

Annual Report

# 2016

Together we plan  
our success



## Excel



بنك الأردن Bank of Jordan

## 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	9
Chairman's Letter	10
Board of Directors' Report 2016	12
Consolidated Financial Statements for the Year Ended December 31, 2016	36
Additional Information as Required by the Jordan Securities Commission 2016	116
Corporate Governance	144
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.: 5696277 Fax: 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



# Board of Directors

## **Chairman & CEO**

Mr. Shaker Tawfiq Fakhouri

## **Vice Chairman**

Dr. Abdel Rahman Touqan

## **Members:**

Mr. Yahya Zakaria Al Kadamani

Dr. Mazen Mohammad Al Basheir

Dr. Yanal Mawloud Naghouj

Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali

Mr. Haitham Abu Nasr Al Mufti

Representative of Al-Ekbal Jordanian General Trading (LLC)

Mr. Ammar Mahmoud Abu Namous

Representative of Al Pharaenah Int'l for Industrial Investments Co.

Mr. Haitham Mohammed Samih Barakat

Mr. Husam Rashed Manna'

Mr. Mohammad Anwar Hamdan

## **General Manager**

Mr. Shaker Tawfiq Fakhouri

## **Auditors**

Deloitte & Touche (M. E.) – Jordan

Kawasmy & Partners Co. (KPMG)

## Chairman's Letter

**Dear Bank of Jordan Shareholders,**

I am honored to present you with our Fifty Sixth statement of achievement in this Annual Report for the Bank of Jordan.

Despite the many challenges in year 2016, and specifically to the Jordanian banking sector, I am happy to inform you that our shareholder equity increased by 11.9%, from 2015, to reach 405.4 million Jordanian Dinar. Customer deposits grew to 1,607 million Jordanian Dinar, a 2.7% increase from the prior year, while the loan portfolio on the other hand grew by 7.3% to reach 1,226 million Jordanian Dinar. All in all, our total assets grew by 6% to reach 2,339 million Jordanian Dinar.

This was achieved while the non-performing loan (NPL) ratio dropped from 5.94% in 2015 to 4.59% for this year. The continuing improvement in NPLs, as it was 7.21% in 2014, is a testimonial to the quality of Bank of Jordan's assets. Furthermore, the provision coverage ratio for such loans now stands at 112.2%, as compared to 101.2% in the prior year; a standout number in the Jordanian banking industry and an assurance that Bank of Jordan is ready for such credit contingencies.

This growth comes with the backdrop of the persistent regional geopolitical turmoil that cast its shadows on the Jordanian economy. The leadership in Jordan has successfully managed to steer the country away from the plights of some of the neighboring countries. Nevertheless, trade activities in Jordan, as well as tourism, were adversely impacted, with hindered exports, imports and transport activities to and from neighboring countries. These regional challenges led to a slowdown in the rate of growth of the Jordanian economy: 2% in the first three quarters of the year 2016 as opposed to 2.3% in the same period of the year 2015. Combined with the slightly rising energy prices in 2016, the sovereign debt grew to 26.2 billion Jordanian Dinar.

Rising costs of funds, dropping market liquidity as well as asset-pricing pressures were the main challenges facing the banking sector in 2016. The year also saw the central bank ushering in direct bond offerings to consumers and the Jordanian government experimenting with borrowing using Islamic Sukuks.

Globally, the economic slowdown continued, with the IMF estimating 3.1% global growth for 2016 and 3.4% for 2017. Despite the brightening outlook for the USA, Europe and China, Jordan's major trading partners, the slowing trend continued. Being a net importer from these countries, the overall impact on Jordan from this global slowdown was a reduction in the trade deficit.

The Jordanian Dinar interest rates in 2016 continued to be affected by the rising rates in the USA as well as the perception that further increases in Federal Reserve rates are forthcoming.



The Federal Reserve took the second step to raise interest rates in December (a 0.25% raise) and signaled at least three more such actions in 2017.

As a result, the overnight deposit rate for the Central Bank of Jordan ended the year at 1.75%, with higher levels expected in 2017. As for foreign reserves, the Central Bank of Jordan reported 12.9 billion USD at year end; a healthy level despite the 9% drop from the 2015 levels.

**Dear fellow shareholders,**

Despite these challenges, we are very proud to inform you that Bank of Jordan not only continued to fare well in 2016, but also has more reasons to be optimistic about prospects in 2017. Thus, Bank of Jordan intends to distribute 18 piasters per share as dividends, after the Shareholders General Assembly approval, for an effective dividends yield of 6.25% based on end-of-year closing stock price.

Revenue in 2016 grew by 1.8% to reach 127.4 million Jordanian Dinar, with 91.2% of the income being operational, as opposed to 88.9% in 2015. Bank of Jordan also succeeded in achieving 1.4% growth in its net profit for the Bank's shareholders.

This growth, albeit modest, was achieved whilst the Capital Adequacy ratio stood at 20.82%, well above the Central Bank of Jordan mandate of 12%. The liquidity ratio at year-end stood at 127.25%, also exceeding Central Bank of Jordan requirements. Both such numbers allow the Bank further room to expand its asset base, and hence revenue, comfortably.

These achievements did not go unnoticed by financial institutions elsewhere. Morgan Stanley Capital International included Bank of Jordan in its MSCI Frontier Markets Index in the fourth quarter of 2016, making the Bank one of only four Jordanian companies to achieve such status to date.

**Dear valued shareholders,**

Our continuing ability to achieve such performance numbers and risk metrics in view of a very difficult year in 2016, is the reason we continue to be optimistic about our future. Our persistent and successful efforts to maintain healthy capital position, liquidity ratios, and NPL provisions helped us to not only weather the turbulence of the year, but to also grow.

Our success relies on your continued support of the Bank, as investors and as clients. My sincerest appreciation goes to you, our esteemed shareholders, for this valued support, and to our board members and staff for their sincere efforts to serve you, the customers, and the society at large.

Yours Very Truly

**Shaker Tawfiq Fakhoury**  
**Chairman of the Board**

# Board of Directors' Report 2016

Economic Performance 2016

Achievements in 2016

Analysis of Financial Position and Business Results for the Year 2016

Our Goals for 2017

Additional Information as Required by the Jordan Securities Commission 2016



## Economic Performance 2016

The economic landscape in Jordan continued to reel from external turbulence and the burden of hosting a huge number of Syrian refugees. Persistent weak oil prices is also perceived as a medium-term risk as it may hit remittances from Gulf nations and foreign direct investment. The Kingdom's finances might also be further strained by potential cuts in the historically generous support from the GCC countries, where lower reserves and widening deficits have necessitated austerity measures and spending cuts. On a positive note, the pace of economic reforms in the Kingdom has picked up with the conclusion of a new financial reforms program with the IMF. The three-year arrangement is aimed at broad structural reforms needed to maintain economic and financial stability and achieve sustainable growth. Another landmark achievement in 2016 was the endorsement of Law No. 24 for the year 2016, under which the CBJ has become the sole authority to determine the exchange rate policy. The legal reserve requirement set at 5% of bank deposits was also abolished. The CBJ objectives have also been re-defined to cope with market and banking developments.

### Main Macroeconomic Indicators in 2016:

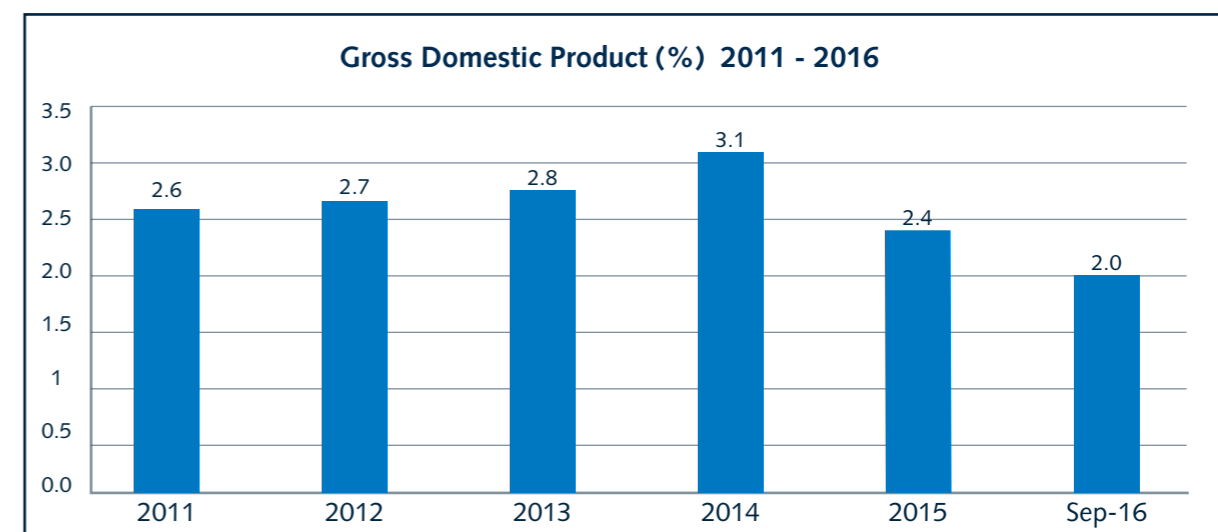
- Real GDP growth stood at 2% in the first three quarters of 2016, against 2.3% recorded in the same period the year before.
- The general price level measured against the relative change in the Consumer Price Index (CPI) retracted by 0.8% at the end of 2016 as compared to a retraction of 0.9% in the 2015.
- Unemployment rose to 15.9% by the end of Q3, 2016 from 13.8% in Q3, 2015.
- CBJ foreign reserves amounted to USD 12.9 billion at the end of 2016, a drop of 9% from a year earlier.
- Total deposits of the banking sector edged up 0.9% to JD 32.9 billion at the end of November, 2016 when compared to the previous year. This came on a year-on-year increase of JD 13.6 billion in dinar-denominated deposits, and a JD 289.5 million increase (4.4%) in foreign currency deposits.
- Credit facilities granted by banks grew by 7.7% to JD 22.7 billion end of November 2016 against their balance at the end of 2015.
- The trade deficit, which represents the difference between total exports and imports, shrank by 9.6% to JD 6,792.8 million end of October, 2016.
- The number of real estate transactions saw a year-on-year drop of 7% to JD 7.1 billion in 2016.
- Tourism income (travel receipts) declined by 0.8% year-to-November compared to the same period in 2015, reaching JD 2.6 billion.
- Remittances dropped by 2.9% end of November 2016 to JD 2.4 billion, while FDI saw net inflows of JD 809.1 million in the first three quarters of 2016 versus JD 808.2 million in the same span in 2015.
- The current account deficit reached a JD 1,910.2 million (9.5% of GDP in the first three quarters of 2016), compared with a shortfall of JD 1,979.6 million (10.1% of GDP in the first nine months of 2015).
- Net public debt (domestic and external) shot to JD 24.4 billion at the end of November 2016 representing 88.9% of GDP projected for the same period.

