposits	4,957,605	3,631,597
Customers' deposits:		
Current accounts and demand deposits	1,061,502	733,603
Saving accounts	2,429,914	1,668,248
Time and notice deposits	19,403,937	14,216,435
Certificate of Deposit	1,408	-
Margin accounts	634,210	977,584
Loans and borrowings	2,695,618	1,487,146
Deposits guarantee fees	2,558,797	2,472,176
Total	33,742,991	25,186,789

19. GAIN (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	Realized Gain (Losses)	Unrealized (Losses)	Dividends	Total
	JD	JD	JD	JD
September 30, 2017				
Equity instruments	21,967	(1,579,845)	1,867,930	310,052
Bonds	4,104	-	-	4,104
Investment funds	-	(2,104)	-	(2,104)
Total	26,071	(1,581,949)	1,867,930	312,052
September 30, 2016				
Equity instruments	(199,837)	(1,896,886)	2,028,389	(68,334)
Bonds	10,635	-	-	10,635
Investment funds	-	(203,856)	-	(203,856)
Total	(189,202)	(2,100,742)	2,028,389	(261,555)

20. EARNINGS PER SHARE

	For the THREE-Month Period Ended September 30,		For the NINE-Month Period Ended September 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Profit for the period attributable to shareholders	6,763,183	8,858,784	20,906,154	27,327,879
Weighted average number of shares	180,000,000	180,000,000	180,000,000	180,000,000
	(JD/Fils)	(JD/Fils)	(JD/Fils)	(JD/Fils)
Basic and diluted earnings per share - (Bank's Shareholders)	0/038	0/049	0/116	0/152

Diluted earnings per share are equal to the basic earnings per share as the Bank has not issued any potentially convertible instruments to shares which would have an impact on earnings per share.

21. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Cash and cash equivalents appearing in the statement of cash flows consist of the following balance sheet items:

	September 30,	
	2017	2016
	JD	JD
Cash and balances with Central Banks maturing within three months	636,419,835	203,661,257
<u>Add:</u> Balances at banks and financial institutions maturing within three months	155,079,468	352,103,383
<u>Less:</u> Banks and financial institutions' deposits maturing within three months	396,480,934	317,392,058
Restricted balances	8,224,400	7,444,500
Total	386,793,969	230,928,082

22. RELATED PARTY TRANSACTIONS

The accompanying condensed consolidated interim financial statements consist of the Bank and the following subsidiaries:

Company Name	Ownership %	Paid in capital	
		September 30, 2017	December 31, 2016
		JD	JD
Al-Watanieh Financial Services Company	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,600,000	1,600,000
Tamallak For Financial Leasing Company	100	5,000,000	1,000,000
Safa BANK	79	53,175,000	53,175,000
Thimmar Company for Investment Services	100	70,900	70,900

The Bank entered into transactions with subsidiaries, major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the loans and advances to related parties are performing advances and are free of any provision for credit losses.

The following related party transactions took place during the period:

	Related Party			Total	
	Board of Directors and Relatives of Board Members	Executive Management	Others *	September 30, 2017	December 31, 2016
	JD	JD	JD	JD	JD
<u>Items within the statements of financial position:</u>					
Direct credit facilities	19,970,625	5,070,467	21,163,684	46,204,776	78,571,070
Deposits at the Bank	17,842,332	3,139,037	10,568,758	31,550,127	37,423,859
Margin accounts	798,045	-	647,718	1,445,763	35,822,466
<u>Off balance items:</u>					
Indirect credit facilities	2,200,006	300	205,724	2,406,030	2,838,501
				For the Nine-Month Period Ended September 30,	
				2017	2016
				JD	JD
<u>Income statements items</u>					
Interest and commission income	2,066,083	184,884	1,856,382	4,107,349	2,970,646
Interest and commission expense	281,352	58,426	128,193	467,971	918,470

* Other related parties include the Bank employees and their relatives to the third degree.

