

Chief Executive Officer

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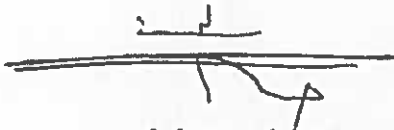
To: Jordan Securities Commission

Amman Stock Exchange

**Subject: Annual Report for the fiscal year ended 31/12/2017  
(in English)**

Attached the Annual Report of Bank of Jordan for the fiscal year ended at 31/12/2017.

Kindly accept our highly appreciation and respect



Saleh Rajab Hammad

بورصة عمان	
الدائرة الإدارية والمالية	
الديوان	
١٤ أيار ٢٠١٨	
2950	الرقم المتسلسل:
11022	رقم الملف:
9 1117611	الجهة المختصة:


# Annual Report 2017

بنك الاردن  
Bank of Jordan



bankofjordan.com  
boj@bankofjordan.com.jo  
Call Center: 06 5807777

 BankOfJordanOfficial

 Bank of Jordan

 @bankofjordan\_Jo

## Our Vision

To be a pioneering bank that excels in providing products and services, offers comprehensive financial solutions and acquires an advanced position in the Arab region.

## Our Mission

To build amicable relations with our customers, optimize the returns to shareholders and contribute to social advancement by providing comprehensive financial solutions through high-quality and efficient service channels and a modern business environment that comprises an excelling team of employees.

## Table of Contents

	Page Number
Board of Directors	8
Chairman's Letter	9
Board of Directors' Report 2017	11
Consolidated Financial Statements for the Year Ended December 31, 2017	37
Additional Information as Required by the Jordan Securities Commission 2017	113
Corporate Governance	143
Disclosure and Transparency	153
Addresses of Bank of Jordan Branches	155

### Bank of Jordan

Public Shareholding Limited Company, established in 1960,  
Commercial Registration No. 13, Paid-up Capital JD 200,000,000  
P.O. Box 2140 Amman 11181 Jordan,  
Tel.: +962 6 5696277 Fax: +962 6 5696291

E-mail: [boj@bankofjordan.com.jo](mailto:boj@bankofjordan.com.jo)

Website: [bankofjordan.com](http://bankofjordan.com)

Call Center: 06 580 77 77

His Majesty  
King Abdullah II Bin Al Hussein





His Royal Highness  
Crown Prince Hussein Bin Abdullah II



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## Board of Directors

### Chairman of the Board/ Dedicated

Mr. Shaker Tawfiq Fakhouri/ Representative of Al-Ekbal Jordanian General Trading (LLC).

### Vice Chairman

Mr. Walid Tawfiq Fakhouri/ Representative of Al Tawfiq Investment House - Jordan

### Members:

Dr. Mazen Mohammad Al Basheir / Representative of Arab Gulf General Inv. & Transport Co.

Dr. Yanal Mawloud Naghouj / Representative of Al Yamama for General Investments Co. (Limited liability)

Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali/ Representative of Al Araka for Investments Co.

Mr. Haitham Mohammed Samih Barakat/ Representative of Al Lu'lu'a Trading & Investment Co.

Mr. Mohammad Anwar Hamdan

Mr. Husam Rashed Manna'

Mr. Walid Mohammad Al-Jamal/ Representative of Al Pharaenah Int'l for Industrial Investments Co.

Mr. Walid Rafiq Anabtawi

Mr. Wissam Rabee' Saab

### Acting General Manager

Mr. Saleh Rajab Hammad

### Auditors

Kawasmy & Partners Co. (KPMG)

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## Chairman's Letter

### Dear Fellow Shareholders,

As we are marching steadily towards our sixtieth anniversary, I am pleased to present you with the Fifty Seventh Annual Report for Bank of Jordan as evidence of the notable progress the Bank has achieved over the years.

For 2017, Bank of Jordan comfortably accomplished yet another year of significant growth in all of the important banking metrics: Revenue, Profit, Balance Sheet, Capitalization and Quality of Assets. Further, we reached another milestone in our regional expansion plan by opening a conventional wholesale branch in the Kingdom of Bahrain, providing us access to the entire GCC Market. Our top line revenue in 2017 has grown to JD 155 million, including one-time items, with our core Interest and Commissions revenues growing by 9.4%, year-over-year, to reach JD 127.2 million. Furthermore, our Net Profit attributable to shareholders grew by 13% over the prior year, reaching JD 46.8 million. It is worth noting that our return on average assets for 2017 was 1.86% and the return on average bank shareholders equity reached 11.15%, both continuing to be on the higher end for the banking sector in Jordan.

Bank of Jordan's balance sheet shows healthy 15% growth in deposits, reaching JD 1,845.8 million, with a comparable 18% growth in credit, reaching JD 1,447.2 million, hence reflecting a better utilization of deposits, while not sacrificing quality of assets. This quality of assets is evident from the lower non-performing loan (NPL) ratio, which dropped to 4.5%, while maintaining an NPL coverage ratio above 125%. As such, the Bank is well positioned to weather an unforeseen macroeconomic deterioration in the credit environment, while it demonstrably continues to maintain an improving quality of its clients. To conclude, our shareholders' equity has grown by 7% to reach JD 433.7 million, while our Capital Adequacy ratio, at 19.08%, continued to be well above the regulatory mandate.

As it stands, your bank, Bank of Jordan, is healthy, growing, and ready and able to expand its operations comfortably and profitably.

### Dear Shareholders,

It is our view that the classical lending-borrowing challenges should not be the main challenges that Bank of Jordan needs to be primarily preoccupied with. As we have demonstrated, year after year and in a challenging environment, our bank is capable of comfortably growing its primary classical banking metrics, and we are confident that Bank of Jordan will continue to do so.

Some of these classical challenges are the result of the accounting changes implied by the regulatory imposition of IFRS-9 and Basel-III. To this end, our assessment of the impact of the proposed regulatory accounting and business changes, as performed internally with the help of outside specialists, indicates a limited impact on Bank of Jordan finances, when these regulations become effective in the year 2018.

There are multiple factors that effectively limit this impact, such as our current reliance on Tier-1 Capital, our healthy General Risk Reserves, our more-than-adequate provisioning (as per stage-3 IFRS-9 rules), and our lack of significant exposure to other financial institutions. These factors, combined with our low NPL ratios and our high quality of assets, are shielding the Bank from any significant impact due to the new regulations. Moreover, our current 19.08% Capital Adequacy Ratio (CAR) is deemed sufficient to offset any potential capital hit, while allowing the Bank to grow its lending base, even under the new rules. Additionally, the Bank has already put in place systems, practices and conducted training to readily incorporate such planned regulatory changes into our business and accounting practices, once imposed by the regulators.

To preempt what we see as the real challenge, Bank of Jordan has devised a 3-year, Customer Centric, and strategic plan. The focus of this strategy is to achieve customer service excellence and mobility, while leveraging the abundance of data we have accumulated over the years. This strategic plan, concluding in the year 2020 and coinciding with our sixtieth anniversary, will lead to a leaner, more efficient bank that is more customer focused and service-mobility oriented.



This proactive strategy was developed with attention to what we see as the true and emerging challenge posed by the evolving technological and technology-related regulations. After all, banking players, worldwide, will be facing a real challenge due to the emerging technologies and methods of payment that can relegate banks to being back-end processors, while elevating technology companies to the forefront. Furthermore, such trends will inevitably result in opening local and regional business to global players, especially when it comes to customer service, electronic payments and transacting.

Excellence in service is set as another pillar of our strategy, where excellence for our strategic purposes was defined as excelling in all of the established service parameters: Product, People, Place, Price, Process and Promotion, as well as technology. To reach this strategic goal, the Bank will continue to invest in being a leader in technological infrastructure, especially when such innovations relate to customer service, convenience, and mobility. After all, it is our view that this most important area of excelling in customer experience, and providing choice and convenience, will be crowded with technology players. These technology players do have the potential of outperforming banks that are not ready and able to compete effectively. Thus, our strategy was devised with the view that the emerging FinTech industry here in the region, and a regulatory environment accommodating to such emerging players, should be a primary focus and an active area of investment for us to continue to be ahead of the pack.

As a case in point, Bank of Jordan was the first regional bank to implement "Core Banking on the Cloud," which we rolled out for our operations in Bahrain. We have established a bank services catalogue, prioritized such services, and are already conducting time-motion and workflow analysis on all. We are eyeing advanced next-generation technological solutions for Customer Relationship Management, Talent Management, Reconciliation, Mobility and Content Management, with the goal being to roll out such systems across the whole Bank of Jordan group.

A state-of-the-art, fully functional mobile-banking application, and significantly expanding our e-Channels network, with more services, and across the group, add to our ability to serve our clients at their convenience. It is our view that adding to the mobility and convenience of our clients, especially in this evolving service environment, will enhance customer loyalty, reduce churn, and hence allow for more cross-selling opportunities, while reducing operational costs. Furthermore, opening better-targeted branches within our branch network, with the help of our GIS tools, which Bank of Jordan was the first to implement in Jordan, allow us to better penetrate target demographics and conveniently serve our customers wherever they are.

In addition, our strategy makes human capital development and management a strategic goal. Intensive, high quality training of people from all business divisions (Corporate, SME and Retail) and the rolling out of a competency-based talent management practice are an integral part of our plans. Several outsourcing initiatives, in the works for 2018, will assure better service to our customers and employees alike, while simultaneously reducing our operational cost.

In short, we are taking a holistic view to banking, by undertaking strategic initiatives to not only harness technological advances to achieve service and operational excellence, but also assure that such initiatives contribute to improving both our top and bottom lines. We are excited about what this transformation will bring to all of our stakeholders: customers, employees, and, most importantly, you, our shareholders.

### Dear Fellow Shareholders,

Given our financial performance and prospects, Bank of Jordan intends to distribute 18 piasters per share as dividends, after pending Shareholders General Assembly approval, for an effective dividends yield of 6%, based on end-of-year closing stock price.

We assure you that we, as those entrusted by you to conduct the bank, continue to be optimistic about the future. As we have done over the years, we will endeavor to maintain a growing balance sheet, with a strong capital position, efficient liquidity ratios, and comfortable NPL provisions, and to continue to invest in the future of this bank.

Your continued support as esteemed shareholders and as clients is greatly valued. As such, our sincerest appreciation, as Chairman, Board of Directors and Executive Management, goes to you and to our staff, who are helping us all continue on our path to excellence.

Yours Very Truly

**Shaker Tawfiq Fakhoury**  
Chairman of the Board

# Board of Directors' Report 2017



Economic Performance 2017

Achievements in 2017

Analysis of Financial Position and Business Results for the Year 2017

Our Goals for 2018

Additional Information as Required by the Jordan Securities Commission 2017



Economic Performance 2017

Regional geopolitical developments continued to weigh on economic outturn in 2017, with unemployment and debt hitting record levels. The heavy financial and social burden of hosting over one million registered Syrian refugees also took a toll on the Kingdom’s economy. Trade routes between Jordan and its neighbours were similarly affected by the turbulence, now entering its seventh year. On a positive note, the re-opening of Tureibil border crossing between Jordan and Iraq - once Jordan’s main export market -at the end of August 2017, was received with much enthusiasm that exports to Baghdad could return to its pre-war level. In another boost to ties, Iraq has exempted a total of 371 Jordanian goods from customs duties, effective 2018.

The macroeconomic picture shows that GDP at constant prices grew by 2.1% in the first half of 2017, maintaining the same rate registered during the corresponding half in 2016. At current prices, GDP expanded by 3.6% against 3.5% during the comparison period. FDI recorded net inflows of JD 782.6 million between January and June 2017, up 29.4% when compared to the same period the year before. Travel receipts surged by 12.1% to JD 2.5 billion at the end of the first nine months of 2017 compared to the first nine months of 2016. Remittances saw a minimal increase of 0.4% to JD 2.2 billion at the end of the first ten months of 2017, compared to the first ten months of 2016.

Inflation, measured against the CPI, rose by 3.3% during the first eleven months of 2017, against -0.9% recorded between January and November 2016. The increase was largely attributed to the hike in international oil prices and its repercussions on prices locally. Unemployment, meanwhile, rose to around 18.5% during the third quarter of 2017 from 15.9% registered in the same quarter of the previous year.

Foreign reserves with the Central Bank of Jordan (CBJ) reached JD 11.7 billion at the end of October 2017, a retraction of 9% when compared to the end of 2016. Total public debt continued to rise, hitting JD 27.2 billion at the end of October 2017, or 95.3% of GDP projected for end of that month. This compares with JD 26.1 billion or 95.1% of GDP for 2016. The budget deficit, including foreign grants, ballooned to JD 881.2 million during the first ten months of 2017, representing 3.7% of GDP estimated for end of October 2017 against JD 671.5 million during the corresponding span in 2016, or 2.9% of GDP projected for end of October 2016.

It is worth noting that Standard & Poor’s international credit rating agency has downgraded Jordan’s credit rating from BB- to B+, with a stable outlook. The step was taken in light of the surge in the Kingdom’s public debt amid growing financing needs and ongoing borrowing from the local and external markets. The rise in the cost of borrowing amid projections of a retraction in external grants to Jordan was cited as another reason for the downgrade.

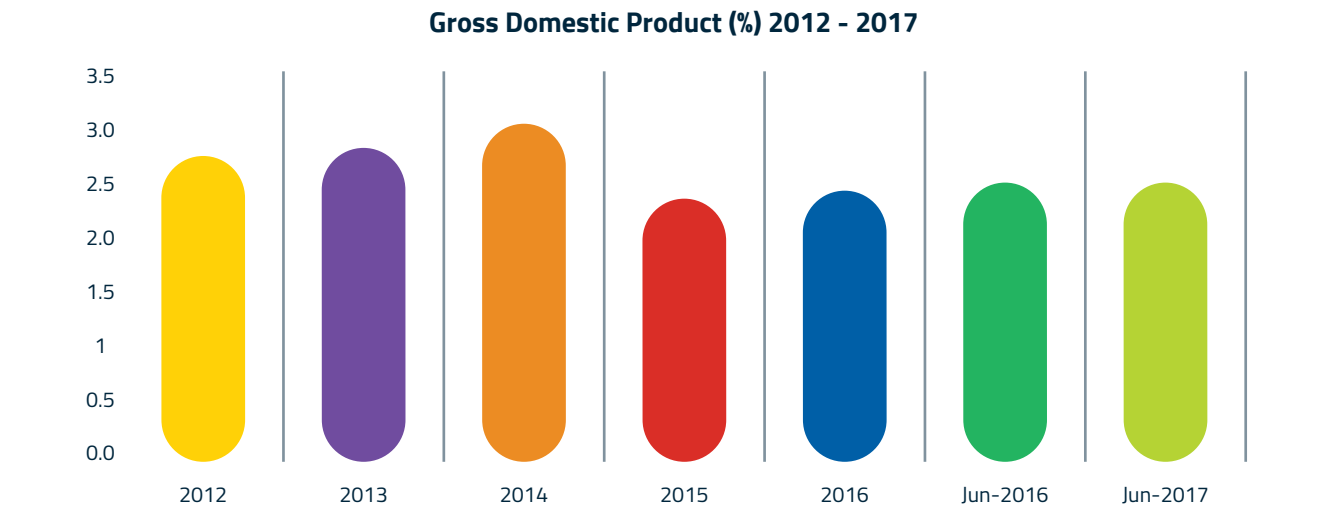
As for banking indicators, figures reveal that total customer deposits held with banks reached JD 32.9 billion at the end of October 2017. Credit facilities, meanwhile, surged by 7.3% to JD 24.6 billion, while assets of the banking sector clocked in at JD 48.9 billion at the end of October 2017.

Gross Domestic Product:

GDP at constant prices expanded by 2.1% in the first half of 2017, maintaining the same growth level realized in the corresponding half the year before. The output of economic sectors varied between January and June 2017 when measured against the first half of 2016; some activities registered higher growth than others, while others decelerated. “Mining and quarrying” surged by 23.9% against a drop of 18%, while “private non-profit services for households” inched up 4.3% from 4.2%. The “social and personal services” sector edged up 4% versus 3.5%, while “trade, hotels, and restaurants” grew by 1.3% compared with 1.2%. The "manufacturing industry", meanwhile, rose by 1.1% up from 0.8%.

Other activities which posted lower growth rates during the comparison period include the "agriculture" sector, which expanded by 5.9% versus 6.6%, and “finance, insurance, real estate, and business services” where growth decelerated to 3.3% against 3.7%. “Water and electricity” slowed down to 2.8% compared to a growth of 14.1%. “Transport, storage, and communications”, in the meantime, rose by 1.8% against 3.3%, while “producers of government services” sector, expanded by 1.2% versus 1.4%. The “construction” sector retracted to 0.4% after seeing an expansion of 1.7%. Growth in “household services” remained unchanged at 0.4% during the period in comparison.

Inflation, in due course, rose by 3.3% in the first eleven months of 2017, against -0.9% registered in the same period in 2016. Main groups of items responsible for the increase include transportation, which accounted for 13% of the increase, followed by rent; at 2.5%. Cigarettes and tobacco accounted for 8%, vegetables and legumes - dried and canned - and health groups contributed 5.2% and 8.7% respectively. Yet, other goods saw a drop in prices: meat and poultry prices declined by 5.5%, while the prices of fruits and nuts went down by 3.2%. Clothing price tags were lower by 2.9%, and cereals and products saw a negligible drop of 0.2%.



Public Finance:

Total domestic revenues and foreign grants amounted to JD 5.7 billion at the end of the first ten months of 2017 against JD 5.6 billion recorded in the same period in 2016; up 1.4%. External grants, in the meantime, stood at JD 209.9 million down from JD 346 million.

A breakdown of these figures shows that domestic revenues rose by 4.1% to JD 5.5 billion year-to-October, from JD 5.3 billion registered during the corresponding period in 2016. This came on a JD 27.8 million increase in tax revenues, coupled with a JD 191 million rise in other revenues.

Against this, total spending soared to JD 6.6 billion against JD 6.3 billion, up 4.6%. The increase came on a 4.2% rise in current spending and a 7.9% rise in capital spending. This left the budget, grants included, with a record deficit of JD 881.2 million. The budgetary shortfall amounted to JD 671.5 million by end of October 2016.

As a result, the total public debt reached an unprecedented JD 27.2 billion at the end of October 2017, representing 95.3% of GDP. This compares with 95.1% at the end of 2016. It is worth noting here that the debt of the National Electricity Production Company and the Water Authority shot to JD 6.7 billion at the end of October 2017. The net public debt (domestic and external), stood at JD 25.7 billion or 90.2% of GDP projected for end of October 2017, versus JD 24.1 billion or 87.7% of GDP for 2016.

The Monetary and Banking Sector:

The local banking industry proved resilient once again despite ongoing challenges to economic growth. The sector emerged from a turbulent time robust, profitable, with proper liquidity and capital buffers in place to absorb local and external shocks. Yet, banks across the Kingdom are never lulled into complacency: they continue to apply best internationally-recommended risk management models.

With stringent supervision, the CBJ has further bolstered financial and monetary stability. As a counter measure to deposit dollarization, the national regulator also continued to encourage savings in local currency. It also launched the Financial Inclusion Strategy which envisions the execution of comprehensive national growth-enhancing programs. A note to mention here is that Jordan has become the first Arab country to launch the strategy.

The CBJ has also issued regulations pertaining to “Domestic Systemically Important Banks (D-SIBs)”. The step seeks to help D-SIBs – large banks with sizeable market share and strong interconnectedness – maintain financial soundness and strength. The regulations also aim to help mitigate externalities; negative impacts that can harm financial and economic stability in the country – in accordance with relevant international practices.

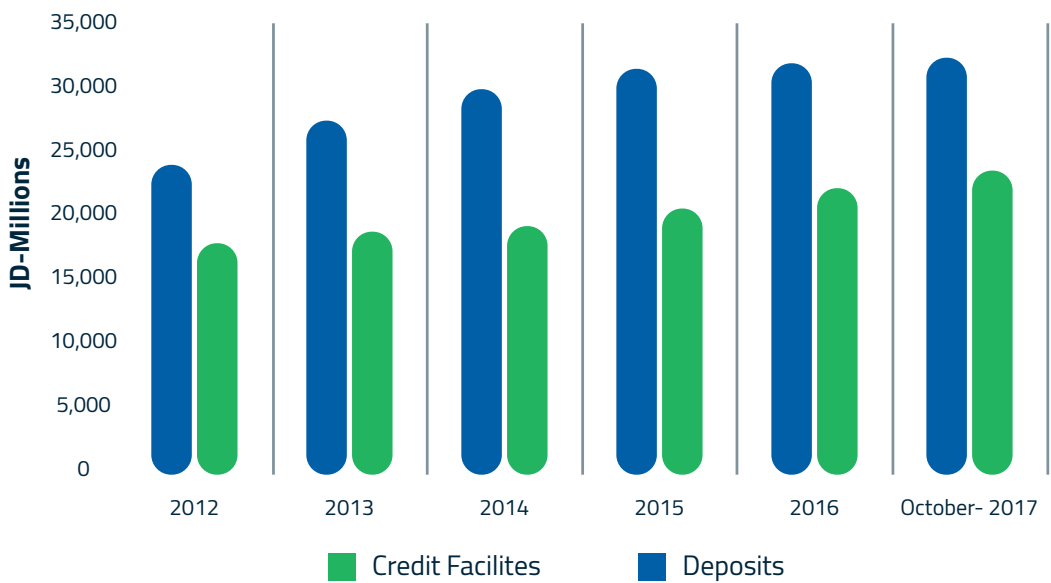
D-SIBs have been granted one and a half years to comply with qualitative requirements set by the Basel Committee on Banking Supervision. These cover corporate governance, risk management, and recovery plans. For the additional capital requirements, banks should gradually adhere to the rules as of the end of 2017 until they are fully compliant by 2020.

In efforts to reinforce financial and monetary stability pillars, including the stability of the general price index, the CBJ raised interest on monetary instruments four times in 2017 at 125 points. The move is also consistent with interest rate developments in financial markets internationally and regionally. Yet, interest loans granted under the CBJ program for supporting and financing target economic sectors remained unchanged.

For financial and banking indicators, statistics unveiled that foreign reserves stood at USD 11.7 billion at the end of October 2017, down by 9% when compared to the end of 2016. Domestic liquidity also dipped 0.22% when compared to its level at the end of 2016 to JD 32.8 billion.

Customer deposits held with the banking sector edged up 0.1% to JD 32.9 billion; foreign currency deposits rose by 5.3% to JD 7.3 billion, and dinar-denominated deposits shrank by JD 339.6 million to JD 25.6 billion during the comparison period. Credit facilities, meanwhile, climbed by 7.3% compared to their level at the end of 2016 to JD 24.6 billion. By economic activity, credit to the manufacturing sector saw the highest growth: 22%. Credit to the public services and utilities sector witnessed a growth of 13.6%, while lending to the construction and agriculture sectors expanded by 12%, and 10.7% respectively. The banking sector’s assets surged to JD 48.9 billion end of October 2017, up 1.12% when compared to the end of 2016.

Development of deposits and credit Facilitiesi in Banking Sector



Interest on deposits and credit facilities in the banking sector varied in the first ten months of 2017. Yet, the weighted average interest on demand deposits stood at 0.27%, a rise of one percentage point when compared to the end of 2016. On savings accounts, the weighted average interest saw a drop of two percentage points to 0.54%. On time deposits, the weighted average interest stood at 3.69%, up 65 percentage points compared to its level at the end of 2016.

The weighted average interest on credit facilities on overdraft stood at 8.63% at end of October 2017; it went up by 103 percentage points when compared to the end of 2016. The rate rose by 92 percentage points on loans and advances to 8.75%. On discounted bills, the average dropped by 75 percentage points to 9.67% from its level at the end of 2016.

Amman Stock Exchange (ASE):

Unfavorable geopolitical developments that have marred the Arab region – and Jordan’s neighbors specifically – continue to impinge on investor confidence and weigh on the economy at large. Yet the trading value at the ASE saw a rise of 29.9% to JD 2.8 billion in the first eleven months of 2017 compared to the same period in 2016. Market capitalization of listed stocks, in the meantime, dropped by 2.8% to JD 16.7 billion. The Share Price Index weighted by market capitalization also retracted by 1.8% to 3,963.8 points compared with 4,037.8 points registered between January and November 2016. Non-Jordanian investments in listed companies stood at 48.5% by end of November 2017 against a share of 49.2% recorded by end of November 2016, according to bourse figures.

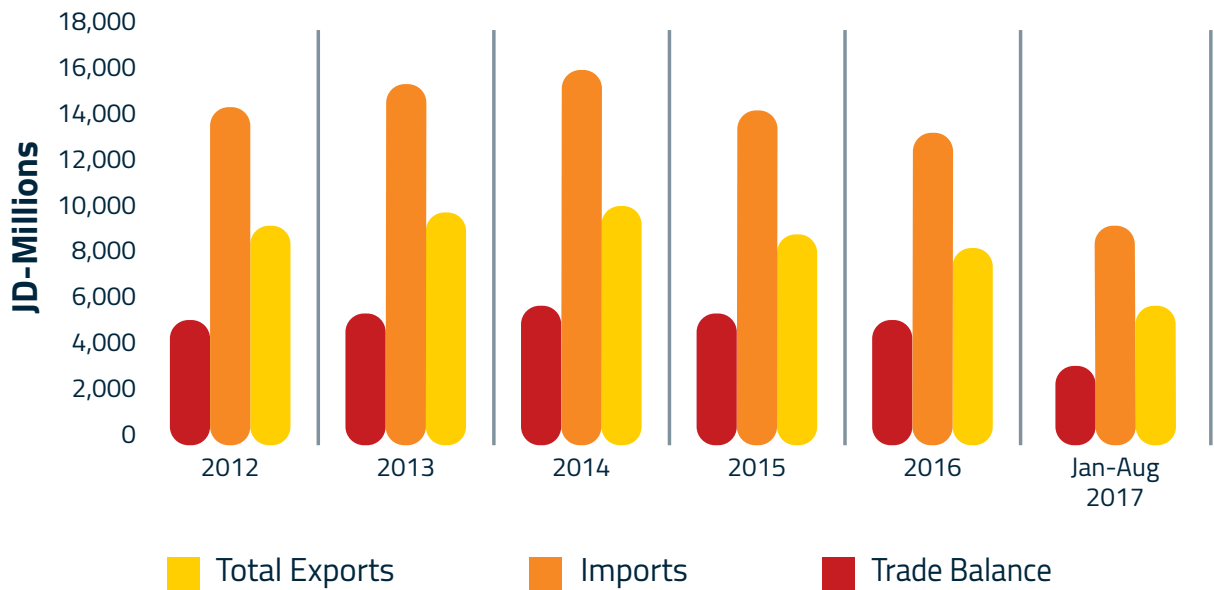
External Trade:

External trade (national exports and imports) increased by 3.9% in the first eight months of 2017, resting at JD 12.4 billion as compared to the corresponding span the year before. National exports, however, declined by JD 19.6 million to JD 2.9 billion during the comparison period.

The bulk of national exports – 24.9% – were sold to the US market. Saudi Arabia was Jordan’s second biggest export market, clinching 13.1% of national exports.

Imports also rose by 5.3% year-to-August, settling at JD 9.5 billion. Imports from China alone accounted for 14.2% of total imports, while Saudi exports to Jordan constituted 12.1% of the total. Vehicles and spare parts made up 27.6% of total imports, amounting to JD 2.62 billion. Oil, the second biggest imported item, accounted for 15% of total imports equaling JD 1.4 billion. Thus, the trade deficit surged by 10.5% to JD 6.08 billion.

Development of Total Exports, Imports and Trade Balance



Economic Performance 2018:

The global economy is forecast to grow by 3.5% in 2017 and 3.6% in 2018. Advanced economies are expected to expand by 2% by end of 2017 and by 1.9% in 2018. For emerging and developing economies the economic expansion is forecast at 4.6% in 2017 and 4.8% in 2018.

In Jordan, IMF reports project that GDP at constant prices will grow by 2.3% in 2017, and 2.5% in 2018. At current prices, growth is projected at 4.6% in 2017 and 5.1% in 2018. Inflation, meanwhile, is forecast to rise by 2.5% in 2018.

The general budget law for 2018 envisions public revenues of JD 8.5 billion; JD 7.8 billion in domestic revenues, and JD 700 million in foreign grants. Total spending is estimated at JD 9 billion in 2018, higher by JD 552 million from a year earlier. Current expenditure is expected to eat up JD 7.9 billion of the total, and the remainder will go for capital spending. The budgetary shortfall, grants included, will likely recede to JD 523 million or 1.7% of GDP against a revised shortfall of JD 752 million for 2017, or 2.6% of GDP. When grants are excluded, the deficit is projected at JD 1.2 billion or 4.1% of GDP against a revised JD 1.6 billion for 2017 or 5.5% of GDP for the same year.

And for the first time, decentralization was applied in preparing the capital budgets of governorates. The government will continue to execute the IMF financial and structural reforms program aimed at enhancing sustainable economic growth through maintaining macroeconomic stability and a gradual fiscal discipline. The role of the Public Investments Management Unit will also be activated to help manage financial resources to improve the efficiency of capital spending.

More focus will be placed this year on improving the investment climate for both local and foreign businesses. Government procedures will be further enhanced and automated in efforts to shift to digital in government services. The Social Safety Net will be strengthened through ensuring that subsidies reach beneficiaries through putting in place proper mechanisms instead of the conventional goods subsidies system.

On the monetary and banking front, foreign reserves will likely stay at comfortable levels and dollarization is expected to settle down as well. Further growth and investment enhancing measures are expected this year. More funding will also be made available for the private sector in 2018. Furthermore, the banking sector is expected to show solid financial indicators. It is worth noting that the capital adequacy ratio stood at 18.5% while legal liquidity reached 137.8% as of end of 2016 (based on recent data to date).

Achievements in 2017

In 2017, Bank of Jordan fortified its competitive position, delivering strong performance and marked improvements across the board. It continued to roll out tailored offerings and top services that set it apart from peers. It has also made notable strides digitizing banking services and embracing all that is new in the Fintech revolution.

Regionally, the Bank pursued its expansion scheme and completed all work needed to establish a wholesale branch in Bahrain. The new branch commenced operations in January 2018, aiming at serving a diverse range of institutions across the MENA region.

To ensure steady growth, the Bank has committed to a 2018 – 2020 strategy that will take services to a new level, guaranteeing the provision of highly secure, timely, and intelligent solutions. To drive growth forward, the Bank also made sure it invests in and retains the individuals who can competently execute transactions, lead, and innovate.

The research-informed strategy takes into account the economic and political variables that impact markets, as well global and local growth forecasts. These are fundamental to the analysis of the external and internal environment that could affect operations.

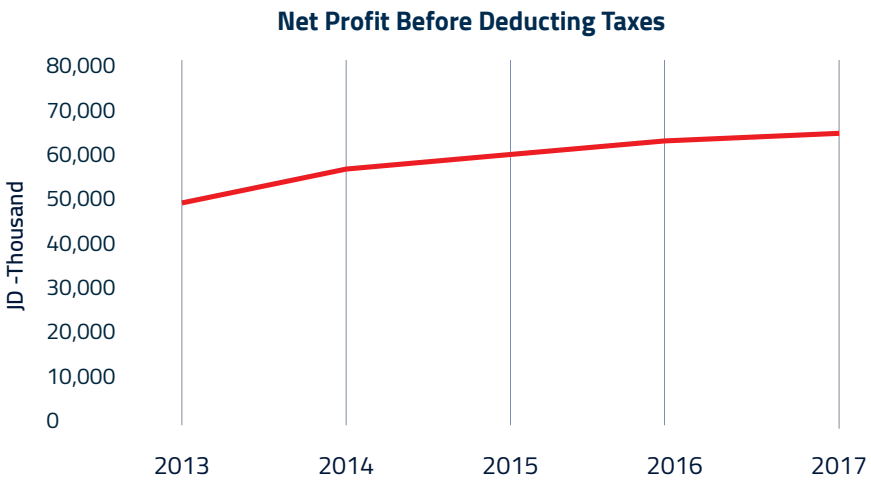
In recognition of Bank of Jordan’s efforts, BoJ was awarded the Innovation & Excellence Award for 2017 by the Union of Arab Banks. The award was presented during a ceremony organized by the Union in cooperation with Princess Taghreed Institute for Development and Training (PTI).

Bank of Jordan also received the Excellence Award for being the first Bank in the Kingdom to offer the One-Time Password (OTP) service to all its credit card holders in 2017. The award was presented during the fifth Payment Conference “Taking e-Payments Forward for a Better Tomorrow” held under the patronage of the Central Bank of Jordan.

Financial Results:

The Bank continued to deliver in 2017 through operational excellence and embracing the most recent trends in Asset Liability Management. And despite persistent economic challenges, the Bank pursued investment opportunities wherever and whenever they arose. Thus, key financial ratios remained within regulatory limits: capital adequacy stood at 19.08% while legal liquidity reached 115.259%. Non-performing facilities to total facilities (net of suspended interest) did not exceed 4.5% compared to 4.59% in 2016. Another buffer was the increase in the ratio of provisions for non-performing loans to 125.36% against 112.21% in 2016.

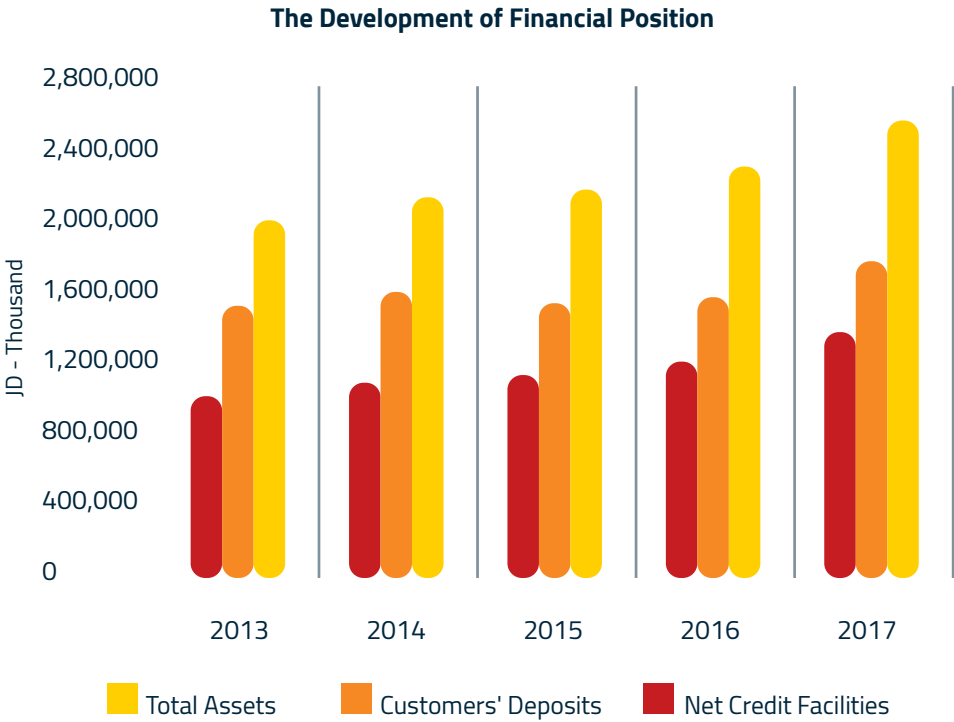
Financial results for 2017 unveiled that net profit attributable to Bank shareholders continued its upward streak, rising by 13% to JD 46.8 million when compared to a year earlier. Net profit before tax surged by 8.5% to JD 67.6 million, while assets saw a year-on-year growth of 9.7% to JD2,565.1 million. Shareholders’ equity was up 7%, clocking in at JD 433.7 million.



As for sources of funding, the Bank’s statements unveiled that customer deposits amounted to JD 1,845.8 million, up 14.9% the year before. A breakdown of deposits show that savings accounts were up by 10.6%, reaching JD 747.2 million, and time deposits were up by a whopping 54%. Demand deposits, however, shrank by 4.8% to JD 509.4 million, while CDs surged by 26.6%.

On the credit side, the Bank continued to fund businesses representing various economic sectors, but ensured lending decisions were guided by proper controls.

The net credit portfolio grew by 18% year-on-year reaching JD 1,447.2 million. Loans to the retail sector rose by 14.7% to JD 377.2 million, and lending to the real estate sector rose by 4.1% to JD 234 million. Credit extended to the government and public sector climbed by JD 89.9 million resting at JD 229.4 million, and corporate loans rose by 0.7% to JD 459.9 million. Loans to SMEs witnessed the highest growth of 63%.



According to the consolidated income statement for 2017, the Bank generated JD 155 million in total income, higher by 21.6% from a year earlier. Net interest and commission income settled at JD 127.2 million, representing 82.1% of the total income. Cash dividends from investments in financial assets stood at JD 4.6 million, while foreign currency earnings amounted to JD 2.8 million. Total expenditure increased by 34.2% to JD 87.4 million due a higher provision of JD 14.9 million for impairment of direct credit facilities.

Competitive Position:

In another milestone this year, Bank of Jordan succeeded in securing a fair market share of deposits and credit facilities in Jordan, Palestine, and Syria. Locally, the Bank’s share stood at 4.47% and 5.22% of total customer deposits and credit facilities respectively. In Palestine, BoJ clinched 9.81% of total deposits held by Jordanian banks operating in Palestine and 9.28% of total credit.

In war-stricken Syria, the Bank secured 2.21% of total customer deposits and 9.35% of total credit of private banks – based on recent figures.

Products and Services:

Bank of Jordan strived to satisfy the evolving needs of its customers, providing essential financing for the retail sector, large corporations, and mid-sized and small businesses. Throughout 2017, more financing programs and campaigns were launched, and competent customer service teams stood ready to deliver.

Retail Services:

Amid strenuous efforts to grow its retail credit portfolio, Bank of Jordan moved ahead with aggressive marketing campaigns that targeted individual clients.

These included a rewards program under which an employee would get half of the amount of salary that he/she transfers to his/her account with BoJ. The extra amount is credited to the employee’s credit card, among other benefits. Moreover, the car, real estate, and personal loans programs saw some features adjusted (i.e. program ceiling, financing ratios, repayment period, required documents). A real estate loan (Your Full House) for purchasing a new house or renovating existing one was also put on offer.

In Palestine, the personal loan program – the freelance jobs category – was launched and a new mechanism for calculating the income of freelance jobs was adopted. The personal loan against property as collateral was also launched. Further adjustments were made to the personal and housing loans programs to make them more lucrative.

Encouraging customers to boost their savings, the Bank added more benefits and rewards to the savings account program, entitling account holders to enter a monthly draw for a JD 250,000 prize, and a daily draw for a JD 1,000 prize. The children’s savings account “Sanabel” was also re-designed with additional benefits and prizes. A new competitive campaign for savings accounts also started in Palestine.

As for digital services, the Bank concluded a long-term strategic agreement with Mastercard to encourage customers to use e-payment channels in line with Jordan’s Financial Inclusion Strategy. Under the arrangement, clients are guaranteed highly secure Mastercard payment products and services, i.e. issuance of direct discount cards and credit cards.

Card members also enjoyed more benefits in 2017, with their credit cards electronically activated to use for online shopping with their full limit. . The service is supported by “Verified by Visa” application as well as the OTP, and VRM systems – implemented in coordination with Visa International. It is worth noting that BoJ was among the first banks in Jordan to offer the automated service.

The Cashback campaign, was still on offer in 2017, whereby clients could claim 5% of the value of their total purchases when using credit cards.

Corporate Services:

Throughout 2017, Bank of Jordan offered a host of financing solutions and alternatives to businesse, and was keen to foster client relations. This came despite a year marked by financial challenges: national exports weakened and doing business with Jordan’s turbulent regional markets was a tough task. Yet, the year ended on a positive note with the re-opening of Tureibil border crossing with Iraq. The move is expected to boost transport, import, and export activities with Jordan’s long-standing trade partner.

Key sectors that were financed by the Bank in 2017 include the carton industry, fodder, pharmaceuticals, energy, and construction. Businesses trading in electric appliances, cars, and heavy machinery were also among the borrowers. Sectors supported by the CBJ also received BoJ financing in 2017. The Bank also originated loans to the agriculture sector for date production and maritime logistics services. Added to that, Bank of Jordan participated in syndicated loans with a balance of JD 37.3 million.

In efforts to measure customer satisfaction, a survey was conducted through a specialized firm – Ipsos. An analysis of the survey results showed that ratings of respondents, SMEs and Corporate sector, were within goals. The findings also helped the Bank identify weaknesses and room for further improvement.