### Gross Domestic Product:

GDP at constant prices picked up 2% during the first three quarters of 2016 compared to a growth of 2.3% in the corresponding period in 2015. Sector performance came in varied during the period: "electricity and water" expanded by 10.8% from 8.6%, and "transport, storage, and communications" grew by 3.2% against 3%. The "construction" activity rose by 0.8% against a retraction of 2.7%. Additionally, "agriculture" saw a growth of 5.3% compared to 0.7%, while "finance, insurance, real estate, and business services" reported an expansion of 3.9% against 3.8%. "Trade, restaurants, and hotels", meanwhile, picked up 1.1% versus 0.9%.

On another front, some economic sectors saw sluggish performance in the first nine months of 2016, "producers of social and personal services" sector inched up 3.6% against 4.1%, while "mining and quarrying" retracted to 14.7% compared to a growth of 16.8%. "Manufacturing" inched up 0.8% versus 1.5%.

Other sectors to report lower growth in the first nine months in 2016 include "producers of government services" which inched up 1.2% compared to a rise of 2.4%. In light of the above, inflation was down by 0.8% at the end of 2016 against a retraction of 0.9% at the end of 2015.



### Public Finance:

Total domestic revenues and foreign grants rose by 7.9% to JD 6,187.3 million in the first eleven months of 2016 against JD 5,735.2 million in the corresponding period in 2015. Official figures reveal that foreign grants amounted to JD 406.4 million against JD 448.4 million. Domestic revenues, meanwhile, rose by 9.3% to JD 5,780.9 million versus JD 5,286.8 million due to a JD 185.8 million and a JD 311 million rise in tax revenues and other revenues respectively. Total expenditure climbed by 3.4% to JD 6,990.6, on the back a 4.1% increase in current spending and a drop of 1.7% in capital spending. This left the budget with a deficit of JD 803.3 million by end of November, 2016 against JD 1,025.6 million reported in the corresponding period the year before.

The public debt totaled JD 26.2 million or 95.6% of GDP at the end of November 2016 (officially estimated at JD 27,450 million per month) compared with 93.4% of GDP at the end of 2015. The debt of the National Electricity Company and Jordan Water Authority skyrocketed to JD 6.6 billion at the end of November 2016. Accordingly, the net public debt (domestic and external) reached JD 24.4 billion or 88.9% of GDP projected for the end of November 2016.

### The Monetary and Banking Sector:

The banking sector managed to overcome the ongoing regional turmoil and the subsequent recession that hit several economic sectors, and harmed Jordan's already humble exports following the disruption of trade routes. Guided by the CBJ prudent policies, banks in Jordan reported growth in most financial indicators in 2016. This, combined with a solid financial position, helped the banking industry endure difficult times while keeping abreast of latest banking trends.

In yet another development, the CBJ launched the National Strategy for Financial Inclusion for the years 2018-2020, which covers financial awareness, financial consumer protection, SMEs, micro-finance services, and digital payments. The strategy urges banks to exert more efforts to provide access to finance to the under banked and the unbanked specifically, in the shortest time and at the lowest cost possible.

As for interest on monetary policy instruments, the CBJ raised the main Interest rate (the one-week repurchase agreement rate), the overnight deposit window rate, and one-week CDs interest rates by 25 basis points as of 18/12/2016. Yet, it kept the rediscount rate and overnight repo rate unchanged. Interest on medium-term loans for banks, related to refinancing economic sectors, remained unchanged as well. This falls under the CBJ strategy aimed at ensuring the Jordanian dinar remains competitive and to strengthen monetary and banking stability.

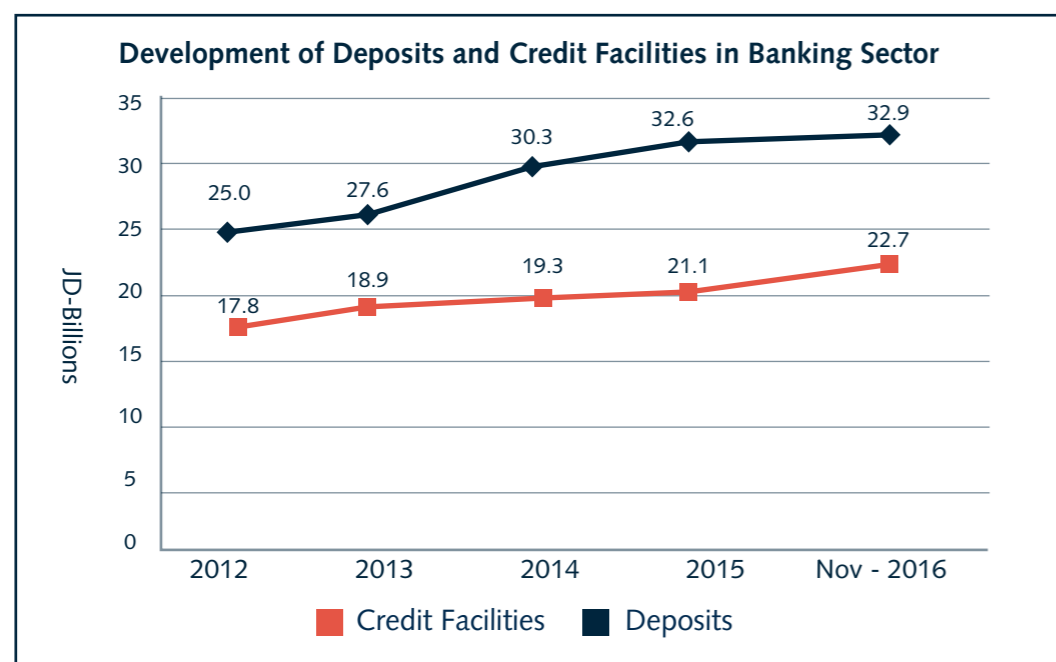
Also in 2016, the CBJ continued to pave the way for shifting from cash to electronic payments, with the launch of the Automated Clearing House (ACH). The funds transfer system allows for the electronic clearing of small and medium size financial transfers in various currencies in Jordan - swiftly and at lower cost than traditional payment tools.

On the monetary and banking front, figures unveil that foreign reserves fell by 9% year-on-year to around USD 12.9 billion at the end of 2016. Domestic liquidity, meanwhile, went up 2.7% to JD 32.5 billion at the end of November 2016 compared to its balance at the end of 2015. Total deposits of banks in Jordan inched up 0.9% to JD 32.9 billion for the same period. Dinar-denominated deposits



rose by JD 13.6 million to JD 26 billion, while those in foreign currency edged up 4.4% to JD 6.9 billion. Credit facilities, in the meantime, saw a growth of 7.7% as compared to their level at the end of 2015, clocking in at JD 22.7 billion. By sector, figures reveal that credit to the mining sector recorded the highest growth of 70.6%, followed by agriculture whose loans grew by 35%. Credit to “transport, storage, and communications” went up 33.3% and for construction, growth stood at 13.1%.

Another positive indicator was marked on the asset side, with total assets of the banking sector growing to JD 47.8 billion at the end of November 2016, up 1.4% when compared to the end of 2015.



Interest rate on deposits and credit facilities, on the other hand, witnessed a decline in the first eleven months of 2016 against rates at the end of 2015. On demand deposit, figures show that the weighted average interest stood at 0.24%. For savings and time deposits, it stood at 0.64% and 3.04%, respectively. This represents a drop of 8 basis points for demand deposits, and a drop of 2 basis points on savings and time deposits, against levels registered at the end of 2015.

The weighted average interest on credit facilities also declined to 7.64% for overdraft, a drop of 37 basis points year-to-November 2016 compared to the end of the previous year. For loans and advances, it went down 34 basis points to 7.9%, while for discounted bills; it went up 167 points to 10.37%, compared to its levels end of 2015.