- Credit interest rates on credit facilities in Jordanian Dinar range between 3.5% - 8.5%.
- Credit interest rates on credit facilities in foreign currency range between 1.98% - 7%.
- Debit interest rates on deposits in Jordanian Dinar range between 0% - 3.5%.
- Debit interest rates on deposits in foreign currency range between 0% - 1%.

Salaries, bonuses and other benefits for key management Personnel amounted to JD 1,873,858 as of September 30, 2017 (JD 1,966,271 as of September 30, 2016).

23. SEGMENTAL INFORMATION

1. Primary segment information

For management purposes the Bank is organized into four major business segments in accordance with the reports sent to chief operating decision maker.

Retail banking - Mainly handles individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and other facilities.

Corporate banking - Mainly handles loans and other credit facilities and deposit and current accounts for corporate and institutional customers;

Treasury - Mainly provides money market, trading and treasury services, as well as the management of the Bank's funding operations.

These segments are the basis on which the bank reports its primary segment information.

	Retail Banking JD	Corporate Banking JD	Treasury JD	Others JD	September 30,	
					2017 JD	2016 JD
Gross income	<u>75,751,949</u>	<u>30,138,435</u>	<u>20,293,199</u>	<u>1,626,126</u>	<u>127,809,709</u>	<u>121,718,178</u>
Allowance for direct credit facility losses	<u>(3,250,888)</u>	<u>(266,492)</u>	<u>-</u>	<u>-</u>	<u>(3,517,380)</u>	<u>(2,813,459)</u>
Segment results	<u>57,624,023</u>	<u>20,396,726</u>	<u>10,902,463</u>	<u>1,626,126</u>	<u>90,549,338</u>	<u>93,717,930</u>
Unallocated costs					<u>61,225,360</u>	<u>54,980,764</u>
Profit before tax					<u>29,323,978</u>	<u>38,737,166</u>
Income tax					<u>(8,694,541)</u>	<u>(11,544,696)</u>
Profit for the period					<u>20,629,437</u>	<u>27,192,470</u>
Other information						
Capital expenditure					<u>5,974,427</u>	<u>17,456,329</u>
Depreciation and amortization					<u>6,737,178</u>	<u>5,898,809</u>
					September 30, 2017 JD	December 31, 2016 JD
Total segment assets	<u>839,642,244</u>	<u>637,321,736</u>	<u>1,245,664,089</u>	<u>91,176,468</u>	<u>2,813,804,537</u>	<u>2,491,183,233</u>
Total segment liabilities	<u>903,042,321</u>	<u>684,446,061</u>	<u>817,441,204</u>	<u>71,984,841</u>	<u>2,476,914,427</u>	<u>2,153,873,221</u>

2. Geographical Information

This item represents the geographical distribution of the Bank's operations, the Bank's main activities are located in Jordan which represents local operation as well as international operations in the Middle East, Europe, Asia, America and Low East.

The following table shows the distribution of the Bank's profit assets and capital expenditure by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	September 30,		September 30,		September 30,	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total Revenue	98,780,258	102,744,066	29,029,451	18,974,112	127,809,709	121,718,178
Capital expenditure	3,234,584	12,283,161	2,739,843	5,173,168	5,974,427	17,456,329

	Inside Jordan		Outside Jordan		Total	
	September 30,	December 31,	September	December 31,	September 30,	December 31,
	2017	2016	30, 2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total assets	<u>2,166,805,320</u>	<u>1,951,854,991</u>	<u>646,999,217</u>	<u>539,328,242</u>	<u>2,813,804,537</u>	<u>2,491,183,233</u>

24. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments and contingent liabilities:

	September 30, 2017	December 31, 2016
	JD	JD
Letters of credit:		
Issued	23,233,582	32,092,230
Acceptances	4,736,496	1,563,898
Letters of guarantee:		
Payments	17,584,338	16,285,995
Performance	16,998,599	18,015,063
Other	14,529,672	11,437,672
Irreversible commitments to extend credit	139,923,817	92,169,757
	<u>217,006,504</u>	<u>171,564,615</u>

b) The contractual commitments of the Bank are as follows:

	September 30, 2017	December 31, 2016
	JD	JD
Contracts to purchase property and equipment	<u>2,285,389</u>	<u>3,599,638</u>

25. LITIGATION RAISED AGAINST THE BANK

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 44,189,325 as of September 30, 2017 (December 31, 2016: JD 43,857,724). In the opinion of the Bank's management and law consultant, provisions for these lawsuits are sufficient.