SMEs Services:

Bank of Jordan continued to extend short and long-term lending to mid-sized and small businesses to help them grow and create jobs and economic value. Credit was obtained by SME clients to fund commercial, industrial, and services activities through business development centers spread across the Kingdom.

The Bank also continued to implement the Point of Sale program for Visa card holders who pay using EMP and MEPS unified terminal. As part of the agreement, overdraft is granted in proportion to the annual point of sale turnover.

As part of its environmental responsibility, the Bank signed an agreement with the Jordan Renewable Energy and Energy Efficiency Fund/ Ministry of Energy and Mineral Resources in 2017 for providing financing to the vital energy sector. Beneficiaries include individuals, SMEs, and public institutions. A note to mention is that this is the second such arrangement between the two sides which seeks to help cut the energy bills for both households and businesses. Another agreement was concluded with the Jordan Loan Guarantee Corporation for guaranteeing credit risks associated with these loans.

Financial Leasing:

Jordan Company for Financial Leasing, a subsidiary of Bank of Jordan, continued to offer financial leasing products to all asset types and sectors. To reach and connect effectively with valuable customers, the Company participated in the Arab Contractors, Real Estate and Banking Investment Conference held in Amman. During the one-day event, customer care officers offered financing solutions directly to property developers. Financial leasing services continued to be promoted, as well as transport vehicles and medical equipment sectors.

Network of Branches:

The Bank’s distinctive branch design and experience continue to set it apart from competitors. Thus, BoJ continued to open new branches in 2017 and to relocate and renovate others, ensuring the Bank’s corporate identity is seen and felt across its network of 73 branches. Two new branches were added in Irbid governorate and in the capital, and an exchange bureau commenced operations at the King Hussein Bridge/departures terminal. Another branch was relocated in Zarqa, while nine other branches were renovated in the capital Amman.

The Bank is also one step away from completing its Corporate Identity re-branding project. A needs assessment was undertaken, and a Brand Health Check was carried out by the global marketing research firm Nielson Company. A manual for developing the Bank’s corporate identity based on the Momentum in two dimensions was also completed.

Another milestone in 2017 was the installation of solar photovoltaic cells in the northern and southern parts of Jordan, amid the Bank’s efforts to harness solar power to generate electricity. The step is set to further reduce the Bank’s hefty energy bill on the medium and long terms.

Electronic Banking Options:

BoJ moved ahead with its system upgrades: launching a new version of BoJ Online. The service allows individual clients to log on and carry out a host of banking transactions swiftly and securely. The Internet Banking service was also launched for use by corporate clients and SMEs. The system allows for dual supervision on financial transactions.

The only exception to this is the E-Fawateercom service where only the authorized person can pay bills with an open ceiling. At the same time, the BoJ mobile service is constantly reviewed and upgraded, with more features added to enhance the customer’s digital experience.

The websites of branches in Palestine and Bank of Jordan – Syria were also re-launched to facilitate access to products and services and media campaigns. A new system was also installed in the call center in Palestine to enhance efficiency in serving Palestinians inside and outside the Palestinian territories.

It is worth noting that the number of ATMs serving clients reached 174 by end of 2017, in Jordan and Palestine. And beginning 2018, clients can use ATMs to pay their bills through E-Fawateercom.

Organizational Structure and Technical Resources:

Bank of Jordan continued to strive for operational excellence through simplification, digitization, and recalibrating policies to meet evolving market and customer needs. It completed major re-structuring schemes, streamlined internal and external processes, and continued its IT upgrades.

In compliance with corporate governance requirements, the Bank separated the positions of board chairman and director general, and the roles and responsibilities of each have been re-defined accordingly.

The Bank has also redesigned its organizational structure at the management as well as branch levels here and in Palestine. Three departments, namely the HR, financial control, treasury and investment underwent massive changes. All executive committees were restructured in line with the new design. In Syria, the Compliance Department at Bank of Jordan – Syria was restructured, and new SOPs were drafted and sent for endorsement by the Central Bank of Syria.

Relevant job descriptions were similarly amended. Operating procedures were re-examined to ensure consistency and high quality products and services.

On the IT side, the Bank continued to provide highly secure, automated, and intelligent solutions to ensure effective processes and minimum risks.

Key projects executed during the course of 2017 include the application of the updated version of I Grafex system and the Customer Relation Management (CRM) software, to be delivered by Oracle.

A massive network upgrade was also carried out. Similarly, the ICBS and FICO systems were upgraded. Windows 10 was installed on all PCs in the headquarters and other branches, and the e-mail was upgraded to Cloud.

The IP-Telephony system was installed in the headquarters and in Palestine. MXP upgrades were completed for ATMs in accordance with PCI requirements, and ATM access fees are now being charged. The DWH system – first phase – has been built for Palestinian branches to improve the reporting system and keep it aligned with the system applied in Jordan.

Preparations are also underway for implementing the Palestinian Monetary Authority’s project aimed at determining the purpose of transfers. Moreover, the EXUS debt collection and management solutions software was installed in Palestine, in addition to the Power Legal system that was installed in Palestine and Bank of Jordan-Syria. The first phase of CRIF credit intelligence system was also launched.

Furthermore, the internal communications network - connecting the regional management and the headquarters - was upgraded to 15 MBps. The call center’s software in Jordan was also upgraded, and the system was launched in Palestine. Likewise, the GIS database was updated.

On the risk side, the Bank ensured that it has a clear risk framework guided by best international practices. Thus, the operational risk management policy was revised to incorporate recent developments, and the liquidity crisis management and contingency plan was adopted.

The investment and the operational risk policies were updated to ensure consistency with the COBIT5 framework. Policies relating to the management of market, interest rate, liquidity, data security risks and business continuity plan and crisis management, were also revisited. A fraud risk profile was created at the enterprise level to help identify internal and external fraud risks and the control measures needed. In Bahrain, an operational risk unit was created and the outsourcing policy was updated.

As for the Foreign Account Tax Compliance Act (FATCA), the Bank renewed the Foreign Financial Institution (FFI) agreement for the second year for all the BoJ group. Requirements for 2017 were also met. Recommendations pertaining to FICO credit scoring system were implemented, resulting in a comprehensive overhaul of the Credit Portfolio Risk Department.

Also in 2017, the PCI-DSS v3.2 certificate was obtained, a security gap analysis was performed, and security measures were tested in order to fend off any cyber-attacks. New Flex servers were also installed to accommodate the volume of the new e-services on offer.

A board IT governance committee and an executive COBIT5 committee were set up for the execution of COBIT5 (framework for the management and governance of Information technology). The IT Steering Committee was also restructured, and a COBIT guideline was developed in light of the results of the gap analysis and maturity assessment of all IT operations. The guideline was sent to the Central Bank of Jordan and published on the Bank of Jordan website.

The Bank made sure its financial reports were consistent with the IFRS9 requirements. To that end, an agreement was concluded with Moody’s for implementing Moody’s Risk Analyst software across corporate and SMEs portfolios. Data collection and entry have been completed to help determine the risk scoring for large, medium-sized, and small businesses in Jordan and Palestine. Furthermore, Moody’s will advise the Bank on calculating the Expected Credit Loss (ECL) for all credit portfolios, after the Risk Rating (RR) and Potential Default (PD) have been identified for each corporate and SMEs client.

Moreover, the Corporate Credit Management (CCM) project was completed for branches in Jordan, with the added value of tracking credit applications submitted to Business Development departments.

Stress testing was conducted in accordance with the new CBJ requirements No. (1/2016) and Basel III guidelines. The results proved the Bank’s ability to weather all shocks. The Internal Capital Adequacy Assessment Process (ICAAP) was applied in line with Basel III requirements on the 31/12/2016 financial statements, which verified the Bank’s solid capital position. The ALM Dynamics system was applied and a road map for applying the Liquidity Coverage Ratio (LCR), and the Net Stable Funding Ratio (NSFR) was developed.

In Jordan, conditions for application of the intelligence analysis system GoAML have been fulfilled, which will allow for the exchange of information between the Bank and the AMLTF Unit. An assessment of AMLTF risks using the Risk-based Approach (RBA) was applied on financial statements as of 31/12/2016 in accordance with CBJ requirements. A further assessment of AMLTF risks was completed.

In Palestine, amendments to the AML policy were introduced as per regulatory requirements, pending endorsement.

Where mandatory disclosure applies, the Bank continued to provide the Internal Revenue Services (IRS) with the required data on customers in branches in Jordan and Palestine as well data pertaining to Excel for Financial Investments Company.

With client satisfaction a top priority, the Bank has set in place an efficient complaints handling mechanism; grievances are tracked from initiation to completion and customers are informed about the findings of inquiries. As per bylaw No. 1/2017 dated 28/8/2017, the mechanism is applied across the Bank’s branches and affiliates here and abroad.

The Bank also commits to adhering to rigorous corporate governance standards stated in local and international guidelines and practices; chiefly the CBJ and the Basel Committee corporate governance principles for banks.

Added to that, the Bank’s Corporate Governance Guideline was amended, and adopted by the Board of Directors.

Human Resources:

The Bank continued to invest in its workforce – a step deemed crucial to sustainable success – and to create an environment where they can thrive.

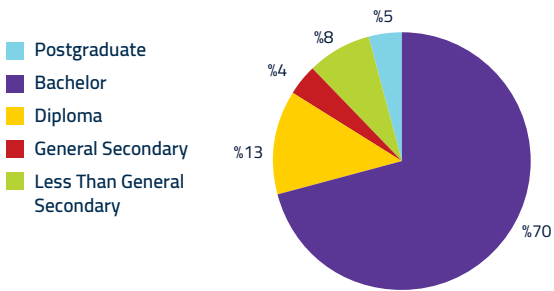
In due course, several initiatives and projects were executed in 2017; chiefly the Core Competencies & Leadership program, which was completed in cooperation with an international consultancy firm. The program, a fundamental building block for improving HR processes, has been incorporated into HR systems (performance, evaluation, recruitment, learning and development) across the board. Intensive training courses will be offered to help employees use the new system, which will help them to carry out their tasks more efficiently.

The Bank took another step forward: it set up a Sales Academy to help sales teams reach sales targets. The training facility, run by a specialized training firm, offers modern participative and interactive teaching techniques, including coaching. It is worth noting that the program will be implemented in Jordan and Palestine. The Bank also concluded an agreement with Moody’s Investor’s Service for establishing a Credit Academy. Under the arrangement, a specialized training program has been launched for the Corporate Business Development Department and SMEs to enhance employee basic skills and knowledge related to credit activities. It is also designed to improve understanding of financial ratios and how they should be reflected on credit applications. This is in addition to specialized courses in credit and financial analysis for all business development and credit departments that will be offered for branches here and in Palestine.

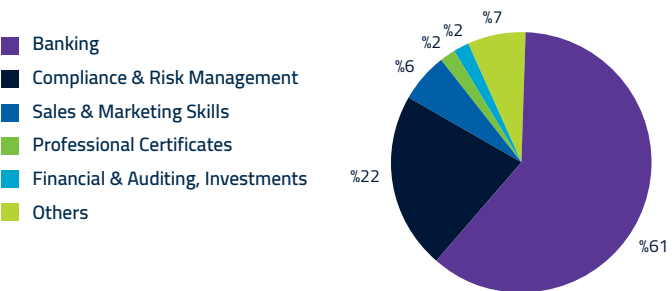
Furthermore, a program for Accredited Internal Trainers (AIT) continued for Jordan and Palestine staff on how to develop training material and enhance presentation skills. A specialized regional firm was also contracted to design an E-learning program for new and long-tenured staff. Another two-year contract was signed with another firm for the provision of an e-training program on AMLTF, FATCA, and fraud for all employees.

In efforts to keep employees happy and motivated, several entertainment activities were organized for staff throughout the year, and those retiring were honored during special events. The BoJ soccer team was also honored after winning the title of the football tournament organized by the General Syndicate for Workers in Banks, Insurance, and Accounting.

Classification Of Bank Employees According to Educational Qualifications For the Year 2017



Training Courses Distribution During 2017





Corporate Social Responsibility:

Bank of Jordan understands its obligations towards society and its role in enabling growth and progress for the community at large. Thus, it continued to extend cash and other forms of support to various community-based organizations, charities, and voluntary associations.

In edutainment, the Bank renewed its partnership agreement with the children’s “Hikayat Simsim”, the local version of the renowned Sesame Street series, for the eighth year in a row. It also remained committed to granting children and their parents free access to the Children’s Museum on the first Friday of each month, under a partnership forged nine years ago.

The Bank was also a corporate sponsor of a family house in the SOS children’s village in Irbid government.

Additionally, it participated in the INJAZ leadership campaign for public schools, coaching students into success professionally and in real life. The Bank also helped researchers and students access much-needed information to complete their studies.

Building on the previous years, Bank of Jordan continued to fund several scholarships in the Faculty of Educational Sciences and Arts /UNRWA, the Ministry of higher education and Scientific research, and Elia Nuqul Institute. For the year 2017, the Bank funded another scholarships program in cooperation with the AMIDEAST. Moreover, the Bank covered the tuition costs of five female students enrolled in a six-month training workshop on healthcare assistance (2017-2018) organized by Princess Taghreed Institute for Development and Training.

On another front, Bank of Jordan supported the Community Financial Awareness Project that introduced students to key financial and banking concepts. It also contributed to awareness-raising campaigns to educate citizens on how to manage their savings and personal property.

Added to that, assistance was extended to King Abdullah II Center for Excellence, which aims to promote corporate excellence through distinguished performance, innovation, and quality.

On the environment front, the Bank supported the National Initiative for Traffic Safety, in addition to co-sponsoring the eighth International Conference on Traffic Safety organized by Jordan Traffic Institute. It also took part in a tree-planting campaign organized by the Arab Group for the Protection of Nature to help impoverished families in the Jordan Valley secure a source of income.

Other institutions that received cash assistance in 2017, included the King Hussein Cancer Foundation, Al-Hussein Society, the Society for the Families and Friends of the Disabled, and the Society for the Care of Gifted Autistic Children. This is in addition to supporting MAP solidarity campaign, Al-Karak Reconstruction Association, the Palestine International Institute, and the National Fund for Treating the Poor.

The Bank also supported the White Beds Society, helping them to continue to care for senior citizens.

Also in 2017, the Bank continued to sponsor families of martyrs from the Jordan Armed Forces and security apparatus who served and died for their country.

In Palestine, the Bank took part in a clothes distribution ceremony for underprivileged children in Ramallah. It also took part in the Welfare Association’s tree-planting campaign, aimed at planting 40,000 seedlings in support of farmers in Palestinian territories.

Total donations support stood at around JD 736.4 thousand in 2017.

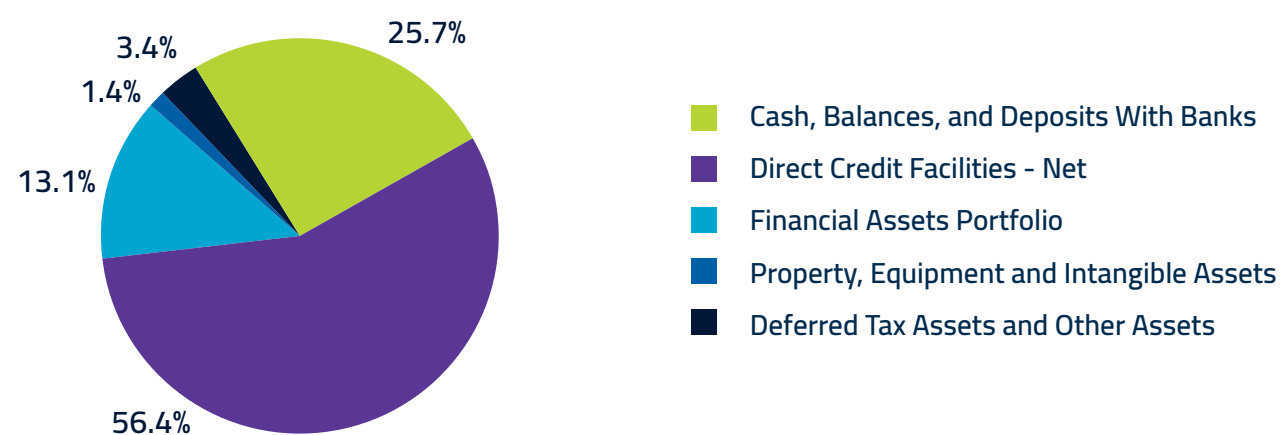


## Analysis of Financial Position and Business Results for the Year 2017

Assets increased by 9.7% in 2017 to JD 2,565.1 million when compared to 2016. To maintain its financially strong platform, the Bank continued to grow shareholder equity and to balance business risk versus opportunity. It also ensured it has a sufficient pool of available funds or liquid assets to enable it to meet its obligations.

The Bank's Assests				
	JD (Millions)		Relative Significance %	
	2017	2016	2017	2016
Cash, Balances, and Deposits with Banks	659.3	747.6	25.7%	32.0%
Direct Credit Facilities - Net	1,447.2	1,226.0	56.4%	52.4%
Financial Assets Portfolio	334.6	265.0	13.1%	11.3%
Property, Equipment and Intangible Assets	36.7	33.3	1.4%	1.4%
Deferred Tax Assets and Other Assets	87.3	66.9	3.4%	2.9%
Total Assets	2,565.1	2,338.8	100%	100%

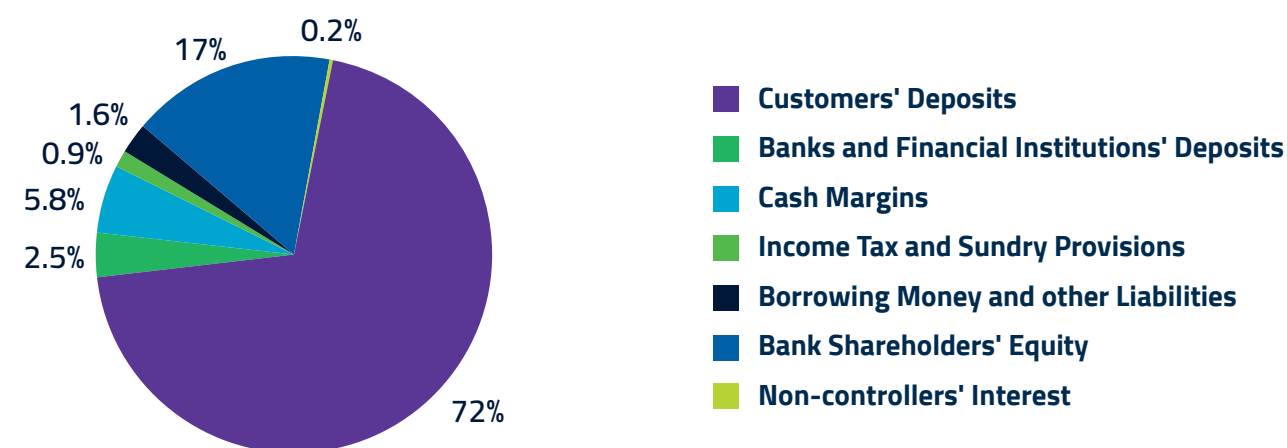
Relative Significance of the Bank's Assets 2017



### Liabilities and Owners' Equity

	JD (Millions)		Relative Significance %	
	2017	2016	2017	2016
Customers' Deposits	1,846.0	1,607.0	72.0%	68.7%
Banks and Financial Institutions' Deposits	64.9	145.6	2.5%	6.2%
Cash Margins	149.4	129.3	5.8%	5.5%
Income Tax and Sundry Provisions	24.6	21.9	0.9%	1.0%
Borrowing Money and Other Liabilities	41.1	22.6	1.6%	1.0%
Bank Shareholders' Equity	433.7	405.4	17.0%	17.3%
Non-controllers' Interest	5.4	7.0	0.2%	0.3%
Total Liabilities and Owners' Equity	2,565.1	2,338.8	100%	100%

Relative Significance of the Bank's Liabilities and Owners' Equity 2017



### Direct Credit Facilities:

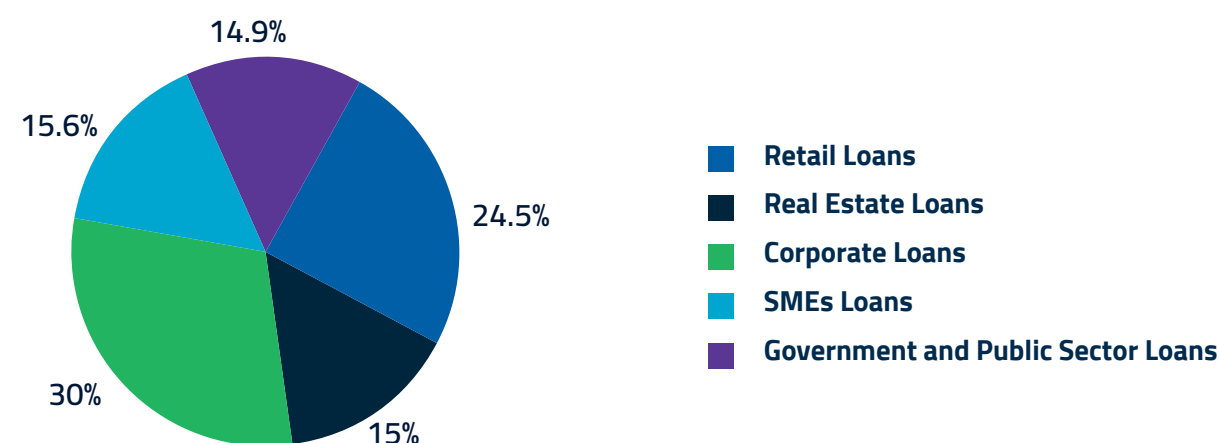
Total credit facilities rose by 18.8% year-on-year, resting at JD 1,541.6 million, thanks to a well-balanced credit policy supervised by the executive committee. For credit decisions, the Bank followed a prudent approach that took into account, among other variables, fluctuations in interest rates yield spread. The collection team also proceeded with collecting loans as they fell due.

The ratio of non-performing loans to total credit (net interest in suspense) stood at 4.50% against 4.59% in 2016, still within the benchmark ratio. Once again, the Bank was a major financier for corporations, SMEs, individuals, and the Jordanian government, providing funds for the various sectors and projects.



**Total of Credit Facilities Portfolio  
(After Deducting Interest and Commission Received in Advance)**

	JD (Millions)		Relative Significance %	
	2017	2016	2017	2016
Retail Loans	377.2	328.8	24.5%	25.3%
Real Estate Loans	234.0	224.9	15.0%	17.3%
Corporate Loans	459.9	456.8	30.0%	35.2%
SMEs Loans	241.1	148.0	15.6%	11.4%
Government and Public Sector Loans	229.4	139.3	14.9%	10.8%
<b>Total</b>	<b>1,541.6</b>	<b>1,297.8</b>	<b>100%</b>	<b>100%</b>

**Relative Significance of Credit Facilities Portfolio According to Type 2017**

**Provision for Impairment of Direct Credit Facilities:**

To fortify its financial standing, the Bank pursued its long-standing policy of making provisions for uncollected loans and loan payments – as per regulatory and accounting requirements, and audit recommendations. Thus, the coverage ratio of provisions for non-performing loans (net interest in suspense and cash margin) reached 125.36% in 2017 versus 112.21% a year earlier. A total of JD 4.3 million, set aside earlier as a loan-loss provision but not used, were utilized to hedge against other loans. With this addition, total provisions amounted to JD 20.6 million.

The fair value of collateral against loans stood at JD 544.4 million compared to JD 485.4 million.

**Financial Assets Portfolio:**

The financial assets portfolio saw a year-on-year growth of 26.3%. Financial assets at fair value through comprehensive income soared by 24.6% representing stock investments in active markets. Financial assets at amortized cost also grew by 27.2%, representing investments in treasury bonds, issued and guaranteed by the government, as well as other bonds and corporate debentures. At the same time, financial assets through profit and loss went down by JD 8.7 thousand.

**Financial Assets Portfolio**

	JD (Millions)		Relative Significance %	
	2017	2016	2017	2016
Financial Assets at Fair Value through Profit or Loss	0.2	0.2	0.1%	0.1%
Financial Assets at Fair Value through Comprehensive Income	114.8	92.1	34.3%	34.8%
Financial Assets at Amortized Cost	219.6	172.7	65.6%	65.1%
<b>Total</b>	<b>334.6</b>	<b>265.0</b>	<b>100%</b>	<b>100%</b>

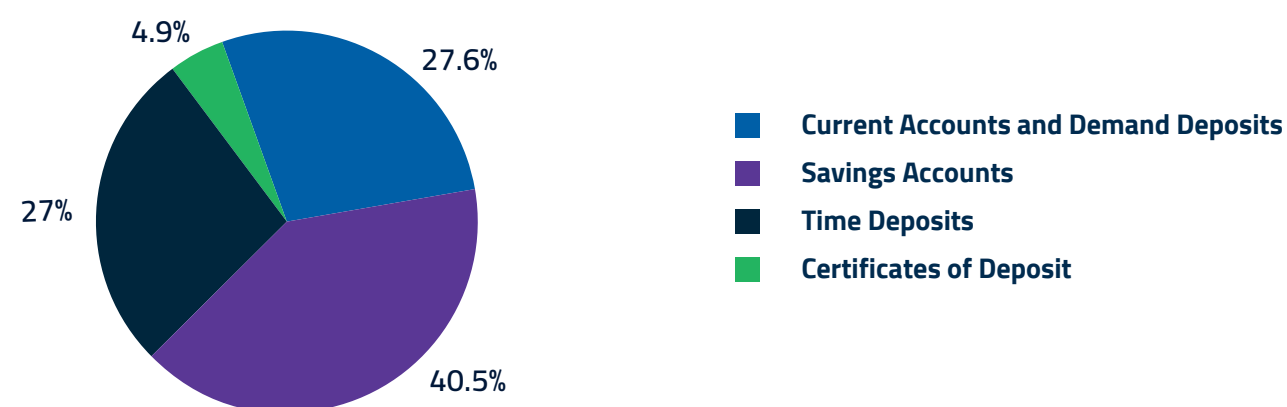
**Relative Significance of Financial Assets Portfolio According to Type 2017**


### Customer Deposits:

Customer deposits witnessed a growth of 14.9% in 2017 when compared to the previous year, reaching JD 1,845.8 million. The Bank also continued to attract fixed deposits, and to market its savings account and CDs programs. In due course, the year-on-year growth in savings accounts stood at 10.6%, while time deposits and CDs grew by 53.8% and 26.2% respectively. Yet, a decline of 4.5% was reported in current accounts and demand deposits, and non-interest bearing deposits fell to JD 675.4 million against JD 901.2 million in 2016.

Customer Deposits According to Type				
	JD (Millions)		Relative Significance %	
	2017	2016	2017	2016
Current Accounts and Demand Deposits	509.4	535.2	27.6%	33.3%
Savings Accounts	747.2	675.8	40.5%	42.1%
Time Deposits	498.2	323.8	27.0%	20.1%
Certificates of Deposit	91.0	72.1	4.9%	4.5%
Total	1,845.8	1,606.9	100%	100%

Relative Significance of Customers' Deposits 2017



### Shareholders' Equity:

Shareholder's equity soared to JD 433.7 million in 2017, rising by 7% from a year earlier. legal reserves jumped by 9.3% to JD 80.8 million, and the fair value reserve was up by 28%. As per the Board's recommendation to the General Assembly, shareholders are set to receive cash dividends of 18% of capital – equivalent to JD 36 million, and retain the remaining Profits.

### Capital Adequacy:

The capital adequacy ratio, which saw a slight drop to 19.08% from 20.82% in 2016, exceeded the minimum ratio of 14.125% set by CBJ as guided by the global Basel III. The primary capital for ordinary shareholders (CET1) also slid to 18.32% against 20.06% in 2016.

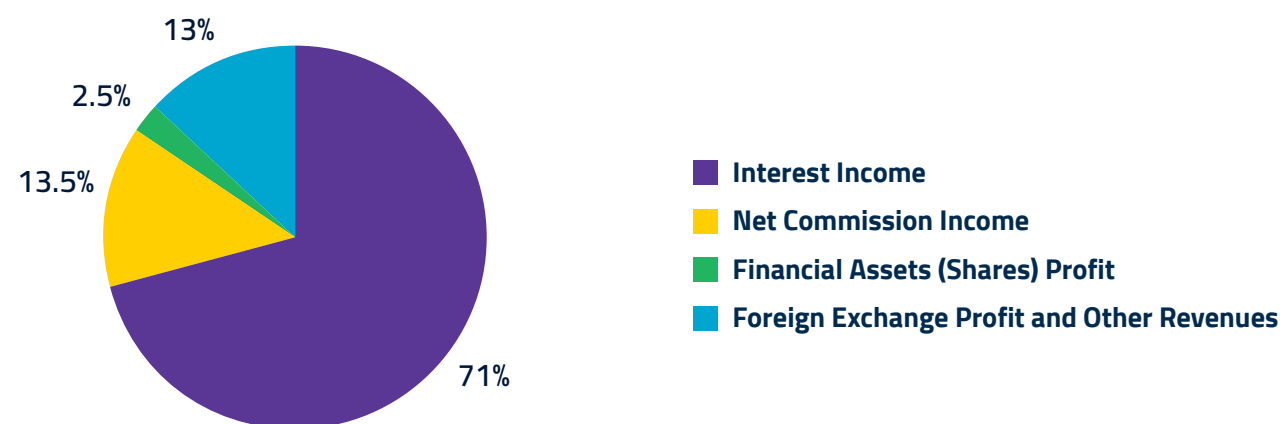
### Financial Results:

Total revenues climbed by 26% to JD 181.9 million in 2017, while total income increased to JD 155 million from JD 127.4 million, a year-on-year increase of 21.6%. Net interest and commission income stood at JD 127.2 million, up by 9.4%. Profits before tax and provisions reached JD 91.6 million when compared to JD 71 million in 2016. Counting in provisions for impairment of direct credit facilities, provisions for property foreclosed by the Bank, other provisions, and income tax, net income settled at JD 45.6 million against JD 42.2 million in 2016, representing a growth of 8.1%.

Net Profit Before and After Taxes and Provisions			
	JD (Millions)		Difference
	2017	2016	2017
Net Profit before Taxes and Provisions	91.6	70.9	20.7
Provision for Impairment of Direct Credit Facilities	(20.6)	(5.7)	(14.9)
Provision for assets foreclosed by the Bank	(2.9)	(2.5)	(0.4)
Other provisions	(0.5)	(0.4)	(0.1)
Net Profit (before Tax)	67.6	62.3	5.3
Income Tax Expenses	(22.0)	(20.1)	(1.9)
Net Profit	45.6	42.2	3.4

Total Realized Revenue				
	JD (Millions)		Relative Significance %	
	2017	2016	2017	2016
Interest Income	129.9	109.9	71.0%	76.0%
Net Commission Income	24.3	23.5	13.5%	16.3%
Financial Assets (Shares) Profit	4.6	2.8	2.5%	1.9%
Foreign Exchange Profit and Other Revenues	23.1	8.4	13.0%	5.8%
Total	181.9	144.6	100.0%	100%

Relative Significance of Total Revenues 2017



### Expenses and Provisions:

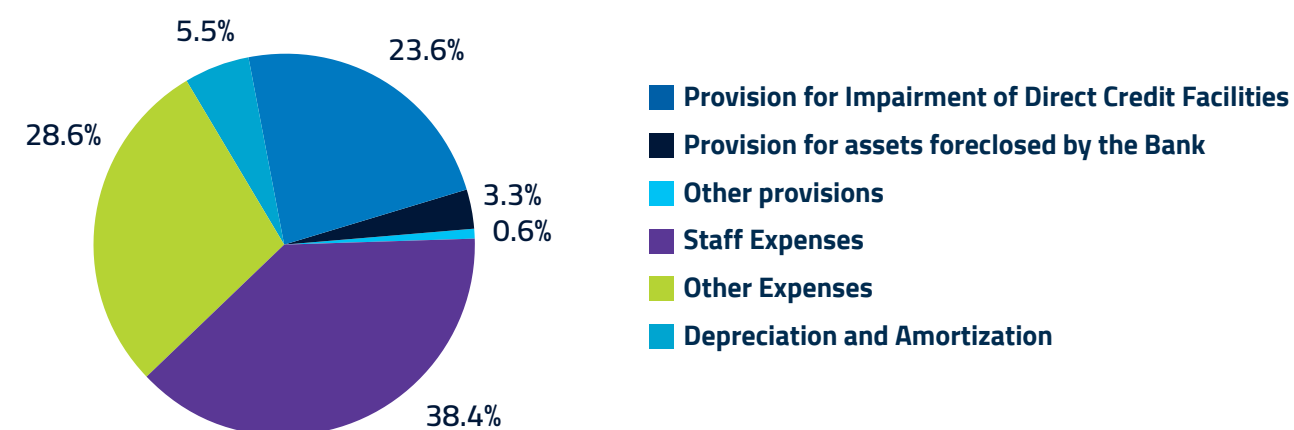
The Bank's expenses and provisions saw an increase of 34%, settling at JD 87.4 million in 2017. An additional JD 14.9 million were set aside as a provision for impairment of direct credit facilities. The depreciation and amortization item also recorded an increase of 4.7%. Employee expenses were also higher by JD 3.2 million.

The Bank also paid an additional JD 3.5 million in 2017 in other expenses related mainly to insurance, hospitality, fees, licenses, taxes, stationary, prints, and donations. Professional and legal fees and maintenance costs were also higher this year.

The compensation package of the senior executive management totaled JD 1.4 million in 2017. Audit fees stood at JD 78.4 thousand and JD 15 thousand for Bank of Jordan, and Bank of Jordan – Syria, respectively. For Excel for Financial Investments, the audit fees totaled JD 4.06 thousand, and JD 2.9 thousand, for Jordan Leasing Company.

Expenses and Provisions				
	JD (Millions)		Relative Significance %	
	2017	2016	2017	2016
Provision for Impairment of Direct Credit Facilities	20.6	5.7	23.6%	8.8%
Provision for assets foreclosed by the Bank	2.9	2.5	3.3%	3.8%
Other provisions	0.5	0.4	0.6%	0.6%
Staff Expenses	33.6	30.4	38.4%	46.7%
Other Expenses	25.0	21.5	28.6%	33.0%
Depreciation and Amortization	4.8	4.6	5.5%	7.1%
<b>Total</b>	<b>87.4</b>	<b>65.1</b>	<b>100%</b>	<b>100%</b>

Relative Significance of Expenses and Provisions 2017



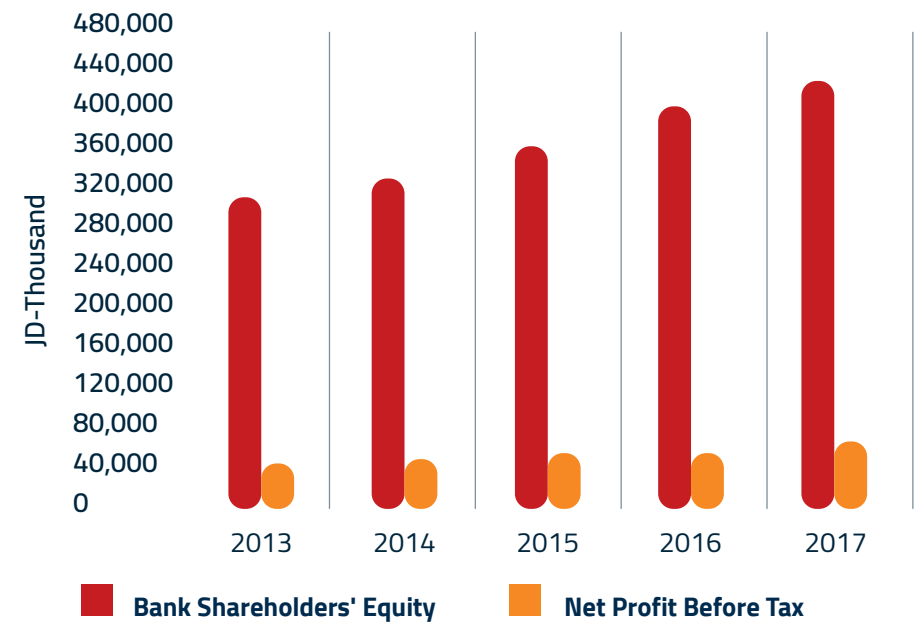
### Main Financial Ratios

	2017	2016
Return on Average Bank Shareholders' Equity	11.15%	10.78%
Return on Capital	22.8%	21.1%
Return on Average Assets	1.86%	1.86%
Profitability per Employee (after Tax)	JD 22,601	JD 19,647
Interest Income / Average Assets	5.30%	4.84%
Interest Expense / Average Assets	1.10%	0.75%
Interest Margin / Average Assets	4.20%	4.08%
Coverage Ratio of Provisions for Non-performing Loans (Net)	125.36%	112.21%
Non-performing Loans / Total Credit Facilities (after deducting interest in suspense)	4.50%	4.59%

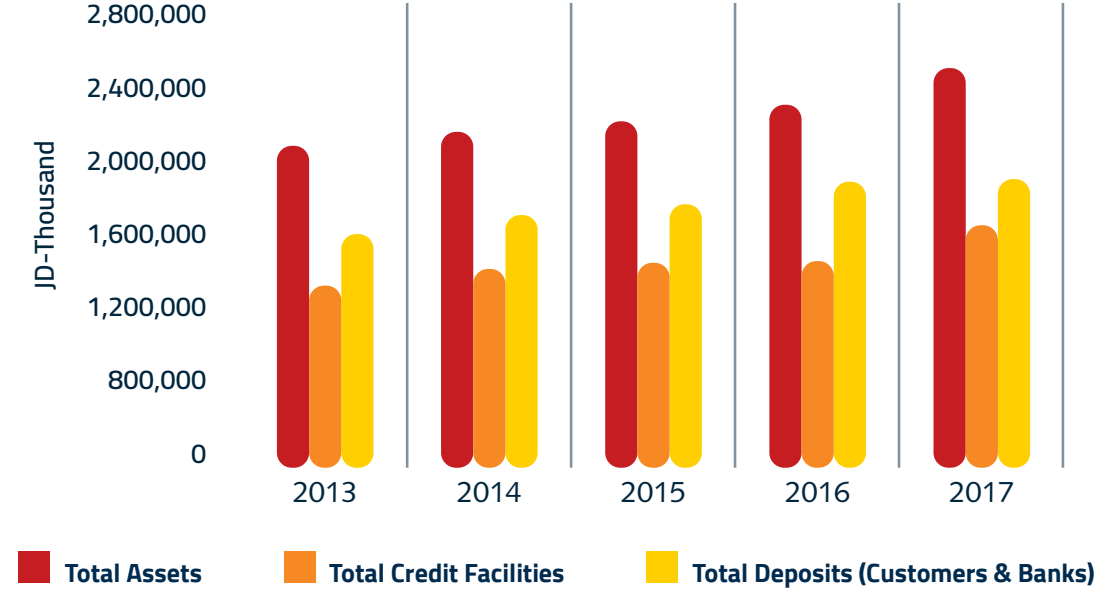
### Financial indicators for the years (2013 – 2017)

	Amount in JD Thousand				
	2013	2014	2015	2016	2017
Total Assets	2,076,937	2,190,187	2,206,222	2,338,839	2,565,132
Total Credit Facilities	1,146,687	1,196,856	1,221,967	1,297,832	1,541,582
Total Deposits (Customers and Banks)	1,614,125	1,702,899	1,688,476	1,752,603	1,910,697
Bank Shareholders' Equity	316,986	335,746	362,242	405,447	433,665
Non-controllers' Interest	4,506	4,116	4,703	6,989	5,491
Net Profit Before Tax	50,204	59,999	61,966	62,315	67,583

The Development of Bank Shareholders' Equity and Profit



The Development of Financial Position



## Our Goals for 2018

Bank of Jordan 2018 goals represent the first phase of the Bank's ambitious 2020 Vision, which will determine the Banks's strategic direction during the period extending from 2018 to 2020. To begin with, efforts will be largely focused on enhancing the retail sector level of services. And, at a later stage in 2018, the Corporate and SMEs sectors will be engaged in this process. In parallel, the Bank will continue the usual work of developing its operational, organizational, and technical capabilities.

### Financial goals:

- Ensuring that key financial ratios remain within the limits set by regulatory authorities and consistent with guidelines identified by international standard-setting bodies.
- Boosting the Bank's competitiveness.