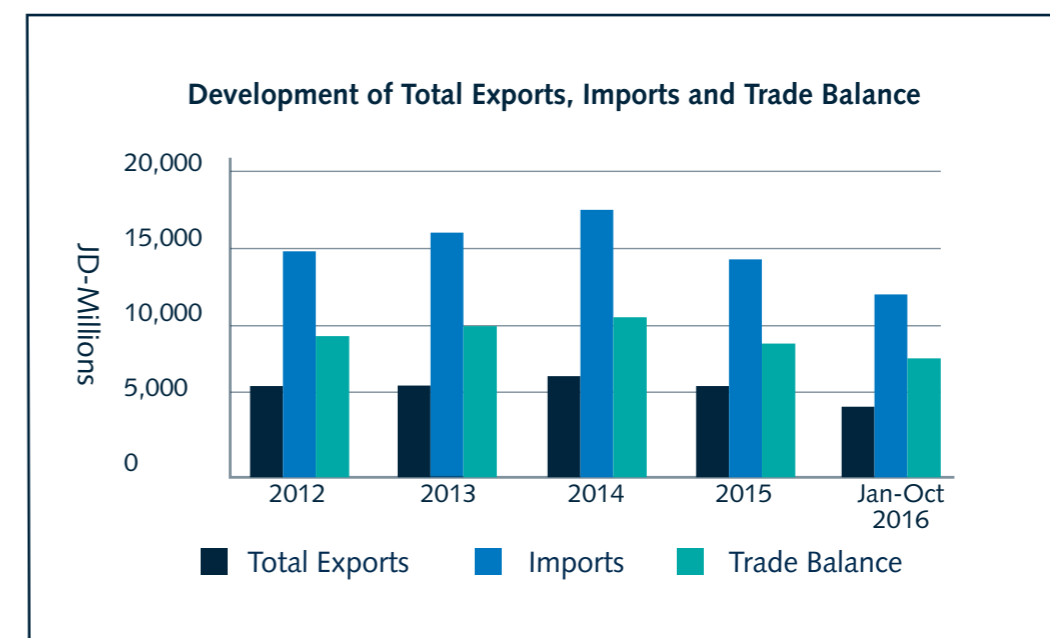
#### Amman Stock Exchange:

The unfavorable regional conditions continued to dampen investor sentiment in 2016, sending key stock market indices further down. ASE figures for 2016 show a decline of 3.6% in market capitalization to JD 17.3 billion, and a 3.8% drop in the Share Price Index weighted by market capitalization to 4,069.7 points against 4,229.9 points in 2015. Additionally, the trading value was down JD 1,087.6 million or 31.8% to JD 2.3 billion by year end.

Yet, non-Jordanian investments in the bourse increased by JD 237.1 million against a rise of JD 10.6 million in 2015. Accordingly, net of non-Jordanian investments in listed companies stood at 49.6% of market value compared with 49.5% the previous year.

#### External Trade:

External trade (national exports and imports) saw a drop of 7.9% in the first ten months of 2016 to JD 14.9 billion as compared to the corresponding period in 2015. National exports retracted by JD 372.7 million to JD 3.6 billion. The US market was the biggest market for the Kingdom’s goods, accounting for 23.9% of the total, followed by the Saudi market, with 15.3% of total exports. Imports, meanwhile, dropped by 7.5% to JD 11.3 billion, with China topping the list of exporting countries at 14.1% of total imports. Saudi Arabia clinched second place, with 11.6% of the total. Vehicles and spare parts constituted 10.9% of total imports valued at JD 1.2 billion. Based on these developments, the trade deficit shrank by 9.7% to JD 6.8 billion.



#### Economic Performance 2017

Global economic projections put global growth at 3.1% in 2016 and 3.4% in 2017. A state of uncertainty and weak confidence still prevails following Britain’s exit from the EU. The largely unexpected move, has cast a shadow on the global economic outlook in the next few years. Advanced economies are expected to see a slowdown, with projections that growth will remain unchanged at 1.8% in 2017 compared to 2016. For developing and emerging economies, growth is expected to rise to 4.6% against 4.1% in 2016.

Based on the IMF estimates, Jordan’s GDP is expected to expand by 2.4% in 2016, and 3.2% in 2017. Inflation is projected to rise to 2.3% in 2017.

In line with the Budget law for 2017, the Jordanian government envisions spending of JD 8.9 billion (JD 7.6 billion in current spending and JD 1.3 billion in capital expenditure), leaving a deficit of JD 906.7 billion (including JD 827.3 million in grants). The budget of government units is projected at JD 1.8 billion, with a shortfall of JD 355.3 million.

Following the completion of the Stand-by-Arrangement with the IMF for 2012-2015, Jordan found itself in a critical need for a new arrangement. In August, 2016, the Fund approved an extended arrangement with Jordan under which USD 723 million will be disbursed over the program’s three year span, subject to six reviews. The cooperation program seeks to advance fiscal consolidation to reduce the debt-to-GDP ratio and contain the ballooning budget deficit. The program also envisions – among other measures, further spending cuts and improving the business climate as well as the conditions for a more inclusive growth.

On the monetary and banking front, foreign reserves are projected to sit at comfortable levels. Savings in the Jordanian currency will likely continue to be attractive. The banking sector is also projected to maintain solid performance, buoyed by a capital adequacy ratio of 19.1%, and a high legal liquidity ratio of 149% as of the end of 2015.

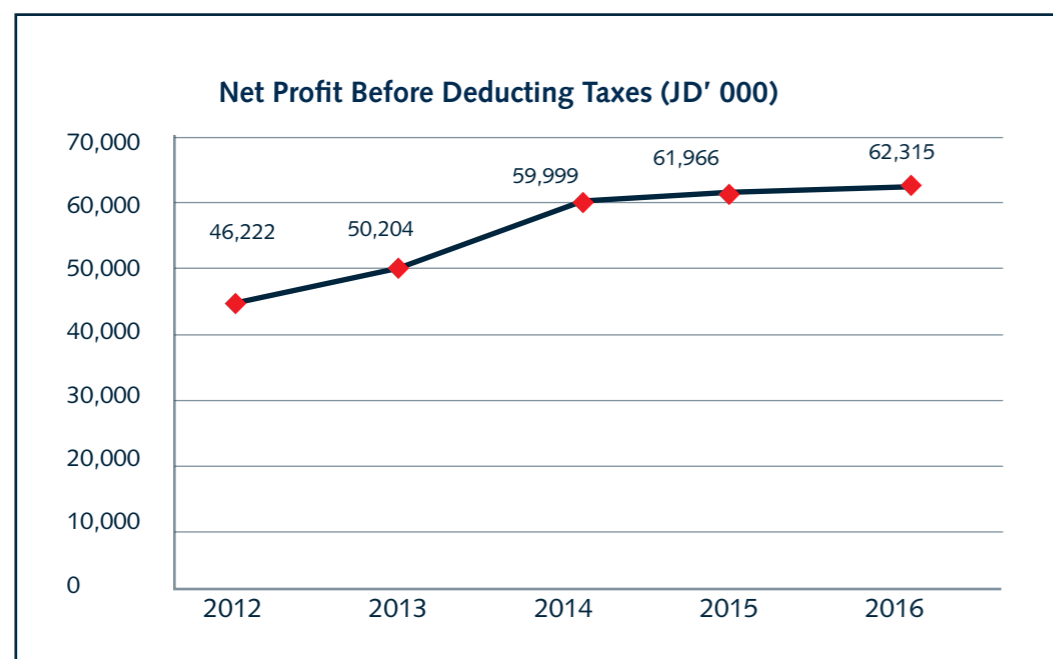
## Achievements In 2016

Bank of Jordan saw another year of impressive growth in 2016. Significant improvements were also reported across all operations and business processes which bolstered the Bank's bottom line and solid reputation locally and regionally. Furthermore, the year witnessed the execution of strategic projects aimed at taking banking services to a new level. Bank of Jordan also continued to shift to digital while keeping up with major trends in the banking industry.

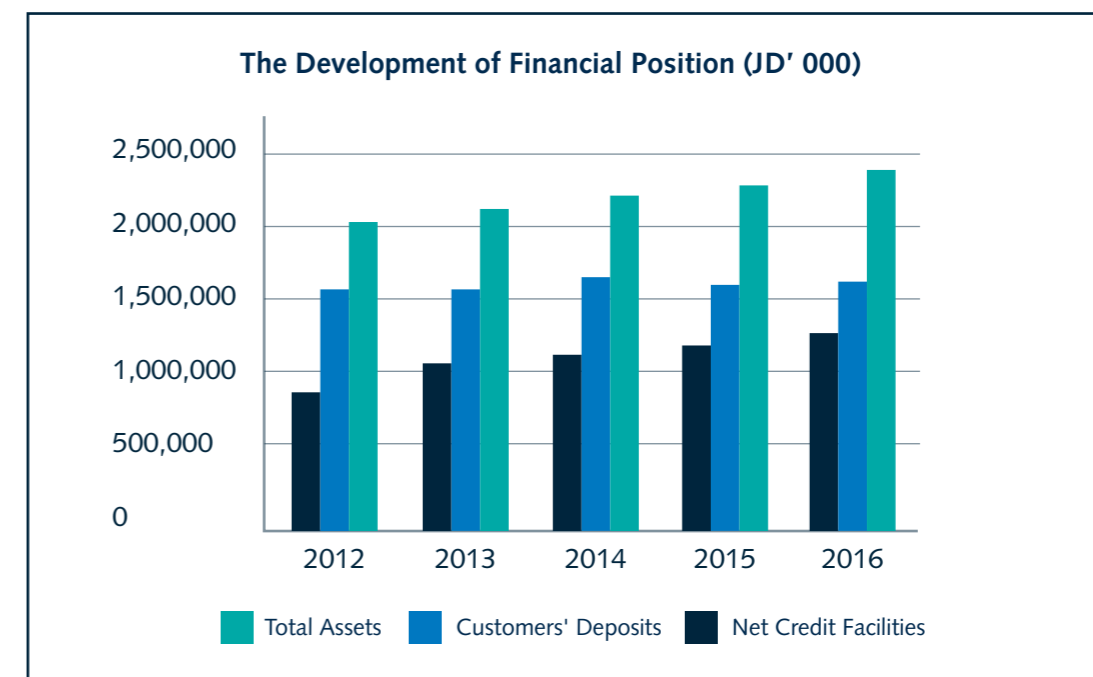
Moreover, the Bank has been listed on Morgan Stanley Capital International (MSCI) Jordan Index - as of November 2016. The Index measures the performance of large and mid cap segments of Jordan's market through four constituents, covering around 85% of the Kingdom's equity market. It is worth noting that the Index aims to provide extensive coverage of investment opportunities across various markets. The listing is expected to improve Bank of Jordan's visibility on the global investment map.