Provision for legal cases amounted to JD 4,287,503 as of September 30, 2017 (December 31, 2016: JD 4,421,931).

26. STATUTORY RESERVES

The Bank has not deducted any statutory reserves according to Companies' Law since these are interim financial statements.

27. FAIR VALUE HIERARCHY

a. The fair values for financial assets and financial liabilities of the bank are determined at fair value on an ongoing basis:

- Some of the Financial Assets and Financial Liabilities of the bank are valued at fair value of each reporting period. The following table provides information on how fair value is determined for financial assets and financial liabilities (Valuation Methods and Inputs Used).

	Fair Value		Fair Value Level	Valuation Method and Inputs Used	Intangible, Significant Inputs	Relationship between Intangible, Significant Inputs and Fair Value
	September 30, 2017	December 31, 2016				
Financial Assets/ Financial Liabilities	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value through Income Statement						
Investments	25,223,004	25,822,584	First Level	Prices are announced in Financial Markets	Not Applicable	Not Applicable
Total	25,223,004	25,822,584				
Financial Assets at Fair Value through Comprehensive Income Statement						
Quoted Investment	19,061,621	19,201,161	First Level	Prices are announced in Financial Markets	Not Applicable	Not Applicable
Unquoted Investment	12,546,527	12,301,132	Second Level	Compared with market value of similar Financial Instrument	Not Applicable	Not Applicable
Total	31,608,148	31,502,293				
Total Financial Assets at Fair Value	56,831,152	57,324,877				

There were no transfers between First Level and Second Level during the nine-month period ending September 30, 2017.

b. The fair value for financial assets and financial liabilities of the bank that are undetermined at fair value on an ongoing basis:
 Except as stated in the table below we believe that the book value of Financial Assets and Financial Liabilities that is shown in the condensed consolidated interim financial statements are approximately equal to its fair value due either to its short-term maturity or that interest rates are re-priced during the period.

	September 30, 2017		December 31, 2016		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Level
	JD	JD			
Financial Assets with Undetermined Fair Value					
Balances at Central banks	558,811,984	558,811,984	81,695,162	81,695,162	Second Level
Balances at Banks and Financial Institutions	155,079,468	155,079,468	333,854,252	334,003,608	Second Level
Deposits at Banks and Financial Institutions	70,758,630	72,986,392	73,543,068	75,530,984	Second Level
Loans and Borrowings	1,476,963,980	1,481,972,774	1,283,323,658	1,286,101,905	Second Level
Financial Assets at Amortized Cost	313,548,426	315,739,576	336,223,295	339,576,882	Second Level
Financial Assets Pledged as collaterals	7,018,000	7,018,000	13,476,000	13,476,000	Second & First Level
Total Financial Assets with undetermined Fair Value	2,582,180,488	2,591,608,194	2,122,115,435	2,130,384,541	
Financial Liabilities with Undetermined Fair Value					
Banks and Financial Institutions Deposits	510,567,508	510,567,508	358,957,094	358,957,094	Second Level
Customer Deposits	1,731,157,628	1,731,157,628	1,547,446,248	1,547,446,248	Second Level
Margin Accounts	51,508,442	51,508,442	81,476,847	81,476,847	Second Level
Total Financial Liabilities with undetermined Fair Value	2,293,233,578	2,293,233,578	1,987,880,189	1,987,880,189	

For the above items, the fair values of financial assets and financial liabilities have been determined in accordance with the pricing models agreed upon, which reflect the credit risk of the parties they deal with.