### Market and Customers goals:

- Expanding and diversifying the customer base, and improving the quality of products and services.
- Acting as a key businesses financier for Corporate, and SMEs, and identifying promising economic sectors.
- Providing financial advice and informing clients of the implications of the new international standards.
- Expanding the Bank's physical footprint by adding new branches and ATMs, and commencing operations in Bahrain.
- Undertaking a more active role in the local community by promoting and executing sustainable development initiatives, in parallel, with other CSR programs.

### Operations and IT goals:

- Improving business processes and keeping in touch with the latest technological trends to enhance customer experience. To that end, several projects will be executed including: the new mobile and internet banking systems, shifting to MasterCard, the Customer Relationship Management CRM system, and the credit rating systems for Corporate and SMEs.

### Risk Management and Information Security goals:

- Improving the Risk Management and Information Security systems in line with best international practices and ensuring compliance with regulatory requirements.

### Learning and Development goals:

- Enhancing human resources performance by continually improving the learning, and development processes to reach the level of knowledge management. In this course, specialized training programs will be held such as: Sales and Credit Academies, in addition to implementing the behavioral competencies project and incorporating these competencies into HR operations.



# Consolidated Financial Statements and Independent Auditor's Report 2017



Independent Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Profit or Loss

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Owners' Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



Kawasmy & Partners CO.  
Amman – Jordan  
Shmeisani, Al-Shareef Abdul Hameed Sharaf Str. BLD # 28  
Tel : +962 6 5650700, Fax : +962 6 5688598

### **Independent Auditor's Report**

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

### **Report on the Audit of Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Bank of Jordan and its subsidiaries “the Bank” which comprise the consolidated statement of financial position as of December 31, 2017, and the consolidated statements of profit or loss, comprehensive income, changes in owner's equity and 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 of December 31, 2017, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis of 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 of most significance in our audit for current year consolidated financial statements. 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:



### **1. 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 that may result due to deteriorating financial and economic conditions for some sectors as well as inadequate guarantees. Moreover, the suspension of interest in the case of default according to regulatory authorities' instructions. Net credit facilities granted by the Bank to customers amounted to JD 1,447 million, which represent 56% of total assets as of December 31, 2017.

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 key audit matters**

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 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.

We also evaluated the adequacy of disclosures relating to credit facilities, provision for credit facilities impairment, and risks set out in Note (9).

### **2. Financial Assets:**

The Bank holds non-traded financial assets within the financial assets portfolio through the comprehensive income statement in the amount of JD 4,554,716 as of December 31, 2017. These assets should be stated at fair value in accordance with International Financial Reporting Standard No. (9). Moreover, the Bank holds financial assets at amortized cost in the amount of JD 219,576,390 as of December 31, 2017. In that regard, 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 key audit matters**

Audit procedures included evaluating internal procedures relating to the determination of the fair value of financial assets and examination of their efficiency. In addition, audit procedures include evaluating the estimates adopted by the Bank's management to determine the fair value of non-traded financial assets. 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. 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 inputs.

### 3. Foreign Currency Translation Reserve / Investments in Foreign Subsidiaries

Due to the deployment of the Bank's foreign branches in several countries and the dealing in various foreign currencies, the Bank may be exposed to fluctuation of exchange rates risks arising from some of those countries' prevailing conditions. Therefore, translating the assets and liabilities of foreign branches and subsidiaries from the local currency (the functional currency) to Jordanian dinar is significant to our audit. Moreover, the exchange differences arising from evaluating the net investment in foreign branches and subsidiaries are shown within other comprehensive income items.

#### **How our audit addressed the key audit matters**

The audit procedures included testing the internal control system relating to determination of foreign currency exchange rates adopted by management. In addition, the audit procedures included reviewing a sample of foreign currency exchange rates adopted by management and matching them with those set by the Central Bank of Jordan. The audit procedures also included re-calculating a sample of the differences arising from translating those currencies shown within other comprehensive income items. They included as well obtaining the subsidiary's financial statements, verifying management's exchange rates, and matching them with the exchange rates of the Central Bank of Jordan.

### 4. Provision for Income Tax and Deferred Tax Assets

The tax expense calculation for the year, tax provision for open tax years, and deferred tax assets involve assumptions and estimates of significant amounts in the consolidated financial statements as a whole. In addition, the Bank undertakes complex and extensive operations within its everyday activities, which renders judgments and estimates which is significant matter for tax purposes.

#### **How our audit addressed the key audit matters**

We have implemented audit procedures to gain an understanding of the nature of risks related to income tax and to assess the professionalism of the Bank's legal and tax consultants relating to the evaluation and calculation of due taxes and tax opinion they provided to us on the adequacy of the tax provisions. We have also discussed with management the scope of work of the Bank's legal and tax consultant to verify their efficiency and capability to calculate the required provisions. Furthermore, we have also discussed management's point of view on the accuracy and adequacy of the provisions taken, reasonableness of the adopted accounting estimates, and the Bank's adoption of International Accounting Standard No. (12). In addition, we discussed the impact of any tax differences with the tax authorities and their impact on the consolidated financial statements.

We also evaluated the adequacy of disclosures relating to income tax provision and deferred tax assets set out in Note (18).

#### **Other Information**

Management is responsible for the other information. This comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor 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 is 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 ISAS, 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 evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

#### Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements which are in the Arabic Language and to which reference should be made.

Kawasmy and Partners

KPMG

Hatem Kawasmy  
License No. (656)

Amman – Jordan  
January 28, 2018



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Statement (A)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY)	Note	December 31,	
		2017	2016
Assets		JD	JD
Cash and balances with central banks	4	268,583,151	228,197,814
Balances with banks and financial institutions	5	265,682,212	494,451,425
Deposits with banks and financial institutions	6	125,000,000	25,000,000
Financial assets at fair value through profit or loss	7	196,987	205,719
Financial assets at fair value through comprehensives income	8	114,791,862	92,128,338
Direct credit facilities – Net	9	1,447,227,771	1,226,013,033
Financial assets at amortized cost	10	219,576,390	172,637,680
Property and equipment – Net	11	31,930,233	29,774,830
Intangible assets	12	4,839,231	3,559,146
Deferred tax assets	18	14,683,719	11,926,470
Other assets	13	72,620,383	54,944,609
<b>Total Assets</b>		<b>2,565,131,939</b>	<b>2,338,839,064</b>
<b>Liabilities and Owners' Equity</b>			
<b>Liabilities:</b>			
Banks and financial institutions' deposits	14	64,896,195	145,623,458
Customers' deposits	15	1,845,800,756	1,606,979,130
Cash margins	16	149,356,693	129,292,102
Financial derivatives	37	178,833	17,655
Other provisions	17	5,006,765	5,015,992
Income tax provision	18	19,602,158	16,872,706
Borrowed Funds	19	2,437,716	424,879
Other liabilities	20	38,696,473	22,176,908
<b>Total Liabilities</b>		<b>2,125,975,589</b>	<b>1,926,402,830</b>
<b>Owners' Equity:</b>			
<b>Equity attributable to the Bank's shareholders</b>			
Paid-up capital	21	200,000,000	200,000,000
Statutory reserve	22	80,820,952	73,917,046
Voluntary reserve	22	134,330	113,124
General banking risks reserve	22	15,128,290	12,996,161
Special reserve	22	4,103,632	3,330,908
Foreign currency translation differences	23	(12,256,254)	(12,401,835)
Fair value reserve	24	81,288,341	63,565,588
Retained earnings	25	64,446,126	63,926,237
<b>Total Equity attributable to the Bank's Shareholders</b>		<b>433,665,417</b>	<b>405,447,229</b>
Non-controlling interests		5,490,933	6,989,005
<b>Total Owners' Equity</b>		<b>439,156,350</b>	<b>412,436,234</b>
<b>Total Liabilities and Owners' Equity</b>		<b>2,565,131,939</b>	<b>2,338,839,064</b>

The accompanying notes from (1) to (46) constitute an integral part of these consolidated financial statements and should be read with them.



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Statement (B)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY)	Note	For the Year Ended December 31,	
		2017	2016
		JD	JD
Interest income	27	129,861,236	109,915,974
Less: Interest expense	28	26,919,012	17,153,738
Net Interest income		102,942,224	92,762,236
Commissions income – Net	29	24,259,668	23,482,888
Net interest and commissions income		127,201,892	116,245,124
Foreign currencies income	30	2,760,010	2,486,154
Gain (loss) from financial assets at fair value through profit or loss	31	4,217	(54,858)
Cash dividends from financial assets at fair value through comprehensive income	8	4,636,746	2,815,647
Gain on sale of financial assets at amortized cost	10	87,724	-
Other income	32	20,327,389	5,956,955
<b>Total Income</b>		<b>155,017,978</b>	<b>127,449,022</b>
Employees expenses	33	33,572,988	30,406,781
Depreciation and amortization	12,11	4,806,532	4,591,875
Other expenses	34	25,006,129	21,493,303
Provision for impairment of direct credit facilities	9	20,637,508	5,689,334
Provision for assets foreclosed by the Bank	13	2,925,420	2,537,031
Other provisions	17	486,038	415,290
<b>Total Expenses</b>		<b>87,434,615</b>	<b>65,133,614</b>
Profit before Income Tax		67,583,363	62,315,408
Less: Income tax expense	18	21,973,902	20,113,384
<b>Profit for the Year Statements (C) and (D)</b>		<b>45,609,461</b>	<b>42,202,024</b>
Attributable to:			
Bank's Shareholders		46,795,537	41,396,285
Non-controlling Interests		(1,186,076)	805,739
<b>Profit for the Year</b>		<b>45,609,461</b>	<b>42,202,024</b>
Earnings per share for the year attributable to the Banks' shareholders			
Basic/diluted	35	0.234	0.207

The accompanying notes from (1) to (46) constitute an integral part of these consolidated financial statements and should be read with them.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement (C)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY)	Ended December 31,	
	2017	2016
	JD	JD
Profit for the Year	45,609,461	42,202,024
Other comprehensive income items:		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Foreign currencies translation differences	(612,098)	2,583,450
	(612,098)	2,583,450
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
(Loss) from sales of financial assets at fair value through comprehensive income	-	(491,918)
Change in fair value reserve	17,722,753	32,217,724
	17,722,753	31,725,806
<b>Total Comprehensive Income-Statement (D)</b>	<b>62,720,116</b>	<b>76,511,280</b>
Total Comprehensive Income Attributable to:		
The Bank's Shareholders	64,218,188	74,225,435
Non-controlling Interests	(1,498,072)	2,285,845
<b>Total</b>	<b>62,720,116</b>	<b>76,511,280</b>

The accompanying notes from (1) to (46) constitute an integral part of these consolidated financial statements and should be read with them.

## CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Statement (D)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY)	Reserves				Reserves				Total equity attributable to the Banks' Shareholders Equity	Non-Controlling Interests	Total Owners' Equity
	Paid-up Capital	Statutory	Voluntary	General Banking Risks	Special	Foreign Currency Translation Differences	Fair Value Reserve	Retained Earnings			
For the Year Ended December 31, 2017	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance – Beginning of the year	200,000,000	73,917,046	113,124	12,996,161	3,330,908	(12,401,835)	63,565,588	63,926,237	405,447,229	6,989,005	412,436,234
Foreign currency translation differences	-	21,206	21,206	4,072	-	145,581	-	(492,167)	(300,102)	(311,996)	(612,098)
Profit for the year – Statement (B)	-	-	-	-	-	-	-	46,795,537	46,795,537	(1,186,076)	45,609,461
Changes in fair value reserve	-	-	-	-	-	-	17,722,753	-	17,722,753	-	17,722,753
Total Comprehensive Income – Statement (C)	-	21,206	21,206	4,072	-	145,581	17,722,753	46,303,370	64,218,188	(1,498,072)	62,720,116
Transfer to reserves	-	6,882,700	-	2,128,057	772,724	-	-	(9,783,481)	-	-	-
Dividends paid*	-	-	-	-	-	-	-	(36,000,000)	(36,000,000)	-	(36,000,000)
Balance – End of the Year	200,000,000	80,820,952	134,330	15,128,290	4,103,632	(12,256,254)	81,288,341	64,446,126	433,665,417	5,490,933	439,156,350

For the Year Ended December 31, 2016											
Balance – Beginning of the year	155,100,000	67,716,833	13,709,740	12,646,252	2,921,601	(11,481,891)	33,186,645	88,442,614	362,241,794	4,703,160	366,944,954
Foreign currency translation differences	-	(2,401)	(2,401)	(11,645)	-	(919,944)	-	2,039,735	1,103,344	1,480,106	2,583,450
Profit for the year – Statement (B)	-	-	-	-	-	-	-	41,396,285	41,396,285	805,739	42,202,024
(Loss) on sale of financial assets at fair value through comprehensive income	-	-	-	-	-	-	(1,838,781)	1,346,863	(491,918)	-	(491,918)
Changes in fair value reserve	-	-	-	-	-	-	32,217,724	-	32,217,724	-	32,217,724
Total Comprehensive Income Statement (C)	-	(2,401)	(2,401)	(11,645)	-	(919,944)	30,378,943	44,782,883	74,225,435	2,285,845	76,511,280
Transfer to reserves	-	6,202,614	108,643	361,554	409,307	-	-	(7,082,118)	-	-	-
Dividends paid*	-	-	-	-	-	-	-	(31,020,000)	(31,020,000)	-	(31,020,000)
Increase in paid-up capital**	44,900,000	-	(13,702,858)	-	-	-	-	(31,197,142)	-	-	-
Balance – End of the Year	200,000,000	73,917,046	113,124	12,996,161	3,330,908	(12,401,835)	63,565,588	63,926,237	405,447,229	6,989,005	412,436,234

\* According to the resolution of the Bank's General Assembly in its ordinary meeting held on April 17, 2017, it was approved to distribute 18% of the Bank's capital in cash to the shareholders which is equivalent to JD 36,000,000 (against 20% of the Bank's capital in cash to the shareholders which is equivalent to JD 31,020,000 in accordance to the resolution of the general assembly in its ordinary meeting held on April 9, 2016).

\*\* According to the resolution of the Bank General Assembly in its extraordinary meeting held on April 9, 2016, it was approved to increase the Bank's capital from JD 155,100,000 to JD 200,000,000 by capitalizing a part from the voluntary reserve by JD 13,702,858, and capitalizing JD 31,197,142 from retained earnings and to distribute them as free shares over the shareholders each per ownership, all legal procedures related to the increase of capital completed on April 19, 2016.

In Accordance to the instructions of the regulatory bodies:

- The general banking risks reserve and the special reserve cannot be utilized without prior approval from the Central Bank of Jordan and Palestine Monetary Authority.
- Retained earnings include a restricted amount of JD 14,683,719 against deferred tax benefits as of December 31, 2017. According to the Central Bank of Jordan instructions, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.
- Retained earnings include an amount of JD 5,060,455 as of December 31, 2017 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through actual sale as instructed by Central Bank of Jordan and Jordan Security Commission.

The accompanying notes from (1) to (46) constitute an integral part of these consolidated financial statements and should be read with them.

The accompanying notes from (1) to (46) constitute an integral part of these consolidated financial statements and should be read with them.

CONSOLIDATED STATEMENT OF CASH FLOWS

Statement (E)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY)	Note	For the Year Ended December 31,	
		2017	2016
		JD	JD
Cash Flows From Operating Activities:			
Profit before income tax – Statement (B)		67,583,363	62,315,408
Adjustments for Non-cash items:			
Depreciation and amortization	11 ,12	4,806,532	4,591,875
Provision for impairment in direct credit facilities	9	20,637,508	5,689,334
(Gain) from sale of property and equipment	32	(204,110)	(64,547)
Loss from financial assets at fair value through profit or loss – Unrealized	31	8,732	36,351
Effect of exchange rate fluctuations	30	(2,307,543)	(2,341,645)
Other provisions	17	486,038	415,290
Provisions for assets foreclosed by the Bank	13	2,925,420	2,537,031
Foreign currency exchange differences		(402,831)	1,466,147
Profit before changes in assets and liabilities		93,533,109	74,645,244
Changes in Assets and Liabilities:			
(Increase) in restricted balances		(1,174,192)	(746,708)
(Increase) decrease in deposits with banks and financial institutions (maturing over 3 months)		(100,000,000)	130,000,000
Decrease in financial assets at fair value through profit or loss		-	853,758
(Increase) in direct credit facilities		(241,852,246)	(89,465,121)
(Increase) decrease in other assets		(21,064,065)	2,077,350
Increase (decrease) in deposits and financial institutions (maturing over 3 months)		21,531,993	(3,159,000)
Increase in customer’s deposits		238,821,626	42,092,167
Increase in cash margins		20,064,591	18,120,950
Increase (decrease) in borrowed funds		2,012,837	(76,077)
Increase in other liabilities		16,038,883	2,399,248
Net Change in Assets and Liabilities		(65,620,573)	102,096,567
Net Cash Flows from Operating Activities before paid taxes, end-of-service indemnity provision, and lawsuits provision		27,912,536	176,741,811
End-of-service indemnity and lawsuits provisions paid	17	(533,936)	(1,525,128)
Taxes paid	18	(21,876,847)	(16,811,866)
Net Cash Flows from Operating Activities		5,501,753	158,404,817
Cash Flows From Investing Activities:			
(Purchase) of financial assets at amortized cost		(85,774,723)	(37,503,238)
Sale and Maturity of financial assets at amortized cost		38,836,013	92,521,265
(Purchase) of financial assets at fair value through comprehensive income		(5,015,771)	(2,988,738)
Sale of financial assets at fair value through comprehensive income		75,000	5,237,547
Maturity (Purchase) of financial derivatives		161,178	883,762
(Purchase) of property and equipment and advance payments to acquire property and equipment		(5,489,943)	(8,895,633)
Sale of property and equipment		332,735	213,092
(Purchase) of intangible assets	12	(2,101,181)	(960,792)
Net Cash Flows (Used in) from Investing Activities		(58,976,692)	48,507,265
Cash Flows From Financing Activities:			
Foreign currency translation differences		(612,098)	2,583,450
Dividends distributed to shareholders		(35,519,318)	(30,947,339)
Net Cash Flows (used in) Financing Activities		(36,131,416)	(28,363,889)
Effect of exchange rate fluctuations on cash and cash equivalents	30	2,307,543	2,341,645
Net (Decrease) Increase in Cash and Cash Equivalents		(87,298,812)	180,889,838
Cash and cash equivalents - Beginning of the year		564,145,672	383,255,834
Cash and Cash Equivalents - End of the Year	36	476,846,860	564,145,672

The accompanying notes from (1) to (46) constitute an integral part of these consolidated financial statements and should be read with them.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. However, the Bank’s authorized and paid-up capital was increased in stages, the last of which took place in accordance to the resolution of the general assembly in their extraordinary meeting held on April 9, 2016. Thus, the Bank’s capital was increased from 155/1 million to 200 million through the capitalization of JD 13,702,858 from voluntary reserve and JD 31,197,142 from retained earnings. All of the legal procedures related to the capital increase have been completed on April 19, 2016.

The Bank provides all financial and banking services within its scope of activities. Those services are offered through its (73) branches in Jordan, (14) branches in Palestine and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan – Syria).

The consolidated financial statements have been approved by the Board of Directors in its meeting No. 605 held on January 25, 2018.

2. Summary of Significant Accounting Policies Financial Statements Basis of Preparation

- The consolidated financial statements for the Bank and its subsidiaries were prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretation Committee Emanating 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 were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income and financial derivatives which are 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”, being the functional currency of the Bank.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2016 except for the effect of the adoption of new and modified standards as stated in Note (46 - A).

Basis of Consolidation

- The consolidated financial statements include the financial statements of the Bank and the subsidiaries controlled by the Bank. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. All intra-group transactions, balances, income, and expenses are eliminated in full.
- The financial statements of the subsidiary companies 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 subsidiary companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made so as to comply with the accounting policies used by the Bank.

As of December 31, 2017 and 2016, the Bank has the following subsidiary companies:

Name of Subsidiary	Paid-up Capital	Bank’s Ownership Percentage	Subsidiary’s Nature of Business	Place of Operation	Acquisition Date
		%			
Excel for Financial Investments Company	JD 3.5 Million	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan – Syria*	3,000 Million (Syrian – Lira)	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD 20 Million	100	Finance Lease	Amman	October 24, 2011

The most important information of the subsidiaries for the year 2017 is as follows:

NAME OF SUBSIDIARY	December 31, 2017		For the Year 2017	
	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Excel for Financial Investments Company	10,179,364	780,213	1,820,557	624,230
Bank of Jordan – Syria*	47,522,921	35,788,915	2,599,306	4,924,946
Jordan Leasing Company	28,447,312	4,695,335	2,084,798	931,610

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

- Non-controlling interests represents the portion of equity not held by the Bank in the subsidiary company.

\* The results of Bank of Jordan – Syria have been consolidated in the accompanied consolidated financial statements due to the Bank’s power to govern the financial and operating policies of the subsidiary company.

Segmental Information

- Business is a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Executive Directors and the main decision maker at the Bank.

- 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

- A provision for the impairment of direct credit facilities is recognized when the Bank cannot obviously recover the overdue amounts, and there is objective evidence that the future cash flows of the direct credit facilities have been negatively impacted by an event as well as the estimation of the impairment loss. The provision amount is charged to in the consolidated statement of profit or loss.

- Interest and commission earned on non-performing 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 in Syria and the Palestinian Monetary Authority, whichever is more conservative.

- Credit facilities are written off against its provision when the procedures to collect these direct credit facilities are not feasible. Any surplus in the gross provision - if any - is reversed through the consolidated statement of profit or loss. Subsequent recoveries of amounts previously written off are credited to revenue.

- The credit facilities and their own suspended interests that have been fully provided for with provisions, are transferred to items off the consolidated statement of financial position based on the board of directors’ decisions regarding this issue.

- The suspended interests related to accounts which have legal suits are recorded at items off the consolidated statement of financial position based on the board of directors’ decisions with this regards.

Financial Derivatives and Hedge Accounting

Financial Derivatives for Trading:

The fair value of financial derivatives for trading (such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options) is recorded in the consolidated statement of financial position. Fair value is measured according to the prevailing market prices; the change in fair value is recognized in the consolidated statement of profit or loss.

Financial Derivatives for Hedging:

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

▪ Fair value hedge:

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

When the conditions of an effective fair value hedge are met, the resulting gains and losses from re-measuring the valuation of fair value hedge and the change in the fair value of the hedged assets or liabilities is recognized in the consolidated statement of profit or loss.

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 is recorded in the consolidated statement of profit or loss for the same year.

▪ Cash flow hedge:

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

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

- When the conditions of the effective hedge do not apply, the gain or loss resulting from change in the fair value of the hedging instrument is recorded in the consolidated statement of profit or loss in 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 profit or loss. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owners’ equity in the consolidated statement of financial position.

Financial Assets at Amortized Cost

- Financial assets at amortized cost are the financial assets which the Bank management intends, according to its business model, to hold for the purpose of collecting the contractual cash flows to maturity date which comprise the contractual 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 rate method, and recorded as debit or credit in the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is recorded in the consolidated statement of profit or loss and should be presented subsequently at amortized cost less any impairment losses.

- The amount of the impairment loss recognised at amortized cost is the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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

Financial Assets at Fair Value through Profit or Loss

- Financial assets at fair value through profit or loss are 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 profit or loss upon acquisition) and subsequently measured in fair value. Moreover, changes in fair value are recorded in the consolidated statement of profit or loss 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 profit or loss.
- Dividends and interests from these financial assets are recorded in the consolidated statement of profit or loss.
- It is not allowed to reclassify any financial assets to/from this category except for the cases specified in the International Financial Reporting Standards.

Financial Assets at Fair Value through Comprehensive Income

- These financial assets represent the investments in equity instruments held for long term.
- These financial assets are recognized at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner’s equity, including the changes in fair value resulting from translation of non-monetary assets stated 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 the consolidated owner’s equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not through the consolidated statement of profit or loss.
- No impairment testing is required for these assets.
- Dividends are recorded in the consolidated statement of profit or loss.

Fair Value

The closing price (Asset Purchase/Liabilities Selling) as of the date of the consolidated financial statements in active markets represents the fair value of financial assets and derivatives that have declared market prices.

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:

- Comparison with the current market value of a highly similar financial instrument.
- The estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms.
- Options pricing models.
- Evaluation of long-term assets and liabilities that bear no interest in accordance with discounted cash flows using effective interest rate. Premiums and discounts are amortized within interest revenues or expense in the consolidated statement of profit or loss.

The evaluation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors and any expected risks or benefits at the time of evaluation of the financial instruments. In case the fair value of a financial instrument cannot be measured reliably, it is stated at cost less any impairment.

Impairment in Financial Assets

The Bank reviews the values of financial assets recorded 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 indication exists, the recoverable value is estimated so as to determine the impairment loss.

Investments in Associates

- An associate is an entity over which the Bank has significant influence on the decisions related to Financial and operating policies (but does not control) and whereby the Bank owns 20% – 50% of its voting rights. Moreover, the Bank recognizes its share in the associate based on the equity method.
- Profits and losses resulting from transactions between the Bank and its associates are eliminated according to the Bank’s ownership percentage in these companies.

Property and Equipment

- Property and equipment are stated at cost less accumulated depreciation and any impairment loss in its value. Moreover, depreciation is calculated (except for lands) when the assets are ready for use on the straight-line basis over the estimated useful lives of these assets as follows:

	%
Buildings	2 – 15
Equipment and Fixtures	15
Furniture	9
Vehicles	15
Computers	15
Improvements and Decorations	15

- When the carrying amounts of Property and Equipment exceed their recoverable values, assets are written down, and impairment losses are recorded in the consolidated statement of profit or loss.
- 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.
- Property and Equipment are derecognized when disposed of or when there is no expected future benefit from their use.

Provisions

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

End-of-Service Indemnity Provision

The annual end-of-service indemnities paid to resigned employees are deducted from the related provision when paid, moreover, the excess in the amounts paid to resigned employees than the booked provision are recorded in the consolidated statement of profit or loss. Furthermore, provision against commitments of end-of-service indemnity is taken to the consolidated statement of profit or loss.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from declared income in the consolidated financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, tax acceptable accumulated losses, 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 enforced in 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 assets and liabilities in the consolidated financial statements and the value of taxable amounts. Deferred tax is calculated on the basis of liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.
- Deferred tax assets and deferred tax liabilities are reviewed as of the date of the consolidated statement of financial position, and reduced in case it is expected that no benefit or need will arise, partially or totally.



**Paid-up Capital**

Cost of issuing or purchasing the Bank’s shares

The cost of issuance or purchase of the Bank’s shares is recognized in the Retained Earnings (net after tax effect if any). If the purchase/issue transaction has not been completed, then the cost will be recognized as an expense in the consolidated statement of profit or loss.

**- Treasury Shares**

No gain or loss is recognised in the consolidated statement of profit or loss on the sale of treasury shares but recognised in owners’ equity within share premium/discount. Moreover, loss is recorded in retained earnings in case the share premium of treasury shares has been used up.

**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 profit or loss.
- 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 is 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 have not been recognized as income and registered in interest and commissions in suspense.
- Revenues and 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**

Purchase and sale of financial assets is recognized on the trading date (which is the date on which the Bank commits itself to purchase or sell the financial asset).

**Mortgaged Financial Assets**

Mortgaged financial assets are assets mortgaged to third parties, which hold the right to sell or refinance the mortgage. Those assets are continuously evaluated according to the accounting policies designated for each of them and to its original class.

**Foreclosed Assets**

Assets that have been subjected to foreclosure by the Bank are shown at the consolidated financial position under “other assets” at the acquisition value or fair value, whichever is lower. As of the consolidated financial statements date, these assets are re-valued individually at fair value. Any decline in their market value is taken to the consolidated statement of profit or loss as a loss whereas any such increase is not recognized. Subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the previously recorded impairment.

In accordance with the dissemination of the Central Bank of Jordan No. 10/1/4076 and 10/1/2510 dated on March 27, 2014 and February 14, 2017 respectively, the Bank has started from the beginning of the year 2015 to calculate a gradual provision against the assets foreclosed against debts with periods exceeding 4 years.

**Intangible Assets**

**A - Goodwill:**

- Goodwill is recorded at cost which represents the excess of the acquisition costs or investment costs in a subsidiary over the net assets fair value of the subsidiary as of the acquisition date. Goodwill that arises from the investment in the subsidiary is recognised in a separate item as intangible assets. Later on, goodwill will be reviewed and reduced by any impairment amount.
- Goodwill is allocated to cash generating unit(s) to test impairment 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 recognised in the consolidated statement of profit or loss.

**B - Other intangible assets:**

- Intangible assets raised through combination are stated at fair value on the date of acquisition. Other intangible assets raised other than combination are recorded at cost.
- Intangible assets are classified on the basis of either a definite or an 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 profit or loss. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is treated in the consolidated statement of profit or loss.
- No capitalization of intangible assets resulting from the Bank’s operations is made. They are rather recorded as an expense in the consolidated statement of profit or loss for the 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 period.

**The accounting policy for the intangible assets of the Bank:**

**Computer Software**

Software is shown at cost at the time of purchase and amortized at an annual rate of 15% - 20%.

**Foreign Currency**

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing on the date of the transaction.
- Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the consolidated statement of financial position date as declared by the Central Bank of Jordan, Central Bank of Syria and the Palestinian Monetary Authority.
- 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 profit or loss.
- 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, the assets and liabilities of foreign branches and subsidiary companies are translated into the functional currency of each entity at the average exchange rates of the Central Bank of Jordan prevailing on the consolidated statement of financial position date. Income and expense items are translated at the average exchange rates for the year. Any exchange differences are taken directly to a foreign currency translation adjustment reserve within owners’ equity. Exchange differences arising from the sale of foreign branches or subsidiaries are recorded as part of the revenues or expenses within the consolidated statement of profit or loss.

**Cash and Cash Equivalents**

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

3. Accounting Estimates

Preparation of the consolidated financial statements and the application of the accounting policies require the Bank’s management to perform assessments and assumptions that affect the amounts of assets, liabilities, disclosures and contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the balance of fair value reserves within capital and reserves. In particular, this requires the Bank’s management to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the beforementioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes arising from the conditions and circumstances of those assessments in the future.

We believe that the assumptions and estimates with material impacts on the recognition of balances recorded in the consolidated financial statements are fairly presented. And the details of these assumptions are as follows:

- A provision for credit facilities is taken on the basis and estimates approved by management in conformity with the International Financial Reporting Standards (IFRS). The outcomes of these basis and estimates are compared against the adequacy of the provisions as per the instructions of the Central Banks where the Bank branches and subsidiaries operate. The strictest outcomes that conform with the IFRS are 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 expected useful economic lives. Impairment loss is taken to the consolidated statement of profit or loss.
- Impairment of assets foreclosed are recorded based on recent and approved evaluations of these assets performed by approved evaluators for the purposes of calculating the impairment. The impairment for these assets is reviewed periodically. In accordance with the dissemination of the Central Bank of Jordan No. 10/1/4076 and 10/1/2510 dated on March 27, 2014 and February 14, 2017 respectively, the Bank has started from the beginning of the year 2015 to calculate a gradual provision against the assets foreclosed against debts with a period exceeding 4 years.
- A provision for lawsuits raised against the Bank is taken. This provision is based on a legal study prepared by the Bank’s legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- A provision for income tax is taken on the current year’s profit and for accrued and estimated tax of the deducted provision for the prior year in case a final settlement with the Income Tax Department is reached for the prior 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 the IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When assessing the financial assets and liabilities’ fair value, the Bank uses market information when available. In case level 1 inputs are not present, the Bank will deal with independent, qualified parties to prepare evaluation studies. Proper evaluation methods and inputs used in preparing the evaluation are reviewed by the management.

4. Cash and Balances with Central Banks

This item consists of the following:	December 31,	
	2017 JD	2016 JD
Cash in vaults	71,753,575	61,925,791
Balances at Central Banks:		
- Current accounts and demand deposits	60,563,818	64,139,425
- Term and notice deposits*	11,801,899	10,626,907
- Certificates of deposit	20,400,000	-
- Statutory cash reserve	104,063,859	91,505,691
Total	268,583,151	228,197,814

- Except for the statutory cash reserve, restricted balances amounted to JD 2,443,099 as of December 31, 2017 (JD 2,402,507 as of December 31, 2016).  
\* This balance includes JD 9,358,000 maturing within a period exceeding three months (JD 8,224,400 as of December 31, 2016).

5. Balances with Banks and Financial Institutions	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31, 2017		December 31, 2016		December 31, 2016	
This item consists of the following:	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	-	-	18,476,828	38,434,350	18,476,828	38,434,350
Deposits maturing within 3 months or less	177,538,910	390,387,634	69,666,474	65,629,441	247,205,384	456,017,075
Total	177,538,910	390,387,634	88,143,302	104,063,791	265,682,212	494,451,425
- Non-interest bearing balances at banks and financial institutions amounted to JD 15,073,372 as of December 31, 2017 (JD 34,597,230 as of December 31, 2016). - Restricted balances at banks and financial institutions amounted to JD 2,253,202 as of December 31, 2017 and 2016.						

6. Deposits with Banks and Financial Institutions	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31, 2017		December 31, 2016		December 31, 2016	
This item consists of the following:	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 to 6 months	10,000,000	10,000,000	-	-	10,000,000	10,000,000
Deposits maturing within 6 to 9 months	-	-	-	-	-	-
Deposits maturing within 9 months to a year	-	15,000,000	-	-	-	15,000,000
Deposits maturing after 1 year	115,000,000	-	-	-	115,000,000	-
Total	125,000,000	25,000,000	-	-	125,000,000	25,000,000
- There are no restricted deposits as of December 31, 2017 and 2016.						

7. Financial Assets at Fair Value through Profit or Loss		December 31,	
This item consists of the following:		2017	2016
		JD	JD
Shares listed in local active markets		112,200	122,600
Shares unlisted in local active markets		84,787	83,119
<b>Total</b>		<b>196,987</b>	<b>205,719</b>

8. Financial Assets at Fair Value Through Comprehensive Income		December 31,	
This item consists of the following:		2017	2016
		JD	JD
Shares listed in local active markets		100,843,880	79,021,668
Shares unlisted in local active markets*		2,856,601	7,146,541
Shares listed in foreign active markets		9,393,266	4,252,624
Shares unlisted in foreign active markets*		1,698,115	1,707,505
<b>Total</b>		<b>114,791,862</b>	<b>92,128,338</b>

- Total cash dividends from financial assets at fair value through comprehensive income amounted to JD 4,636,746 for the year ended December 31, 2017 (JD 2,815,647 for the year ended December 31, 2016).

\* The fair value for unlisted investments had been calculated in accordance with the Bank's share of the net assets of these Investments based on the latest audited financial statements for the company in which the Bank invested.

9. Direct Credit Facilities - Net		December 31,	
This item consists of the following:		2017	2016
		JD	JD
<b>Individual (Retail Customers):</b>		<b>377,216,321</b>	<b>328,815,801</b>
Overdraft accounts		9,255,980	10,453,963
Loans and discounted bills*		350,692,614	305,735,908
Credit cards		17,267,727	12,625,930
<b>Real estate loans</b>		<b>234,024,646</b>	<b>224,886,600</b>
<b>Corporate:</b>		<b>700,988,262</b>	<b>604,772,198</b>
Large corporate customers		459,850,066	456,804,426
Overdraft accounts		75,961,510	128,944,650
Loans and discounted bills*		383,888,556	327,859,776
SMEs		241,138,196	147,967,772
Overdraft accounts		56,231,895	39,217,032
Loans and discounted bills*		184,906,301	108,750,740
<b>Government and public sector</b>		<b>229,352,737</b>	<b>139,357,534</b>
<b>Total</b>		<b>1,541,581,966</b>	<b>1,297,832,133</b>
Less: Provision for impairment in direct credit facilities		(86,485,514)	(64,840,522)
Less: Interest in suspense		(7,868,681)	(6,978,578)
<b>Net Direct Credit Facilities</b>		<b>1,447,227,771</b>	<b>1,226,013,033</b>

\* Net of interest and commission received in advance amounting to JD 13,765,564 as of December 31, 2017 (JD 12,623,079 as of December 31, 2016).

- Non-performing credit facilities amounted to JD 76,806,921 representing (4.98%) of the direct credit facilities balance for the year (JD 66,206,464 representing (5.1%) for prior year).

- Non-performing credit facilities after deducting the suspended interest amounted to JD 68,938,240 representing (4.5%) of direct credit facilities after deducting the suspended interest for the year (JD 59,227,886 representing (4.59%) for prior year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 78,267,657 representing (5/08%) of total direct credit facilities for the year (JD 87,000,117 representing (6.7%) for the prior year). Moreover, credit facilities granted to the public sector in Palestine amounted to JD 65,823,307 for the year (JD 52,357,417 for the prior year).

Provision for impairment in direct credit facilities:												
The following is the movement on the provision for impairment in direct credit facilities:		Corporate Entities										
		Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Public Sector		Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
2017												
Balance – Beginning of the Year		18,953,345	2,785,243		35,966,394		7,135,540		-			64,840,522
Foreign currency differences		103,241	6,855		855,790		41,598		-			1,007,484
Provision for the year taken from revenues		2,905,243	2,602,326		10,738,645		4,391,294		-			20,637,508
Balance – End of the Year		21,961,829	5,394,424		47,560,829		11,568,432		-			86,485,514

2016	Corporate Entities										
	Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Public Sector		Total
	JD		JD		JD		JD		JD		JD
Balance – Beginning of the Year	17,472,318		2,283,060		45,944,604		5,006,118		-		70,706,100
Foreign currency differences	(122,648)		(1,196)		(2,890,903)		(74,950)		-		(3,089,697)
Provision for the year taken from revenues	1,603,675		503,379		1,377,908		2,204,372		-		5,689,334
Provisions transferred to off-statement of financial position accounts	-		-		(8,465,215)		-		-		(8,465,215)
Balance – End of the Year	18,953,345		2,785,243		35,966,394		7,135,540		-		64,840,522

The amount of calculated provisions on a single client basis and on a portfolio basis and not reported yet is as follows:		Corporate Entities										
		Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Public Sector		Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
2017												
On a single client basis		21,529,943		5,298,261		45,389,037		11,531,525		-		83,748,766
On a portfolio basis		431,886		96,163		2,171,792		36,907		-		2,736,748
Balance – End of the Year		21,961,829		5,394,424		47,560,829		11,568,432		-		86,485,514

Corporate Entities											
2016	Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Public Sector		Total
	JD		JD		JD		JD		JD		JD
On a single client basis	18,653,906		2,713,020		35,261,391		7,002,432		-		63,630,749
On a portfolio basis	299,439		72,223		705,003		133,108		-		1,209,773
Balance – End of the Year	18,953,345		2,785,243		35,966,394		7,135,540		-		64,840,522

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 4,333,080 as of December 31, 2017 (JD 6,714,569 as of December 31, 2016).

- There are direct credit facilities with a balance of JD 1,454,933 and a provision of JD 8,465,215 as of December 31, 2016 which have been transferred to off- statement of financial position accounts as per the Board of Directors decisions, as these credit facilities are fully provided for as of the date of the consolidated financial statements.