### Financial Results:

Despite all challenges, Bank of Jordan managed to maintain key financial indicators within legal requirements in 2016; capital adequacy stood at 20.82%, and the legal liquidity ratio settled at 127.25%. Non-performing facilities to total facilities (net of suspended interest) dropped from 5.94% in 2015 to 4.59% in 2016 - compared with the international benchmark ratio of 10%. The coverage ratio of provisions for non-performing loans, meanwhile, rose to 112.2% in 2016 from 101.2% in 2015. Net profit attributable to Bank shareholders inched up 1.4% resting at JD 41.4 million, while net profit before tax remained almost unchanged at JD 62.3 million. Assets amounted to JD 2,338.8 million in 2016, up 6% from a year earlier, while shareholders' equity rose by 11.9% to JD 405.4 million.



On the funding side, figures show that customer deposits rose by 2.7% to JD 1,606.9 million: demand deposits rose by 9.5% to JD 535.2 million, savings accounts by 1.2% to JD 675.8 million, and CDs by 38.8% to JD 72.1 million. Time deposits, on the other hand, saw a year-on-year drop of 9.2%. On the credit front, figures reveal that Bank of Jordan continued to extend credit but only to feasible projects, ensuring credit risk exposure remains within acceptable limits. As a result, the net credit portfolio grew by 7.3% in 2016, settling at JD 1,226 million when compared to 2015. Credit to the retail sector increased by 18.8% to JD 328.8 million while loans to the real estate sector jumped by 7.7% to JD 224.9 million. Credit to SMEs, meanwhile, rose by 17% to JD 147.9 million. Loans to the corporate sector, however, saw a slight drop of 0.8% resting at JD 456.8 million. The government and the public sector benefited from loans worth JD 139.4 million, which represents a drop of 6.8% compared to 2015.



The 2016 interest and income statement in the meantime revealed that total income reached JD 127.4 million, up 1.8% when compared to a year earlier. Net interest and commission income constituted 91.2% of total income. Cash dividends from investments in financial assets reached JD 2.8 million while foreign currency income amounted to JD 2.5 million. Total expenditure recorded a rise of 3%, reaching JD 65.1 million.

In efforts to diversify income streams, the International Markets Unit continued to watch for low-risk top stocks - with big potential payoffs - in the international market during 2016. Trading in international bonds was also resumed on a wider scale with the newly-established Fixed Income Desk.

It is worth noting that Bank of Jordan subsidiary "Excel for Financial Investments Company" had largely contributed to higher brokerage commission and revenues in 2016. The company offers a range of financial services including asset management and brokerage services.

In Palestine, Bank of Jordan has put on offer a new product (buying T-bills) issued by the Palestinian Finance Ministry. This is in addition to launching custody services in the Palestinian market in Q2 2016, aimed at meeting the requirements of foreign portfolios and asset management in Palestine.

### Competitive Position:

Bank of Jordan continued to hold a fair share of deposits and credit facilities in the Jordanian, Palestinian, and the Syrian markets. In Jordan, the Bank clinched a share of 3.8% and 4.8% of customer deposits and credit facilities respectively. In Palestine, the Bank's share stood at 9.8% of total customer deposits and 8.6% of total credit facilities. In Syria, marred by a fierce war that has entered its sixth year, Bank of Jordan - Syria secured a share of 1.5% of total deposits and 8.2% of total credit facilities extended by private banks, according to recent statistics.

### **Products and Services:**

Persistent economic challenges have not weakened the Bank's resolve to continue to excel and innovate. Rather, they drove growth in the retail, SMEs, corporate, and investment markets. Thanks to vast human and physical capital, Bank of Jordan was more keen than ever to stand out among peers, with customers at the center of every business and marketing strategy.

### **Retail Services:**

In efforts to attract clients, the Bank offered various financing programs, including the car financing program, whereby customers can be granted a loan in a matter of hours without down payment. The Bank also launched the taxi loan program at competitive interest and a repayment period of up to 6 years. The popular "Solution" personal loan program was also put on offer again, with incentives including competitive interest, postponement options, and exemption from administrative commissions in case the loan is purchased from other banks. Several other personal financing options targeted professional customers including physicians, pharmacists, the military, and certain public and private institutions.

Also, in 2016, the Bank offered the real estate loans campaign, with beneficiaries (both Jordanians and resident foreigners) given the option of either enjoying low interest or exemption from mortgage and other administrative fees.

Credit card holders enjoyed additional benefits in 2016, with cash refund of up to 7% of total purchases from (supermarkets, hotels, restaurants, coffee shops, and online shopping). Furthermore, Bank of Jordan was the first Bank in Jordan to offer the Visa Risk Manager "VRM" solution, which helps it to dynamically respond to fraud as it occurs. Bank of Jordan has won the Best Customer Loyalty Award for 2016, granted by EMP (Emerging Markets Payments) in recognition of loyalty programs on offer since 2013.

Several awards were also offered for savings accounts and the children's savings account "Sanabel". Every month, the Bank doubles the salaries of five customers who deposit their monthly salary in the Bank, as part of a scheme aimed at growing the deposit base. Moreover, a new customer classification scheme was prepared and banking programs have been re-designed based on the needs of each customer class.

In Palestine, the Bank succeeded in solidifying its position through re-designing the public taxi, housing, and retail loan programs. Several other awards were also granted for savings accounts.

### **Corporate Services:**

Bank of Jordan continued to extend credit to key economic sectors in 2016, including the pharmaceuticals, food, construction, and motor trade businesses. Added to that, the Bank participated in syndicated loans worth JD 33.2 million. Moreover, a team of professionals has been assigned the large corporations portfolio. The team provides valuable advice for existing and prospective clients on the best financing solutions and updates them on the latest product lines and services.

### **SMEs Services:**

Loans to Small and Medium Size Enterprises (SMEs) continued to account for a sizeable chunk of total credit in 2016. These include short and long term loans offered to the commercial, industrial, and services sectors through business development centers covering most governorates.

The Point of Sale program for Visa card holders was also implemented, under which overdraft is granted in proportion to the annual point of sale turnover. Plans are underway to hire additional staff in order to attract more customers in this category.

### **Financial Leasing:**

Through its subsidiary "Jordan Company for Financial Leasing", Bank of Jordan continued to offer several financial leasing services for all asset types and sectors. As part of its marketing strategy, the company is now promoting its products in major cities, including the capital Amman, Zarqa and Irbid. Added to that, the company's capital increased in 2016 to JD 20 million to help it execute its expansion plan and achieve target growth.

### **Network of Branches:**

In efforts to ensure that customers are served in a convenient and modern environment, Bank of Jordan continued to move older branches to new premises. Also in 2016, more and more branches were renovated inside and outside Amman. A new branch was also added, this time in the high-end Al-Abdali Shopping Mall. Excel for Financial Investment Company and Jordan for Financial Leasing Company also moved to their new locations – in a busy business district in Amman.

For the headquarters, the outdoor arenas and ATM booths were renovated, and LED exterior lighting was installed – resulting in major cuts in energy bills. Work is also in the pipeline to generate cheaper, cleaner, and renewable energy through implementing solar photovoltaic projects in the northern, central, and southern parts of the Kingdom.

In Syria, a new branch was opened, bringing the total number of branches in the Syrian market to 14, spread across main governorates. On another positive note, Bank of Jordan-Bahrain is expected to kick-start operations in the Kingdom of Bahrain as a conventional wholesale Bank once CBJ licensing is obtained. Expanding in new markets is also being considered.

### **Electronic Banking Options:**

With efficient service delivery as a core objective, Bank of Jordan continued to invest heavily in its IT, with a special emphasis on e-payment systems and distribution channels.

In due course, the Automated Clearing House (ACH) was applied in line with the CBJ requirements, ensuring speedy and secure interbank funds transfer. It will also be linked with the new Internet Banking System to offer various services, specifically for corporate clients.

For SMS services, three countries, namely Egypt, the UAE, and Iraq, have been added to the list of areas where customers can receive the service.

GASPER Reporting System was also activated to monitor ATM machines and extract Uptime and Downtime reports, in order to ensure ATM efficiency round-the-clock. It is worth noting that a fleet of (159) ATMs serve clients in Jordan and Palestine 24/7.

### **Organizational Structure and Technical Resources:**

Bank of Jordan continued to improve its business processes, aligning IT with organizational goals to ensure smooth workflow and enhanced performance. Efforts were similarly focused on enhancing the Bank's organizational governance structure, streamlining procedures, and improving communications.

To that end, structural changes were deemed necessary at the department and branch levels here and in Palestine to meet evolving work requirements. In Jordan, six departments and two branches were re-structured including the HR, Treasury and Investment, and the IT departments in addition to two branches at Taj Mall. In Palestine, the Financial Supervision and the Corporate Departments were restructured. A new organizational chart was also designed for the recently-established Market Research Unit within the Corporate Department.

New work mechanisms pertaining to card fraud management, banking segments, real estate assessors, and cash refund were adopted. This is in addition to implementing new procedures for transferring fixed assets for Palestine branches. In parallel, operating procedures related to project financing were revised following the restructuring of the Engineering Services Department. New job descriptions were also drafted to reflect new tasks, and new bank forms were issued.

On the IT front, data bases for all systems have been upgraded from Oracle 9 to Oracle 11, and the communications network has also been updated. Work also started on implementing a new DWH system for branches in Palestine in efforts to improve the reporting system. For maximum server and database security, a new Firewall was installed. A New Swift Platform was also applied replacing older applications.

Furthermore, the Bank rolled out the retail banking services strategy, and the CCM Bluering system for corporations and SMEs was applied.

The ECC was upgraded to Version 19, and Polaris Palestine was applied for branches in Palestine. To assess credit risks, the Bank is using FICO scores – ICB5. It's worth noting that all branches are now offering on-line services.

The national e-payment system (ACH) has been implemented in line with the CBJ requirements ensuring speedy and secure interbank funds transfer. Using the GIS, digital maps are now produced, providing essential data on real estate that is to be mortgaged or financed. Branches in Palestine have also been connected and are using the application.

Moving to risk management, the Bank largely focused on identifying and assessing risks, and ensured the proper allocation of resources to minimize and control any unfortunate impact on its business. In due course, best international practices were adopted, and risk management strategies pertaining to operations, anti-money laundering and terrorism financing were reviewed and amended. Operational errors were also reclassified, and the KPIs are now applied electronically. A similar revision was carried out for IT systems that are used for producing reports that inform credit decisions for retail customers.

In a related development, a cooperation agreement was signed with CRIF Jordan, whereby the Bank can have access to credit information available on the company's database. The Bank has also obtained the PCI – DSS Version 3.1 compliance certification. In compliance with international banking regulations, the Bank fulfilled the ALM System requirements in line with Basel III principles. The system is being experimented on a small scale. All other Basel III requirements were also met and an impact analysis was conducted and results were submitted to the CBJ. The Bank is also ready to use the IFRS9 after meeting the necessary conditions.

The Internal Capital Adequacy Assessment Process (ICAAP) was also applied based on the Bank's statements as of 31/12/2015, which showed that the level of capital was adequate to absorb all potential risks. Stress testing was conducted and scenarios were reviewed to cope with the nature and size of risk. Moreover, an independent Financial Crime Unit was set up to monitor suspicious and fraudulent cases, to which the FATCA unit reports.

Moreover, the Bank continues to share tax data related to certain accounts with the Internal Revenue Service (IRS). This applies to Bank of Jordan customers in Jordan and Palestine and to Excel for Financial Investment Company customers.

With customer satisfaction as a top priority, the Bank has in place a strict customer complaints management policy, whereby each complaint is reviewed, and dealt with sensitively and efficiently.

To ensure proper functioning, the Bank also continued to implement best corporate governance practices in line with the CBJ guidelines and the Basel Committee's revised principles. In due course, (the Chairman of the Board and General Manager positions were separated).

**Human Resources:**

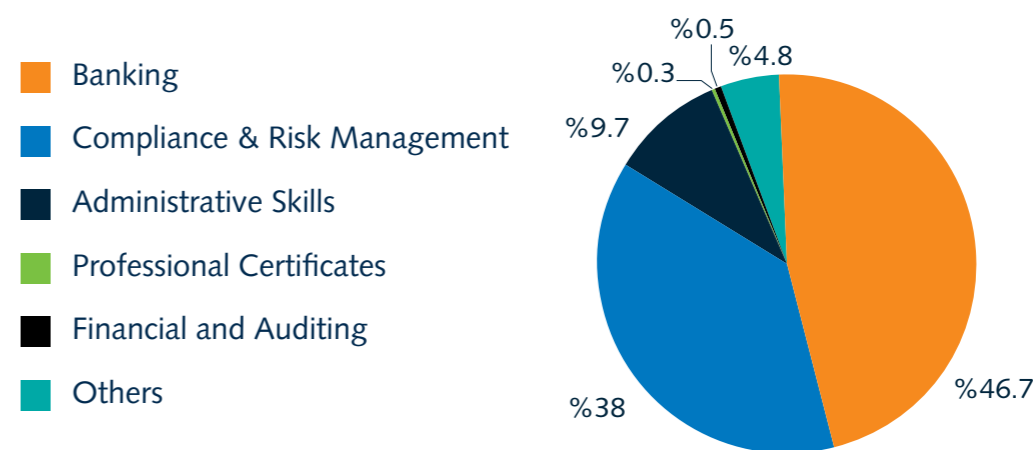
With a strong belief that investing in employees ensures business success, Bank of Jordan continued to implement best management practices in efforts to develop employee abilities and skills. In due course, the Bank contracted Aon Hewitt Investment Consulting to apply the behavioral competencies project across HR systems including the recruitment, performance evaluation, and training systems. The consulting firm is also tasked with evaluating the efficiency of the HR Department. The Share Point system has also been activated, serving as a portal for communication between the management and employees. Furthermore a LinkedIn page has also been launched to support and improve the recruitment process using the best tools to attract talents in the banking market.

In a bid to ensure consistency among HR systems across Bank of Jordan Group, a new job structure was designed for Bank of Jordan-Syria. Accordingly, the salary scale was updated based on the prevailing market rates. The proposed changes to the HR systems of Bank of Jordan-Syria, Jordan Leasing Company, and Excel for Financial Investment Company will also be reviewed before they are officially adopted. For branches in Palestine, changes to the system have already been approved. In the meantime, Jordan Financial Leasing Company has begun using the HRMS. A succession plan was also approved in line with the outcomes of the technical competencies project.

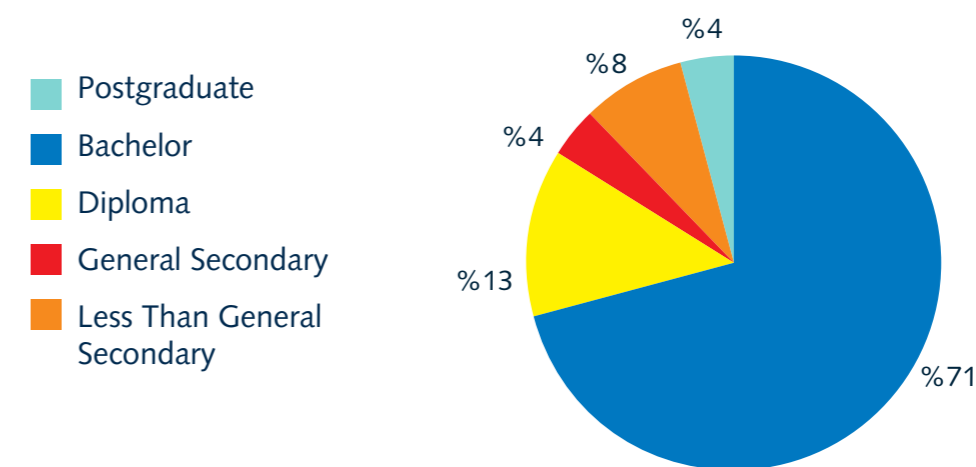
Also in 2016, the Bank continued to offer employees solid training and education development programs. Specialized training workshops were organized including the Impact Program for Performance Evaluation. Employees also received training on the new ECC payment system, cards transactions, E-application, E-Fawateercom, and other applications. The internal trainers and induction programs were also offered during the year.

In Palestine, the training facilities were adequately furnished with the necessary tools and equipment. Employees in Palestine will also be offered the comprehensive banking training program similar to courses offered in Jordan. A specialized training course and a student internship program were also designed to attract top talent for hard-to-fill positions.

**Training Courses Distribution During 2016**



**Classification of Bank Employees According to Educational Qualifications for the Year 2016**



## Corporate Social Responsibility:

Driven by a sense of responsibility towards the environment and the community, Bank of Jordan continued to support and sponsor various scientific, cultural, sports, and social activities and charities.

In the education sector, Bank of Jordan offered ten scholarships in the UNRWA-run Faculty of Educational Sciences and Arts. Another 33 university scholarships were funded through Bank of Jordan Fund in cooperation with the Ministry of Higher Education and Scientific Research. The Bank also sponsored a distinguished student in the prestigious King's Academy School. Moreover, the Bank bought several Braille Sense U2 machines for visually-impaired students. This is in addition to furnishing information to students and researchers to help them complete their studies.

Celebrating eight years of cooperation with the Children's Museum, BOJ continued to sponsor the "Open Days" initiative, allowing thousands of children and their parents free entry on the first Friday of each month. In Palestine, the Bank is supporting efforts aimed at improving children's creative reading and writing skills in partnership with the Jerusalem-based Arma' Institution.

Also in 2016, the Bank joined hands with the Central Bank of Jordan to promote financial awareness and education among citizens. In support of environmental causes, the Bank took part in a tree planting campaign in Balqa governorate organized by the Arab Group for the Protection of Nature. The initiative is part of efforts to increase green space and fight desertification. It has also supported the (Back to the Future) initiative for the production of artistic creations made of natural wool. The scheme seeks to create employment opportunities for impoverished citizens in the Jordan Valley.

In sports, the Bank sponsored runner Nabil Maqableh - the visually-impaired category and facilitated his participation in marathons inside and outside Jordan. It also sponsored Jordanian climber Nuha Bulbul, being among the first group of Jordanian women to successfully climb Mira Peak in the Himalayas, 6,476 meters above sea level.

Over the course of the year, Bank of Jordan co-sponsored King Al-Hussein Cancer Center "Goal for Life" football tournament, and extended donations to charity campaigns organized by the Jordan Hashemite Fund for Human Development.