Interest in Suspense:	December 31, 2017					
	Individual (retail customers)			Corporate Entities		
	JD	JD	JD	Large corporate customers	SMEs	Total
The following is the movement on the interest in suspense:						
<b>Balance – Beginning of the Year</b>	2,526,228	524,594	2,304,247	1,623,509		6,978,578
<b>Add: Interest suspended during the year</b>	499,700	372,198	429,842	639,862		1,941,602
<b>Less: Interest in suspense reversed to profit or loss</b>	(433,662)	(148,839)	(157,051)	(164,427)		(903,979)
<b>Suspended interest transferred to off-statement of financial position accounts</b>	(147,520)	-	-	-		(147,520)
<b>Balance – End of the Year</b>	2,444,746	747,953	2,577,038	2,098,944		7,868,681

	December 31, 2016					
	Individual (retail customers)			Corporate Entities		
	JD	JD	JD	Large corporate customers	SMEs	Total
<b>Balance – Beginning of the Year</b>	2,528,254	590,375	4,459,612	1,445,040		9,023,281
<b>Add: Interest suspended during the year</b>	228,273	155,680	(175,346)	838,189		1,046,796
<b>Less: Interest in suspense reversed to profit or loss</b>	(230,299)	(221,461)	(525,086)	(659,720)		(1,636,566)
<b>Suspended interest transferred to off-statement of financial position accounts</b>	-	-	(1,454,933)	-		(1,454,933)
<b>Balance – End of the Year</b>	2,526,228	524,594	2,304,247	1,623,509		6,978,578

Direct credit facilities are distributed in accordance with geographical distribution and economic sectors as following:	December 31,			
	2017		2016	
	Inside Kingdom	Outside Kingdom	2017	2016
	JD	JD	JD	JD
<b>Financial</b>	9,011,477	-	9,011,477	2,851,395
<b>Industrial</b>	136,845,715	26,954,123	163,799,838	139,306,956
<b>Trading</b>	251,243,359	48,210,399	299,453,758	257,125,407
<b>Real estate</b>	200,685,900	3,277,683	203,963,583	182,661,300
<b>Constructions</b>	42,626,267	542,003	43,168,270	42,225,300
<b>Agriculture</b>	10,152,199	9,455,179	19,607,378	16,950,200
<b>Tourism, restaurants and public facilities</b>	166,957,646	8,205,559	175,163,205	93,763,837
<b>Shares</b>	10,038,543	-	10,038,543	11,202,167
<b>Individuals</b>	316,131,941	71,891,236	388,023,177	412,388,037
<b>Government and public sector</b>	163,529,430	65,823,307	229,352,737	139,357,534
<b>Total</b>	1,307,222,477	234,359,489	1,541,581,966	1,297,832,133

10. Financial Assets at Amortized Cost		
This item consists of the following:	December 31,	
	2017	2016
	JD	JD
Financial assets quoted in the market:		
Governmental bonds guaranteed by the government	147,095,719	112,596,012
Corporate bonds and debentures	35,151,182	29,443,668
Foreign governmental bonds	2,137,169	-
Total financial assets quoted in the market	184,384,070	142,039,680
Financial assets unquoted in the market:		
Treasury bills or guaranteed by the government	35,192,320	30,598,000
Total financial assets unquoted in the market	35,192,320	30,598,000
Net financial assets at amortized cost	219,576,390	172,637,680

- Analysis of bonds and bills:	December 31,	
	2017	2016
	JD	JD
Financial assets with fixed-interest rate	216,002,472	160,343,376
Financial assets with floating interest rate	3,573,918	12,294,304
Total	219,576,390	172,637,680

The maturities of these assets are as follows:

	Up to 1 Month	More Than 1 Month and Up to 3 Months	More Than 3 Months and Up to 6 Months	More Than 6 Months and Up to 1 Year	More Than 1 Year and Up to 3 Years	More Than 3 Years	Total
	JD	JD	JD	JD	JD	JD	JD
December 31, 2017	-	17,000,095	2,141,421	39,280,656	102,938,133	58,216,085	219,576,390
December 31, 2016	5,173,074	4,193,787	1,422,450	14,424,134	71,633,705	75,790,530	172,637,680

- The proceeds of the financial assets at amortized cost are to be paid in semi-annual instalments.
- During the first half of 2017 financial assets with amortized cost were sold with a book value of 21,979,000 JD due to the decrease of the credit rating of the majority of those assets, which resulted in a gain amounting to JD 87,724 for the year ended December 31, 2017.

11. Property and Equipment – Net		Lands		Buildings		Equipment Furniture and Fixtures		Vehicles		Computers		Decorations and Improvements		Total	
The details of this item are as follows:		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2017		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:															
Beginning balance	3,671,477	13,483,963	20,042,356	1,026,495	10,802,396	19,372,663	68,399,350								
Additions	462,871	92,869	1,250,321	249,583	2,147,663	1,301,737	5,505,044								
(Disposals)	-	-	(801,555)	(386,896)	(1,019,454)	(185,077)	(2,392,982)								
Foreign currencies differences	24,999	273,095	78,264	3,736	26,030	83,481	489,605								
Ending balance	4,159,347	13,849,927	20,569,386	892,918	11,956,635	20,572,804	72,001,017								
Accumulated depreciation:															
Beginning balance	-	6,015,986	14,751,951	641,180	7,855,568	15,341,641	44,606,326								
Annual depreciation	-	215,190	1,390,072	79,361	964,300	1,334,028	3,982,951								
(Disposals)	-	-	(765,321)	(343,422)	(1,005,622)	(149,993)	(2,264,358)								
Foreign currencies differences	-	32,404	50,527	3,661	19,783	69,065	175,440								
Ending balance	-	6,263,580	15,427,229	380,780	7,834,029	16,594,741	46,500,359								
Net book value of property and equipment	4,159,347	7,586,347	5,142,157	512,138	4,122,606	3,978,063	25,500,658								
Payments on acquisition of property and equipment*	-	1,298,106	601,954	-	207,905	4,321,610	6,429,575								
Net Property and Equipment at the End of the Year	4,159,347	8,884,453	5,744,111	512,138	4,330,511	8,299,673	31,930,233								
2016															
Cost:															
Beginning balance	3,133,046	13,322,945	20,186,108	964,842	10,563,486	20,124,904	68,295,331								
Additions	609,928	942,048	1,474,646	315,787	957,731	1,412,863	5,713,003								
(Disposals)	-	-	(1,432,933)	(243,448)	(652,856)	(1,959,603)	(4,288,840)								
Foreign currencies differences	(71,497)	(781,030)	(185,465)	(10,686)	(65,965)	(205,501)	(1,320,144)								
Ending balance	3,671,477	13,483,963	20,042,356	1,026,495	10,802,396	19,372,663	68,399,350								
Accumulated depreciation:															
Beginning balance	-	5,893,117	14,909,167	844,340	7,684,325	15,968,103	45,299,052								
Annual depreciation	-	201,924	1,311,248	49,969	862,352	1,454,822	3,880,315								
(Disposals)	-	-	(1,344,508)	(243,430)	(639,981)	(1,912,376)	(4,140,295)								
Foreign currencies differences	-	(79,055)	(123,956)	(9,699)	(51,128)	(168,908)	(432,746)								
Ending balance	-	6,015,986	14,751,951	641,180	7,855,568	15,341,641	44,606,326								
Net book value of property and equipment	3,671,477	7,467,977	5,290,405	385,315	2,946,828	4,031,022	23,793,024								
Payments on acquisition of property and equipment*	-	77,562	87,956	-	647,362	5,168,926	5,981,806								
Net Property and Equipment at the End of the Year	3,671,477	7,545,539	5,378,361	385,315	3,594,190	9,199,948	29,774,830								

\* The financial obligations relating to the acquisition of property and equipment amounted to JD 1,696,882 for the year 2017, and will be settled in accordance with the contractual conditions on the purchase of these assets.  
- Fully depreciated property and equipment amounted to JD 29,833,847 for the year 2017 (JD 28,745,157 for the year 2016).

**12. Intangible Assets**

This item consists of computer softwares which are amortized at an annual rate ranging from 15% to 20%, the details are as follows:

For the year ended December 31,

	2017	2016
	JD	JD
<b>Balance – Beginning of the Year</b>	3,559,146	3,320,303
<b>Additions during the year</b>	2,101,181	960,792
<b>Amortization for the year</b>	(823,581)	(711,560)
<b>Foreign currencies differences</b>	2,485	(10,389)
<b>Balance – End of the Year</b>	4,839,231	3,559,146

**13. Other Assets**

This item consists of the following:

December 31,

	2017	2016
	دينار	دينار
<b>Accrued interest income</b>	8,132,535	4,810,872
<b>Prepaid expenses</b>	3,282,556	2,587,777
<b>Assets foreclosed by the Bank in repayment of debts*</b>	45,050,608	34,705,556
<b>Clearance cheques</b>	3,589,269	1,634,270
<b>Advanced payments on the acquisition of lands and real estate</b>	699,123	912,360
<b>Prepaid tax expenses</b>	1,101,552	1,970,506
<b>Accounts receivables and other debit balances</b>	10,707,290	8,302,714
<b>Transactions in transit</b>	57,450	20,554
<b>Total</b>	72,620,383	54,944,609

\* The following is the movement on the assets foreclosed by the Bank in repayment of debts:

Foreclosed Assets

	2017	2016
	JD	JD
<b>Balance – Beginning of the Year</b>	41,511,299	41,642,564
<b>Additions</b>	14,968,144	2,430,218
<b>Disposals</b>	(1,697,672)	(2,561,483)
<b>End of the year balance</b>	54,781,771	41,511,299
<b>Impairment provision of assets foreclosed by the Bank**</b>	(9,731,163)	(6,805,743)
<b>Balance – End of the Year</b>	45,050,608	34,705,556

- According to the Jordanian Banks' Law, buildings and plots of land foreclosed by the Bank against debts due from customers should be sold within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for a maximum of two more years in exceptional cases. In accordance with the dissemination of the Central Bank No. 10/1/4076 dated on March 27, 2014, the Bank has started to calculate a gradual provision against the assets foreclosed against debts with period exceeding 4 years according to Central Bank of Jordan circular number 10/1/2510 dated February 14, 2017.

\*\* The movement on the impairment provision of assets foreclosed by the Bank is as follows:

	2017	2016
	JD	JD
<b>Balance – Beginning of the Year</b>	6,805,743	4,268,712
<b>Additions</b>	2,925,420	2,537,923
<b>Disposals</b>	-	(892)
<b>Balance – End of the Year</b>	9,731,163	6,805,743

**14. Banks and Financial Institutions' Deposits**

This item consists of the following:	December 31, 2017			December 31, 2016		
	Inside the Kingdom of Jordan	Outside the Kingdom of Jordan	Total	Inside the Kingdom of Jordan	Outside the Kingdom of Jordan	Total
	JD	JD	JD	JD	JD	JD
<b>Current accounts and demand deposits</b>	-	16,109,902	16,109,902	-	43,248,408	43,248,408
<b>Deposits maturing within 3 months</b>	-	27,254,300	27,254,300	47,500,000	54,875,050	102,375,050
<b>Deposits maturing within 36- months</b>	-	1,063,500	1,063,500	-	-	-
<b>Deposits maturing within 69- months</b>	-	-	-	-	-	-
<b>Deposits maturing within 912- months</b>	-	-	-	-	-	-
<b>Deposits maturity exceeds one year</b>	-	20,468,493	20,468,493	-	-	-
<b>Total</b>	-	64,896,195	64,896,195	47,500,000	98,123,458	145,623,458

15. Customers' Deposits		December 31, 2017					
This item consists of the following:	Individuals	Large Corporates		SMEs		Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD	
	Current accounts and demand deposits						509,371,762
	Saving accounts						747,232,410
	Time and notice deposits						498,228,333
	Certificates of deposit						90,968,251
	Total						1,845,800,756
		December 31, 2016					
	Individuals	Large Corporates		SMEs		Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD	
	Current accounts and demand deposits						535,209,121
	Saving accounts						675,843,479
	Time and notice deposits						323,842,995
	Certificates of deposit						72,083,535
	Total						1,606,979,130
Deposits of the Jordanian Government and the public sector inside Jordan amounted to JD 90,414,825 equivalent to (4.9%) of total customers' deposits for the year (JD 16,118,947 equivalent to (1%) for the prior year). Non-interest bearing deposits amounted to JD 675,443,252 equivalent to (36.59%) of total customers' deposits for the year (JD 901,249,775 equivalent to (56.08%) of total deposits for the prior year). Restricted deposits amounted to JD 14,245,341 equivalent to (0.77%) of total customers' deposits for the year (JD 20,715,053 equivalent to (1.29%) of total deposits for the prior year). Dormant deposits amounted to JD 82,220,824 for the year (JD 82,178,656 for the prior year).							

16. Cash Margins			December 31,	
The details of this item are as follows:			2017	2016
			JD	JD
Cash margins on direct credit facilities			106,152,279	111,304,651
Cash margins on indirect credit facilities			43,204,414	17,987,451
Total			149,356,693	129,292,102

17. Other Provisions					
The details of this item are as follows:					
	Beginning Balance	Provision Created during the Year	Provision Used During the Year	Foreign Currencies Differences	Ending Balance
2017	دينار	دينار	دينار	دينار	دينار
Provision for end-of-service indemnity	4,186,235	411,600	(524,426)	-	4,073,409
Provision for lawsuits raised against the Bank	626,714	53,877	(4,027)	-	676,564
Other provisions	203,043	20,561	(5,483)	38,671	256,792
Total	5,015,992	486,038	(533,936)	38,671	5,006,765
2016	دينار	دينار	دينار	دينار	دينار
Provision for end-of-service indemnity	5,337,873	353,166	(1,504,804)	-	4,186,235
Provision for lawsuits raised against the Bank	600,801	41,628	(15,715)	-	626,714
Other provisions	287,491	20,496	(4,609)	(100,335)	203,043
Total	6,226,165	415,290	(1,525,128)	(100,335)	5,015,992

18. Income Tax		
A. Income tax provision:		
The movement on the income tax provision is as follows:		
	2017	2016
	JD	JD
Balance – Beginning of the Year	16,872,706	13,197,654
Income tax paid	(21,876,847)	(16,811,866)
Accrued Income tax	24,606,299	20,486,918
Balance – End of the Year	19,602,158	16,872,706
Income tax in the consolidated statement of profit or loss represents the following:		
	2017	2016
	JD	JD
Income tax on current year's profit	24,606,299	20,486,918
Deferred tax assets for the year-addition	(2,840,086)	(1,517,791)
Amortization of deferred tax assets	207,689	1,144,257
Total	21,973,902	20,113,384

Legal income tax rate in Jordan amounts to 35%, whereas the legal income tax rate in Palestine where the Bank has investments and branches amounts to 15%, in Syria (a subsidiary) to 25% and 24% for the subsidiary companies in Jordan.



A final settlement was reached with the Income and Sales Tax Department in Jordan up to the end of the years 2013 and 2015. Moreover, the Bank submitted its tax returns for the years 2011, 2014 and 2016 and has paid the required amounts according to the law. However, no final settlement has been reached with the Income and Sales Tax Department for these years yet. The Income and Sales Tax Department claims the Bank with tax differences against the year 2011 amounting to JD 1.8 Million. The Bank has objected this assessment and raised a lawsuit against the Income and Sales Tax Department in this regards which the Bank won part of the case in the court of first instance and appeal the second part which still at the court of appeal. Furthermore, the Income and Sales Tax Department also requested the Bank with tax differences against the year 2014 amounting to JD 2.9 Million at which the Bank objected the assessment made by the Income and Sales Tax Department and raised a lawsuit against the Income and Sales Tax Department which still at the court of first instance. In the opinion of the management and its legal and tax consultant, the Bank will not entail any obligations in excess of the provision booked in the consolidated financial statements.

- The Bank has reached a final settlement up to the end of the year 2016 with the Income Tax and Value added Tax Department on the Bank's operations in Palestine. Moreover, the Bank has allocated an amount of JD 1,895,924 to meet the Tax obligations on the Bank's results for the year 2017 (JD 819,507 against income tax and JD 1,076,418 against value added tax). In the opinion of the Bank's management and its tax consultant, the allocated provisions are sufficient to meet the tax obligations for the year 2017.
- A final settlement was reached with the Income and Sales Tax Department up to the end of the year 2015 regarding Excel for Financial Investments Company (subsidiary). Furthermore, the Company has submitted its tax returns for the year 2016. However, no final settlement has been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's management and its tax consultant, the allocated provisions in the financial statements are sufficient to meet any tax obligations.
- Jordan Leasing Company (subsidiary) has reached a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax returns for 2016 and paid the declared taxes, however, it has not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's management and its tax consultant, the allocated provisions in the financial statements are sufficient to meet any tax obligations.

b. Deferred Tax Assets	2017				2016			
	Balance – Beginning of the Year	Amounts Released	Amounts Added	Balance – End of the Year	Deferred Tax	Deferred Tax	Deferred Tax	JD
Accounts Included	JD	JD	JD	JD	JD	JD	JD	JD
Deferred Tax Assets								
Provisions for non-performing debts	17,779,051	-	4,754,297	22,533,348	7,886,672			6,222,668
Provision for non-performing debts – Prior years	3,754,235	48,198	-	3,706,037	1,068,355			1,082,233
Provision for staff end-of-service indemnity	4,186,235	524,426	411,600	4,073,409	1,187,361			1,243,573
Interest in suspense	998,113	-	-	998,113	254,360			261,797
Provision for lawsuits raised against the Bank	626,714	4,027	53,877	676,564	225,624			208,612
Impairment in assets foreclosed by the Bank	6,805,743	-	2,925,420	9,731,163	3,243,455			2,219,558
Impairment in assets available for sale	62,831	-	-	62,831	21,991			21,991
Other provisions	2,664,152	-	519,451	3,183,603	795,901			666,038
<b>Total</b>	<b>36,877,074</b>	<b>576,651</b>	<b>8,664,645</b>	<b>44,965,068</b>	<b>14,683,719</b>			<b>11,926,470</b>
- The movement on deferred tax assets is as follows:								
Balance – Beginning of the Year					11,926,470			12,217,573
Added during the year					2,840,086			1,517,791
Amortized during the year					(207,689)			(1,144,257)
Foreign currencies differences					124,852			(664,637)
<b>Balance – End of the Year</b>					<b>14,683,719</b>			<b>11,926,470</b>

\* The accrued tax ratio used in deferred tax calculation is the effective ratio in these countries.

C. The following is a summary of the reconciliation between accounting profit and taxable profit:	2017	2016
	JD	JD
Accounting profit	67,583,363	62,315,408
Tax-exempt profit	(6,898,739)	(5,979,800)
Tax-unacceptable expenses	11,281,313	7,493,529
<b>Taxable profit</b>	<b>71,965,937</b>	<b>63,829,137</b>
<b>Income tax rate</b>	<b>%34,2</b>	<b>%32/1</b>
<b>Total</b>	<b>24,606,299</b>	<b>20,486,918</b>

19. Borrowed Funds		Number of Installments				
The details of this item are as follows:	Amount	In Total	The Remaining	Periodic Installments Maturity	Collaterals	Price of Borrowing Interest
	JD				JD	
<b>2017</b>	<b>JD</b>					
Borrowing from the Central Bank of Jordan	310,747	60	44	Monthly	Treasury Bonds	%2,25
Borrowing from the Central Bank of Jordan	258,686	113	107	Monthly	Bill	%1,75
Borrowing from the Central Bank of Jordan	917,461	60	55	Monthly	Bill	%1,00
Borrowing from the Central Bank of Jordan	950,822	60	55	Monthly	Bill	%1,00
<b>Total</b>	<b>2,437,716</b>					
<b>2016</b>	<b>JD</b>					
Borrowing from the Central Bank of Jordan	424,879	48	60	Monthly	Treasury Bonds	%2,25
<b>Total</b>	<b>424,879</b>					

- The above amount has been re-borrowed to one of the Bank's customers listed under small and medium entities with an interest rate ranging from 3% - 5.25%.  
- This balance is borrowed at a fixed interest rate, and there is no borrowing at floating interest rates or with zero interest rate as of December 31, 2016 and 2017.

20. Other Liabilities		
The details of this item are as follows:	2017	2016
	JD	JD
<b>Accrued interest payable</b>	5,079,792	2,748,843
<b>Accepted cheques</b>	6,315,946	7,261,564
<b>Temporary deposits</b>	17,814,290	2,452,353
<b>Dividends payable</b>	2,361,085	1,880,403
<b>Deposits on safe boxes</b>	173,945	169,226
<b>Margins against sold real estate</b>	289,250	291,472
<b>Other miscellaneous liabilities*</b>	6,662,165	7,373,047
<b>Total</b>	<b>38,696,473</b>	<b>22,176,908</b>

* The details of other miscellaneous liabilities are as follows:	December 31,	
	2017	2016
	JD	JD
<b>Social security deposits</b>	277,056	264,323
<b>Income tax deposits</b>	322,528	283,396
<b>Accrued expenses</b>	4,947,970	3,459,949
<b>Incoming transfers</b>	294,037	231,740
<b>Board of Directors' members remuneration</b>	55,000	55,000
<b>Other credit balances</b>	765,574	3,078,639
<b>Total</b>	<b>6,662,165</b>	<b>7,373,047</b>

## 21. Paid-up Capital

- The authorized capital of the Bank is JD 200,000,000 as of December 31, 2017 (JD 200,000,000 as of December 31, 2016)
- The authorized capital of the Bank is JD 200,000,000 by year end, divided into 200,000,000 shares at a par value of JD 1 each.

## 22. 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 Banks Law and Companies Law. This reserve cannot be distributed to shareholders.

### Voluntary Reserve

The amounts accumulated in this account are transferred from the annual net income before taxes at 10% during the previous years. This reserve will be used for the purposes approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends.

### General Banking Risks Reserve

This item represents the general banking risks reserve in line with the instructions of the Central Bank of Jordan, and other regulatory bodies.

### Special Reserve

This reserve represents the periodic fluctuation reserve calculated according to the instructions of the Palestinian Monetary Authority concerning the Bank's branches operating in Palestine.

- The restricted reserves are as follows:

Nature of Restriction	Amount	Reserve
	JD	
<b>Legal reserve</b>	80,820,952	Companies and Banks Laws
<b>General banking risks reserve</b>	15,128,290	Regulatory bodies requirements
<b>Special reserve</b>	4,103,632	Regulatory bodies requirements

### 23. Foreign Currency Translation Differences

This item represents the differences resulting from the translation of net investment in foreign subsidiary (Bank of Jordan – Syria) upon consolidating the financial statements.

The movement on this item during the year is as follows:	2017	2016
	JD	JD
Balance – Beginning of the Year	(12,401,835)	(11,481,891)
Changes in the translation of net investment in the subsidiary company during the year*	145,581	(919,944)
Balance – End of the Year	(12,256,254)	(12,401,835)

\* This item includes the Bank's net share of the structural position related to the investment in the capital of Bank of Jordan – Syria for the years 2017 and 2016.

### 24. Fair Value Reserve

The details of the fair value reserve are as follows:	2017	2016
	JD	JD
Balance – Beginning of the Year	63,565,588	33,186,645
Unrealized gains	17,722,753	32,217,724
(Transferred) to retained earnings as a result for shares sale recognized	-	(1,838,781)
Balance – End of the Year	81,288,341	63,565,588

### 25. Retained Earnings

The details of this item are as follows:	2017	2016
	JD	JD
Balance – Beginning of the Year	63,926,237	88,442,614
Dividends distributed to shareholders	(36,000,000)	(31,020,000)
Profit for the year	46,795,537	41,396,285
Transferred to reserves	(9,783,481)	(7,082,118)
Transferred as a result for sale of financial assets through comprehensive income	-	1,346,863
The currencies translation differences	(492,167)	2,039,735
(Transferred) increase in paid-up capital – Note (1)	-	(31,197,142)
Balance – End of the Year*	64,446,126	63,926,237

\* Retained earnings include an amount of JD 14,683,719 restricted against deferred tax assets as of December 31, 2017 (JD 11,926,470 as of December 31, 2016).

- Retained earnings include an amount of JD 5,060,455 as of December 31, 2017 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Commission.

### 26. Declared Dividends

The Board of Directors recommended the distribution of 18% of capital as cash dividends to the shareholders, equivalent to JD 36,000,000 which remain subject to the approval of the General Assembly (while a dividend of 18% of the capital was distributed during the year 2017 in the amount of JD 36,000,000 according to the general assembly decision in it's meeting on April 17, 2017).

### 27. Interest Income

The details of this item are as follows:

	2017	2016
	JD	JD
<b>Direct Credit Facilities:</b>		
<b>Individual (retail customers):</b>	36,208,858	29,195,069
Overdraft accounts	1,318,994	1,183,948
Loans and discounted bills	32,240,938	25,605,225
Credit cards	2,648,926	2,405,896
<b>Real estate loans</b>	17,310,483	16,089,973
<b>Corporate Entities:</b>	46,339,863	39,361,772
Large corporate customers:	30,423,105	27,137,126
Overdraft accounts	5,705,555	6,032,824
Loans and discounted bills	24,717,550	21,104,302
<b>SMEs:</b>	15,916,758	12,224,646
Overdraft accounts	3,410,265	2,761,334
Loans and discounted bills	12,506,493	9,463,312
<b>Government and public sector</b>	10,433,905	5,909,340
<b>Balances with central banks</b>	1,724,849	891,188
<b>Balances and deposits with banks and financial institutions</b>	9,456,054	10,465,324
<b>Financial assets at amortized cost</b>	8,387,224	8,003,308
<b>Total</b>	129,861,236	109,915,974

### 28. Interest Expense

The details of this item are as follows:

	2017	2016
	JD	JD
<b>Banks and financial institution deposits</b>	1,388,386	1,113,990
<b>Customers' deposits:</b>		
Current and demand deposits	499,248	198,543
Saving accounts	1,901,997	1,217,806
Time and notice deposits	15,530,072	8,133,639
<b>Certificates of deposit</b>	2,811,574	2,010,710
<b>Borrowed funds</b>	68,714	63,168
<b>Cash margins</b>	1,215,514	1,098,867
<b>Deposits insurance fees</b>	3,503,507	3,317,015
<b>Total</b>	26,919,012	17,153,738

**29. Commissions Income – Net**

The details of this item are as follows:

	2017	2016
	JD	JD
<b>Commission's income:</b>		
Direct credit facilities commissions	5,381,011	5,144,413
Indirect credit facilities commissions	5,071,054	5,624,180
Other commissions	14,174,321	12,984,290
<b>Total</b>	<b>24,626,386</b>	<b>23,752,883</b>
<b>Less: Commissions expense</b>	<b>366,718</b>	<b>269,995</b>
<b>Net Commissions Income</b>	<b>24,259,668</b>	<b>23,482,888</b>

**30. Foreign Currency Income**

The details of this item are as follows:

	2017	2016
	JD	JD
From trading\dealing	452,467	144,509
From revaluation	2,307,543	2,341,645
<b>Total</b>	<b>2,760,010</b>	<b>2,486,154</b>

**31. Gain (Loss) from Financial Assets at Fair Value through Profit or Loss**

The details of this item are as follows:

Year 2017	Realized (Losses)	Unrealized (Losses)	Shares Returns	Total
	JD	JD	JD	JD
Local shares	-	(8,732)	12,949	4,217
<b>Total</b>	<b>-</b>	<b>(8,732)</b>	<b>12,949</b>	<b>4,217</b>

Year 2016	Realized (Losses)	Unrealized (Losses)	Shares Returns	Total
	JD	JD	JD	JD
Local shares	-	(36,351)	6,082	(30,269)
Foreign shares	(43,841)	-	19,252	(24,589)
<b>Total</b>	<b>(43,841)</b>	<b>(36,351)</b>	<b>25,334</b>	<b>(54,858)</b>

**32. Other Income**

The details of this item are as follows:

	2017	2016
	JD	JD
Previous years refundable to income	15,247,317	1,192,926
Gain from the sale of assets foreclosed by the Bank	1,251,773	645,607
Revenue from telephone, post, and swift	552,276	493,111
Real estate rent	505,978	354,793
Gain from the sale of property and equipment	204,110	64,547
Interest in suspense reversed to income	903,979	1,636,566
Other income	1,661,956	1,569,405
<b>Total</b>	<b>20,327,389</b>	<b>5,956,955</b>

**33. Employees Expenses**

The details of this item are as follows:

	2017	2016
	JD	JD
Salaries, bonuses, and employees' benefits	26,781,918	24,557,697
Bank's contribution to social security	2,221,077	2,029,156
Bank's contribution to provident fund	1,651,824	1,549,808
Medical expenses	1,555,588	1,460,682
Staff training expenses	619,331	281,195
Transportation and travel expenses	646,220	430,328
Life insurance	97,030	97,915
<b>Total</b>	<b>33,572,988</b>	<b>30,406,781</b>



34. Other Expenses		
The details of this item are as follows:	2017	2016
	JD	JD
Rent	3,389,558	3,186,977
Printing and stationery	955,744	790,281
Telephone, post and swift	1,633,516	1,560,783
Maintenance, repairs, and cleaning	3,553,662	2,898,817
Fees, taxes, and licences	3,050,321	2,769,587
Advertisements and subscriptions	4,958,617	3,397,142
Insurance expenses	2,156,311	1,897,758
Electricity and heating	2,218,021	2,212,085
Donations	689,897	544,925
Hospitality	322,817	245,171
Professional, consultancy and legal fees	1,369,315	1,145,878
Board of Directors members remunerations	55,000	55,000
Miscellaneous	653,350	788,899
Total	25,006,129	21,493,303

35. Earnings Per Share		
The details of this item are as follows:	2017	2016
	JD	JD
Profit for the year (Bank’s shareholders)	46,795,537	41,396,285
Weighted average number of shares*	200,000,000	200,000,000
Net income for the year/share (Bank’s shareholders)		
Basic	0,234	0,207
Diluted	0,234	0,207

36. Cash and Cash Equivalents		
The details of this item are as follows:	2017	2016
Cash and balances with central	دينار	دينار
Banks maturing within 3 months	259,225,151	219,973,414
Add: Balances with banks and other financial institutions maturing within 3 months	265,682,212	494,451,425
Less: Banks and financial institutions’ deposits maturing within 3 months	(43,364,202)	(145,623,458)
Restricted balances	(4,696,301)	(4,655,709)
Total	476,846,860	564,145,672

37. Financial Derivatives						
The details of financial derivatives at year-end are as follows:	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities		
	JD	JD	JD	Within 3 Months	From 3 To 12 Months	Total
2017						
Foreign currencies forward contracts (purchase)	17,981	(196,814)	18,904,820	18,904,820	-	18,904,820
Total	17,981	(196,814)	18,904,820	18,904,820	-	18,904,820
2016	JD	JD	JD	JD	JD	JD
Foreign currencies forward contracts (purchase)	13,774	(31,429)	3,332,249	3,332,249	-	3,332,249
Total	13,774	(31,429)	3,332,249	3,332,249		3,332,249

Nominal value indicates the value of transactions at year-end, and does not relate to market risk or credit risk.

**38. Related parties transactions**

Within its normal activities, the Bank entered into transactions with its major shareholders, members of the Board of Directors, executive management and the associate company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing, and no provision for probable credit losses has been taken thereon.

[illegible]

Balances and Transactions with related parties are eliminated from the consolidated financial statements and only disclosed for clarifications.

### 39. Risk Management

First: Descriptive Disclosures:

The Bank manages banking risks through identifying the risks that it might be exposed to and methods of challenging and mitigating them. This is achieved through implementing a group of restructuring projects using best standards and banking acts that aim at separating risk management activities from those related to development of business and operations (execution).

\* In this context, the Bank has formed a Risk and compliance Management Committee, derived from the Board of Directors to ensure the presence of an effective internal monitoring function in accordance with the policies and scope of work set for it by the Board of Directors

\* Risk management assumes the responsibility of managing the various types of risks through:

- Preparing policies and getting them approved by the Board of Directors.
- Analysing the risk types (credit, market, liquidity, operations information security).
- Developing measurement and control methodologies for each risk type.
- Providing the Board of Directors and executive management with reports and information about quantitative and qualitative measurements of the Bank risks.

\* The Bank has established several systems to control and measure risks like capital adequacy, liquidity risk and ratios (LCR, NSFR), operating risks and events and market risk.

#### Credit Risks

Credit risks arise from the probable inability and/or lack of desire of the borrower or third party to fulfill its obligations in a timely manner. These risks include on-consolidated financial statements items such as loans and bonds, and off-consolidated financial statements items such as guarantees and/or documentary credits causing financial losses to the Bank.

In this regard, the Bank reinforces institutional frameworks that govern the management of credit through the following:

1. Setting up independent specialized departments for the credit management as follows:
  - Companies Credit Risk Department (for the management of companies' credit risks).
  - Small and Medium Size Enterprises (SMEs) Risk Management Department (for management of SMEs credit risks).
  - Individuals Credit Risk Department (for management of individuals credit portfolios risks).
  - Credit Portfolios Risk Management Department: the department focuses on maintaining the quality of credit granted to the Bank's clients (Corporate, SME & Individual). Studying the Key Risk Indicators (KRI) and Key Performance Indicators (KPI), through preparing studies and reports covering the performance of economic sectors and industries and comparing it with the performance of the Bank's credit portfolios and associated provisions. Utilizing the aforementioned reports to establish proper recommendations which in turn provide guidance for the business development units to target promising economic sectors/ industries or to avert expansion in the deteriorating ones. In addition to the above, the department of Credit Portfolios Risk Management conducts periodical studies and reports to shed light on the below aspects:
    - The concentration of credit portfolio on economic activity levels.
    - The concentration of credit portfolio on product levels.
    - Reports covering the Bank's default ratios and coverage ratios compared to the banking sector.

- Credit portfolios performance reports, conducted on segment basis (Corporate, SME, Government and Individuals) compared to the banking sector in terms of growth and profitability rates.
  - The preparation for the implementation of IFRS 9 through conducting scenarios and reports required to comply with the IFRS 9 implementation by the beginning of 2018.
  - Applying a risk rating system through which the clients will be classified to ten stages (ratings) and according to the below factors:
    - Obligor Risk Rating (economic sector, management, financial standing, experience, etc).
    - Facility Risk Rating (risk weight will be assigned according to the type and nature of the facility).
    - Collateral Rating: (risk weight will be assigned according to the type and nature of the collateral), which will directly impact the Recovery Ratio, thus the calculation of Loss Given Default LGD
2. Separating the of Business Development Department from Credit Risk Departments.
  3. Implementing a set of approved policies and procedures that outline principles for defining, measuring, and managing the type of risk
  4. Determining credit concentrations at the credit type level, economic sector, geographical distribution, and credit portfolios, etc. Credit risks are managed by departments according to their specialization.
  5. Implementing an authorization and relationship management system:  
Bank of Jordan adopts an authorization system that includes authority granting, delegation, monitoring and relationship management of the various credit activities.
  6. Determining credit risk mitigation methods:  
Bank of Jordan adopts various methods to mitigate credit risks such as the following:
    - Providing the proper credit structure that matches its purpose and repayment period.
    - Ensuring the completion of all control aspects relating to the utilization of credit and the sources of its payment.
    - Obtaining proper guarantees to hedge against any risks in this regard.
    - Analysing and evaluating credit transactions by credit risk departments.
    - Periodically evaluating guarantees according to the nature, type, and degree of risks to reinforce guarantees and ensure their adequacy constantly.
    - Setting up specialized committees for approving credit.
  7. Controlling credit execution by the credit control department in addition to a unit concerned with documentation, completion of legal audit, and execution.
  8. Applying the credit management mechanisms (CREMS and E-loan).
  9. Setting up a specialized department to follow up on the collection of dues and non-performing debts.
  10. Setting up a committee for risk and compliance management at the Board of Directors level to review policies, credit strategies, investments and risks.
  11. Determining the duties of the various credit risk departments concerning the mechanism and periodicity of controls and issuance/submission of reports to the Board of Directors and Executive Management.
  12. Analysing economic fluctuations and changes in the structure and quality of credit portfolios.
  13. Preparation and implementation of Stress Testing procedures.
  14. Control Reports:  
The credit risks departments, each according to its specialization, control and evaluate all credit operations through a set of control procedures:
    - Daily control:
    - Monitoring credit violations, un-renewed due credit ceilings, due accounts, and others.
    - Controlling the quality and distribution of the credit portfolio.
    - Rating credit risks, economic sector, credit type, guarantees, concentration, credit asset quality trends, and others.
    - Monitoring credit exposure at the customer level (Total Exposure), geographic area, credit type, economic sector, maturity date, guarantee type, and others.

These reports are submitted periodically to the risk and compliance management committee at the Board of Directors level. Timely reports on daily operations are submitted to the General Manager.

### Operational Risk

Operational risks arise from the inefficiency or failure of internal operations, employees, or systems or may stem from external events including legal risks. The Operational Risk Unit was established in 2003 under the Risk Management Department to manage the Operational Risks in the bank where qualified staff were appointed and automated systems were supplied since that date to empower the unit to perform its duties effectively.

The Bank manages operational risks through the following process:

1. Setting the operational risks policy, approving it by the Board of Directors, and implementing it across the bank and its affiliates. This includes the standards for defining and measuring risks in addition to the Risk Appetite accepted for these risks.
2. Implementing an operational risk management system (CAREWeb).
3. Creating risk profiles for all Bank entities which include all operational risks that may affect the entity, the related controls to mitigate them and the frequency of their testing to ensure effective and continuous implementation. Reports on risk profiles are submitted to the Risk and Compliance Committee on the Board level for approval.
4. Internal Audit Department evaluates the validity of the monthly self-assessment tests for the Bank's various units, classifies these units according to the approved classification standards and incorporates them into the internal audit reports it submits to the Audit Committee on a timely basis. The Operational Risk Unit incorporates the self-assessment results in comparison with the internal audit results for all of the Bank's entities and submits them to the Audit Committee on a quarterly basis.
5. Continuous evaluation of the Risk Profiles:  
In this regard, a self-assessment tool (Control & Risk Self-Assessment) has been applied to manage operational risks through continuous evaluation of risks to identify new risks, ensure the efficiency of control procedures to mitigate these risks, and update the risk profiles on a timely basis to reflect the actual internal control environment.
6. Setting up a database for operational incidents, analysing them and submitting reports on the concentration and type of these incidents to the Risk and Compliance Committee/Board of Directors.
7. Applying rating standards and evaluating the Bank's entities according to international classification standards for internal control environment.
8. Setting up and determining key risk indicators (KRIs) at the Bank's level and provides the related departments within the Bank with the results of these indicators to be monitored as well as applying rating standards and the correction procedures to avoid the risk before its occurrence.
9. Developing and implementing the stress testing scenarios for Operational Risks in the Bank.
10. Providing the Risk and Compliance committee on the Board of Directors level with periodic reports (monthly, quarterly) that reflect the actual internal control environment for the various units in the Bank.
11. Evaluating the policies and procedures in the Bank to identify any control gaps in these processes and arrange with concerned entities to rectify these gaps.
12. Conducting trainings and awareness sessions for the Bank's employees on Operational Risk Management to enhance the internal control environment at the Bank.
13. Creating the Corporate Risk Profile to identify risks that may arise on strategic level and affect the achievement of the Bank's strategy and income targets negatively. The Internal Audit department evaluates the implementation of the corporate controls

on an annual basis and submits a report of their findings to the Audit Committee and the Risk and Compliance Committee. The Corporate Risk Profile is evaluated on an annual basis by the Internal Audit department and the Operational Risk Unit and the updates are submitted in a report to the Risk and Compliance Committee.

14. The Operational Risk Unit has created an AML Risk profile at the bank level for identifying AML and CTF risks and controls that mitigate them. The Internal Audit department evaluates the implementation of these controls on an annual basis and submits a report of their findings to the Audit Committee and the Risk and Compliance Committee. The AML Risk Profile is evaluated on an annual basis by the Operational Risk Unit and the Compliance Department and the updates are submitted in a report to the Risk and Compliance Committee.

Liquidity and Market Risk

Liquidity Risk

Liquidity risk represents the Bank’s inability to make available the necessary funding to meet its obligations on their maturity dates or to finance its activities without incurring high costs or losses. Moreover, liquidity risks are divided into two types:

- Funding Liquidity Risk  
This risk represents the Bank’s inability to change assets into cash - such as the collection of receivables - or to obtain funding to meet its obligations.
- Market Liquidity Risk  
This risk represents the Bank’s inability to sell the asset in the market or selling the asset at a huge financial loss due to weak liquidity or demand in the market and includes the following:

Market Risk

- Market risks: are the risks of exposure of the positions on and off the Bank’s Consolidated Statement of Financial Position to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investment portfolios, both for the purpose of trading or exchange and include the following:
  - Interest rate risks.
  - Currency exchange rate risks (Dealing with Foreign Currency).
  - Fluctuation in shares prices risks.
  - Goods risks.

Market risks arise from:

- Changes that may occur in the political and economic conditions in markets.
- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments held for future buying and selling.
- Gaps in maturities of assets and liabilities and interest rate re-pricing.
- Holding of uncovered positions.

The substantial tools used to measure and manage markets risks are as follows:

- Basis Point Value
- Value at Risk
- Stress Testing

The Bank manages the market and liquidity risk through:

- Setting up a liquidity crisis management plan that includes the following:
  - Specialized procedures for the management of liquidity risk.
  - Specialized committee to manage liquidity risk.
  - A liquidity contingency plan.

- Developing measurement, management, and monitoring liquidity and market risk tools through:
  - Preparing liquidity risk reports according to the maturity scale.
  - Monitoring ceilings and quality of the investment portfolio.
  - Identifying sources of funds, and classifying/analysing them according to their nature.
  - Controlling legal liquidity and daily cash liquidity. This means keeping an adequate amount of liquid assets (cash and cash equivalents) to meet obligations.
  - Matching maturities of assets and liabilities, taking into consideration all internal and external cash flows.
  - Performing stress testing.
  - The preparation of a periodic analysis about the developments in local and international markets.
  - Monitoring investment tools and analyzing the range of conformity with the issued investment limits in the investment policy and the allowed losses limits.
  - Analyzing ceilings and limitations of the investments and providing a recommendation to adjust it according to improvements and circumstances of international and local markets, and diversifying investment with what achieves best returns and less risks.
  - Analyzing the investment concentrations on the level of each tool.
  - Reviewing and assessing the portfolios assets and liabilities.
  - Analyzing credit rating for international and local banks according to the financial situation and how much it is effected by the economic crises and the range of its spread globally.
  - Monitor interest trends on the volume of deposits, Maturity date and its suspended range.
  - The preparation of reports about the exceeding limit in investments tools.
  - Monitoring the changes on interest prices in international and local markets.
  - Monitoring the sensitivity of investment tools for changes in interest prices on each investment tool.
  - Monitoring the pricing process for borrowing and lending/investments ceiling.
  - Monitoring the concentration on markets/tool and geographical distribution.
- Submitting periodic reports to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/ Board of Directors.

Information Security Risk

Defined as any potential threat that may lead to a failure in confidentiality, availability, and integration of the Bank’s information. Information security unit has been established to protect the Bank’s information, users and assets by applying high level policies and procedures, through specific definitions of mandatory baseline controls.

- Bank of Jordan adopts the following principles to manage information security risks:
- Review Information Security Policies and update the policies to be in line with international standards.
- Comply with PCI-DSS Requirements.
- Monitor all systems, servers, and network component on a regular basis by using special tools to counter any threat.
- Review privileges based on job classification and function and restricted to least privileges necessary to perform job responsibilities.
- Identify threats and vulnerabilities and identify appropriate controls to mitigate any new risks.
- Review and update Business Contingency Plan periodically and periodically perform the necessary tests to check the effectiveness of the plan as well as the Disaster Recovery Plan.
- Review and evaluate the physical security controls on a regular basis.
- Coordinate or conduct security orientation and security awareness programs.
- Reporting information security/Communication Progress and related cases to the upper management.
- Complying with SWIFT \_ CSR requirements.
- Preparation of IT management Governance guide and related technology and to be published on the Bank’s website.
- Applying IT management Governance and related technology COBIT5.

Compliance Risks

These represent the risks that arise from the probable failure of the Bank to comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws, and code of ethics issued by the international and local regulatory bodies, including the Bank’s internal policies. The Bank has set up a compliance department, staffed with qualified and trained personnel, equipped with automatic systems, and



assigned with the task of managing this type of risk according to the following criteria:

- Preparing the compliance policy, approving it by the Board of Directors, and enforcing it. This policy includes the principles for defining, measuring, and controlling risks.
- Applying an automatic system for managing compliance risks.
- Evaluating and adopting all work policies and procedures and ensuring their compliance with laws, regulations, and instructions governing the Bank's work.
- Preparing and applying compliance matrices, which include limiting the violation of laws and regulations and ensuring compliance with them periodically according to the nature and type of the matrix.
- Preparing and applying a conflict of interests management mechanism.
- Promulgating and applying the code of ethics to all employees of the Bank.
- Qualifying and training all employees of the Bank.
- Providing the Board of Directors and Executive Management with periodic reports that include violations and non-compliance at the Bank's unit level.

As for Anti-Money Laundering activities, an autonomous unit within the Compliance Department has been set up with appropriate and qualified capabilities and systems. The Bank manages the unit of Anti-money laundering and terrorism finance as follows:

1. Preparing a policy for anti-money laundering and Terrorism Financing Combat approved from the Board of Directors, which is in line with the instruction of Anti-Money Laundering and Terrorism Financing Combat number 51 for the year 2010, and implementing it effectively.
2. The implementation of an automated system to check daily customer's transactions.
3. Rating of customers in accordance to their risk grade.
4. A periodic automated check to ensure that none of the Bank's customers are included in prohibited lists.
5. Periodic check for customers with high risks.
6. Awareness of the Bank's employees, each as per their specialities.

The Bank has also established a unit to meet the requirements of tax compliance for foreign accounts (FATCA) and supply them with qualified human resources. The requirements of compliance operation management for FATCA law were prepared within the following basis:

- The preparation and adoption of a policy to deal with the FATCA law.
- The preparation and adoption of a compliance program with the FATCA law.
- Rehabilitation and training of all employees of the Bank to deal with the requirements of the FATCA law.
- Contracting with a specialized company to implement an automated system to manage the requirements of FATCA.
- Adjusting the application forms for opening new accounts to meet the requirements of the FATCA law.
- Developing a mechanism to update customer data on an ongoing basis.
- The compliance committee/Board of Directors is responsible for overseeing cases of fraud and suspicion by following up on the periodic reports submitted to the committee.
- The unit submits a periodic report on compliance with the FATCA requirements to the compliance committee/Board of Directors.
- Based on the transparency instruction for dealing with customer's No. 66/2012 issued by the Central Bank of Jordan on October 21, 2012 the Bank established a unit to manage and handle customer complaints and provided this unit with a qualified human resources and automated application under the supervision of the Compliance Department.
- The Bank manages and handles customer complaints according to the following:
  - Proportion and adoption of a mechanism to handle and manage customers complaints as appropriate.
- Preparation of a policy for the way to fairly and transparently deal with customers, to be approved according to internal instructions and procedures related to the financial and banking services providers customers compliance No. 1/2017 dated august 28, 2017 issued by the Central Bank of Jordan.
- Providing different communication channels to receive customer complaints.

Second: Quantitative Disclosures:

(39/A) Credit Risk

Exposure to credit risk (after impairment provisions and interest in suspense and before collateral held or other mitigation factors):	2017 JD	2016 JD
Items On the Consolidated Statement of Financial Position		
Balances with central banks	196,829,576	166,272,023
Balances with banks and financial institutions	265,682,212	494,451,425
Deposits with banks and financial institutions	125,000,000	25,000,000
Credit facilities:	1,447,227,771	1,226,013,033
Individual (retail customers)	352,809,746	307,336,228
Real estate loans	227,882,269	221,576,763
Corporate entities	637,183,019	557,742,508
Large corporate customers	409,712,199	418,533,785
SMEs	227,470,820	139,208,723
Government & public sector	229,352,737	139,357,534
Financial assets at amortized cost (Bonds & Treasury Bills)	219,576,390	172,637,680
Other assets	25,769,100	17,356,187
Total Item on The Consolidated Statement of Financial Position	2,280,085,049	2,101,730,348
Off-Statement of Financial Position Items		
Letters of guarantee	133,848,164	117,565,620
Letters of credit	92,190,075	39,109,648
Acceptances	56,193,136	74,535,617
Un-utilized facilities	108,819,747	86,932,724
Total	2,671,136,171	2,419,873,957

The guarantees and mitigating credit risk factors against credit exposure mentioned above include the following:

- Obtaining suitable guarantees and recording them correctly against any potential risks. These guarantees represent cash guarantees, and non-cash guarantees such as real estate, vehicles, equipment and stock mortgages in addition to guarantees and credit derivatives binding to all parties involved and legally exercisable at all competent courts.
- Having a credit rating system for the Bank's customers and relying on the credit ratings issued by international credit agencies for banks and companies.
- Performing periodic evaluations of guarantees according to the nature, type and degree of risk to ensure regularly their adequacy against the credit granted.
- Conducting a legal audit of all contracts and documents and their applicability according to the Bank's system, laws and regulations.
- Having financial derivatives that mitigate market risks.

Credit exposure is distributed according to the degree of risk as follows:															
December 31, 2017															
Corporate Entities															
	Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Other Assets		Government & Public Sector		Banks & other Financial Institutions		Total
	JD		JD		JD		JD		JD		JD		JD		
Low risk	-		-		24,979,662		-		-		351,468,794		196,829,576		573,278,032
Accepted grade risk	347,375,058		217,183,251		439,378,823		224,656,170		25,769,100		2,137,169		421,421,839		1,677,921,410
From which past due*:															
Up to 30 days	17,954,282		573,274		5,049,154		4,240,917		-		-		-		27,817,627
From 31 to 60 days	816,797		76,625		6,569,012		607,867		-		-		-		8,070,301
Watch list	4,357,067		6,658,410		33,243,712		2,173,692		-		-		-		46,432,881
Non-performing:	25,484,196		10,182,985		26,831,406		14,308,334		-		-		-		76,806,921
Substandard	1,721,441		474,682		3,477,998		47,184		-		-		-		5,721,305
Doubtful	2,361,843		2,875,523		560,019		405,411		-		-		-		6,202,796
Losses written-off	21,400,912		6,832,780		22,793,389		13,855,739		-		-		-		64,882,820
Total	377,216,321		234,024,646		524,433,603		241,138,196		25,769,100		353,605,963		618,251,415		2,374,439,244
Less: Interest in suspense	(2,444,746)		(747,953)		(2,577,038)		(2,098,944)		-		-		-		(7,868,681)
Less: Impairment provision	(21,961,829)		(5,394,424)		(47,560,829)		(11,568,432)		-		-		-		(86,485,514)
Net	352,809,746		227,882,269		474,295,736		227,470,820		25,769,100		353,605,963		618,251,415		2,280,085,049

December 31, 2016													
Corporate Entities													
	Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Other Assets		Government & Public Sector	Banks & other Financial Institutions	Total
	JD		JD		JD		JD		JD				
Low risk	-		-		-		-		-		251,953,546	166,272,023	418,225,569
Accepted grade risk	303,221,658		213,236,925		413,624,860		127,442,384		17,356,187		-	548,895,093	1,623,777,107
From which past due*:													
Up to 30 days	3,417,767		125,998		2,432,768		2,200,967		-		-	-	8,177,500
From 31 to 60 days	58,768		81,179		906,972		535,453		-		-	-	1,582,372
Watch list	2,852,675		4,984,465		50,594,088		6,909,080		-		-	-	65,340,308
Non-performing:	22,741,468		6,665,210		23,183,478		13,616,308		-		-	-	66,206,464
Substandard	1,000,802		624,976		310,902		3,173,602		-		-	-	5,110,282
Doubtful	1,733,535		2,055,218		43,872		304,566		-		-	-	4,137,191
Losses written-off	20,007,131		3,985,016		22,828,704		10,138,140		-		-	-	56,958,991
Total	328,815,801		224,886,600		487,402,426		147,967,772		17,356,187		251,953,546	715,167,116	2,173,549,448
Less: Interest in suspense	(2,526,228)		(524,594)		(2,304,247)		(1,623,509)		-		-	-	(6,978,578)
Less: Impairment provision	(18,953,345)		(2,785,243)		(35,966,394)		(7,135,540)		-		-	-	(64,840,522)
Net	307,336,228		221,576,763		449,131,785		139,208,723		17,356,187		251,953,546	715,167,116	2,101,730,348

-Credit risk exposure includes balances and deposits at banks and financial institutions, treasury bills and any assets which have credit exposure.  
\*All of the loan balance is considered mature if any installment or interest matures for a period that exceeds 90 days, as for the overdraft it is considered mature if it exceeds the 90 days limit.

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

December 31, 2017											
Corporate Entities											
Collaterals:	Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Government and Public Sector		Total
	JD		JD		JD		JD		JD		JD
Low grade	-		-		-		-		-		-
Standard grade	492,039,489		-		124,641,226		85,172,125		239,388,563		42,837,575
Watch list	17,794,151		-		2,819,136		9,295,388		5,494,073		185,554
Non-performing:	34,574,327		-		24,903,943		3,501,236		5,298,292		870,856
Substandard	11,713,926		-		10,749,822		138,146		399,111		426,847
Doubtful	2,586,286		-		178,333		943,002		1,458,905		6,046
Losses written-off	20,274,115		-		13,975,788		2,420,088		3,440,276		437,963
Total	544,407,967		-		152,364,305		97,968,749		250,180,928		43,893,985
Of _ which:											
Cash margins	47,429,857		-		19,923,363		10,633,385		6,698,637		10,174,472
Real estate	443,765,718		-		128,897,909		65,852,155		240,341,649		8,674,005
Listed shares	16,403,629		-		630,046		15,773,583		-		-
Equipment and vehicles	36,808,763		-		2,912,987		5,709,626		3,140,642		25,045,508
Total	544,407,967		-		152,364,305		97,968,749		250,180,928		43,893,985

December 31, 2016											
Collaterals:	Corporate Entities										
	Individual (Retail Customers)		Real Estate Loans		Large Corporate Customers		SMEs		Government and Public Sector		Total
	JD		JD		JD		JD		JD		JD
Low grade	-		-		-		-		-		-
Standard grade	423,770,387		-		71,826,172		106,546,591		205,970,022		39,427,602
Watch list	26,921,488		-		6,708,232		16,785,177		3,420,881		7,198
Non-performing:	34,708,227		-		10,102,610		18,959,079		4,810,892		835,646
Substandard	11,424,280		-		1,377,611		9,136,086		538,286		372,297
Doubtful	890,958		-		118,472		11,048		758,038		3,400
Losses written-off	22,392,989		-		8,606,527		9,811,945		3,514,568		459,949
Total	485,400,102		-		88,637,014		142,290,847		214,201,795		40,270,446
Of _ which:											
Cash margins	62,227,780		-		15,547,376		33,052,562		1,687,780		11,940,062
Real estate	352,929,068		-		65,765,169		70,411,845		210,266,731		6,485,323
Listed shares	31,986,354		-		321,372		31,664,982		-		-
Equipment and vehicles	38,256,900		-		7,003,097		7,161,458		2,247,284		21,845,061
Total	485,400,102		-		88,637,014		142,290,847		214,201,795		40,270,446

1. Rescheduled Loans

These represent loans classified previously as non-performing, removed from non-performing credit facilities according to proper scheduling, and reclassified as debts under watch list. Total rescheduled loans amounted to JD 4,742,800 as of December 31, 2017 (JD 9,162,639 as of December 31, 2016).

This balance represents the rescheduled loans either classified as watch list or returned to performing loans.

2. Restructured Loans

Restructuring means to rearrange facilities installments by increasing their duration, postponing some installments, or increasing their grace period. They are classified as debts under watch list and amounted to JD 6,165,742 as of December 31, 2017 (JD 38,261,806 as of December 31, 2016).

3. Bonds, Debentures and Treasury Bills

The schedule below shows the distribution of bonds, debentures and bills according to the international agencies' classification:				
	Rating Agency	Classification	Within Financial Assets at Amortized Cost	Total
Rating Grade			JD	JD
Foreign Bank Bonds	Moody>s	A2	4,974,868	4,974,868
Foreign Bank Bonds	Moody>s	A3	5,802,933	5,802,933
Foreign Bank Bonds	Moody>s	Ba1	22,231,960	22,231,960
Foreign Bank Bonds	Moody>s	Baa1	2,141,421	2,141,421
Foreign Government Bonds	Moody>s	Baa2	2,137,169	2,137,169
Jordanian Government Bonds			147,095,719	147,095,719
Unrated Bonds			35,192,320	35,192,320
Total			219,576,390	219,576,390

4. Concentration in credit exposure according to geographical distribution as follows:

Distributed according to the country of residence of the counterparty						
	Geographical area		Other Middle East Countries		Europe	
Items	Inside Jordan		Asia*		America	
	JD	JD	JD	JD	JD	JD
Balances with central banks	144,081,489	52,748,087	-	-	-	196,829,576
Balances with banks and financial institutions	187,538,969	51,875,569	694,440	14,142,933	5,999,267	265,682,212
Deposits with banks and financial institutions	125,000,000	-	-	-	-	125,000,000
Credit facilities:	1,234,234,298	212,993,473	-	-	-	1,447,227,771
Individual (retail customers)	306,696,656	46,113,090	-	-	-	352,809,746
Real estate loans	224,812,746	3,069,523	-	-	-	227,882,269
Corporate entities	539,195,466	97,987,553	-	-	-	637,183,019
Large corporate customers	391,871,557	17,840,642	-	-	-	409,712,199
SMEs	147,323,909	80,146,911	-	-	-	227,470,820
Government & public sector	163,529,430	65,823,307	-	-	-	229,352,737
Bonds & Treasury Bills:						
Financial assets at amortized cost	162,095,719	35,248,711	-	22,231,960	-	219,576,390
Other assets	25,769,100	-	-	-	-	25,769,100
Total for the Year 2017	1,878,719,575	352,865,840	694,440	36,374,893	5,999,267	2,280,085,049
Total for the Year 2016	1,720,852,453	357,808,969	3,625,398	14,339,649	5,027,919	2,101,730,348

\*Except for Middle East Countries



5. Concentration in credit exposure according to the economic sector as follows:																																																	
Economic Sector	Financial			Industrial			Trading			Real Estate			Construction			Agriculture			Touristic Hotels Restaurants Public Facilities			Stock			Individuals			Government and Public Sector			Total																		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD																			
Balances with central banks	196,829,576	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	196,829,576																		
Balances with banks and financial institutions	265,682,212	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	265,682,212																		
Deposits with banks and financial institutions	125,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,000,000																		
Credit facilities:	1,447,227,771	229,352,737	354,845,614	10,038,543	144,734,306	19,384,626	42,626,267	201,079,819	280,849,600	155,651,536																					8,664,723																		
Bonds & Treasury Bills																																																	
Financial assets at amortized cost	219,576,390	122,116,057	-	-	-	24,979,662	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,411,555	-	68,069,116																		
Other assets	25,769,100	-	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,248	44,579	25,699,978																		
Total for the Year 2017																			2,280,085,049	351,468,794	354,845,682	10,038,543	169,713,968	19,384,626	42,626,267	201,080,046	280,894,179	160,087,339																				689,945,605	
Total for the Year 2016																			2,101,730,348	251,953,546	321,956,302	11,304,687	88,038,099	16,737,743	43,548,050	223,079,792	261,620,634	133,645,769																					749,845,726

39/b Market Risks:

Descriptive Disclosure:

These risks arise from the fluctuations in the fair values or the future cash flows of financial instruments due to the changes in market prices such as interest rate, currency exchange rate, and shares prices. Moreover, market risks arise from the existence of open positions in interest rates, currency exchange rates, and investments in shares. These risks are monitored according to specific policies and procedures through special committees and associated work centres and include the following:

- Interest rate risks.
- Currency exchange rate risks.
- Fluctuation in shares prices risks.
- Market risks: are the risks of exposure of the positions on and off the Bank's Consolidated Statement of Financial Position to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investment portfolios, both for the purpose of trading or exchange.

Market risks arises from:

- Changes that may occur in the political and economic conditions in markets.
- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments held for future buying and selling.
- Foreign currency fluctuations.
- Gaps in maturities of assets and liabilities and interest rate re-pricing.
- Creation of uncovered positions.

Interest Rate Risks

Interest rate risks arise 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 undertaken by the Asset and Liability Management Committee. The Bank follows a policy of hedging all financial assets and financial liabilities whenever the need arises. Hedging is against anticipated future risks.

The Bank has developed analysis scenarios to measure the sensitivity of interest rate risk in addition to providing a system for controlling the difference in the history of re-pricing. This ensures control, reduces risk, and takes into account acceptable risk and balancing maturities of assets with liabilities, as well as the gaps and benefits of hedging their prices.

Foreign Currency Risks

Foreign currency risks are the risks arising from changes in the values of financial instruments as a result of fluctuations in the prices of foreign currencies using good policy to manage its foreign currency positions.

The Bank's investment policy includes a set of controls that limit this type of risk monitored by a market risk unit such as follows:

- Exceeding limits is not allowed, and any currency excess is settled immediately.
- Any dealer should close the position immediately when the loss reaches the allowed maximum limit.
- The Treasury and Investment Department analyzes and controls open positions daily. It closes the positions in case of excesses of ceiling, loss limits or heightened risks due to market fluctuations.

The following is the net foreign currency positions at the Bank:			
Currency Type	December 31,		
	2017	2016	
	JD	JD	
USD	4,923,107	(31,027,943)	
GBP	1,401,199	262,188	
Euro	1,410,118	(1,689,464)	
JPY	9,633,041	8,139	
Other currencies	(20,876,901)	(21,566,026)	
<b>Total</b>	<b>(3,509,436)</b>	<b>(54,013,106)</b>	

#### Shares Prices Risks

Shares prices risks result from the changes in the fair values of investments in shares. The Bank manages these risks through diversifying investments across various geographical areas and economic sectors. Most of the investments held by the Bank are listed in Amman Stock Exchange.

#### Markets Risk Management

The Bank follows financial and investment policies for risk management within a specified strategy. Moreover, the Bank has an Asset and Liability Management Committee that supervises and controls risks and performs the optimal strategic distribution of assets and liabilities both on and off the Consolidated Statement of Financial Position. Moreover, a market risk unit was established, staffed with qualified human resources, and equipped with electronic systems. These risk management procedures include the following:

- Preparation and implementation of an investment policy approved by the Board of Directors and the Central Bank of Jordan.
- Preparation and application of a market risk management policy approved by the Board of Directors including the criteria for the definition, measurement, and monitoring of this type of risk.
- Implementation of (Reuters) Application to monitor continuity risk in the global capital market, cash markets and currency exchange.
- Preparation of a mechanism for management of ceilings of local and foreign investments.
- Development of market risk measurement, management, and monitoring tools through:
  - Value at risk (VAR).
  - Basis point analysis.
  - Stress testing.
  - Defining stop loss limit.
  - Preparation of investment concentration reports (geographical distribution, economic sector, currency, tool, etc.).
  - Controlling investment ceilings.
  - Controlling investment operations, open financial positions, local and international stocks.
- Preparation of periodic reports, to be presented to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/ Board of Directors.

#### Quantitative Disclosures:

1. Interest rate risks		December 31, 2017	
Currency	Increase in Currency Exchange Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity
		JD	JD
USD	2%	98,462	-
GBP	2%	28,024	-
Euro	2%	28,202	-
JPY	2%	192,661	-
Other Currencies	2%	(417,538)	-
Currency	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
USD	2%	(98,462)	-
GBP	2%	(28,024)	-
Euro	2%	(28,202)	-
JPY	2%	(192,661)	-
Other Currencies	2%	417,538	-

		December 31, 2016	
Currency	Increase in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
USD	2%	(620,559)	-
GBP	2%	5,244	-
Euro	2%	(33,789)	-
JPY	2%	163	-
Other Currencies	2%	(431,321)	-
Currency	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
USD	2%	620,559	-
GBP	2%	(5,244)	-
Euro	2%	33,789	-
JPY	2%	(163)	-
Other Currencies	2%	431,321	-

2. Foreign Currency Risks			
		December 31, 2017	
	Increase in Currency Exchange Rate (%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
USD	%5	246,155	-
GBP	%5	70,060	-
Euro	%5	70,506	-
JPY	%5	481,652	-
Other Currencies	%5	(1,043,845)	-
December 31, 2016			
	Increase in Currency Exchange Rate (%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
USD	%5	(1,551,397)	-
GBP	%5	13,109	-
Euro	%5	(84,473)	-
JPY	%5	407	-
Other Currencies	%5	(1,078,301)	-

3. Fluctuation in Shares Prices Risks			
		December 31, 2017	
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	%5	5,610	5,042,194
Palestine Stock Exchange	%5	-	276,234
New York Stock Exchange	%5	-	193,429
December 31, 2016			
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	%5	6,130	3,951,083
Palestine Stock Exchange	%5	-	88,947
New York Stock Exchange	%5	-	123,684

- Interest Re-pricing Gap									
Rating on basis of re-pricing periods or maturity whichever is nearer									
2017	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	More Than 3 Years	Items Without Interests	Total	JD
Assets									
Cash and balances with Central Banks	71,207,151	-	-	-	9,358,800	188,017,200	-	268,583,151	
Balances with banks and financial institutions	193,888,840	56,720,000	-	-	15,073,372	265,682,212	-	265,682,212	
Deposits with banks and financial institutions	-	-	10,000,000	-	115,000,000	-	-	125,000,000	
Financial assets at fair value through profit or loss	-	-	-	-	-	-	196,987	196,987	
Financial assets at fair value through OCI	-	-	-	-	-	-	114,791,862	114,791,862	
Direct credit facilities – Net	166,936,558	157,760,878	163,341,435	205,052,088	370,454,770	383,682,042	-	1,447,227,771	
Financial assets at amortized cost	-	17,000,095	2,141,421	39,280,656	102,938,133	58,216,085	-	219,576,390	
Property and equipment – Net	-	-	-	-	-	-	31,930,233	31,930,233	
Intangible assets	-	-	-	-	-	-	4,839,231	4,839,231	
Deferred assets	-	-	-	-	-	-	14,683,719	14,683,719	
Other assets	-	-	-	-	-	-	72,620,383	72,620,383	
TOTAL ASSETS	432,032,549	231,480,973	175,482,856	244,332,744	588,392,903	451,256,927	442,152,987	2,565,131,939	
LIABILITIES									
Banks and financial institutions' deposits	25,463,500	-	1,063,500	20,468,493	-	-	17,900,702	64,896,195	
Customers' deposits	413,771,600	122,420,469	128,658,828	200,808,756	171,182,698	133,515,153	675,443,252	1,845,800,756	
Cash margins	14,518,210	6,426,182	6,145,855	10,151,523	15,083,085	16,459,680	80,572,158	149,356,693	
Financial instruments derivative	178,833	-	-	-	-	-	-	178,833	
Sundry provisions	-	-	-	-	-	-	5,006,765	5,006,765	
Income tax provision	-	-	-	-	-	-	19,602,158	19,602,158	
Borrowed money	48,426	96,852	145,278	290,556	581,112	1,275,492	-	2,437,716	
Other liabilities	-	-	-	-	-	-	38,696,473	38,696,473	
TOTAL LIABILITIES	453,980,569	128,943,503	136,013,461	231,719,328	186,846,895	151,250,325	837,221,508	2,125,975,589	
Interest Re-pricing Gap	(21,948,020)	102,537,470	39,469,395	12,613,416	401,546,008	300,006,602	(395,068,521)	439,156,350	
2016									
Total Assets	576,855,327	140,945,745	188,299,960	281,527,323	311,925,132	434,824,134	404,461,443	2,338,839,064	
Total Liabilities	280,853,477	94,277,499	101,355,958	63,533,856	158,763,963	182,517,202	1,045,100,875	1,926,402,830	
Interest Re-pricing Gap	296,001,850	46,668,246	86,944,002	217,993,467	153,161,169	252,306,932	(640,639,432)	412,436,234	

Concentration of Foreign Currency Risk											
Currency		December 31, 2017									
Items	USD		GBP		Euro		JPY		Other		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
ASSETS											
Cash and balances with Central Banks		62,229,360	78,487	1,835,607	849	40,925,945	105,070,248				
Balances with banks and financial institutions		213,969,492	9,327,722	16,463,999	683,728	6,237,271	246,682,212				
Direct credit facilities – Net		176,579,089	-	2,166,410	8,996,038	133,508,972	321,250,509				
Financial assets (at amortized cost and at fair value and associates)		69,433,733	-	-	-	-	69,433,733				
Other assets		2,365,487	8,413	11,334	11,419	8,191,533	10,588,186				
TOTAL ASSETS		524,577,161	9,414,622	20,477,350	9,692,034	188,863,721	753,024,888				
LIABILITIES											
Banks and financial institutions' deposits		17,166,146	76	850,356	-	4,133,153	22,149,731				
Customers' deposits		397,932,658	7,963,596	15,218,895	58,160	175,386,862	596,560,171				
Cash margins		54,121,118	35,911	1,342,900	833	5,834,514	61,335,276				
Other liabilities		50,434,132	13,840	1,655,081	-	24,386,093	76,489,146				
TOTAL LIABILITIES		519,654,054	8,013,423	19,067,232	58,993	209,740,622	756,534,324				
Net position inside financial position 2017		4,923,107	1,401,199	1,410,118	9,633,041	(20,876,901)	(3,509,436)				
Commitments and contingent liabilities items off the Statement of Financial Position for the year 2017		181,443,132	11,422	13,555,639	16,652	14,670,982	209,697,827				
Currency		December 31, 2016								Total	
Items	USD		GBP		Euro		JPY		Other		JD
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
TOTAL ASSETS		433,749,403	8,341,469	20,178,335	62,322	171,219,497	633,551,026				
TOTAL LIABILITIES		464,777,346	8,079,281	21,867,799	54,183	192,785,523	687,564,132				
Net concentrations inside financial position for 2016		(31,027,943)	262,188	(1,689,464)	8,139	(21,566,026)	(54,013,106)				
Commitments and contingent liabilities items off the Statement of Financial Position during the Year 2016		180,437,285	41,661	11,916,436	1,058,568	14,616,326	208,070,276				

Liquidity Risk																
First: this table summarizes below the (undiscounted) liabilities on the remaining period for contractual maturities at the date of consolidated financial statements:	Within 1 Month		From 1 to 3 Months		From 3 to 6 Months		From 6 Months to 1 Year		From 1 to 3 Years		More Than 3 Years		Without Maturity		Totals	
	JD		JD		JD		JD		JD		JD		JD		JD	
December 31, 2017																
Assets																
Deposits with banks and financial institutions																
	43,364,202	-	1,063,500	-	20,468,493	-	-	-	-	-	-	-	-	-	64,896,195	
Customers' deposits																
	463,048,344	124,293,883	151,406,714	248,970,653	360,707,169	442,036,180	55,337,813	1,845,800,756								
Cash margins																
	76,310,761	493,071	5,518,359	11,945,933	22,366,764	32,721,805	-	149,356,693								
Financial derivatives																
	178,833	-	-	-	-	-	-	178,833								
Borrowed money																
	48,426	96,852	145,278	290,556	581,112	1,275,492	-	2,437,716								
Sundry provision																
	-	-	-	-	-	-	-	5,006,765								
Income tax provision																
	3,997,321	-	15,604,837	-	-	-	-	19,602,158								
Other liabilities																
	24,929,879	4,261,052	3,545,515	4,864,441	3,228	-	1,092,358	38,696,473								
Total liabilities																
	611,877,766	129,144,858	177,284,203	266,071,583	404,126,766	476,033,477	61,436,936	2,125,975,589								
Total Assets (According to expected maturity)																
	539,056,293	234,376,141	184,447,596	267,439,676	634,510,074	407,733,850	297,568,309	2,565,131,939								
December 31, 2016																
Assets																
Deposits with banks and financial institutions																
	143,566,958	2,056,500	-	-	-	-	-	145,623,458								
Customers' deposits																
	384,930,854	134,873,985	97,349,853	201,534,523	374,255,660	358,428,636	55,605,619	1,606,979,130								
Cash margins																
	14,229,867	15,077,104	34,404,081	28,906,742	16,418,373	20,253,129	2,806	129,292,102								
Financial derivatives																
	17,655	-	-	-	-	-	-	17,655								
Borrowed money																
	9,539	19,078	28,617	57,234	228,936	81,475	-	424,879								
Sundry provision																
	203,043	-	-	-	-	-	-	5,015,992								
Income tax provision																
	4,218,177	-	12,654,529	-	-	-	-	16,872,706								
Other liabilities																
	4,618,495	2,996,155	3,631,822	9,118,604	12,611	-	1,799,221	22,176,908								
Total liabilities																
	551,794,588	155,022,822	148,068,902	239,617,103	390,915,580	378,763,240	62,220,595	1,926,402,830								
Total Assets (According to expected maturity)																
	720,352,190	143,308,631	199,295,250	290,211,833	315,527,918	457,805,871	212,337,371	2,338,839,064								



**Second:** this table summarizes the accrual financial instruments derivative on the remaining period of contractual maturity from the date of the financial statements

- Financial derivative/Liabilities which have been adjusted to gross which involves:

Derivative for trading	December 31, 2017		December 31, 2016	
	For 3 Months	Total	For 3 Months	Total
	JD	JD	JD	JD
Currency Derivative				
Outflow	(18,904,820)	(18,904,820)	(3,332,249)	(3,332,249)
Inflow	18,725,987	18,725,987	3,314,594	3,314,594
Total	(178,833)	(178,833)	(17,655)	(17,655)

Items off-consolidated statement of financial position:	December 31, 2017			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	174,176,350	-	-	174,176,350
Un-utilized facilities	108,819,747	-	-	108,819,747
Letters of guarantee	133,848,164	-	-	133,848,164
Operational lease contracts	12,002,332	1,477,268	7,286,346	3,238,718
Capital commitments	1,696,882	-	-	1,696,882
Total	430,543,475	1,477,268	7,286,346	421,779,861
	December 31, 2016			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	155,077,768	-	-	155,077,768
Un-utilized facilities	86,932,724	-	-	86,932,724
Letters of guarantee	117,565,620	-	-	117,565,620
Operational lease contracts	12,852,163	1,532,812	8,892,066	2,427,285
Capital commitments	1,701,430	-	-	1,701,430
Total	374,129,705	1,532,812	8,892,066	363,704,827

40. Information on the Bank’s Business Segments

1. The Bank’s business segments are:
- The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-makers through the following main segments:
- Retail Banking: includes following up on individual customers’ accounts, granting them loans, credit, credit cards, and other services.
  - Corporate Banking: includes following up on deposits, credit facilities, and other banking services pertinent to corporate customers.
  - Treasury: includes providing dealing and treasury services and management of the Bank’s funds.
  - Financial Brokerage Services: includes providing purchase and sale of customers’ portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

Information for Bank business segments distributed in accordance with the activities:												
	Individual (Retail Customers)		Corporation		Treasury		Financial Brokerage		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	2017	2016
Total Revenues	47,425,323	62,324,507	26,749,969	1,818,308	16,699,871	155,017,978	127,449,022					
Provision for impairment in direct credit facilities	(3,271,866)	(17,365,642)	-	-	-	(20,637,508)	(5,689,334)					
Segments operations results	44,153,457	44,958,865	26,749,969	1,818,308	16,699,871	134,380,470	121,759,688					
Other expenses	(36,579,075)	(20,414,306)	(3,102,650)	(244,174)	(6,456,902)	(66,797,107)	(59,444,280)					
Profit before tax	7,574,382	24,544,559	23,647,319	1,574,134	10,242,969	67,583,363	62,315,408					
Income tax	(2,360,390)	(8,014,281)	(5,959,867)	(377,806)	(5,261,558)	(21,973,902)	(20,113,384)					
Net profit for the Year	5,213,992	16,530,278	17,687,452	1,196,328	4,981,411	45,609,461	42,202,024					
Other information												
Capital Expenditures	1,641,327	360,697	14,077	6,515	3,467,327	5,489,943	8,895,633					
Depreciation and amortization	2,363,153	46,906	21,162	4,538	2,370,773	4,806,532	4,591,875					
Total Assets	514,411,524	963,844,669	992,788,447	1,281,887	92,805,412	2,565,131,939	2,338,839,064					
Total Liabilities	1,459,227,028	533,061,086	66,366,583	780,653	66,540,239	2,125,975,589	1,926,402,830					

2. Information about Geographical Distribution:

This item represents the geographical distribution of the Bank’s activities. The Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities through its branches in Palestine and the subsidiary company Bank of Jordan – Syria.

The following is the geographical distribution of the Bank’s revenues, assets, and capital expenditures according to geographical location:

	Inside the Kingdom		Outside the Kingdom		Total	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total Revenues	159,515,297	126,978,242	22,788,411	17,895,403	182,303,708	144,873,645
Total Assets	1,977,069,000	1,877,659,284	588,062,939	461,179,780	2,565,131,939	2,338,839,064
Capital Expenditures	4,487,797	8,648,725	1,002,146	246,908	5,489,943	8,895,633

41. Analysis of Assets and Liabilities Maturities			
The following table provides analysis of assets and liabilities according to the expected period of its recovery or settlement:	December 31, 2017		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
<b>Assets</b>			
Cash and balances with Central Banks	268,583,151	113,422,659	155,160,492
Balances with banks and financial institutions	265,682,212	2,253,202	263,429,010
Deposits with banks and financial institutions	125,000,000	115,000,000	10,000,000
Financial assets at fair value through profit or loss	196,987	196,987	-
Financial assets at fair value through comprehensive income	114,791,862	114,791,862	-
Direct credit facilities – Net	1,447,227,771	754,110,059	693,117,712
Financial assets at amortized cost	219,576,390	161,154,218	58,422,172
Property and equipment – Net	31,930,233	31,930,233	-
Intangible assets	4,839,231	4,839,231	-
Deferred tax assets	14,683,719	14,683,719	-
Other Assets	72,620,383	27,430,063	45,190,320
Total Assets	2,565,131,939	1,339,812,233	1,225,319,706
<b>Liabilities</b>			
Banks and financial institutions’ deposits	64,896,195	20,468,493	44,427,702
Customers’ deposits	1,845,800,756	858,081,162	987,719,594
Cash margins	149,356,693	55,088,569	94,268,124
Financial derivatives	178,833	-	178,833
Other provisions	5,006,765	5,006,765	-
Income tax provision	19,602,158	-	19,602,158
Borrowed funds	2,437,716	1,856,604	581,112
Other liabilities	38,696,473	1,095,586	37,600,887
Total Liabilities	2,125,975,589	941,597,179	1,184,378,410
Net	439,156,350	398,215,054	40,941,296

Their recoverability or settlement:	December 31, 2016		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
<b>Assets</b>			
Cash and balances with Central Banks	228,197,814	77,810,708	150,387,106
Balances with banks and financial institutions	494,451,425	-	494,451,425
Deposits with banks and financial institutions	25,000,000	-	25,000,000
Financial assets at fair value through profit or loss	205,719	205,719	-
Financial assets at fair value through comprehensive income	92,128,338	92,128,338	-
Direct credit facilities – Net	1,226,013,033	589,452,609	636,560,424
Financial assets at amortized cost	172,637,680	147,424,235	25,213,445
Property and equipment – Net	29,774,830	29,774,830	-
Intangible assets	3,559,146	3,559,146	-
Deferred tax assets	11,926,470	11,926,470	-
Other Assets	54,944,609	33,389,105	21,555,504
Total Assets	2,338,839,064	985,671,160	1,353,167,904
<b>Liabilities</b>			
Banks and financial institutions’ deposits	145,623,458	-	145,623,458
Customers’ deposits	1,606,979,130	788,289,915	818,689,215
Cash margins	129,292,102	36,674,308	92,617,794
Financial derivatives	17,655	-	17,655
Other provisions	5,015,992	4,812,949	203,043
Income tax provision	16,872,706	-	16,872,706
Borrowed funds	424,879	310,411	114,468
Other liabilities	22,176,908	1,811,832	20,365,076
Total Liabilities	1,926,402,830	831,899,415	1,094,503,415
Net	412,436,234	153,771,745	258,664,489

42. Capital Management

Capital Components:

- Paid-up Capital:  
The paid-up capital of Bank of Jordan consists of (200/1) million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of local and regional expansion.
- Regulatory Capital:  
Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk.

- Regulatory capital according to Basel (III) consists of:
- Paid-up capital, legal reserve, voluntary reserve, and retained earnings.
  - Undisclosed reserves, general banking risks reserve, special reserve subordinated debts, and the positive fair value reserve at 100% and deduct regulatory adjustments according to Basel III.
  - Foreign currency translation differences.
- **Regulatory Authorities’ Requirements:**  
The regulatory authorities’ instructions entail that the minimum capital shall be JD 100 million. Moreover, banks have been requested to increase their capital adequacy ratio to be not less than 14.125% according to the Central Bank of Jordan instructions, and the ratio of owners’ equity to total assets financial leverage ratios must not be less than 4%.
- **Achieving the Objectives of Capital Management:**  
The Bank’s management aims at achieving the capital management objectives through developing (enhancing) the Bank’s activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owners’ equity, reflected in the increase in the reserves and retained earnings.