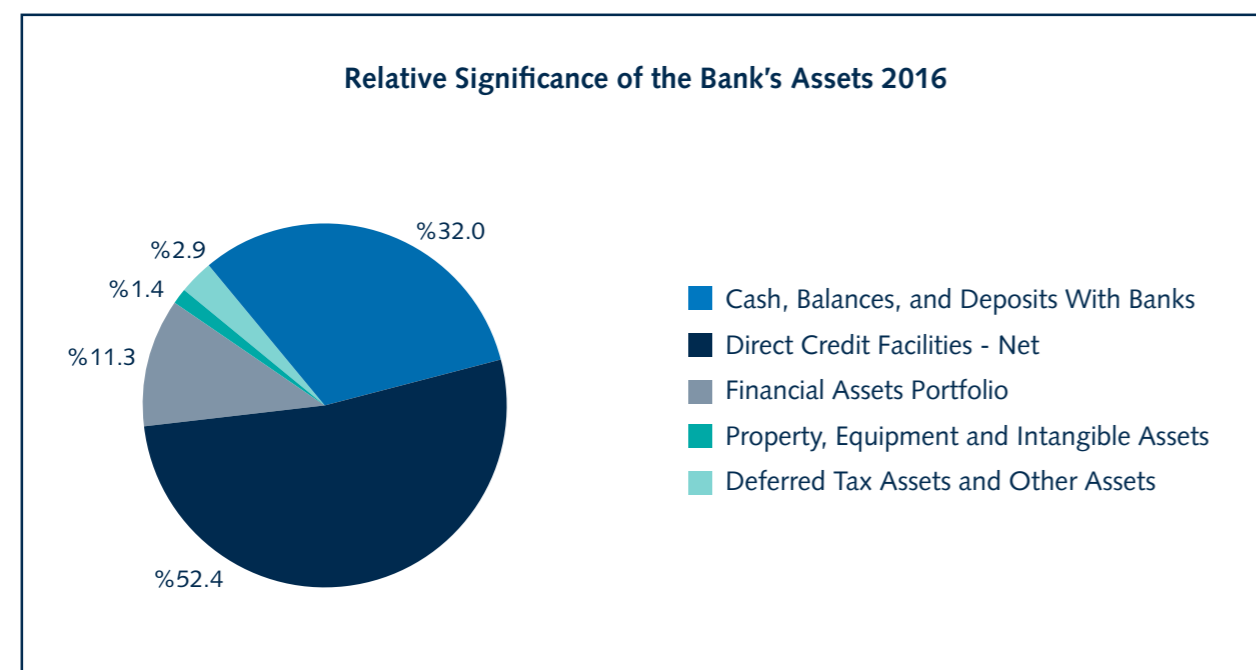
Other associations and charities that received cash donations from the Bank in the year 2016 included Al Karak Construction Association, the Jordan Medical Aid for Palestinians Association, the Cerebral Palsy Foundation and Palestine International Institute. The Bank also supported the Cycling for Palestine initiative, and co-sponsored "the Martyr" Symphony. Total contributions in 2016 amounted to around JD 568 thousand.



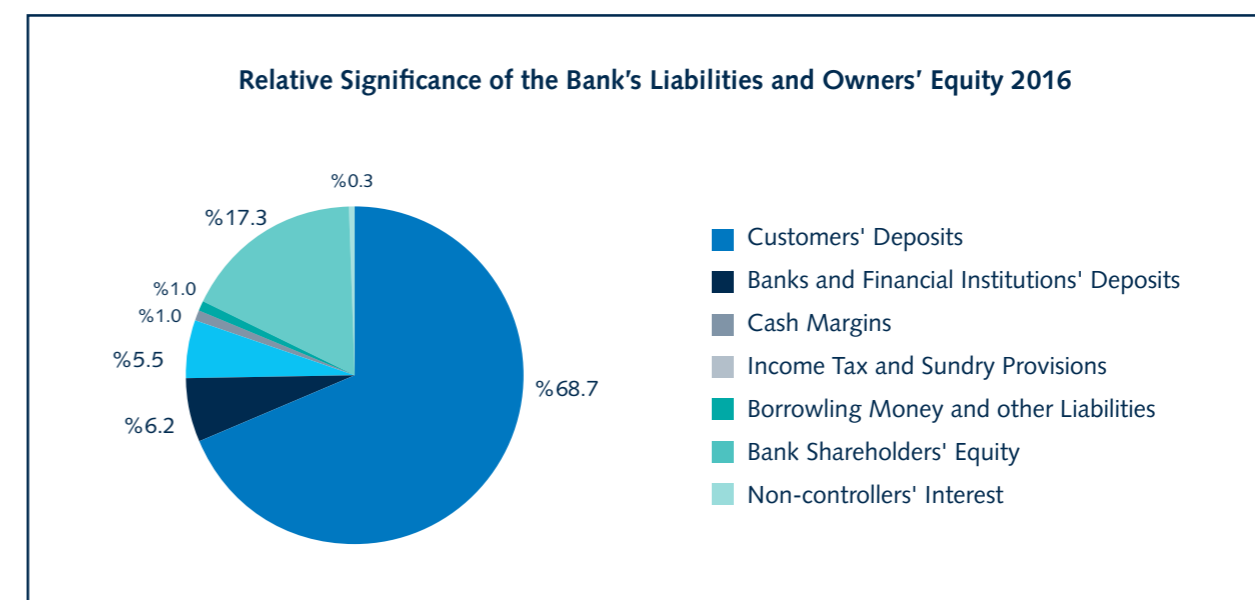
## Analysis of Financial Position and Business Results for the Year 2016

Assets grew by 6% to JD 2,338.8 million at the end of 2016 compared to 2015 as the Bank spared no effort to grow shareholder equity, and find low risk, high return investments. The Bank also held sufficient liquidity buffers to meet its liabilities as they fall due. At the same time, funds were efficiently utilized, further bolstering the Bank's financial position and profit growth.

The Bank's Assets				
	JD (Millions)		Relative Significance %	
	2016	2015	2016	2015
Cash, Balances, and Deposits with Banks	747.6	670.8	32.0%	30.4%
Direct Credit Facilities - Net	1,226.0	1,142.2	52.4%	51.8%
Financial Assets Portfolio	265.0	292.3	11.3%	13.2%
Property, Equipment and Intangible Assets	33.3	29.1	1.4%	1.3%
Deferred Tax Assets and Other Assets	66.9	71.8	2.9%	3.3%
<b>Total Assets</b>	<b>2,338.8</b>	<b>2,206.2</b>	<b>100%</b>	<b>100%</b>



Liabilities and Owners' Equity				
	JD (Millions)		Relative Significance %	
	2016	2015	2016	2015
Customers' Deposits	1,607.0	1,564.9	68.7%	70.9%
Banks and Financial Institutions' Deposits	145.6	123.6	6.2%	5.6%
Cash Margins	129.3	111.2	5.5%	5.0%
Income Tax and Sundry Provisions	21.9	19.4	1.0%	0.9%
Borrowing Money and Other Liabilities	22.6	20.2	1.0%	1.0%
Bank Shareholders' Equity	405.4	362.2	17.3%	16.4%
Non-controllers' Interest	7.0	4.7	0.3%	0.2%
<b>Total Liabilities and Owners' Equity</b>	<b>2,338.8</b>	<b>2,206.2</b>	<b>100%</b>	<b>100%</b>

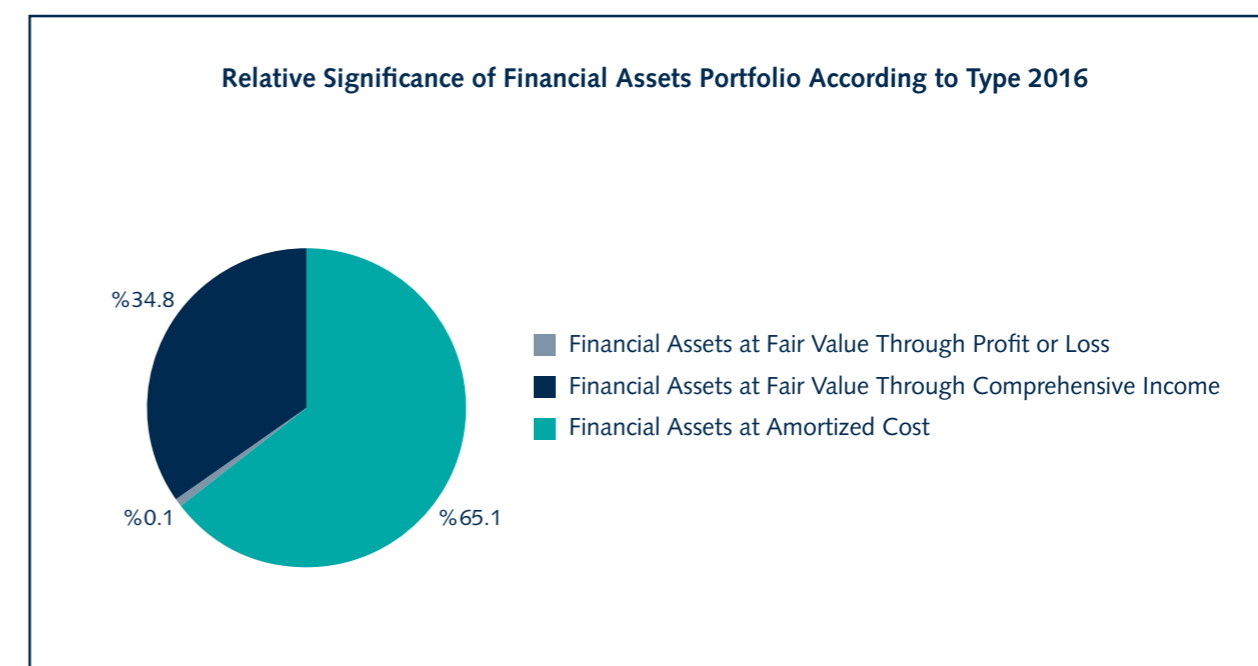
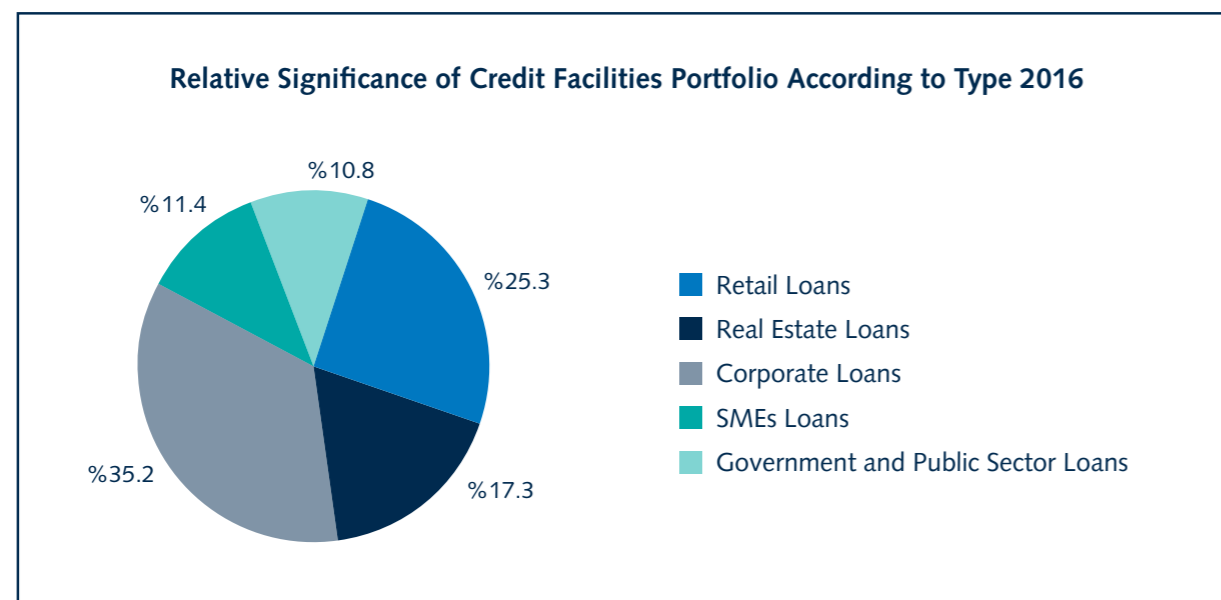