The regulatory capital adequacy ratios according to the standard approach are as follows:	In Thousands of JD	
	2017	2016
	JD	JD
Primary capital items for ordinary shareholders (CET 1):		
Paid-up capital	200,000	200,000
Statutory reserve	80,821	73,917
Voluntary reserve	134	113
Other reserves	4,104	3,331
Fair value reserve	81,288	63,566
Retained earnings	28,446	27,926
Non-controlling interest in the capital of subsidiaries	3,198	3,381
Less: Intangible assets	(4,839)	(3,559)
Foreign currency translation differences	(12,256)	(12,402)
Deferred tax assets	(14,684)	(11,926)
Total Primary Capital	366,212	344,347
Additional Capital Items		
General banking risk reserve	15,129	12,996
Total additional capital	15,129	12,996
Total regulatory capital	381,341	357,343
Total risk weighted assets	1,998,965	1,716,372
Capital adequacy ratio (%)	%19,08	%20,82
Primary capital for ordinary shareholders (CET 1)%	%18,32	%20,06
Capital adequacy for first layer (%)	%18,32	%20,06

4.3. Fair Value Hierarchy

A. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis:  
Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period, the following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value		Evaluation Method and Inputs Used		Important Intangible Inputs		Relation Between the Fair Value and the Important Intangible Inputs	
	December 31, 2017	December 31, 2016	Fair Value							
	JD	JD	Level One	Level Two	Stated Rates in financial markets	Financial Statements issued by companies	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply
Financial Assets at Fair Value										
Financial Assets at Fair Value Through Income Statement										
Shares that have an available market price	112,200	122,600	Level One	Level Two	Stated Rates in financial markets	Financial Statements issued by companies	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply
Shares that do not have an available market price	84,787	83,119	Level One	Level Two	Stated Rates in financial markets	Financial Statements issued by companies	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply
Total	196,987	205,719								
Forward Contracts (Foreign Currency)	-	-	Level One	Level Two	Stated Rates in financial markets	Financial Statements issued by companies	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply
Financial Assets at Fair Value through Comprehensive Income										
Shares that have available market price	110,237,146	83,274,292	Level One	Level Two	Stated Rates in financial markets	Financial Statements issued by companies	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply
Shares that do not have available market price	4,554,716	8,854,046	Level One	Level Two	Stated Rates in financial markets	Financial Statements issued by companies	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply
Total	114,791,862	92,128,338								
Total Financial Assets at Fair Value	114,988,849	92,334,057								
Financial Liabilities at Fair Value										
Forward Contracts (Foreign Currency)	178,833	17,655	Level One	Level Two	Stated Rates in financial markets	Financial Statements issued by companies	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply
Total Financial Liabilities at Fair Value	178,833	17,655								

There were no transfers between level 1 and level 2 during the year 2017.

**B . The fair value of financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing basis):**

Except as detailed in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the Bank approximate their fair value, because the Bank management believes that the carrying value of the items is equivalent to the fair value, and this is due to either maturity or short-term interest rates that have been repriced during the year.

	December 31, 2017		December 31, 2016		The Level of	
	Book Value	Fair Value	Book Value	Fair Value	Fair Value	JD
	JD	JD	JD	JD	JD	JD
Financial Assets of non-specified Fair Value						
Balances at central banks	196,829,576	196,842,990	166,272,023	166,272,023		Level Two
Balances at banks and financial institutions	265,682,212	266,402,186	494,451,425	495,300,577		Level Two
Deposits at banks and financial institutions	125,000,000	127,536,945	25,000,000	25,415,685		Level Two
Loans, bills and other	1,382,864,854	1,385,372,118	1,106,590,558	1,108,702,501		Level Two
Financial assets at amortized cost	219,576,390	221,758,509	172,637,680	173,980,219		Level Two
Other assets	45,050,608	102,837,646	34,705,556	83,584,255		Level Two
<b>Total Financial Assets of non-specified Fair Value</b>	<b>2,235,003,640</b>	<b>2,300,750,394</b>	<b>1,999,657,242</b>	<b>2,053,255,260</b>		
Financial Liabilities of non-specified Fair Value						
Deposits at banks and financial institutions	64,896,195	64,986,870	145,623,458	145,670,169		Level Two
Customers' deposits	1,845,800,756	1,850,775,176	1,606,979,130	1,609,675,022		Level Two
Cash insurance	149,356,693	149,367,014	129,292,102	129,299,201		Level Two
<b>Total Financial Liabilities of Non-specified Fair Value</b>	<b>2,060,053,644</b>	<b>2,065,129,060</b>	<b>1,881,894,690</b>	<b>1,884,644,392</b>		

The fair value for the financial assets and liabilities for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflects the credit risk of the parties that are dealing with it.

**44. Commitments and Contingent Liabilities**

a. Contingent Liabilities:	2017	2016
	JD	JD
<b>Letters of credit</b>	117,983,214	80,542,151
<b>Acceptances</b>	56,193,136	74,535,617
<b>Letters of guarantee:</b>		
Payment	38,782,029	31,659,395
Performance	61,137,598	49,829,921
Other	33,928,537	36,076,304
<b>Un-utilized direct credit facilities limits</b>	108,819,747	86,932,724
<b>Total</b>	<b>416,844,261</b>	<b>359,576,112</b>

b. Contractual obligations:	2017	2016
	JD	JD
<b>Contracts for purchasing property and equipment*</b>	1,696,882	1,701,430
<b>Contracts for operating and capital lease**</b>	12,002,332	12,852,163
<b>Total</b>	<b>13,699,214</b>	<b>14,553,593</b>

\* These commitments mature in less than 1 year.

\*\* These commitments mature between 1 year to 10 years.

**45. Lawsuits against the Bank**

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of cheques. These lawsuits amounted to JD 17,056,280 as of December 31st, 2017 (JD 17,585,485 as of December 31st, 2016). In the opinion of the management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits in excess of provision recorded which amounted to JD 676,564 as of December 31st, 2017 (JD 626,714 as of December 31st, 2016). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated Statement of Profit or loss or against the recorded provision when paid.

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

A- New and revised IFRSs that have no material impact on the consolidated financial statements:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1st, 2017 or later in the preparation of the Bank's consolidated financial statements that did not materially affect the amounts and disclosures in the consolidated financial statements for the year and prior years, which may have an impact on the accounting treatment of transactions and future arrangements:

- IAS 7 Disclosure.
- IAS 12 Recognition of deferred tax assets for unrealized losses.
- Annual Amendments to IFRSs 2014-2016 (Amendments to IFRS 12 Disclosure of Ownership in Other Entities).

B- The new and amended international financial reporting standards issued and not yet effective:

The new and revised IFRSs issued below have been issued but are not yet effective. The Bank has not yet adopted these new and amended standards knowing that they are available for early adoption:



New Standards:

- IFRS 9 Financial Instruments (effective January 1st, 2018 with the exception of insurance companies, effective January 1st, 2021 with early adoption).
- IFRS 15 Revenue from Contracts with Customers (effective January 1st, 2018 with early application permitted).
- IAS 16 Leasing (effective January 1st, 2019 with early application permitted).
- IFRS 17 Insurance Contracts (effective January 1st, 2021 with early application permitted).

Amendments:

- IFRS 2 Classification and Measurement of Share-based Payment Account (effective January 1st, 2018 with early application permitted).
- IFRS 10 and IAS 28 Sale or Contribution of Assets between Investor and its Joint Venture Partners (no date specified).
- IAS 40 (Clarification of the transfer of investment property (effective January 1st, 2018).
- Amendments to IFRS 4 in applying IFRS 9 (effective January 1st, 2018).
- IFRIC 23: Uncertainty on Income Tax Processes (effective January 1st, 2018).
- Amendments to International Financial Reporting Standards (IFRS) (2014-2016) Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures (effective January 1st, 2018).
- IFRIC 22: Foreign currency transactions and prepayment allowance.
- Management anticipates that these standards and amendments will be applied in the preparation of the consolidated financial statements at the dates set out above, which will have no material impact on the Bank's consolidated financial statements except for the adoption of IFRS 9: Financial Instruments and below is the expected financial impact from the implementation, and IFRS (16): Leases where the expected impact of its application will be disclosed when the Bank reviews the impact because it is not practicable to provide a reasonable estimate of the implications for the application of this standard in the current period.

Effect of the Application of IFRS (9):

The Bank is required to apply IFRS 9 starting from January 1st, 2018. Accordingly, the Bank has estimated the expected impact of the adoption of the standard on the consolidated financial statements. The effect may differ from actual application on January 1st, 2018 for the following reasons:

- The expected impact is calculated on balances and information as of November 30, 2017, but the Bank's management does not expect a material difference for the impact when calculating it on the balances and information as at December 31st, 2017.
- The Bank will book the full-expected impact taking into consideration the full estimates and tests required by the standard when issuing the Bank's first consolidated condensed interim financial statements for the period ending March 31st, 2018.
- Any matters that may require amendment when issuing Central Bank of Jordan instructions regarding the application of IFRS (9) finally.

The following are the most important aspects of application:

A- Classification and measurement of financial assets:

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

B- Classification and measurement of financial liabilities:

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

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss as a result of changes in credit risk in the consolidated statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss.
- The Bank has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Moreover, there is no intention by the management to classify any financial liabilities in this category. Therefore, there is no impact from the application of IFRS (9) to the consolidated financial statements.

C- Hedge accounting

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

As the Bank does not make material movements that require the use of hedge accounting, it will continue to use hedge accounting policies based on requirements of IAS (39).

D- Impairment of financial assets

- IFRS (9) replaces the 'incurred loss' model in IAS (39) with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgments to estimate economic factors. The model will be applied to all financial assets - debt instruments which are classified as amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.
- Impairment losses will be calculated in accordance with the requirements of IFRS (9) in accordance with the following rules:
- 12 month impairment loss: The expected impairment will be calculated for the next 12 months from the date of the consolidated financial statements.
- Impairment losses for the lifetime of the instrument: The expected impairment of the life of the financial instrument will be calculated until the maturity date from the date of the consolidated financial statements.

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

The following table shows the expected value of the effect of applying the new standard compared with what was recorded by the Bank in accordance with the instructions of the Central Bank of Jordan:

Classification	Credit Facilities				Other Financial Assets	Total
	Retail	Mortgage Loans	Corporate	SME and Retail		
Stage 1	2,753,958	718,832	760,364	808,813	524,843	5,566,810
Stage 2	-	6,627	296,580	65,488	-	368,695
Stage 3	-	-	-	-	-	-
Total	2,753,958	725,459	1,056,944	874,301	524,843	5,935,505

The Bank retains additional provisions covering the expected value of the effect of the new standard. Therefore, the application of the standard will have no material impact on the consolidated financial statements.

E- Disclosures

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

F- mplementation

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

## Additional Information as Required by the Jordan Securities Commission 2017



Names and Brief Résumés of Board of Directors and Executive Managers

Major Shareholders' Equity

Board of Directors' Equity

Executive Managers' Equity

Addresses of Bank of Jordan Branches

Organizational Structure

Additional Information as Required by  
the Jordan Securities Commission 2017

A. Chairman’s Letter  
B. Board of Directors Report

1. a- Description of Main Activities:

The Bank provides a comprehensive range of banking products and services. These include accepting all types of deposits (demand, savings, and time deposits), and issuing certificates of deposit, letters of credit, as well as letters of guarantee to all clients in the various economic sectors locally and abroad. The Bank also provides financial leasing services and custody services.

1. b- Location of Branches and Number of Employees:

The Bank has (73) branches and (3) exchange offices in Jordan, in addition to (14) branches and one office in Palestine. The address of each branch and office is listed at the end of the report under the section “Addresses of Bank of Jordan branches”.

The total number of the Bank’s employees has reached (2018) The table below illustrates the number of employees in each branch and office.

Branch	No. of Employees	Branch	No. of Employees	Branch	No. of Employees	Branch	No. of Employees
Head Office	940	Hakama St., Irbid	10	Al Fuheis	9	Abu Nsair	9
Regional Management	175	Zarqa	9	Tareq	10	North Hashmi	8
Shmeisani	22	Faisal St., Zarqa	11	Zarqa Free Zone	9	Sahab	8
Amman	8	New Zarqa	8	Marj Al Hamam	8	Abdali Mall	15
Karak	9	North Shuneh	8	Al Jeezah	8	Madaba	10
Irbid	14	Kufranjah	6	Ras Al Aein	8	First Circle	12
Al Hussun St.	8	Al Qweismeh	11	Al Yasmeen	9	Ramallah	25
Eidoun St.	8	Third Circle	9	Sweifieh	11	Hebron	19
Ma'an	8	Mecca St.	16	Al Wehdar	10	Jenin	21
Rumtha	8	University of Jordan	9	Jabal Shamali	9	Nablus	21
Al Turrah	6	Thirty St. /Irbid	10	Dwrat Khalda	13	Gaza	16
Salt	9	Al Nuzha	8	Al Ruseifa	8	Al Ram	7
Jerash	10	Al Hassan Industrial	8	Al Medina Al Monawara St. /Tlaa Al Ali	9	Al Eizaryeh	7
Al Mahatta	9	Gardens	20	Abu Alanda	10	Industrial Area, Ramallah	5
Yarmouk St.– Al Nasser	11	Al Medina Al Monawara St.	8	Khalda	10	Bethlehem	9
Marka	13	Aqaba	15	City Mall	14	Tulkarm	8
Ajloun	11	Al Bayader	9	Um Uthaina	10	Qabatiya	7
Jabal Al Hussein	13	Industrial Area – Al Bayader	9	Al Rabiyyeh	9	Rafidia	6
Al Khalidi	7	Al Mafraq	11	Abdoun	13	Al Naser	11
Al Jubaiha	10	North Azraq	7	Hurrieh St.–Moghablain	10	Al Eersal	6
Commercial Market	9	Jabal Al Weibdeh	9	Al Rawnaq	9		
Wadi Al Seer	7	Deir Abi Saeed	8	Sport City	9		
Airport	5	Sweileh	11	Taj Mall	14		

1. c- Capital Investment Volume:

JD 433.7 million as of December 31<sup>st</sup>, 2017.

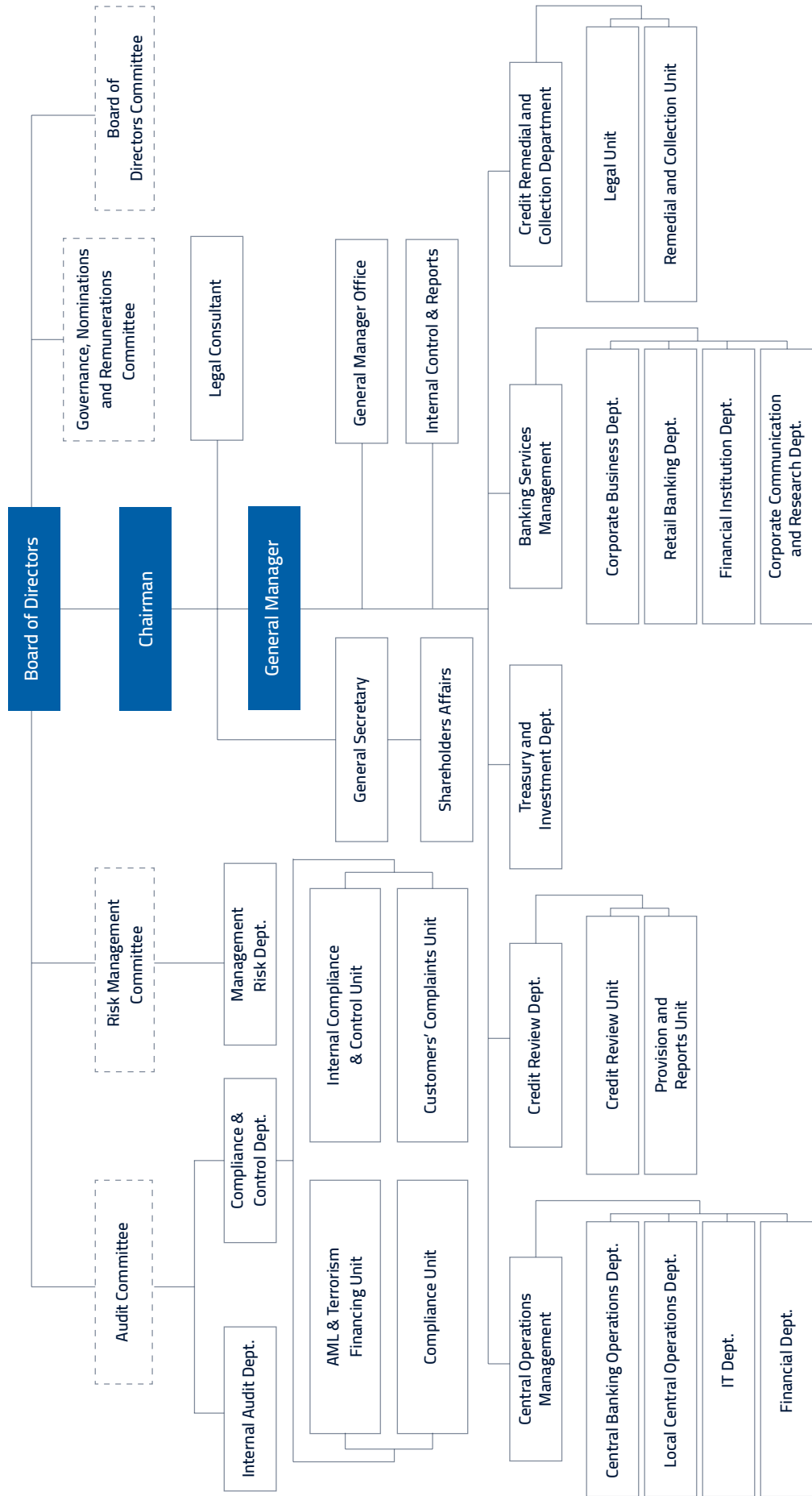
2. Subsidiaries:

a. Bank of Jordan– Syria / Syrian Arab Republic

Name of Company	Bank of Jordan – Syria
Type of Company	Joint Stock Company
Date of Association	28/5/2008
Core Business	All Banking Operations
Paid-up Capital	SYP 3,000,000,000
Bank’s Ownership Percentage	49%
Address	Sabaa Bahrat Square, Baghdad St. – Damascus P.O. Box 8058 Damascus, Syria Tel.: 00963-11-22900000      00963-11- 22900229 Fax: 00963-11-2315368
Number of Employees	216 employees
Projects Owned by the Bank and their Capitals	There are no projects owned

Branch Location and Number of Employees

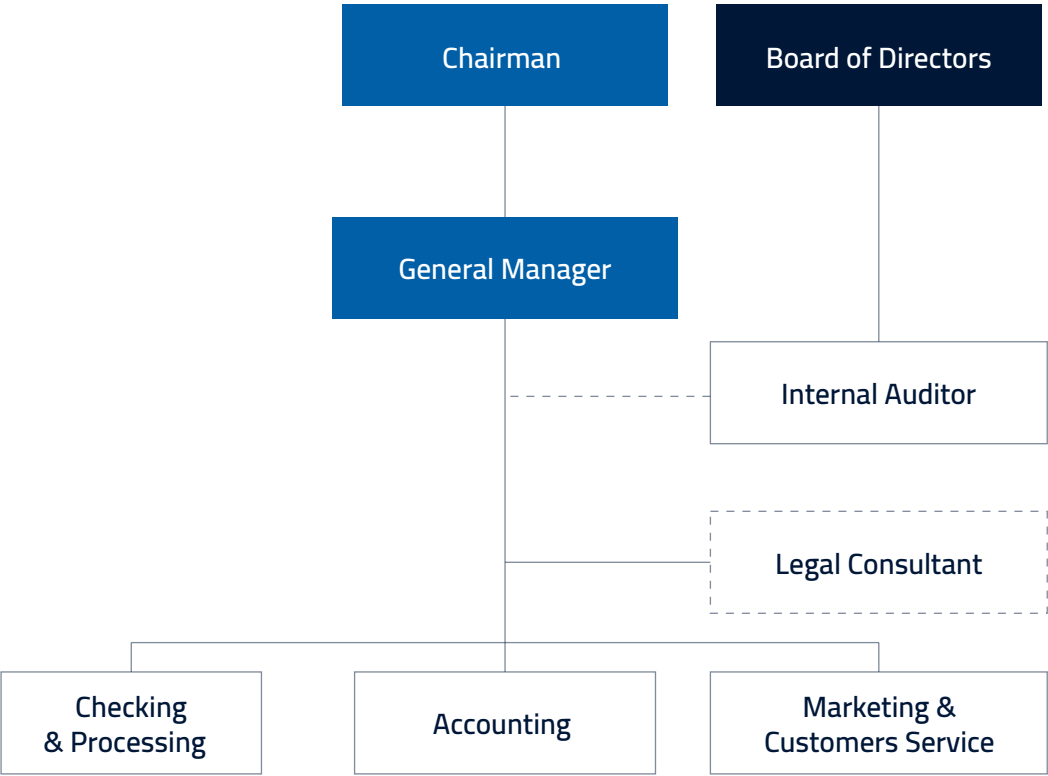
Branch	Address	Tel.	Fax	P.O. Box	Number of Employees
Baghdad St. Branch	Damascus – Sabaa Bahrat Square	00963-11-22900000	00963-11-2317730	P.O. Box 8058 Damascus, Syria	14
Abu Rumaneh Branch	Damascus – Arab League Square	00963-11-3354500	00963-11-3354506	P.O. Box 8058 Damascus, Syria	11
Abaseen Branch	Damascus – Abaseen Square	00963-11-4645322	00963-11-4645326	P.O. Box 8058 Damascus, Syria	8
Jarmana Branch	Al Raees Square – Damascus Suburban	00963-11-5662273	-	P.O. Box: 8058 Damascus, Syria	7
Harasta Branch (Temporarily closed)	Harasta – Damascus Suburban	00963-11-5376711	00963-11-5376717	P.O. Box 8058 Damascus, Syria	None
Sahnaya Branch (Temporarily closed)	Sahnaya – Damascus Suburban	00963-11-63900333	00963-11-8140614	P.O. Box 8058 Damascus, Syria	None
Al Faisal St. Branch / Aleppo	Aleppo – Al Malek Faisal St.	00963-21-2228071	00963-21-2228071	P.O. Box 8058 Aleppo, Syria	7
Baroon Branch / Aleppo	Aleppo – Baroon St.	00963-21-2126996	00963-21- 2125985	P.O. Box 8058 Aleppo, Syria	4
Alazeziah Branch / Aleppo	Aleppo – Alazeziah Area – Alzahraa Cinema St.	00963-21-2122697	00963-21-2125672	P.O. Box 8058 Aleppo, Syria	5
Hamdanieh Branch / Aleppo (Temporarily closed)	Aleppo – Almartini Hotel	00963-21-5120152	00963-21-5120156	P.O. Box 8058 Aleppo Syria	None
Lattakia Branch	Lattakia – Al-Korneish Al-Gharbee St.	00963-41-457623	00963-41-456768	P.O. Box 58, Lattakia Syria	13
Homs Branch	Homs – Square 94, Abou Tammam St.	00963-31-2220603	00963-31-2222305	P.O. Box 3058 Homs, Syria	5
Tartous Branch	Al Thawra St. – Tartous	00963-43-313733	00963-43-313793	P.O. Box 8058 Damascus, Syria	7
Al-Swaidaa Branch	Qanawat St. – Swaidaa	00963-16-324188	00963-16-324288	P.O. Box 88 Swaidaa, Syria	9



b. Jordan Leasing Company - Limited Private Shareholding/ Hashemite Kingdom of Jordan

Name of Company	Jordan Leasing Company
Type of Company	Limited Private Shareholding Company
Date of Association	24/10/2011
Core Business	Financial Leasing
Paid-up Capital	JD 20,000,000
Bank's Ownership Percentage	100%
Address	Amman - Mecca St. - Al-Husseini Complex - Bldg. No.164 P.O. Box 2140 Amman 11181 Jordan Tel.: +962 6 5542697 Fax: +962 6 5542698
Number of Employees	4 employees
Branches	None
Projects Owned by Company and their Capitals	There are no projects owned

Organizational Structure / Jordan Leasing Company

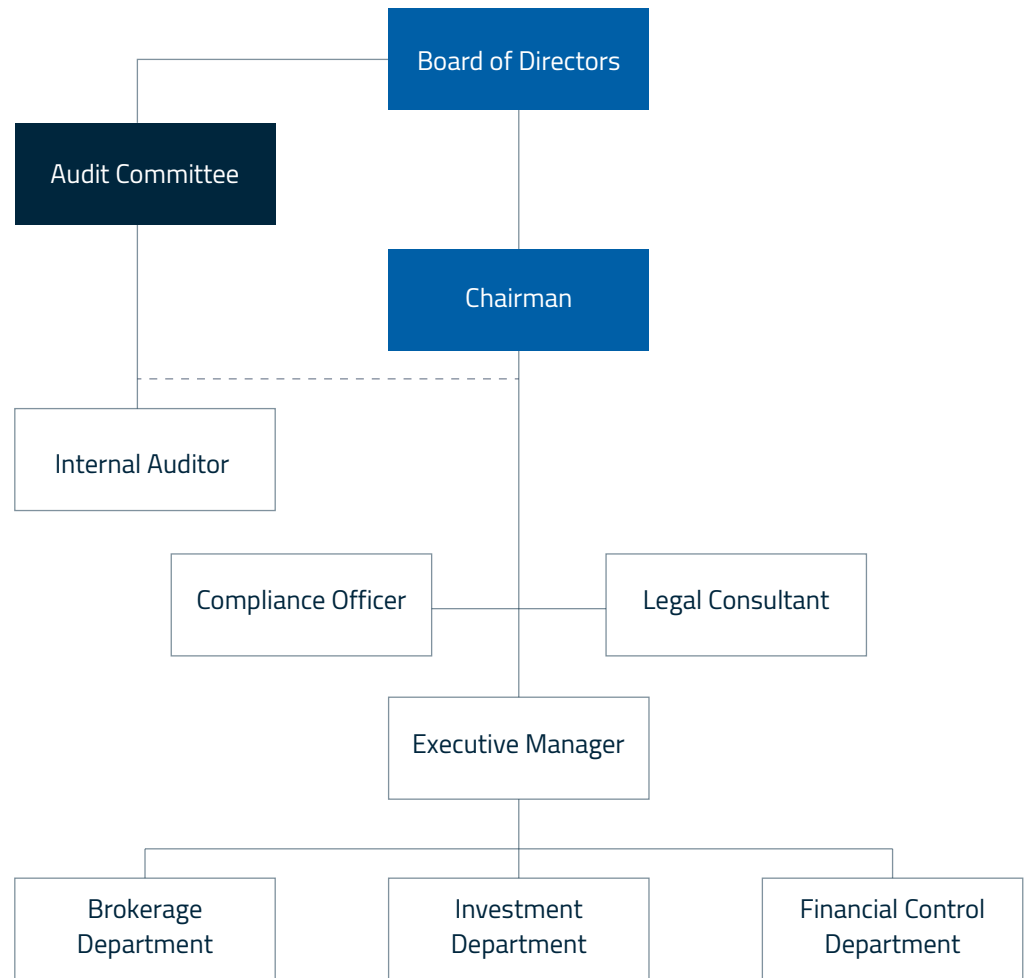




C. Excel for Financial Investments - Limited Private Shareholding Company / Hashemite Kingdom of Jordan

Name of Company	Excel for Financial Investments Company
Type of Company	Limited Private Shareholding Company
Date of Association	23/3/2006
Core Business	Brokerage services (Buying and Selling Securities)
Paid-up Capital	JD 3,500,000
Bank's Ownership Percentage	100%
Address	Amman - Mecca St. - Al-Husseini Complex - Bldg. No. 164 P.O. Box 942453 Amman 11194 Jordan Tel: +962 6 5519309      +962 6 5516809 Fax: +962 6 5519567
Number of Employees	8 employees
Branches	None
Projects Owned by Company and their Capitals	There are no projects owned

Organizational Structure / Excel for Financial Investments Company



3.a - Names and Resumes of Board of Directors:



**Mr. Shaker Tawfiq Fakhouri**  
Chairman of the Board/Dedicated  
Representative of Al-Ekbal Jordanian  
General Trading (LLC).

**Date of Birth:** 14/11/1969      **Date of Membership:** 14/6/2001  
**Nature of Membership:** Non-Executive / Non-Independent

**Educational Background:**  
- M.A. in Business Administration and Professional Accounting from Canisius College, Buffalo/ USA, 1995.  
- B.A. in Economics from the University of Southern California/ USA, 1990.

**Professional Experience:**  
- Chairman of the Board of Bank of Jordan, as of January 2017 to date.  
- Chairman & CEO of Bank of Jordan, as of August 2007 until January 2017.  
- General Manager of Bank of Jordan, as of August 2003 until January 2017.  
- Deputy General Manager of Bank of Jordan, from December 1996 until August 2003.  
- Executive Assistant to the General Manager of Bank of Jordan, from January 1995 until December 1996.  
- Attended several advanced banking and leadership seminars and courses, including:  
▪ The "Comprehensive Banking Operations" training program at Bank of Jordan branches, from February 1991 until January 1993.  
▪ A specialized credit training course at the Headquarters of Manufacturers/ Hanover Bank, USA, from September 1990 until February 1991.

**Other Current Board Memberships:**  
- Chairman of the Board of Directors of Bank of Jordan – Syria.  
- Chairman of the Board of Directors of Excel for Financial Investments Co.  
- Member of the Board of Trustees – King Abdullah II Center for Excellence.  
- Board Member of the Middle East Company for Insurance.



**Mr. Walid Tawfiq Fakhouri**  
Vice Chairman/ Representative of  
Al Tawfiq Investment House - Jordan

**Date of Birth:** 12/2/1972      **Date of Membership:** 18/4/2017  
**Nature of Membership:** Non-Executive / Non-Independent

**Educational Background:**  
- M.A. in Business Administration from City University/ UK, 2000.  
- B.A. in Science Marketing from Western International University/ UK, 1992.

**Professional Experience:**  
- Chairman of the Board of Al-Tawfiq Investment House / Jordan, as of 2007.  
- Board member of Bank of Jordan from 17/02/2005 until 14/06/2015.  
- Vice Chairman of Al-Ekbal Investment Company from 2009 until 08/2017.  
- Chairman of Petroeuropa / Spain, as of 2014.  
- Chief Executive Officer of JABA Inversiones Inmobiliarias / Spain, as of 2014.  
- Chairman of the Board of the Arab Islamic Bank / Palestine, from 2001 until 04/2016.  
- Vice Chairman of Excel for Financial Investments Company, from 23/03/2006 until 15/10/2014 and from 19/11/2014 until 18/04/2016.  
- Member of the Executive Committee of the Islamic Corporation for Development of the Private Sector - Islamic Development Bank / Jeddah, from 9/2009 until 2013.  
- Assistant General Manager of Bank of Jordan, from 9/2003 until 4/2004.  
- Managing Director of Arab Islamic Bank / Palestine, from 9/1999 until 6/2001.  
- Assistant General Manager of Bank of Jordan, from 4/1999 until 9/1999.  
- Executive Manager of Bank of Jordan, from 7/1995 until 4/1999.

**Other Current Board Memberships:**  
- Al-Ekbal Investment Company.

**Former Board Memberships:**  
- Zahrat Al Urdon Real Estate & Hotels Investments Company.  
- Board Member of Jordan Express Tourist Transportation Company (JETT).  
- The International Tobacco and Cigarettes Company.  
- Trust International Transport Company.  
- Al-Yarmouk Insurance Company.  
- Arab Union International Insurance Company.  
- Industrial Development Bank.  
- Al-Ekbal Printing and Packaging Company.

**Professional Experience Gained Through Work in Private Business:**  
- A total of 17 years of experience in financial and investment services, including 10 years in the field of Islamic financial and investment services.



**Dr. Mazen Mohammed Al-Bashir**  
Board Member/ Representative of Arab  
Gulf General Investments and Transport Co.

Date of Birth: 6/7/1955 Date of Membership: 22/10/2008  
Nature of Membership: Non-Executive/ Non-Independent

**Educational Background:**

- M.Sc. in Family Medicine, London University/ UK, 1990.
- Membership of the Royal College of Family Physicians/ UK, 1987.
- M.B, B.Ch. in Medicine from Cairo University/ Egypt, 1980.

### Professional Experience:

- Founder and Director of the Jordan Center of Family Medicine, as of 10/1991.
- Family Physician in the private sector, as of 1992.
- Part-time Lecturer at Liverpool University, University of Jordan, Jordan University of Science and Technology, during the period between 1987 until 2000.
- President of the Jordanian Society of Family Physicians, serving several terms from 7/1993 until 2012.

**Other previous Board Memberships:**

- Board Chairman and Chief Executive Officer of the Consultant and Investment Group Company (Istishari Hospital) since 6/2007 until 1/2016.



**Dr. Yanal Mawloud Naghouj**  
Board Member/ Representative of  
Al-Yamama for General Investments Co.  
(Limited Liability)

Date of Birth: 13/12 /1956 Date of Membership: 22/10/2008  
Nature of Membership: Non-Executive/ Non-Independent

### Educational Background:

- B.A. in Literature/ Philosophy and Social Studies from Beirut Arab University/ Lebanon, 1986.
- B.Sc. in Medicine and Surgery from Alexandria University/ Egypt, 1987.



**Mr. "Shadi Ramzi" Abd Al-Salam Al- Majali**  
Board Member/ Representative of  
Al-Araka for Investments Co.

Date of Birth: 6/7/1962 Date of Membership: 7/3/2009  
Nature of Membership: Non-Executive/ Non-Independent

**Educational Background:**

- M.Sc. in Software Engineering (Computer Science/ Systems Analysis) from George Washington University, Washington D.C./ USA, 1985.
- B.Sc. in Mathematics & Military Sciences from The Citadel USA – The Military College of South Carolina/ USA, 1983.

### Professional Experience:

- CEO of New Vision for Electronics as of 3/2015 to date.
- CEO of King Abdullah II Design and Development Bureau, from 7/2010 until 5/2014.
- CEO of Aqaba Development Corporation, from 1/2010 until 7/2010.
- General Manager of Saraya Aqaba, from 2/2007 until 12/2009.
- Revenues and Customs Commissioner in Aqaba Special Economic Zone Authority (ASEZA), from 1/2004 until 2/2007.
- Gulf Area Manager of Qatar for the Middle East Contracting Company, from 9/2002 until 12/2003.
- Tala Bay CEO, from 10/2000 until 9/2002.
- General Manager of Trans Jordan for Communications Services Company, from 5/1997 until 9/2000.
- General Manager of Al-Nisr for Advanced Telecommunications Company, from 2/1997 until 11/2003.
- Vast military experience, serving in the military, from 1985 until 1996.

Other Current Board Members:

- Member of the Board of Trustees - Mutah University, as of 11/2014.
- Board Member of Jordan Investment Trust, as of 7/2014.
- Member of the Board of Injaz, as of 10/2016.
- Member of the Board of Social Security Investment Fund, as of 4/2017.

Former Board Members:

- Chairman of the board of the King Abdullah II Design & Development Bureau (KADDB) from 12/2010 until 5/2014.
- Member of the Board of Trustees - The Royal Tank Museum.
- Member of the Board of Trustees - Jordan University for Science and Technology (JUST).
- Member of the Board of Aqaba Water Company, from 1/2010 until 8/2010.
- Member of the Board of the Aqaba port and Containers Company, from 1/2010 until 8/2010.
- Member of the Board of Directors of Aqaba Airports Company, from 1/2010 until 8/2010.
- Member of the Board of Trustees - Mutah University, from 11/2009 until 8/2010.
- Member of the Board of Trustees - Applied Sciences University, from 1/2006 until 10/2009.
- ASEZA Commissioner, from 1/2004 until 2/2007.
- Board Member of Jordan Electricity Distribution Company, from 6/2006 until 3/2007.
- Board Chairman of Aqaba International School, from 6/2006 until 2/2007.
- Board Member of the Yemeni Payphone Company, from 9/1998 until 9/2000.
- Board Member of the Middle East Defense and Security Agency, from 8/1997 until 11/2003.
- Vice Chairman of the King Abdullah Special Operation Training Center (KASOTC), from 12/2010 until 2/2013.
- Member of Greater Amman Municipality Council, from 8/2010 until 8/2013.



**Mr. Walid Mohammad Al-Jamal**  
Board Member/ Representative of  
Al Pharaenah Int'l for Industrial  
Investments Co.

Date of Birth: 9/4/1971 Date of Membership: 12/1/2017  
Nature of Membership: Non-Executive/ Non-Independent

#### Educational Background:

- Master of Business Administration in Professional Accounting, from Canisuis College, Buffalo/ USA, 1995.
- B.A. in Accounting from the university of Jordan/ Jordan, 1992.

#### Professional Experience:

- CEO of Jordan Decapolis Properties Company, as of 9/2014 to date.
- Director of Finance and Administration, First Jordan Investment Company, from 2011 until 2013.
- Deputy CEO for Finance and Administration/ MGC/ Saudi Arabia, from 2007 until 2011.
- Financial Controller and HR Director, Dar Al-Dawa Group, from 2001 until 2007.

#### Other Current Board Memberships:

- Chairman of the Board of Directors of Jordan Dubai Properties for Land Development Company.
- Chairman of the Board of Directors of Jordan Eye for Tourist Resorts Company.
- Chairman of the Board of Directors of Jordan Dubai for Specialized Tourist Resorts Company.
- Chairman of the Board of Directors of Aman Jordan Decapolis for Tourism Investments Company.
- Chairman of the Board of Directors of South Dead Sea Development for Specialized Resorts Company.
- Chairman of the Board of Directors of Ahyaa Amman for Hotel Investments Company.
- Chairman of the Board of Directors of Ahyaa Al Asimah for Tourist Investments Company.
- Chairman of the Board of Directors of Ahyaa Al Asimah for Real Estate Investments Company.
- Chairman of the Board of Directors of Ahyaa Al Asimah for Specialized Investments Company.
- Chairman of the Board of Directors of Ahyaa Amman Real Estate Development Company.
- Chairman of the Board of Directors of Eagle Group International Investment.
- Vice Chairman of the Board of Directors of Jordan Decapolis Properties Company.
- Chairman of the Board of Directors of Al Rashad Industrial Investments Company.
- Board Member of Al Daman Al-Mumayaz Tourism Investments Company.
- Board Member of Ma'in Hot Springs Resort Company.



**Mr. Haitham Mohammed Samih Barakat**  
Board Member/ Representative of  
Al-Lu'lua Trading and Investments Co.

Date of Birth: 1/5/1960 Date of Membership: 30/7/2015  
Nature of Membership: Non-Executive/ Non-Independent

#### Educational Background:

- B.Sc. in Electrical Engineering from the Portland State University/ USA, 1984.

#### Professional Experience:

- General Manager of the Advanced Engineering Group/ Jordan, as of 2007 to date.
- Founder and CEO of Quartz Electro Mechanic Company/ Ras Al-Khaima, UAE, as of 2006 to date.
- Founder and partner of the Advanced Electrical Engineering Company/ Qatar, as of 2001 to date.
- CEO of Kuwait Electrical Poles & Lighting Industries Company WLL (KEPLIC)/ Kuwait, as of 1999 to date.
- Founder and CEO of the Qatar Electromechanical Company/ Qatar, as of 1998 to date.
- Founder and CEO of Faddan Electromechanical Contracting Company/ Jordan, from 1994 until 1997.
- Deputy General Manager of the National Industries Company/ Jordan, from 1/2004 until 7/2004.
- Deputy General Manager of Faddan for Trading and Contracting Company/ Kuwait, from 1984 until 1990.

#### Other Current Board Memberships:

- Founding Member of the Clean Energy Company/ Jordan.

#### Former Board Memberships:

- Board Member of Al-Saqr Insurance Company.
- Board Member of the United Cable Industries Company/ Jordan.
- Board Member of the Arab Islamic Bank/ Palestine.

#### Professional Experience Acquired from Private Business:

- Over 30 years of experience in Jordan, the Gulf, and the USA including founding and managing various engineering companies in several countries.

#### Other Professional Experience:

- Experience in project management and development



**Mr. Mohammad Anwar Hamdan**  
Board Member

Date of Birth: 5/12/1949 Date of Membership: 30/7/2015  
Nature of Membership: Non-Executive/ Independent

#### Educational Background:

- MBA in International Management from Thunderbird University/ USA, 1979.
- B.A. in Accounting from the University of Jordan, 1973.

#### Professional Experience:

- Deputy General Manager of Bank of Jordan from 1/2007 until 6/2012.
- Assistant General Manager/ Credit Management/ Bank of Jordan, from 11/1994 until 1/2007.
- Assistant General Manager/ Credit Management/ Cairo Amman Bank, from 1/1990 until 11/1994.
- Senior Manager/ Credit Management/ Bank of Jordan, from 8/1985 until 12/1990.
- Assistant Manager for Investment & Branches/ Jordan Kuwait Bank, from 7/1979 until 8/1985.
- Senior Financial Analyst/ Central Bank of Kuwait, from 5/1976 until 5/1978.
- Financial Analyst/ Central Bank of Jordan, from 8/1973 until 5/1976.

#### Former Board Memberships:

- Board Member in Ready Mix Concrete & Construction Supplies Company - representing Bank of Jordan.
- Board Member in Baton for Concrete Blocks and Interlocking Tiles Company - representing Bank of Jordan.

#### Other Current Board Memberships:

- Membership of Investment Committee of the University of Jordan Fund.



**Mr. Husam Rashed Manna'**  
Board Member

Date of Birth: 6/9/1963 Date of Membership: 30/7/2015  
Nature of Membership: Non-Executive/ Independent

#### Educational Background:

- Master of Business Administration (MBA) from California State University, Chico 1989.
- Bachelor of Science, Business Administration from California State University, Chico 1987.

#### Professional Experience:

- Chief Commercial officer of Shams Ma'an Power Generation Co. from 10/2015 until 9/2017.
- Portfolio Manager/ Private business, as of 5/2004 to date.
- General Manager of Aqaba Manufacturing & Refining Vegetable Oils CO. (AMRV), from 5/2011 until 5/2013.
- Member of the Auditing Committee of Al Janoub Filter Manufacturing Company (AJFM), from 5/2008 until 10/2010.
- Portfolio Manager at Arab Banking Corporation/ Investment Department, from 3/2002 until 4/2004.
- Corporate Head/ Manager at Arab Banking Corporation/ Credit Facilities Department, from 9/2000 until 2/2002.
- Senior International Credit Officer/ Supervisor at Arab Bank Plc./ Credit Facilities Division - Int'l Branches & Assoc. Co's, from 7/1994 until 5/2000.
- Credit Officer/ Section Head at Arab Bank Plc. - Mahatta Branch/ Credit Facilities Dept., from 6/1991 until 6/1994.
- Account Executive at Metropolitan Life - San Francisco/ California, USA, from 6/1989 until 6/1990.

#### Former Board Memberships:

- Member of the Board of Directors of Al Janoub Filter Manufacturing Company (AJFM) from 5/2008 until 10/2010.
- Member of the Board of Directors of Real Estate Investment Compound Company from 3/2002 until 4/2004.





Mr. Walid Rafiq Anabtawi  
Board Member

Date of Birth: 30/3/1944                      Date of Membership: 18/4/2017  
Nature of Membership: Non-Executive/ Independent

Educational Background:  
- B.A. in Accounting, from Alexandria University/ Egypt, 1968.

Professional Experience:  
- Assistant General Manager - Investment and Branches Management/ Bank of Jordan/ Jordan, from Apr 2004 until Oct 2005.  
- Assistant General Manager/ Bank of Jordan/ Jordan - Organization, Operations, and Automation Management, from Oct 2001 until Jun 2003.  
- Executive Manager/ Bank of Jordan/ Jordan - Organization, Operations, and Automation Management, from Jan. 1992 until Oct. 2001.  
- Manager of Internal Audit/ Bank of Jordan/ Jordan, from Mar. 1990 until Jan. 1992.  
- Assistant Head at A department – Banks Supervision Department – Central Bank of Jordan/ Jordan, from Jul. 1986 until Mar. 1990.  
- Senior Assistant Manager – Internal Audit Department/ Arab National Bank – Saudi Arabia, from Feb. 1983 until Jun. 1986.  
- Supervisor/ Banking Supervision Department, Central Bank of Jordan/ Jordan, from Jul. 1976 until Feb. 1983.  
- Division Assistant Head/ Arab Bank/ Amman Branch/ Jordan, from May 1969 until Jul. 1976.  
- Accountant – Accounting Department/ Royal Jordanian/ Jordan, from Oct. 1968 until May 1969.  
- Took part in and helped organize over 50 training workshops inside and outside Jordan.

Other professional Experience:  
Extensive administrative experience in leading financial institutions including:  
- Developing work procedures and control measure to ensure competence and effectiveness.  
- Supervising the development and application of E-banking systems.  
- Diverse experience in internal audit and internal control systems.



Mr. Wissam Rabee' Saab  
Board Member

Date of Birth: 1/8/1981                      Date of Membership: 18/4/2017  
Nature of Membership: Non-Executive/ Independent

Educational Background:  
- B.A. in Business Computer (Minor Mathematics), from Lebanese American University (L.A.U.)/ Beirut, Lebanon, 2005.

Professional Experience:  
- Investment Manager, Zahran Group, Riyadh/KSA, Investment Management Dept., from Jan 2012 to date.  
- Investment Advisor, DARFIN CAPITAL, Riyadh KSA, International Markets, Asset Management Dept. from Jun. 2009 until Dec. 2011.  
- Investment Advisor, Abu Dhabi Commercial Bank (ADCB), Dubai, Private Banking & Wealth Management, from Jan. 2008 until Oct. 2008.  
- Senior Relationship Manager, Abu Dhabi Commercial Bank (ADCB) Abu Dubai/ UAE, Private Banking & Wealth Management, From Apr. 2007 until Dec. 2007.  
- Relationship Manager, Abu Dhabi Commercial Bank (ADCB), Dubai, private Banking & Wealth Management from Mar. 2005 until Mar. 2007.  
- Sales Agent, American Life Insurance Company (ALICO), Lebanon, from Jul. 1999 until Jan. 2005.  
- Insurance Broker, Fidelity General Insurance Co. – Beirut, Lebanon, from Jan. 2001 until Dec. 2003.  
- Investment Agent, Investa Co. (Agents for Zurich Financial Services) - Beirut, Lebanon, from Jul. 2001 until Dec. 2001.  
- Computer Assistant, LAU - Beirut, Lebanon, from Oct. 1999 until Jun. 2000.



Dr. Abdel Rahman Samih Toukan  
Vice Chairman of the Board of Directors  
until 17/4/2017

Date of Birth: 5/2/1935                      Date of Membership: 31/5/1997  
Nature of Membership: Non-Executive/ Non-Independent

Educational Background:  
- PhD in Economics from Vanderbilt University/ USA, 1967.  
- M.A. in Economics from Vanderbilt University/ USA, 1959.  
- B.A. in Economics from the American University of Beirut/ Lebanon, 1958.

Professional Experience:  
- Former Chairman of the Board of Directors of Amman Stock Exchange, from 2000 until 2004.  
- Former General Manager of Jordan Ahli Bank, from 1976 until 1997.  
- Former General Manager of the National Real Estate Company in Kuwait, from 1974 until 1976.  
- Deputy General Manager of Jordan Ahli Bank, from 1971 until 1974.  
- Former Director General of the Import, Export, and Supply Department/ Government of Jordan, from 1969 until 1970.  
- Head of Planning Department, in the Jordanian Development Board, from 1961 until 1969.

Former Board Memberships:  
- Former Chairman of the Board of Directors of Amman Stock Exchange.  
- Board Member of the Jordan Cement Factories Company.  
- Board Member of the Industrial Development Bank.  
- Board Member of Jordan Ahli Bank.  
- Committee Member of Jordan Commercial Bank (previously Jordan Gulf Bank).  
- Board Member of Jordan Hotels & Tourism Company.



Mr. Yahya Zakaryia Al-Kadamani  
Board Member until 17/4/2017

Date of Birth: 1/1/1957                      Date of Membership: 7/3/2009  
Nature of Membership: Non-Executive/ Non-Independent

Educational Background:  
- B.A. in Business Administration from Minnesota University/ USA, 1979.

Professional Experience:  
- Vice Chairman of the Board of Directors of Arab Islamic Bank/ Palestine, as of 1993 until 2016.  
- Manager of the Holy Lands Tourist Company – General Agents for Alitalia/ Jordan, from 1979 until 2004.

Former Board Memberships:  
- Vice Chairman of the board of Directors of Arab Islamic Bank/ Palestine.  
- Board Member of Jordan Express Tourist Transportation Company (JETT), from 1981 until 1999.  
- Board Member of the International Tobacco and Cigarettes Company.  
- Board Member of Al-Ekbal Printing & Packaging Company.





**Mr. Ammar Mahmoud Abu Namous**  
Board Member/ Representative of  
Al Pharaenah Int'l for Industrial  
Investment Co. until 11/1/2017

**Date of Birth:** 16/12/1968      **Date of Membership:** 16/6/2011  
**Nature of Membership:** Non-Executive/ Non-Independent

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**Educational Background:**  
– B.A. in Law from the University of Jordan, 1992.

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**Professional Experience:**  
– Advocate since 1994 to date.  
– International Court of Justice – STL./ Member as of 1/2012 to date.  
– Vast experience in different fields, including:  
▪ Local and International Market Mergers and acquisition.  
▪ Administration buy-outs and private company sales.  
▪ Re-organization of private Equity and venture capital investment.  
▪ Joint venture.  
▪ International Arbitration.  
▪ Dealing and consulting with Swiss private Banking Concerning foreign investment and Family Trust.

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**Current Board Memberships in Other Companies:**  
– Board Member/ Jordan Decapolis Properties Company.

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**Previous Board Memberships in Other Companies:**  
– Member in the Board of executives/ Raya Jet Aviation.  
– Board Member / Jordan Decapolis Properties Company.  
– Board Member / Alsaytara for Investments.  
– Board Member / Aljuman for Investments.  
– Chairman of Ahya Amman for rehabilitation and developing the property – Representative of Jordan Decapolis Properties Company.  
– Board Member of Ma'in Hot Spring Resort Company.  
– Board Member/ Aldaman Al-Mumayaz Tourism Investment.



**Mr. Haitham Abu Nasr Al Mufti**  
Board Member/ Representative of  
Al-EKBAL Jordanian General Trading (LLC)  
until 17/4/2017

**Date of Birth:** 17/9/1950      **Date of Membership:** 7/3/2009  
**Nature of Membership:** Non-Executive/ Non-Independent

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**Educational Background:**  
– B.Sc. in Automotive Engineering from the University of Chelsea/ UK, 1975.

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**Professional Experience:**  
– Former Board Chairman of King Abdullah II Design and Development Bureau, from 2004 until 2006.

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**Other Current Board Memberships:**  
– Board Member of the International Company of Science and Technology.

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**Former Board Memberships:**  
– Board Member of Alfa for Mining and Technology.  
– Board Chairman of Al Weibdeh for Tourist Restaurants Co.  
– Member of the Association Committee of King Abdullah II Design and Development Bureau.  
– Board Member of the Royal Automobile Museum.  
– Vice Chairman of the Special Operations Forces Exhibition and Conference (SOFEX).  
– Member of the Royal Commission for Motor Sports.  
– Board Chairman of CLS Company/ Jordan.  
– Board Chairman of JoSecure International Company.  
– Board Chairman of Jordan Electronic Logistics Support.

b- Names and Resumes of Senior Executive Managers

**Mr. Saleh Rajab Hammad**  
Acting General Manager

**Date of Birth:** 27/7/1962      **Date of Appointment:** 27/7/2015

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**Educational Background:**  
– B.Sc. in Computer Science from University of Jordan, 1985.

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**Professional Experience:**  
– Acting General Manager as of 13/1/2017 to date.  
– AGM/ Chief Risk Officer, and Board Secretary, at Bank of Jordan from 27/7/2015 until 12/1/2017 and Board Secretary at Bank of Jordan, until 17/4/2017.  
– AGM/ Chief Risk Officer, and Board Secretary at Bank of Jordan, from 12/2014 until 5/2015.  
– Executive Manager/ Compliance and Risk Department, and Board Secretary, at Bank of Jordan, from 1/2009 until 12/2014.  
– Manager of Compliance and Operational Risk Department at Bank of Jordan, from 12/1994 until 12/2008.  
– Long-standing experience in auditing and operations.  
– Attended several courses on risk management and the Basel requirements organized in Jordan and abroad.  
– Holds several professional certificates including CCO, and CORE certificates.

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**Other Current Board Memberships:**  
– Chairman of the Jordan Leasing Company.  
– Vice Chairman of Excel for Financial Investments Company.  
– Board Member of Bank of Jordan – Syria.  
– Board Member of the Association of Banks in Jordan.  
– Board Member of Al-Ekbal Investment Co. (PLC).  
– Board Member of Jordan Payment and Clearing Co. (Jo - PACC).

**Dr. Nasser Mustafa Khraishi**  
AGM/ Chief Operating Officer

**Date of Birth:** 25/4/1962      **Date of Appointment:** 9/4/2014

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**Educational Background:**  
– PhD in Electrical Engineering/ Control Theory/ Stanford University/ USA, 1990.  
– M.Sc. in Engineering Economic systems/ Stanford University/ USA, 1985.  
– B.Sc. in Electrical Engineering/ Kuwait University/ Kuwait, 1984.

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**Professional Experience:**  
– AGM/ Chief Operating Officer, as of December 2014 to date.  
– Executive Manager/ Capital Markets Department, from April 2014 until December 2014  
– General Manager/ Monere LLC/ California, from 2011 until 2014.  
– Assistant General Manager/ Operations and Information Systems/ Bank Al Etihad, from 2009 until 2011.  
– Assistant General Manager/ Information Systems/ Jordan Kuwait Bank, from 2004 until 2009.  
– Held several executive/senior positions in several research and consulting firms offering services in Information Systems/ USA, from 1988 until 2004.

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**Other Current Board Memberships:**  
– Board Member of Excel for Financial Investments.

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**Former Board Memberships**  
– Board Member of Al-Ekbal Investment Co. (PLC).

Mr. Osama Samih Sukkari  
Legal Advisor

Date of Birth: 27/4/1955                      Date of Appointment as a Legal Advisor: 28/4/2015

Educational Background:  
– B.A. in Law from Beirut Arab University/ Lebanon, 1977.

Professional Experience:  
– Legal Advisor, Bank of Jordan as of April 2015 to date.  
– Legal Advisor & Head of legal Department, Bank of Jordan as of April 1994 to April 2015.  
– Extensive experience in Legal consultations and lawsuits, as of 1981.

Other Current Board Memberships:  
– Board Member of Bank of Jordan – Syria.  
– Board Member of Pharma International Company.

Former Board Memberships:  
– Vice Chairman of the Board of Directors of Jordan Leasing Company.  
– Member of the Insurance Council of the Social Security Corporation.  
– Board Member of Excel for Financial Investments Company.  
– Board Member of Al-Mowahadah for Transportation Company.  
– Board Member of the National Industries Company.  
– Board Member of Al-Takamolyleh Investments Company.  
– Board Member of Al-Shamikha for Real Estate Investments Company.

Mrs. Rabab Jamil Abbadi  
Executive Manager / Human Resources  
Department.

Date of Birth: 10/12/1963                      Date of Appointment: 7/9/2015

Educational Background:  
– MBA - Marketing /Coventry University/UK, 2003.  
– B.Sc. in Chemical Engineering /Baghdad University/Iraq, 1987.

Professional Experience:  
– Executive manager / HR Department/Bank of Jordan, as of 9/2015 to date.  
– Executive manager / HR Department/Bank of Jordan, from 9/2009 until 7/2015.  
– Acting manager/ Financial control Department/Bank of Jordan, from 8/2014 until 1/2015.  
– Head of HR/ Bahrain and Egypt/ Standard Chartered Bank, from 9/2006 until 8/2009.  
– Head of HR / LEVANT/Standard Chartered Bank, from 9/2004 until 8/2006.  
– Worked for Great Plains in the Middle East in several positions including HR Products Manager, from 10/2000 until 8/2002.  
– HR Senior Officer/the American University of Sharjah/UAE, from 7/1999 until 10/2000.  
– Credit Officer/Bank Al Etihad, from 9/1996 until 5/1999.  
– Credit Officer/Industrial Development Bank, from 4/1991 until 8/1996.  
– Chemical Engineer/ Intermediate Petrochemicals Industries (IPI), from 11/1988 until 11/1990.

Mr. Turki Yousef Al-Jabour  
Executive Manager/ Internal Audit  
Department

Date of Birth: 9/10/1952                      Date of Appointment: 1/11/1994

Educational Background:  
– B.A. in Accounting from the University of Jordan, 1976.

Professional Experience:  
– Vast experience in auditing and banking, including:  
▪ Executive Manager/ Internal Audit Department, Bank of Jordan as of January 2009 to date.  
▪ Manager of Internal Audit Department at Bank of Jordan, from December 2007 until January 2009.  
▪ Manager of Bank of Jordan/ Amman Branch, from April 2006 until December 2007.  
▪ Manager of Internal Audit Department at Bank of Jordan, from November 1994 until April 2006.  
▪ Senior Inspector at Cairo Amman Bank, from January 1987 until October 1994.  
▪ Huge experience in auditing and accounting gained through years of work with major auditing firms, including Al-Sha'er Auditing Firm.  
▪ Lecturer on Banking Operations and Auditing at training courses organized by Bank of Jordan.  
– Attended several advanced courses and seminars on administration and banking.

Mr. Dumam Mohammad Khraisat  
Executive Manager/ Central Operations  
Department

Date of Birth: 20/12/1972                      Date of Appointment: 1/7/2015

Educational Background:  
– M.A. in Accounting from University of Jordan/ Jordan, 1996.  
– B.A. in Accounting from University of Jordan/ Jordan, 1994.

Professional Experience:  
– Executive Manager/ Central Operations Management/ Bank of Jordan as of July 2015 to date.  
– Executive Manager/ Central Operations Management/ Bank of Jordan from March 2015 until May 2015.  
– Manager Processes Reengineering Department/ Bank of Jordan, from November 2005 until February 2015.  
– Manager/ Operations Engineering Department/ Bank of Jordan, from June 2005 until November 2005.  
– Manager/ Banking Operations Department/ Bank of Jordan, from June 2005 until June 2005.  
– Head of the Program Testing Unit/ Bank of Jordan, from August 2004 until May 2005.  
– Branch Assistant Manager/ Bank of Jordan/ Marka Branch, from November 2003 until August 2004.  
– Supervisor/ the Branches Management Department/ Bank of Jordan, from October 2002 until November 2003.  
– Internal Auditor/ Internal Audit Department/ Bank of Jordan, from March 1998 until October 2002.  
– Internal Auditor/ Internal Audit Department/ Cairo Amman Bank, from 1994 until 1998.

Mr. Hatem Nafi' Foqahaa  
Regional Manager/ Palestine Branches  
Management

Date of Birth: 4/5/1965                      Date of Appointment: 28/1/1992

Educational Background:  
– M.A. in Accounting/ University of Jordan/ Jordan, 1993.  
– B.A. in Accounting/ Birzeit University/Palestine, 1989.

Professional Experience:  
– Regional Manager/ Palestine Branches Management/ Bank of Jordan, as of 1/2015 to date.  
– Acting Regional Manager/ Palestine Branches Management/ Bank of Jordan, from 3/2014 until 12/2014.  
– Assistant Regional Manager/ Palestine Branches Management/ Bank of Jordan, from 7/2012 until 3/2014.  
– Credit Manager/ Palestine Branches/ Bank of Jordan, from 8/2010 until 7/2012.  
– Manager/ Ramallah Branch/ Bank of Jordan, from 9/2001 until 8/2010.  
– Assistant Manager/ Ramallah Branch/ Bank of Jordan, from 5/1999 until 9/2001.  
– Supervisor/ the Letters of Credit and Guarantee Department/ Bank of Jordan, from 10/1996 until 5/1999.  
– Letters of Credit and Guarantee Officer/ Bank of Jordan, from 1/1992 until 10/1996.

Mr. Nader Mohammad Sarhan  
Executive Manager/ Chief Risk Officer  
Board Secretary as of 18/4/2017

Date of Birth: 7/10/1967                      Date of Appointment: 28/10/2007

Educational Background:  
– M.A. in Accounting from the Arab Academy for Banking and Financial Sciences/Jordan, 2002.  
– B.A. in Accounting from Mansoura University/ Egypt, 1990.

Professional Experience:  
– FATCA Responsible Officer as of 7/2017 to date.  
– Acting Manager/ Chief Risk Officer at Bank of Jordan, as of 24/4/2017 to date.  
– Executive Manager/ Credit Review Management/ Bank of Jordan, as of 12/2014 to date.  
– Manager/ Credit Department (Corporate, commercial, branches abroad)/ Bank of Jordan, from 4/2013 until 12/2014.  
– Manager /Credit Department (Corporate and branches abroad)/ Bank of Jordan, from 11/2007 until 4/2013.  
– Head of Credit Review (specialized Lending)/ The Housing Bank for Trade and Finance, from 6/2005 until 10/2007.  
– Team Leader/ the Commercial Credit Department/ The Housing Bank for Trade and Finance, from 10/2004 until 6/2005.  
– Manager/ Commercial Credit/ Commercial Credit Department/ The Housing Bank for Trade and Finance, from 9/2003 until 10/2004.  
– Head of the Companies Accounts/ Jordan Commercial Bank, from 10/2002 until 9/2003.  
– Head of Commercial Credit Relations/ the Commercial Credit Department/ The Housing Bank for Trade and Finance, from 1992 until 10/2002.

**Mr. Mousa Yousef Mousa**  
Treasurer/ Treasury & Investment  
Department

**Date of Birth:** 13/2/1980      **Date of Appointment:** 31/3/2016

**Educational Background:**  
- B.A. in Accounting/Al Zaytoonah University/ Jordan, 2002.

**Professional Experience:**  
- Treasurer/ Treasury and Investment Department/ Bank of Jordan, as of 3/2016 to date.  
- Treasurer/ Treasury and Investment Department/ Bank of Jordan, as of 3/2014 to 1/2016.  
- Chief Dealer/ Treasury and Investment Department/ Bank of Jordan, from 2007 until 2/2014.  
- Dealer/ Treasury and Investment Department/ Cairo Amman Bank, from 2002 until 2007.

**Ms. Lana Fayez Al-Barrishi**  
Manager/ Compliance Department

**Date of Birth:** 30/7/1980      **Date of Appointment:** 29/11/2015

**Educational Background:**  
- B.A. in Business Administration/ University of Jordan/ Jordan, 2002.

**Professional Experience:**  
- Manager/ Compliance Department/ Bank of Jordan, as of November 2015 to date.  
- Officer/ Corporate Governance/ Bank of Jordan.  
- Manager/ Compliance Department/ Bank of Jordan, from June 2014 until September 2015.  
- Head of the Anti-Money Laundering and Combating Financing Terrorism Unit/ Bank of Jordan, from 2011 until May 2014.  
- Officer/ the Anti-Money Laundering and Terror Financing Unit/ Cairo-Amman Bank, from 2009 until 2011.  
- Customer Service Officer/ Cairo Amman Bank, from 2002 until 2009.  
- Certified Anti-Money Laundering specialist CAMS.  
- Certified Anti-Corruption Manager CACM.  
- (ICA) certified form International Compliance Association.

**Mr. Hani Hasan Mansi**  
Manager/ Financial Control  
Department

**Date of Birth:** 30/6/1981      **Date of Appointment:** 1/2/2015

**Educational Background:**  
-Bachelor degree in Accounting, Applied Sciences University, 2005, Amman, Jordan.

**Professional Experience:**  
- Manager/ Financial Control Department/ Bank of Jordan as of March 2016 to date.  
- Acting manager/ Financial Control Department/ Bank of Jordan as of February 2015 to February 2016.  
- Manager – External Audit Division – Deloitte & Touche M.E, Amman/ Jordan from June 2012 until 2014.  
- Assistant manager - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from December 2011 until May 2012.  
- Supervisor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from December 2010 until November 2011.  
- Senior 2 - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2010 until November 2010.  
- Senior 1 Auditor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2009 until May 2010.  
- Acting Senior Auditor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2008 until May 2009.  
- Semi Senior Auditor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2007 until May 2008.  
- Junior level - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from December 2005 until May 2007.

**Other Professional Experience:**  
- Financial Consultant – Binladin Holding Company, Jeddah/ Saudi Arabia from 2014 until 2015.

**Other Current Board Memberships:**  
- Board Member of Jordan Leasing Company.  
- Board Member of Excel for Financial Investments Company.

4. Shareholders who own 1% or more of the Bank's shares (2016 & 2017):

Name	Nationality	No. of Shares 2017	Percentage 2017	No. of Shares 2016	Percentage 2016	The ultimate beneficiary of shares 2017	The status of shares 2017*
Mr. Tawfiq Shaker Fakhouri	Jordanian	41,115,777	20.557%	46,490,820	23.245%	Himself	Partially mortgaged 15,596,767
Al-Ekbal Jordanian General Trading (LLC)	Jordanian	25,735,753	12.867%	25,735,753	12.867%	Mr. Tawfiq Shaker Fakhouri Mrs. Ni'mat Tawfiq Fakhouri	-
Al Pharaenah Int'l for Industrial Investments Co.	Jordanian	19,765,863	9.882%	19,765,863	9.882%	Mr. Laith bin Ghaith Pharaon Mrs. Dima bint Ghaith Pharaon Mr. Wael bin Ghaith Pharaon Mrs. Lana bint Ghaith Pharaon Mrs. Hala bint Abdelrahman bin Pharaon	partially mortgaged 6,095,860
Al Araka for Investments Co.	Jordanian	12,236,424	6.118%	12,236,424	6.118%	Mr. Walid Tawfiq Fakhouri Mr. Samer Tawfiq Fakhouri	-
Libyan Foreign Bank	Libyan	9,090,909	4.545%	9,090,909	4.545%	-	-
Mr. Graeme Allah bin Raddad Al-Zahrani	Saudi Arabia	8,033,561	4.016%	8,033,561	4.016%	Himself	-
Mrs. Awatef Mohammed Almasri	Jordanian	5,603,838	2.802%	5,603,766	2.801%	Herself	-
Mr. Shaker Tawfiq Fakhouri	Jordanian	5,381,490	2.690%	6,447	0.00322%	Himself	-
Mr. Hussni Jalal Al Kurdi	Jordanian	3,914,653	1.957%	3,914,653	1.957%	Himself	-
Mrs. Maha Nasri Nasser	Jordanian	3,000,000	1.500%	3,000,000	1.500%	Herself	-
Al-Yamama For General Investments Co.	Jordanian	2,490,648	1.245%	2,490,648	1.245%	Mr. Walid Tawfiq Fakhouri Mr. Samer Tawfiq Fakhouri	-
Mr. Saddiq Omar Abu Seedo	Jordanian	1	0.000%	2,065,738	1.032%	Himself	-
Mr. Rafiq Bin Mohammed Abdul Qadir	Saudi Arabia	-	-	6,379,290	3.189%	-	-

\* The status of shares 2017 (fully or partially mortgaged)

5. Competitive Position of the Bank and its Market Share:

Mentioned within the Bank’s achievements in 2017 (page 19).

6. Dependence on Specific Suppliers or Key Clients (Locally or Abroad):

No.	Name of Suppliers	Percentage of Total Supplies
1	Arab Orient Insurance Co.	10.36%

There is no dependence on specific key clients (whether locally or abroad), who account for 10% or more of the Bank’s total sales.

7. - The Bank does not have any governmental protection, or any privileges, nor do any of its products or services, as stated by laws and regulations or others.

- The Bank has not obtained any patents or concession rights.

8. - There are no decisions issued by the government or international organizations or any other entity that would have any material effect on the Bank’s operations, products, or competitive capabilities.

- The Bank adheres to all laws, regulations, and international standards that are related to its business.

- International Quality Standards do not apply to the Bank.

9. A- An Organizational Structure of the Bank and its Subsidiaries:

- Bank of Jordan Organizational Structure can be found on the last page, number (159).
- Bank of Jordan – Syria Organizational Structure can be found on (page 117).
- Jordan Leasing Company Organizational Structure can be found on (page 118).
- Excel Company Organizational Structure can be found on (page 119).

B. Number of Employees and Educational Qualifications:

Academic Qualification	No. of Employees/ Bank of Jordan	No. of Employees/ Bank of Jordan – Syria	No. of Employees/ Jordan Leasing Co.	No. of Employees/ Excel for Financial Investments Co.
PhD	2	-	-	-
Master’s Degree	91	9	1	2
Higher Diploma	6	1	-	-
Bachelor’s Degree	1,406	144	2	5
Diploma	261	34	-	-
General Secondary Education	79	11	-	-
Pre-Secondary Education	173	17	1	1
Total	2,018	216	4	8

C. Details of Training Programs in 2017:

Description	No. of Courses	No. of Participants
In-house Courses (organized by the Bank’s Training Department)	358	4,863
External Courses	67	144
Total	425	5,007

Areas of Training:

Topic	No. of Courses	No. of Participants
Banking	259	2,488
Compliance and Risk Management	93	1,859
Sales and Marketing Skills	25	489
Professional Certificates	10	36
Financial & Audit and Investment	7	9
Others	31	126
Total	425	5,007

10. Description of Risks:

Mentioned within the corporate government on (page 150). These risks include:

Credit Risk:

This risk arises from the probable inability and/or lack of desire of the borrower or third party to fulfill its obligations in a timely manner. These risks include on-consolidated financial statements items such as loans and bonds, and off-consolidated financial statements items such as guarantees and/or documentary credits causing financial losses to the bank.

Operational Risk:

This risk arises from the inefficiency or failure of internal operations, employees, or systems or may stem from external events including legal risks.

Liquidity risk:

represents the Bank’s inability to make available the necessary funding to meet its obligations on their maturity dates or to finance its activities without incurring high costs or losses. Moreover, liquidity risks are divided into two types:

▪ Funding Liquidity Risk

This risk represents the Bank’s inability to change assets into cash – such as the collection of receivables – or to obtain funding to meet its obligations.

▪ Market Liquidity Risk

This risk represents the Bank’s inability to sell the asset in the market or selling the asset at a huge financial loss due to weak liquidity or demand in the market.

Market risks:

These risks represent the exposure of the positions on and off the Bank’s Consolidated Statement of Financial Position to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investment portfolios, both for the purpose of trading or exchange and include the following:

▪ Interest rate risks

▪ Currency exchange rate risks (Dealing with Foreign Currency)

▪ Fluctuation in share price risks

▪ Goods Risks

▪ Market risks arise from:

- Changes that may occur in the political and economic conditions in the markets.

- Fluctuations in interest rates.

- Fluctuations in the prices of financial instruments, held for future buying and selling.

- Gaps in the maturities of assets and liabilities and interest rate re-pricing.

- Holding of uncovered positions.



**Information Security Risk:**

Defined as any potential threat that may lead to failure in confidentiality, availability, and integration of the Bank's information.

**Compliance Risk:**

This arises from the probable failure of the Bank to comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws and code of ethics issued by the international and local regulatory bodies, including the Bank's internal policies.

**Interest Rate Risk:**

This risk arises from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the 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.

**Foreign Currency Risks:**

These risks arise from changes in the values of financial instruments as a result of fluctuations in the prices of foreign currencies using good policy to manage its foreign currency positions.

**Share Price Risks:**

These risks result from the changes in the fair values of investments in shares.

**11. Bank Achievements in 2017:**

Mentioned in the Board of Directors' Report under a separate section (page 18), supported with figures and a description of the Bank's main events in 2017.

**12. There is no financial impact of non-recurring operations during 2017 and no intervention in the Bank's main activities.****13. Realized Profits/Losses, Dividends, Bank Shareholders' Equity, and the Closing Price of Shares 2013-2017:**

Fiscal Year	Financial Indicators for the past five years (2013-2017)					In JD (Thousand)	
	Bank Shareholders' Equity	Non-Controllers' Interest	Net Profit Before Tax	Cash Dividends Amount	%	Distribution of Bonus Shares	Closing Price of Share (JD)
2013	316,986	4,506	50,204	23,265	15%	-	2.50
2014	335,746	4,116	59,999	31,020	20%	-	2.65
2015	362,242	4,703	61,966	31,020	20%	44,900	2.60
2016	405,447	6,989	62,315	36,000	18%	-	2.88
2017	433,665	5,491	67,583	36,000	18%	-	3.00
2015	Recommendation to distribute JD 44.9 million/share in 19/4/2016						

**14. Analysis of Bank's Financial Position and Business Results for the Year 2017:**

Mentioned in the Board of Directors' Report, under a separate section (page 27). Below are the main financial ratios:

No.	Financial Ratios	2017	2016
1	Return on Average Shareholders' Equity	11.15%	10.78%
2	Return on Capital	22.8%	21.1%
3	Return on Average Assets	1.86%	1.86%
4	Profitability per Employee (After tax)	JD 22,601	JD 19,647
5	Interest Income to Average Assets	5.30%	4.84%
6	Interest Expense to Average Assets	1.10%	0.75%
7	Interest Margin to Average Assets	4.20%	4.08%
8	Non-Performing Loans to Total Credit Facilities	4.50%	4.59%

**15. The Bank's Future Plans**

The Bank's strategic future plans, projects, and the Board of Directors' projections, are all mentioned within Bank of Jordan's Goals for 2018, listed under a separate section (page 36).

**16. Auditors' Remuneration (for Bank of Jordan and its Subsidiaries):**

Statement	Auditors' Remuneration (JD)
Bank of Jordan	78,400
Bank of Jordan – Syria	15,000
Excel For Financial Investments Company	4,060
Jordan Leasing Company	2,900
<b>Total</b>	<b>100,360</b>

Auditors were paid an amount of (JD 13,920) in 2017, against Tax consulting services.

17. Statement of the Number of Financial Securities Issued by the Bank:

A. Number of Shares Owned by Members of the Board of Directors and/or their relatives:

Name	Status	Nationality	No. of Shares	
			2017	2016
Al-Ekbal Jordanian General Trading (LLC)	Board Member	Jordanian	25,735,753	25,735,753
Mr. Shaker Tawfiq Fakhouri	Chairman Of The Board/ Dedicated Representative of the company	Jordanian	5,381,490	6,447
Mrs. Suha Faisal Sroor	Wife	Jordanian	150,000	133,658
Sarah Shaker Fakhouri	Daughter	Jordanian	200	-
Tawfiq Shaker Fakhouri	Son	Jordanian	352,000	351,000
Al Tawfiq Investment House - Jordan	Board Member	Jordanian	149,964	11,574
Mr. Walid Tawfiq Fakhouri	Vice Chairman of the Board/ Representative of the Company	Jordanian	-	11,342
Mrs. Shatha Abdelmajid Al-Dabbas	Wife	Jordanian	368	368
Rakan Walid Fakhouri	Son	Jordanian	37,212	34,622
Mariam Walid Fakhouri	Daughter	Jordanian	67,199	62,656
A`esha Walid Fakhouri	Daughter	Jordanian	16,051	14,749
Ahmad Walid Fakhouri	Son	Jordanian	13,845	12,780
Arab Gulf General Inv. & Transport Co.	Board Member	Jordanian	10,569	10,569
Dr. Mazen Mohammad Al Bashir	Board Member/ Representative of the Company	Jordanian	138,039	138,039
Dr. Farihan Fakhri Al Barghouti	Wife	Jordanian	51,579	51,579
Al Yamama for General Investments Co. (Limited liability)	Board Member	Jordanian	2,490,648	2,490,648
Dr. Yanal Mawloud Naghouj	Board Member Representative of the Company	Jordanian	6,447	6,447
Mrs. Dana Kayd Zagha	Wife	Jordanian	775,970	724,585
Al Araka for Investments Co.	Board Member	Jordanian	12,236,424	12,236,424
Mr. “Shadi Ramzi” Abd Al-Salam Al-Majali	Board Member/ Representative of the Company	Jordanian	8,446	10,000
Al Pharaenah Int’l for Industrial Investments Co.	Board Member	Jordanian	19,765,863	19,765,863
Mr. Walid Mohammad Al Jamal	Board Member/ Representative of the Company	Jordanian	-	-
Al Lu’lu’a Trading & Investment Co.	Board Member	Jordanian	12,131	12,131
Mr. Haitham Mohammad Samih Barakat	Board Member/ Representative of the Company	Jordanian	6,615	6,615
Mr. Mohammad Anwar Hamdan	Board Member	Jordanian	6,447	31,447
Mr. Husam Rashed Manna’	Board Member	Jordanian	6,447	6,447
Mr. Walid Rafiq Anabtawi	Board Member	Jordanian	5,000	-
Mr. Wissam Rabee’ Saab	Board Member	Lebanese	5,000	-
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board until 17/4/2017	Jordanian	169,091	117,383
Mr. Yahya Zakariya Al-Kadamani	Board Member until 17/4/2017	Jordanian	1,325,000	1,300,000
Mrs. Amaal Amin Al-Turk	Wife	Jordanian	300,000	300,000
Al-Ekbal Jordanian General Trading (LLC)	Board Member	Jordanian	25,735,753	25,735,753
Mr. Haitham Abu Nasr Al Mufti	Representative of the Company until 17/4/2017	Jordanian	-	-
Al Pharaenah Int’l for Industrial Investments Co.	Board Member	Jordanian	19,765,863	19,765,863
Mr. Ammar Mahmoud Abu Namous	Representative of the Company until 11/1/2017	Jordanian	-	-

B. Number of Shares Owned by the Executive Managers and/or their Relatives:

Name	Status	Nationality	No. of Shares	
			2017	2016
Mr. Saleh Rajab Hammad	Acting General Manager	Jordanian	42,079	42,079
Dr. Nasser Mustafa Khraishi	AGM/ Chief Operating Officer	Jordanian	-	1,000
Saleen Nasser Khraishi	Daughter	Jordanian	-	2,500
Mr. Osama Samih Sukkari	Legal Advisor	Jordanian	148,670	106,950
Mrs. Najwa Mohammad Manku	Wife	Jordanian	117,267	116,267
Mrs. Rabab Jamil Abbadi	Executive Manager/ Human Resources Department	Jordanian	-	-
Mr. Turki Yousef Al-Jabour	Executive Manager/ Internal Audit Department	Jordanian	70,000	61,000
Mr. Dumam Mohammad Khraisat	Executive Manager/ Central Operations Department	Jordanian	-	-
Mr. Hatem Nafi’ Foqahaa	Regional Manager/ Palestine Branches	Palestinian	-	-
Mr. Nader Mohammad Sarhan	Executive Manager/ Chief Risk Officer Board Secretary as of 18/4/2017	Jordanian	34,500	41,500
Mrs. Nida’a Hasan Abu Zahra	Wife	Jordanian	9,000	9,000
Shaker Nader Sarhan	Son	Jordanian	5,000	2,952
Mr. Mousa Yousef Mousa	Treasurer/ Treasury & Investment Department	Jordanian	-	-
Mrs. Lana Fayez Al Braishi	Manager/ Compliance Department	Jordanian	-	-
Mr. Hani Hasan Mansi	Manager/ Financial Control Department	Jordanian	-	-

C. Companies Controlled by the Chairman, Board Members, the Executive Managers and/or their Relatives, and the Number of Shares Held by Those Companies in Bank of Jordan for the Years 2017 and 2016:

Name	Position	Company	Equity Share in Bank of Jordan	
			2017	2016
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board/ Dedicated	Shaker Fakhouri & Associates Co.	32,529	32,529
Mr. “Shadi Ramzi” Abd Al-Salam Al- Majali	Board Member	Apollo Trading Industrial Co.	-	-
		Middle East Specialized Cables - Jordan (JNCC)	-	-
		Arabia Insurance Company	-	-
		Members Of Board Of Trustees at Mutah University	-	-
		(KEPLIC) Co. / Kuwait	-	-
Mr. Haitham Mohammed Barakat	Board Member	Osama Sukkari & Associates – Attorneys at Law	-	-
Mr. Osama Samih Sukkari	Legal Advisor	Alfa for Mining and Technology Co.	-	-
Mr. Haitham Abu Nasr Al Mufti	Board Member until 17/4/2017	Tryada For international Investment	-	-
Mr. Ammar Mahmoud Abu Namous	Board Member until 11/1/2017			

There are no companies controlled by other Board Members and/or their relatives nor by the Executive Managers and/or their relatives.