### Direct Credit Facilities:

Total direct credit facilities increased to JD 75.9 million by 6.2% year-on-year settling at JD 1,297.8 million in 2016, thanks to a well-crafted credit policy that factored in fluctuations in interest rates yield spread, as well as credit and market risks. As a result, non-performing loans to total credit (net interest in suspense) fell to 4.59% in 2016 from 5.94% in 2015 – still within the benchmark ratio. The Bank also continued to offer funding programs well into 2016 for various customer types; retail, SMEs, large corporations, and the public sector as part of its risk diversification and fund management strategy.

Total of Credit Facilities Portfolio (After Deducting Interest and Commission Received in Advance)				
	JD (Millions)		Relative Significance %	
	2016	2015	2016	2015
Retail Loans	328.8	276.8	25.3%	22.7%
Real Estate Loans	224.9	208.8	17.3%	17.1%
Corporate Loans	456.8	460.4	35.2%	37.7%
SMEs Loans	148.0	126.5	11.4%	10.3%
Government and Public Sector Loans	139.3	149.5	10.8%	12.2%
<b>Total</b>	<b>1,297.8</b>	<b>1,222</b>	<b>100%</b>	<b>100%</b>

Financial Assets Portfolio				
	JD (Millions)		Relative Significance %	
	2016	2015	2016	2015
Financial Assets at Fair Value through Profit or Loss	0.2	1.1	0.1%	0.4%
Financial Assets at Fair Value through Comprehensive Income	92.1	62.6	34.8%	21.4%
Financial Derivatives	-	0.9	-	0.3%
Financial Assets at Amortized Cost	172.7	227.7	65.1%	77.9%
<b>Total</b>	<b>265.0</b>	<b>292.3</b>	<b>100%</b>	<b>100%</b>



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

The Bank continued to hedge against potential losses, setting aside a provision for bad debt – for the loan portfolio and for each loan separately as per monetary policy guidelines and in accordance with international accounting and audit standards. Thus, the coverage ratio of provisions for non-performing loans (net of interest in suspense and cash margins) rose to 112.2% in 2016 against 101.2% in 2015. Another JD 6.7 million, classified as loan-loss reserve, were not used and subsequently added to a provision of JD 5.7 million for other debt. The fair value of collateral against loans increased to JD 485.4 million from JD 444.6 million the year before.

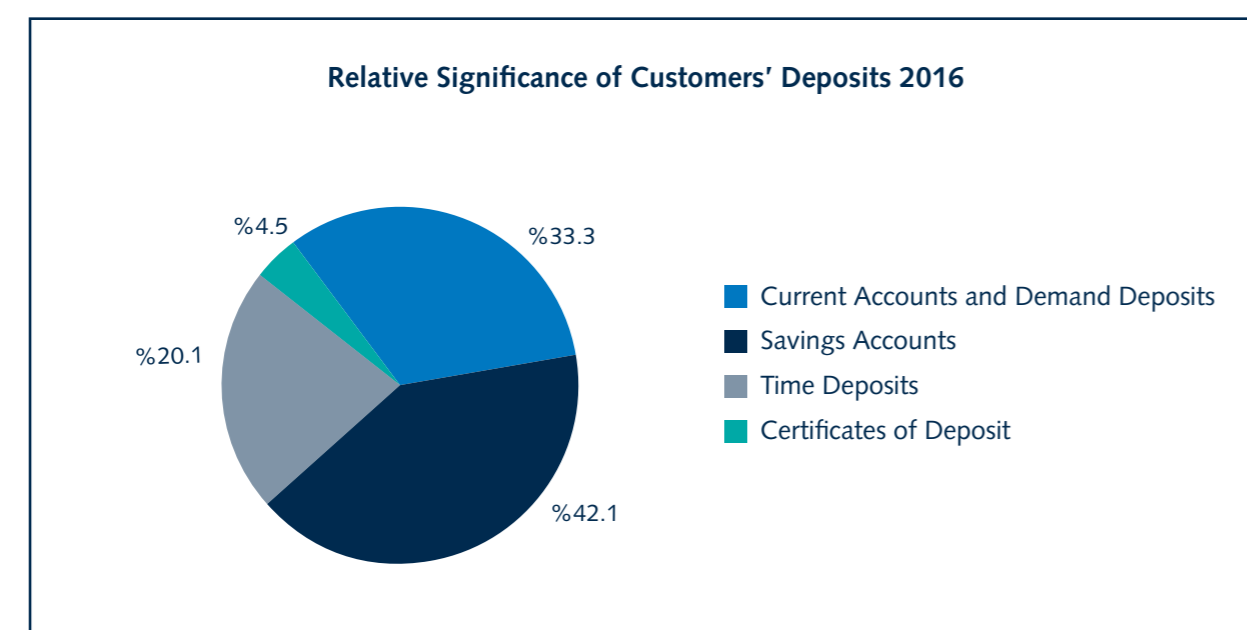
#### Financial Assets Portfolio:

The financial assets portfolio witnessed a year-on-year decline of 9.3%. While financial assets at fair value through comprehensive income surged by 47.2% representing stock investment in active markets, financial assets through profit and loss declined by JD 890,109. Financial assets at amortized cost went down by 24.2%, representing the Bank's investments in bonds and treasury bills issued and guaranteed by the government, as well as other bonds and corporate debentures.

## Customer Deposits:

Customer deposits inched up 2.7% to JD 1,606.9 million at the end of 2016 against JD 1,564.9 million in 2015 with efforts largely focused on attracting fixed deposits, promoting savings accounts and CDs, and expanding the customer base. Figures unveiled that savings accounts rose by 1.2%, current accounts and demand deposits by 9.5%, and CDs by 38.8%. Time deposits, on the other hand, went down 9.2% while non-interest bearing deposits amounted to JD 901.2 million against JD 864.9 million in 2015.

Customer Deposits According to Type				
	JD (Millions)		Relative Significance %	
	2016	2015	2016	2015
Current Accounts and Demand Deposits	535.2	488.9	33.3%	31.2%
Savings Accounts	675.8	667.6	42.1%	42.7%
Time Deposits	323.8	356.5	20.1%	22.8%
Certificates of Deposit	72.1	51.9	4.5%	3.3%
<b>Total</b>	<b>1,606.9</b>	<b>1,564.9</b>	<b>100%</b>	<b>100%</b>



## Shareholders' Equity:

Shareholders' equity grew by 11.9% to JD 405.4 million in 2016 when compared to the year before, as legal reserves surged by 9.2% to JD 73.9 million. The Bank's paid up capital also increased by JD 44.9 million to JD 200 million through the distribution of bonus shares emanating from the capitalization of voluntary reserves and a portion of retained earnings. The Board has recommended to the general assembly to distribute cash dividends of 18% of capital, equivalent to JD 36 million, and retain the remaining profits.

## Capital Adequacy:

The capital adequacy ratio stood at 20.82% in 2016 versus 18.21% in 2015, which is higher than the 8.625% minimum requirement set by the Basel III and the 12% minimum set by CBJ. The regulatory capital adequacy to risk-weighted assets ratio rose to 20.06% for 2016 against 17.34% in 2015.