18. The Benefits and Remuneration of the Board Chairman, Board Members, and Executive Managers:

A. Benefits and Remuneration of the Chairman and Board Members for the Year 2017:

Name	Position	Transport Allowance	Remuneration	Total
		JD	JD	JD
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board/ Dedicated Representative of Al-Ekbal Jordanian General Trading (LLC)	30,000	5,000	35,000
Mr. Walid Tawfiq Fakhouri	Vice Chairman of the Board Representative of Al Tawfiq Investment House - Jordan	21,083	-	21,083
Dr. Mazen Mohammed Al Bashir	Board Member/ Representative of Arab Gulf General Inv. & Transport	30,000	5,000	35,000
Mr. Haitham Mohammed Samih Barakat	Board Member/ Representative of Al Lu'lu'a Trading & Investment Co.	30,000	5,000	35,000
Dr. Yanal Mawloud Naghouj	Board Member/ Representative of Al Yamama for General Investments Co. (Limited liability)	30,000	5,000	35,000
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member/ Representative of Al Araka for Investments Co.	30,000	5,000	35,000
Mr. Walid Mohammed AL Jamal	Board Member/ Representative of Al Pharaenah Int'l for Industrial Investments Co.	29,032	-	29,032
Mr. Mohammad Anwar Hamdan	Board Member	30,000	5,000	35,000
Mr. Husam Rashed Manna'	Board Member	30,000	5,000	35,000
Mr. Walid Rafiq Anabtawi	Board Member	21,083	-	21,083
Mr. Wissam Rabee' Saab	Board Member	21,083	-	21,083
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board until 17/4/2017	8,917	5,000	13,917
Mr. Yahya Zakariya Al- Kadamani	Board Member until 17/4/2017	8,917	5,000	13,917
Mr. Haitham Abu Nasr Al Mufti	Board Member / Representative of Al-Ekbal Jordanian General Trading (LLC) until 17/4/2017	8,917	5,000	13,917
Mr. Ammar Mahmoud Abu Namous	Board Member/ Representative of Al Pharaenah Int'l for Industrial Investments Co. until 11/1/2017	968	5,000	5,968
Total		330,000	55,000	385,000

The Board of Directors acknowledge that they did not receive any benefits or remunerations either personally or from related parties whether cash or in kind other than mentioned above.

B. Benefits and Remuneration of the Executive Managers for the Year 2017

Name	Position	Annual Salary	Remuneration	Allowance for Transportation & Assuming Board Secretary Position	Total
		JD	JD	JD	JD
Mr. Saleh Rajab Hammad	Acting General Manager Board secretary until 17/4/2017	242,176	51,712	5,350	299,238
Dr. Nasser Mustafa Khraishi	AGM/ Chief Operating Officer	145,491	32,304		177,795
Mr. Osama Samih Sukkari	Legal Advisor	204,248	73,505		277,753
Mrs. Rabab Jamil Abbadi	Executive Manager/ Human Resources Department	107,480	26,155		133,635
Mr. Turki Yousef Al-Jabour	Executive Manager/ Internal Audit Department	80,924	20,598		101,522
Mr. Dumam Mohammad Khraisat	Executive Manager/ Central Operations Department	65,871	18,088		83,959
Mr. Hatem Nafi' Foqahaa	Regional Manager/ Palestine Branches	105,344	5,965		111,309
Mr. Nader Mohammad Sarhan	Executive Manager/ Chief Risk Officer Board Secretary as of 18/4/2017	81,285	-	12,650	93,935
Mr. Mousa Yousef Mousa	Treasurer/ Treasury & Investment Department	50,386	7,044		57,430
Mrs. Lana Fayez Al Braishi	Manager/ Compliance Department	54,143	9,148		63,291
Mr. Hani Hasan Mansi	Manager/ Financial Control Department	39,348	4,963		44,311
Total		1,176,696	249,482	18,000	1,444,178

19. Donations, Grants, and Contribution to the Local Community:

The Bank’s donations and support of activities related to the protection of the environment and the local community stood at JD 736.4 thousand, as detailed below:

Activity	Amount (JD)
Supporting the Martyrs’ Families of the Armed Forces and Security Services Fund	83,333
Supporting the Children’s Museum	54,167
Supporting the National Financial and Social Education Program	51,700
Supporting the King Abdullah II Center for Excellence	35,000
Supporting the Taawon Foundation	31,942
Scholarship / Student at the King’s Academy	28,360
Supporting the families and Friends Society of persons with Disabilities	25,500
Supporting the Senior Citizens Forum / White Beds Society	25,300
Support the King Hussein Cancer Center	25,000
Supporting The Jordanian Hashemite Fund For Human Development	25,000
Bank of Jordan University Scholarships Fund / Ministry of Higher Education and Scientific Research	25,000
Supporting social and charitable organizations and activities	135,576
Supporting educational activities	83,715
Supporting cultural activities	29,036
Supporting environmental activities	23,333
Supporting sports activities	10,550
Miscellaneous	43,897
Total	736,409

20. Contracts, Projects and Commitments Signed Between the Bank and its Subsidiaries, Affiliates, Chairman, Board Members, the General Manager, Employees in the Bank or their Relatives:

The Bank has assigned “Excel for Financial Investments Company” to manage the Bank’s investment portfolio against annual management fees. No other contracts have been signed between the Bank and any of its subsidiaries or affiliates or with the Board Chairman or General Manager or board members or with any bank employee or their relatives. This is with the exception of the normal banking transactions - disclosed in note No. (38) on the financial statements - to which commercial interest and commission rates apply. All credit facilities granted to the concerned entities are classified as performing loans against which no provisions have been allocated.

21. Bank’s Contribution to Environmental Protection and Corporate Social Responsibility:

A. Bank’s Contribution to the Protection of Environment:

The Bank’s donations and sponsorships in 2017 supported environmental projects ranging from road safety to greening initiatives. On road safety, a priority area for intervention, BoJ extended support to the National Initiative for Traffic Safety, in addition to co-sponsoring the eighth International Conference on Traffic Safety organized by the Jordan Traffic Institute. It also took part in a tree-planting campaign organized by the Arab Group for the Protection of Nature to help impoverished families in the Jordan Valley secure a source of income.

B. Bank’s Corporate Social Responsibility

To enable the progress of society, BoJ was committed to supporting various societies and initiatives with a focus on sustainable-development programs – consistent with its corporate governance principles as well as its vision and values.

In education, the Bank remained committed to granting children and their parents free access to the Children’s Museum on the first Friday of each month, under a partnership forged nine years ago. In addition to that, assistance was extended to King Abdullah II Center for Excellence, which aims to promote corporate excellence through distinguished performance, innovation, and quality.

Building on the previous years, Bank of Jordan continued to fund several scholarships in the Faculty of Educational Sciences and Arts/UNRWA, the Ministry of Higher Education and Scientific Research, and Elia Nuqul Institute. For the year 2017, the Bank funded another scholarship program in cooperation with the AMIDEAST.

Mentioned within the Bank’s Achievements in 2017 (page 25)

C. Annual Financial Statements - 2017

The Bank’s annual financial statements, audited by the Bank’s auditors Kawasmy & Partners Co. (KPMG) Jordan and a comparison with the previous year (2017), can be found in the second part of the report (Page 44).

D. Report of the Bank’s Auditors

The report from the Bank’s auditors, KPMG Jordan, which include the Bank’s annual financial statements, reveals that the audit process was conducted in accordance with international auditing standards. It can be found at the beginning of the 2017 annual financial statements (Page 39).

E. Acknowledgment

As per paragraph (E)/ Article (4) of Disclosure and Accounting Standards Instructions issued by the Jordan Securities Commission Board of Commissioners:

1. The Board of Directors of Bank of Jordan acknowledges, in accordance with its knowledge and belief, that there are no material matters that may affect the continuity of the Bank’s operations during the financial year 2018.
2. The Board of Directors of Bank of Jordan acknowledges its responsibility for the preparation of the financial statements for 2017 and that the Bank has an effective control system.
3. The Chairman of the Board, General Manager and the Financial Control Manager acknowledge that the information and data mentioned in the Bank of Jordan 2017 Annual Report are true, accurate and complete.



## Corporate Governance



BANK OF JORDAN COMMITMENT TO THE CORPORATE GOVERNANCE GUIDE

Realizing that good corporate governance is a key to success, the Bank’s Board of Directors is keen on applying corporate governance practices that comply with the regulations issued by the Central Bank of Jordan and the Corporate Governance Guide for banks in Jordan. These practices, which have been incorporated into the Bank of Jordan Corporate Governance Guide, also comply with the best international practices recommended by the Basel Committee. It is worth noting that Bank of Jordan also adheres to regulatory requirements and guidelines in other countries where it operates.

It is worth noting that the Bank conducts periodic reviews of this Guide, and whenever the need arises, to ensure that it captures the Bank’s changing needs as well as developments in the banking industry. The Corporate Governance Guide is included in the annual report (Arabic version), alongside a separate report for the general public (shareholders) on the Bank’s compliance with provisions of the Guide.

COMPONENT ONE (BOARD OF DIRECTORS)

- Chairman of the Board:

In line with best managerial practices, the Chairman and General Manager positions were kept seperate. The duties and responsibilities of each post have also been identified.

- Board of Directors:

While the Executive Management is responsible for running the daily operations of the Bank, the Board is in charge of drawing up strategies that best serve the interests of the Bank, and its shareholders and clients, in accordance with respective laws and regulations.

The board shall consist of 11 members who will be elected by the general assembly to a four-year term. The members shall have the expertise and qualifications that shall enable each of them to voice his/her opinion independently during board discussions. The suitability of board members has been assessed against the policy related to board members’ suitability in line with the requirements of the Corporate Governance Guide, and adjustments/corrections have been made accordingly. The Board Chairman shall be elected by the board members.

The Board convened (10) times during 2017. The Board has a specific agenda in each meeting, and the minutes of meetings and decisions are officially documented by the Board Secretary.

Names of the Board Members as of 18/4/2017

Name	Status	No. of Attendance	Loan Balance for the Board Member
			JD
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board/ Dedicated	10	4,928
Mr. Walid Tawfiq Fakhouri	Vice Chairman of the Board	5	150
Dr. Mazen Mohammed Al-Bashir	Member	10	18,865
Dr. Yanal Mawloud Naghouj	Member	9	-
Mr. “Shadi Ramzi” Abd Al-Salam Al-Majali	Member	9	66,782
Mr. Haitham Mohammed Samih Barakat	Member	8	647
Mr. Husam Rashed Manna’	Member	10	3,152
Mr. Mohammad Anwar Hamdan	Member	10	59
Mr. Walid Mohammad Al-Jamal	Member	10	138,245
Mr. Walid Rafiq Anabtawi	Member	7	3,232
Mr. Wissam Rabee’ Saab	Member	4	-
Mr. Nader Mohammad Sarhan	Board Secretary/ Committee Rapporteur	7	-

Dr. Abdel Rahman Samih Toukan/ Vice Chairman of the Board until 17/4/2017

Mr. Yahya Zakaryia Al-Kadamani/ Member until 17/4/2017

Mr. Haitham Abu Nasr Al Mufti/ Member until 17/4/2017

Mr. Ammar Mahmoud Abu Namous/ Member until 11/1/2017

Mr. Saleh Rajab Hammad/ Board Secretary until 17/4/2017

- The Committees of the Board:

As per the Corporate Governance Guide, Seven committees stem from the Board of Directors to ease implementation of responsibilities. The committees are as follows: the Audit Committee, the Corporate Governance and Strategy Committee, the Nominations and Remunerations Committee, the Risk Management Committee, the Executive Committee, the Compliance Committee, and Information Technology Governance Committee.

- The Audit Committee:

The audit committee comprises three qualified board members who enjoy adequate experience in accounting, finance, or any other relevant field. The majority of the Committee members, including the head, must be independent. The board chairman cannot serve as head of the committee. The committee’s head may not head any other board committee.

The Audit Committee consists of the following:	Status	No. of Attendance
Mr. Mohammad Anwar Hamdan	Head of the Committee	9
Mr. “Shadi Ramzi” Abd Al-Salam Al-Majali	Member	8
Mr. Walid Rafiq Anabtawi	Member	7
Mr. Nader Mohammad Sarhan	Board Secretary/ Committee Rapporteur	7

The Audit Committee held (9) meetings in 2017. However, the Audit Committee does not substitute for the responsibilities of the Board of Directors or the Bank’s Executive Management for the supervision and adequacy of the Bank’s internal control system. The Audit Committee met with the External Auditor (4) times during 2017.

- The Corporate Governance and Strategy Committee:

The board chairman and two independent members as a minimum were elected to the Corporate Governance and Strategies Committee. The committee provides guidance and feedback on the development of the Corporate Governance Guide. It also ensures the guide is updated and properly implemented.

The Corporate Governance and Strategy Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	Head of the Committee	3
Mr. Husam Rashed Manna’	Member	3
Mr. Walid Rafiq Anabtawi	Member	2
Mr. Nader Mohammad Sarhan	Board Secretary/ Committee Rapporteur	2

The Corporate Governance and Strategy Committee held (3) meetings during 2017.

- The Risk Management Committee:

The Risk Management Committee comprises three board members, one of whom is independent. Members of the senior executive management can also join the committee. The committee deals with all types of risks facing the bank.

The Risk Management Committee consists of the following:	Status	No. of Attendance
Dr. Mazen Mohammed Al-Bashir	Head of the Committee	7
Mr. Shaker Tawfiq Fakhouri	Member	7
Mr. Mohammad Anwar Hamdan	Member	7
Mr. Saleh Rajab Hammad	Member	7
Dr. Nasser Mustafa Khraishi	Member	6
Mr. Nader Mohammad Sarhan	Member / Board Secretary / Committee Rapporteur	7

The Risk Management Committee held (7 ) meetings during 2017.

- The Executive Committee:

Five board members were elected to the Executive Committee, one of whom may be independent provided that he/she is not a member of the Audit Committee. Other members of the senior executive management may join the committee’s meetings to present their recommendations.

The Executive Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	Head of the Committee	49
Dr. Mazen Mohammed Al-Bashir	Member	51
Dr. Yanal Mawloud Naghouj	Member	45
Mr. Haitham Mohammed Samih Barakat	Member	32
Mr. Husam Rashed Manna’	Member	51
Facilities Committee’s Rapporteur/ Committee’s Rapporteur		51

The Executive Committee held (51) meetings in 2017.

- The Nominations and Remunerations Committee:

The Nominations and Remunerations Committee committee was elected and consists of three members, with at least two, including the head, independent members.

The Nominations and Remunerations Committee consists of:	Status	No. of Attendance
Mr. Walid Rafiq Anabtawi	Head of the Committee	5
Mr. Shaker Tawfiq Fakhouri	Member	7
Mr. Mohammad Anwar Hamdan	Member	7
Mr. Nader Mohammad Sarhan	Board Secretary/ Committee Rapporteur	5

The Nominations and Remunerations Committee held (8 ) meetings in 2017.

- Information Technology Governance committee:

Three board members were elected to the IT Governance Committee who enjoy vast experience and/or knowledge in IT.

The Information Technology Governance committee consists of the following:	Status	No. of Attendance
Mr. “Shadi Ramzi” Abd Al-Salam Al-Majali	Head of the Committee	3
Mr. Husam Rashed Manna’	Member	3
Mr. Walid Rafiq Anabtawi	Member	1
Mr. Nader Mohammad Sarhan	Board Secretary/ Committee Rapporteur	1

The Information Technology Governance committee held (3) meetings in 2017.

- Compliance Committee:

The compliance committee comprises three board members, mostly independent. The committee meets regularly and upon need.

The Compliance Committee consists of the following:	Status	No. of Attendance
Mr. Husam Rashed Manna’	Head of the Committee	-
Mr. Shaker Tawfiq Fakhouri	Member	-
Mr. Walid Rafiq Anabtawi	Member	-
Mr. Nader Mohammad Sarhan	Board Secretary/ Committee Rapporteur	-

The compliance committee, formed at the end of 2017, did not hold any meetings during the year.

- **The Board Secretary:**

Minutes of meetings are significant for the Bank, shareholders, and supervisory agencies because they are a permanent register that demonstrate the Board’s activities and deliverables, Board of Director’s decisions and any other decisions made by committees operating under the Board. Given the vital role of the Board Secretary, it has been decided to appoint Mr. Nader Mohammad Sarhan Executive Manager / Chief Risk Officer, as Board Secretary. Duties and responsibilities of the Board Secretary are incorporated in the Corporate Governance Guide of the Bank.

- **The Senior Executive Management**

Members of the senior executive management, including the general manager, must have the attributes and qualifications stated in the Bank’s Corporate Governance Guide.

- **Conflict of Interests:**

The Board of Directors emphasized in the Bank’s Corporate Governance Guide that all members of the Board must specify their relationships with the Bank, disclose the nature of this connection, avoid conflicts of interest, and abide by the substance of the Code of Conduct in this regard. A written disclosure must be given on an annual basis or in case of any development that so requires.

**Component Two (Planning and Policy Formulation)**

The Board of Directors undertakes responsibility for devising the Bank’s general strategy and its strategic course of action as well as defining the general objectives for the executive management and supervising their achievements.

**Component Three (Control Environment)**

The Board of Directors undertakes responsibility to adopt a general framework for internal control in order to achieve the following:

- Effectiveness and efficiency of operations.
- Credibility of financial reports.
- Adherence to laws and regulations in force.

The Board hereby affirms the existence of a general framework for internal control that enables it to follow up on its tasks and take whatever measures are necessary within the following framework:

**1. Internal Audit:**

The Bank realizes that having an effective internal audit department would fundamentally enhance the internal control systems and the general framework for managing risks related to the Bank’s various activities. The internal audit administration performs its tasks within the following specifics:

- a. Preparing the Internal Audit Charter and sanctioning it by the Board of Directors. The charter details the functions of the audit administration including its responsibilities, authorities, and work methodology.
- b. Preparing internal auditing procedures that conform to the new organization of the Bank.
- c. Ensuring the preparation of an annual audit plan to be approved by the Audit Committee. The plan should cover most of the Bank’s activities as well as organizational units based on risks associated with its activities.
- d. Preparing an annual report about the adequacy of internal control and audit systems in order to eliminate risks and provide suitable recommendations to remove weaknesses.
- e. Ensuring the recruitment and appointment of employees possessing high academic qualifications and appropriate practical experience to audit all activities and operations. This process should include qualified staff to assess data security and IT risks.
- f. Following up on violations and remarks stated in the reports of supervisory agencies and the external auditor; ensuring that they are addressed and that the executive management has adequate controls to ensure such violations are not repeated.
- g. Ensuring that necessary procedures are in place to receive, process, and keep customer complaints as well as remarks related to the accounting system, internal control, and audit processes. Periodic reports concerning these matters have to be submitted.

- h. Keeping audit reports and sheets in a safe and organized manner for a period that conforms to applicable laws and regulations so that they can be examined by the regulatory authorities and the external auditor.
- i. Reviewing the reporting procedures in the Bank to ensure key information about financial, administrative, and operational matters are accurate, reliable and timely.
- j. Ensuring compliance with the Bank’s internal policies, the international standards as well as related laws and regulations.
- k. Submitting reports to the Head of the Audit Committee.

**2. External Audit:**

The External Auditor represents another level of control on the credibility of financial data issued by the Bank’s accounting and information systems. In particular, this entails expressing clear and honest opinions about the fairness of these statements and the extent to which they mirror actual reality during a certain period. When dealing with external audit firms, the Board of Directors has to consider the Bank’s interest and professionalism of the auditing firms, keeping in mind the importance of regular audit rotations and previous experiences with such offices.

**3. Risk Management:**

The management of Bank of Jordan paid special attention to Basel III requirements as a framework to reinforce and enhance the Bank’s capability to upgrade the control environment and challenge various types of risks.

To implement these requirements, practical steps were taken such as establishing administrations in the Bank specialized in managing different risks (credit, operations, and market) and manning them with qualified staff and systems.

The Bank has also worked on enhancing credit risk management practices through setting up specialized departments (including Corporate Credit Review Department, SME Credit Review Department, Retail Credit Review Department, Credit Review Department for branches in Palestine, and Credit Portfolios Risk department). Furthermore, the Bank has updated and developed policies and procedures related to risk management aimed at ensuring credit quality. In addition, the Bank implemented the “Reveleus System” for calculating the capital adequacy ratio.

As for operational risks, the Bank has been implementing the CAREweb system since 2003 and a Risk Profile has been created for each of the Bank’s departments in addition to a database for operational errors. As for market risks, the Bank has set up a risk management unit comprised of qualified employees.

**The Risk Management functions in line with the following general framework:**

- A. The Risk Management Department shall submit its reports to the Risk Management Committee on regular basis. As for daily operations, the Department shall report directly to the General Manager.
- B. The Risk Management undertakes the following responsibilities:
  - Preparing risk policies for all types of risks and sanctioning them from the Board of Directors.
  - Analyzing all risks including credit, market, liquidity and operational risks.
  - Developing methodologies for measuring and controlling all types of risks.
  - The Department shall recommend to the Risk Management Committee risk ceilings and related approvals. It shall also submit reports and record any exceptions from the risk management policy.
  - Providing the Board and the Executive Management with information about risk assessment and risk profile at the Bank. The Board regularly reviews the Bank’s qualitative and quantitative risk statistics.
  - Approving the means that help risk management, such as:
    - Self-assessment of risks and setting risk indicators.
    - Preparation of a historical database of the losses in terms of their sources and classification according to type of risk.
    - Provision of the necessary systems suitable for risk management at the Bank.
- C. Committees such as Credit, Assets, and Liabilities’ Management/Treasury, In performing its tasks, helps the Risk Management to implement its duties, in accordance with the authorizations defined for these committees.



- D. Incorporating information about risk management in terms of its structure, nature of operations, and progress in the Bank’s annual report.
- E. Conducting stress tests regularly in order to assess the Bank’s ability to deal with risks and financial stressors. The Board plays a significant role in deciding on the assumptions and scenarios used in this simulation technique. The test results are later examined and thoroughly discussed by the board. In light of these results, the Risk Management Committee approves measures needed to manage potential risks and mitigate losses.
- F. Conducting Internal Capital Adequacy Assessment Process (ICAAP), which helps identify all potential risks through an effective methodology that takes into account the Bank’s strategy and capital adequacy. The methodology is regularly reviewed to ensure that the Bank keeps sufficient capital buffers to shield it against potential losses.
- G. Providing information about risks facing the Bank for the purposes of disclosure and publication to the public.

**4. Compliance:**

In accordance with the Bank’s commitment with the Regulators’ requirements, the Compliance Department was established to ensure compliance with laws, ethical regulations, legislation, and standards, defined by different supervisory bodies and the Bank’s internal policies. Qualified human resources and automatic systems were provided to the Department.

On the Compliance Department level, all laws and regulations regulating the Bank’s operations were gathered, and compliance awareness was spread among employees through booklets and training courses. An anti-money laundering policy was developed to comply with the instruction of Anti-Money Laundering and Terrorist Finance No. (51/2010) date 23/11/2010. An independent Financial Crime Unit responsible for carrying out financial and tax audit. The unit, to which FATCA is affiliated, Customer complaints are handled by an independent unit affiliated with the Compliance Department

**the Compliance Department has the following responsibilities:**

- a. Drawing up the compliance policy as well as improving and reviewing it regularly (at least once a year) and whenever necessary.
- b. Applying the compliance policy at the Bank.
- c. Preparing an efficient methodology to ensure the Bank’s compliance with effective laws and legislation in addition to any related regulations.
- d. Submitting its periodic reports on its work and on the compliance of the Bank’s departments and employees to Compliance Management Committee/ Board of Directors.
- e. Special policies pertaining to anti money laundering and terrorism financing were drafted and implemented. Other policies related to implementing financial and tax audit, FATCA requirements, and to managing customer complaints were also formulated and implemented.

**5. Financial Reports**

The Executive Management of the Bank shall undertake the following tasks:

- a. Preparing financial reports according to International Accounting Standards.
- b. Presenting the reports to the Board members at each regular meeting.
- c. Publishing financial data every three months.
- d. Sending financial reports and full reports to the shareholders annually.

**6. Code of Conduct:**

The Bank has a Code of Conduct that was approved by the Board and circulated to all employees. Several training courses were organized to educate the Bank’s employees on the concept of the Code. The compliance department ensures compliance with these concepts.

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**Component Four (Treatment of Shareholders)**

Under the law, each shareholder has the right to vote during the General Assembly meetings and the right to discuss issues placed on the General Assembly’s ordinary and extraordinary agendas. Added to that, shareholders enjoy the right to suggest any other topics to be added for discussion on the General Assembly’s ordinary agenda, after obtaining the approval of a number of shareholders (representing at least 10% of stocks recorded) in the meeting. In order to foster this relationship, the Bank works on encouraging shareholders, mainly minority shareholders, to attend the annual General Assembly meetings and to vote in person or in their absence by proxy.

The Board shall provide shareholders with the following:

- A copy of the Annual Report mailed to their respective mailing addresses.
- An invitation to the General Assembly meeting and its agenda.
- All of the information and publicity items addressed to the shareholders in general.

Furthermore, each shareholder has the right to get acquainted with the shareholders’ register to get to know his/her own share. The Board shall be keen on the fair distribution of profits, which should be based on the number of stocks held by each shareholder.

**Component Five (Transparency and Disclosure)**

Bank of Jordan Corporate Governance Guidelines are based on the principles of integrity, objectivity, transparency, disclosure, openness, and accountability for decisions adopted by the Bank. This stems from the Bank’s belief that disclosure offers the only means to provide transparent, accurate, comprehensive, and timely information. This helps users assess the Bank’s financial position, its achievements, activities, as well as risks facing the Bank and the risk management policies.

The Bank disclosed all required information from different regulatory institution. It also published the Corporate Governess Guide to the public and the extent of the management adheres to it.

In accordance with the instructions of dealing with customers fairly and transparently No. (56/2012) date 31/10/2012 the Bank established a dedicated unit to manage and address customers’ complaints. The unit was equipped with qualified human resources and automated systems and all necessary means available to accommodate and resolve complaints. This unit was administratively subordinated to the compliance department in the Bank.

# Disclosure and Transparency

## Disclosure and Transparency

Based on the instructions of dealing with customers fairly and transparently No. (56/2012) issued by the Central Bank of Jordan on 31/10/2012, a unit was established to manage and address customer complaints. The unit was equipped with qualified human resources and automated systems to be controlled and managed administratively by the compliance department. The Bank addresses and manages customer complaints within the following principles:

- Preparation of a mechanism to manage and address customer complaints that is then generalized to the whole Bank.
- Preparation of a policy to deal with customers fairly and transparently that is then adopted and disseminated to the whole Bank.
- The provision of different communication channels for receiving customer complaints through the following ways:
  - Direct call to the unit dialing (06-5692572) or a toll-free number (080 022 335).
  - Email [complainthandling@bankofjordan.com.jo](mailto:complainthandling@bankofjordan.com.jo)
  - Fax to 06-5600918.
  - Telephone complaints allotted to the Bank's branches in times of official business.
  - Personal visit to the General Administration Building.
  - Call Center for complaints made after official hours.
- Adoption of Service Level Agreement (SLA) and escalation procedures in the event of delay to respond to customer complaints from various units of the Bank in order to meet customer requirements within the specified time frame.
- Study and evaluation of customer complaints to find out actual facts of these complaints and concentration, classification and impact.
- Provision of the Board of Directors and senior management with periodic disclosures including a summary of complaints by the degree of risk concentration and classified according to the degree of risk and the actions taken to reduce their recurrence in the future.
- Provision of Central Bank of Jordan with the statistics periodically (quarterly) of complaints received by the unit.

Following is the statistical report of the complaints that were received from customers in 2017 through various channels distributed according to Electronic Services, (Interest Rates, commissions, and fees), Professional Conduct, (Credit Cards and Remittances), and (Contracts, Terms and Conditions).

Electronic Services	Interest Rates, commissions, and fees	Professional Conduct	Credit Cards and Remittances	Contracts, Terms and Conditions	Total
86	45	431	81	385	1,028

These complaints were resolved within the following framework:

- Complaints were given a reference number which was also provided to customers with the aim of follow-up.
- Complaints were studied, analyzed and responded to within the time frame specified by the degree and nature of complaints classification.
- Recommendation of the following proposed actions to reduce the recurrence of such complaints in the future:
  - Modify work procedures, if necessary.
  - Taking disciplinary measures against underperforming employees.
  - Rehabilitation and training of staff on working procedures, products, communication skills with customers, etc.
  - Development of the Bank's various sites to receive customers and improve the service provided to them.

# Addresses of Bank of Jordan Branch Network

## Addresses of Bank of Jordan Branches Jordan Branch Network

**Head Office – Al Shmeisani**  
Website: [www.bankofjordan.com](http://www.bankofjordan.com)  
Tel.: 5696277 Fax: 5696291 P.O.Box 2140 Amman 11181 Jordan

**Amman Area**  
**Al Shmeisani - Main Branch**  
Tel.: 5696329 Fax: 5696092 P.O.Box 2140 Amman 11181 Jordan

**Amman – Downtown Branch**  
Tel.: 4624348 Fax: 4657431 P.O.Box 2140 Amman 11181 Jordan

**Commercial Market Branch**  
Tel.: 4617003 Fax: 4624498 P.O.Box 2140 Amman 11181 Jordan

**Al Mahatta Branch**  
Tel.: 4655707 Fax: 4651728 P.O.Box 2140 Amman 11181 Jordan

**Yarmouk St./Al Nasser Branch**  
Tel.: 4910037 Fax: 4910038 P.O.Box 2140 Amman 11181 Jordan

**First Circle Branch**  
Tel.: 4625131 Fax: 4653914 P.O.Box 2140 Amman 11181 Jordan

**Third Circle Branch**  
Tel.: 4616528 Fax: 4656632 P.O.Box 2140 Amman 11181 Jordan

**Al Khalidi Branch**  
Tel.: 4680025/7 Fax: 4680028 P.O.Box 2140 Amman 11181 Jordan

**Jabal Al Hussein Branch**  
Tel.: 4656004 Fax: 4653403 P.O.Box 2140 Amman 11181 Jordan

**Gardens Branch**  
Tel.: 5688391/2 Fax: 5688416 P.O.Box 2140 Amman 11181 Jordan

**Al Madina Al Monawara St. Branch**  
Tel.: 5513953 Fax: 5514938 P.O.Box 2140 Amman 11181 Jordan

**Jabal Al Weibdeh Branch**  
Tel.: 4646980 Fax: 4615605 P.O.Box 2140 Amman 11181 Jordan

**Tareq Branch**  
Tel.: 5053898 Fax: 5053908 P.O.Box 2140 Amman 11181 Jordan

**Marka Branch**  
Tel.: 4893581/2 Fax: 4894341 P.O.Box 2140 Amman 11181 Jordan

**Al Qweismeh Branch**  
Tel.: 4778626 Fax: 4745301 P.O.Box 2140 Amman 11181 Jordan

**Abu Alanda Branch**  
Tel.: 4164204 Fax: 4162697 P.O.Box 2140 Amman 11181 Jordan

**Al Bayader Branch**  
Tel.: 5852009 Fax: 5815391 P.O.Box 2140 Amman 11181 Jordan

**Industrial Area – Al Bayader Branch**  
Tel.: 5861057 Fax: 5813642 P.O.Box 2140 Amman 11181 Jordan

**Sweileh Branch**  
Tel.: 5349823 Fax: 5342318 P.O.Box 2140 Amman 11181 Jordan

**Al Fuheis Branch**  
Tel.: 4720832 Fax: 4720831 P.O.Box 2140 Amman 11181 Jordan

**Abu Nusair Branch**  
Tel.: 5237481 Fax: 5249080 P.O.Box 2140 Amman 11181 Jordan

**Jabal Al Nuzha Branch**  
Tel.: 4645933 Fax: 4645934 P.O.Box 2140 Amman 11181 Jordan

**Wadi Al Seer Branch**  
Tel.: 5814255 Fax: 5816552 P.O.Box 2140 Amman 11181 Jordan

**Ras Al Ain Branch**  
Tel.: 4748314 Fax: 4786311 P.O.Box 2140 Amman 11181 Jordan

**Al Yasmine Branch**  
Tel.: 4392693 Fax: 4391242 P.O.Box 2140 Amman 11181 Jordan

**Marj Al Hamam Branch**  
Tel.: 5713568 Fax: 5713569 P.O.Box 2140 Amman 11181 Jordan

**Sweifieh Branch**  
Tel.: 5861235/6 Fax: 5861237 P.O.Box 2140 Amman 11181 Jordan

**Al Wehdat Branch**  
Tel.: 4780281 Fax: 4778982 P.O.Box 2140 Amman 11181 Jordan

**Mecca St. Branch**  
Tel.: 5826647/38 Fax: 5826649 P.O.Box 2140 Amman 11181 Jordan

**Khalda Branch**  
Tel.: 5534367 Fax: 5534593 P.O.Box 2140 Amman 11181 Jordan

**Al Jubaiha Branch**  
Tel.: 5357189 Fax: 5354739 P.O.Box 2140 Amman 11181 Jordan

**University of Jordan Branch**  
Tel.: 5355975 Fax: 5355974 P.O.Box 2140 Amman 11181 Jordan

<b>City Mall Branch</b> Tel.: 5823512 Fax: 5857684 P.O.Box 2140 Amman 11181 Jordan	<b>New Zarqa Branch</b> Tel.: 05-3862581 Fax: 05-3862583 P.O.Box 2140 Amman 11181 Jordan
<b>Al Rabieh Branch</b> Tel.: 5523195 Fax: 5521653 P.O.Box 2140 Amman 11181 Jordan	<b>Zarqa Free Zone Branch</b> Tel.: 05-3826193 Fax: 05-3826194 P.O.Box 2140 Amman 11181 Jordan
<b>Abdoun Branch</b> Tel.: 5929860 Fax: 5929872 P.O.Box 2140 Amman 11181 Jordan	<b>Al Rusaifa Branch</b> Tel.: 05-3746923 Fax: 05-3746913 P.O.Box 2140 Amman 11181 Jordan
<b>Al-Rawnaq Branch</b> Tel.: 5829503 Fax: 5829042 P.O.Box 2140 Amman 11181 Jordan	<b>Airport Branch</b> Tel.: 4451155 Fax: 4451156 P.O.Box 2140 Amman 11181 Jordan
<b>Hurrieh St. Mogablain Branch</b> Tel.: 4203178 Fax: 4203376 P.O.Box 2140 Amman 11181 Jordan	<b>Geezah Branch</b> Tel.: 4460179 Fax: 4460133 P.O.Box 2140 Amman 11181 Jordan
<b>Sport City Branch</b> Tel.: 5159214 Fax: 5159304 P.O.Box 2140 Amman 11181 Jordan	<b>Madaba Branch</b> Tel.: 05-3244081 Fax: 05-3244723 P.O.Box 2140 Amman 11181 Jordan
<b>Taj Mall Branch</b> Tel.: 5930241 Fax: 5930517 P.O.Box 2140 Amman 11181 Jordan	<b>Jabal Shamali Branch</b> Tel.: 05-3744038 Fax: 05-3744029 P.O.Box 2140 Amman 11181 Jordan
<b>North Hashmi Branch</b> Tel.: 5051398 Fax: 5051648 P.O.Box 2140 Amman 11181 Jordan	
<b>Durret Khalda Branch</b> Tel.: 5510825 Fax: 5510948 P.O.Box 2140 Amman 11181 Jordan	
<b>Al Madina Al Monawara /Tla’a Al Ali Branch</b> Tel.: 5513208 Fax: 5513029 P.O.Box 2140 Amman 11181 Jordan	<b>Al Hussun St. Branch</b> Tel.: 02-7279066 Fax: 02-7270496 P.O.Box 2140 Amman 11181 Jordan
<b>Sahab Branch</b> Tel.: 4025694 Fax: 4025693 P.O.Box 2140 Amman 11181 Jordan	<b>Eidoun St. Branch</b> Tel.: 02-7276403 Fax: 02-7276504 P.O.Box 2140 Amman 11181 Jordan
<b>Abdali Mall Branch</b> Tel.: 4011420 Fax: 4011425 P.O.Box 2140 Amman 11181 Jordan	<b>Thirty St. Branch</b> Tel.: 02-7246636 Fax: 02-7248772 P.O.Box 2140 Amman 11181 Jordan
<b>Um Uthaina Branch</b> Tel.: 5505450 Fax: 5560258 P.O.Box 2140 Amman 11181 Jordan	<b>Hakama St. Branch</b> Tel.: 02-7400018 Fax: 02-7406375 P.O.Box 2140 Amman 11181 Jordan
	<b>Deir Abi Saeed Branch</b> Tel.: 02-6521351 Fax: 02-6521350 P.O.Box 2140 Amman 11181 Jordan
<b>Central Jordan</b>	
<b>Salt Branch</b> Tel.: 05-3554901 Fax: 05-3554902 P.O.Box 2140 Amman 11181 Jordan	<b>Hassan Industrial City Branch</b> Tel.: 06-5609200 Fax: 02-7395445 P.O.Box 2140 Amman 11181 Jorda
<b>Zarqa Branch</b> Tel.: 05-3985091 Fax: 05-3984741 P.O.Box 2140 Amman 11181 Jordan	<b>Ramtha Branch</b> Tel.: 02-7383706 Fax: 02-7381388 P.O.Box 2140 Amman 11181 Jordan
<b>Faisal St. Branch – Zarqa</b> Tel.: 05-3936725 Fax: 05-3936728 P.O.Box 2140 Amman 11181 Jordan	<b>Al Turrah Branch</b> Tel.: 02-7360011 Fax: 02-7360200 P.O.Box 2140 Amman 11181 Jordan

<b>Ajlun Branch</b> Tel.: 02-6420039 Fax: 02-6420841 P.O.Box 2140 Amman 11181 Jordan	<b>Nablus Branch</b> Tel.: +970 92381120/5      Fax: +970 92381126      P.O. Box 107
<b>Kufranjah Branch</b> Tel.: 02-6454973 Fax: 02-6454053 P.O.Box 2140 Amman 11181 Jordan	<b>Jenin Branch</b> Tel.: +970 42505403      Fax: +970 42505402      P.O. Box 183
<b>Jerash Branch</b> Tel.: 02-6351453 Fax: 02-6351433 P.O.Box 2140 Amman 11181 Jordan	<b>Jenin Municipality Office</b> Tel.: +970 42505233      Fax: +970 42505231      P.O. Box 183
<b>Al Mafraq Branch</b> Tel.: 02-6233317 Fax: 02-6233316 P.O.Box 2140 Amman 11181 Jordan	<b>Qabatiya Branch</b> Tel.: +970 42512482      Fax: +970 42512483      P.O. Box 183
<b>North Shuneh Branch</b> Tel.: 02-6587177 Fax: 02-6587377 P.O.Box 2140 Amman 11181 Jordan	<b>Gaza Branch</b> Tel.: +970 82865281      Fax: +970 82824341      P.O. Box 528
<b>North Azraq Branch</b> Tel.: 05-3834308 Fax: 05-3834307 P.O.Box 2140 Amman 11181 Jordan	<b>Al-Naser Branch</b> Tel.: +970 82857230      Fax: +970 82859258      P.O. Box 528
	<b>Hebron Branch</b> Tel.: +970 22224351      Fax: +970 22224350      P.O. Box 494
<b>South Jordan</b>	<b>Al Ram Branch</b> Tel.: +970 22343840      Fax: +970 22343842      P.O. Box 1328
<b>Kerak Branch</b> Tel.: 03-2351043 Fax: 03-2353451 P.O.Box 2140 Amman 11181 Jordan	<b>Al Eizaryah Branch</b> Tel.: +970 22790243      Fax: +970 22790245      P.O. Box 148
<b>Ma’an Branch</b> Tel.: 03-2132090 Fax: 03-2131855 P.O.Box 2140 Amman 11181 Jordan	<b>Industrial Area Branch/ Ramallah</b> Tel.: +970 22963785      Fax: +970 22963788      P.O. Box 1484
<b>Aqaba Branch</b> Tel.: 03-2013118 Fax: 03-2014733 P.O.Box 2140 Amman 11181 Jordan	<b>Tulkarm Branch</b> Tel.: +970 92687882      Fax: +970 92687884      P.O. Box 18
<b>Exchange Offices</b>	<b>Bethlehem Branch</b> Tel.: +970 22749938      Fax: +970 22749941      P.O. Box 207
<b>King Hussein Bridge – Arrivals Office</b> Tel.: 05-3581146      Fax: 05-3581147	<b>Rafidia Branch</b> Tel.: +970 92343647      Fax: +970 92343747      P.O. Box 107
<b>King Hussein Bridge – Departures Office</b> Tel.: 05-3539138      Fax: 05-3581147	<b>Al Eersal Branch</b> Tel.: +970 22976315      Fax: +970 22976320      P.O. Box 1328
<b>King Hussein Bridge – Arab Departures Office</b> Tel.: 05-5609200      Fax: 05-3581147	
<b>Palestine Branch Network</b>	<b>Bahrain Branch</b>
<b>Regional Management</b> Tel.: +970 22411466      Fax: +970 22952705      P.O. Box 1328	<b>Bahrain Financial Harbour/ West Tower</b> Tel.: +973 17503051      Fax: +973 17503030 P.O. Box 20705 Manama Bahrain
<b>Ramallah Branch</b> Tel.: +970 22411475      Fax: +970 22958684      P.O. Box 1829	



Organizational Structure / Bank of Jordan - Head Office