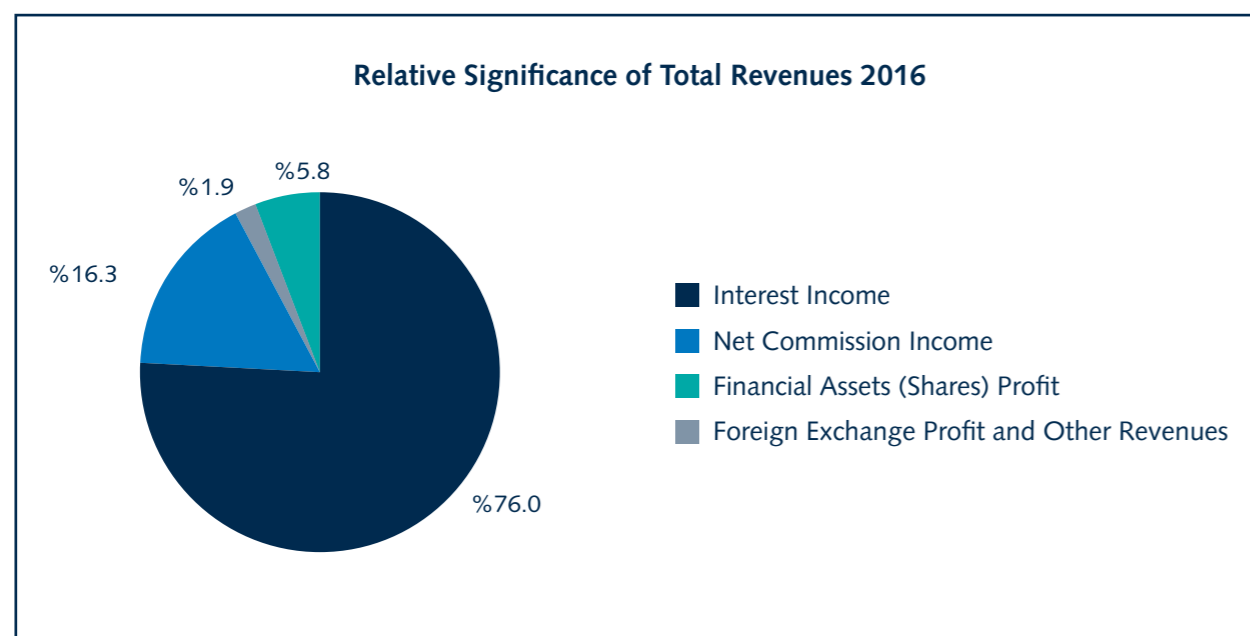
## Financial Results:

Total revenues dropped by 1% to JD 144.6 million in 2016 from JD 146.1 million in 2015. Total income reached JD 127.4 million against JD 125.2 million in 2015, while net interest and commission income rested at JD 116.2 million, up 4.4% from 2015. Profit before taxes and provisions amounted to JD 70.9 million in 2016 from JD 71.1 million the previous year. Net profit – after deducting the provision for impairment of credit facilities and assets seized by the Bank - grew by 5.3% to JD 42.2 million in 2016 against JD 40.1 million in 2015.

Net Profit Before and After Taxes and Provisions			
	JD (Millions)		Difference
	2016	2015	
<b>Net Profit before Taxes and Provisions</b>	<b>70.9</b>	<b>71.1</b>	<b>(0.2)</b>
Provision for Impairment of Direct Credit Facilities	(5.7)	(4.1)	(1.6)
Provision for Assets Seized by the Bank	(2.5)	(3.9)	1.4
Sundry Provisions	(0.4)	(1.1)	0.7
<b>Net Profit (Before Tax)</b>	<b>62.3</b>	<b>62.0</b>	<b>0.3</b>
Income Tax Expenses	(20.1)	(21.9)	1.8
<b>Net Profit</b>	<b>42.2</b>	<b>40.1</b>	<b>2.1</b>



Total Realized Revenue				
	JD (Millions)		Relative Significance %	
	2016	2015	2016	2015
Interest Income	109.9	111.7	76.0%	76.5%
Net Commission Income	23.5	20.5	16.3%	14%
Financial Assets (Shares) Profit	2.8	3.0	1.9%	2%
Foreign Exchange Profit and Other Revenues	8.4	10.9	5.8%	7.5%
<b>Total</b>	<b>144.6</b>	<b>146.1</b>	<b>100%</b>	<b>100%</b>

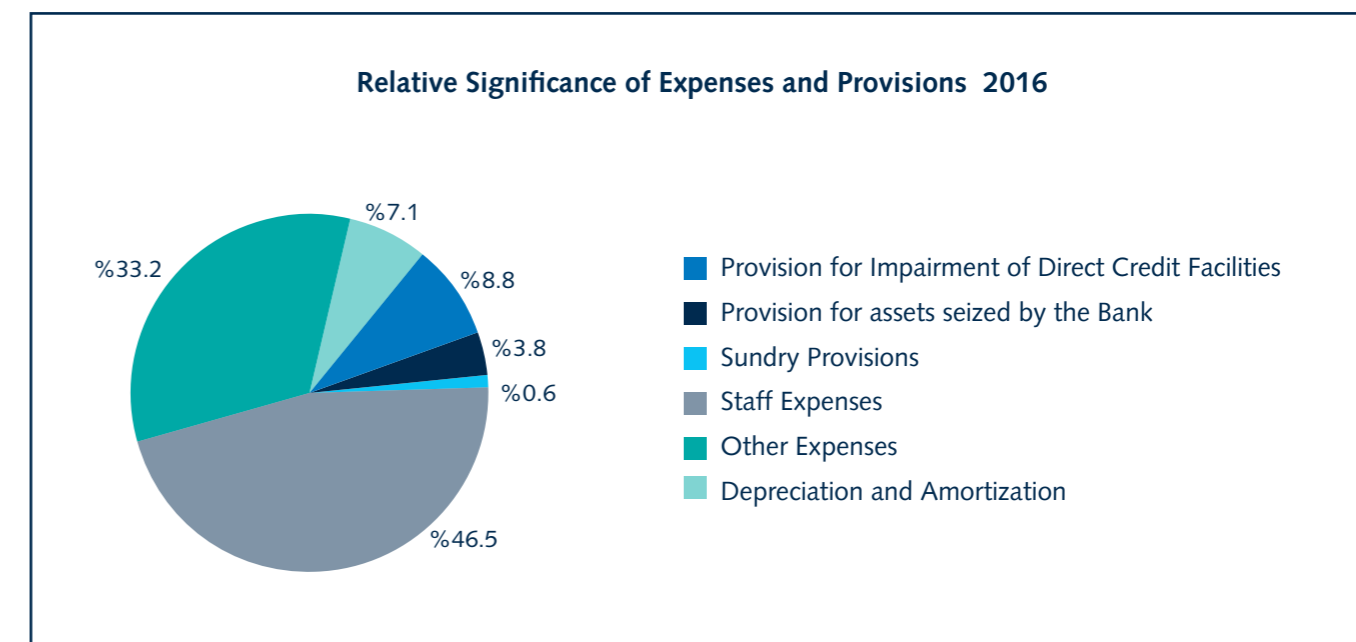


#### Expenses and Provisions:

Total expenses and provisions rose by 3% to JD 65.1 million in 2016 when compared to the previous year. This is attributed to a 39.7% increase in the provision for impairment of credit facilities against a 1.8% drop in the depreciation item. Employee expenses went up JD 1.74 million. Similarly, other expenses saw a rise due to higher cost of insurance, hospitality, donations, fees, licenses and taxes, professional and legal fees, and other items.

The salaries and compensation of the senior executive management stood at JD 2.3 million. As for audit fees, Bank of Jordan paid JD 127.1 thousand while Bank of Jordan – Syria paid JD 20.6 thousand. Excel for Financial Investments and Jordan Leasing Company paid audit fees of JD 5.2 thousand and JD 2.9 thousand respectively.

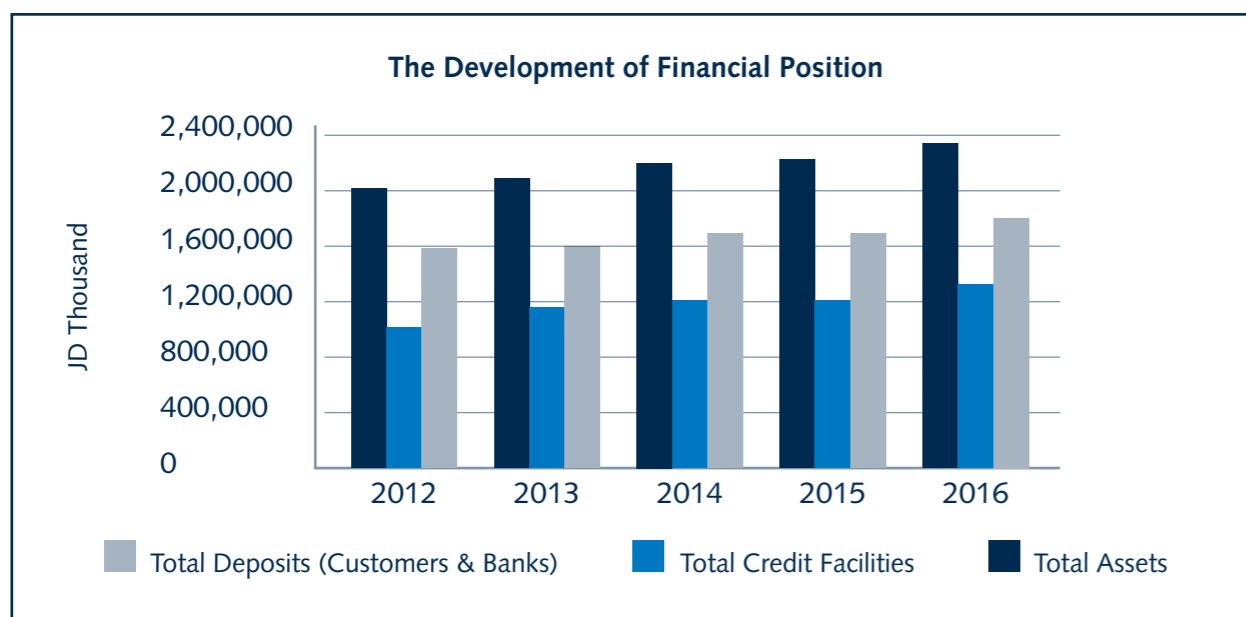
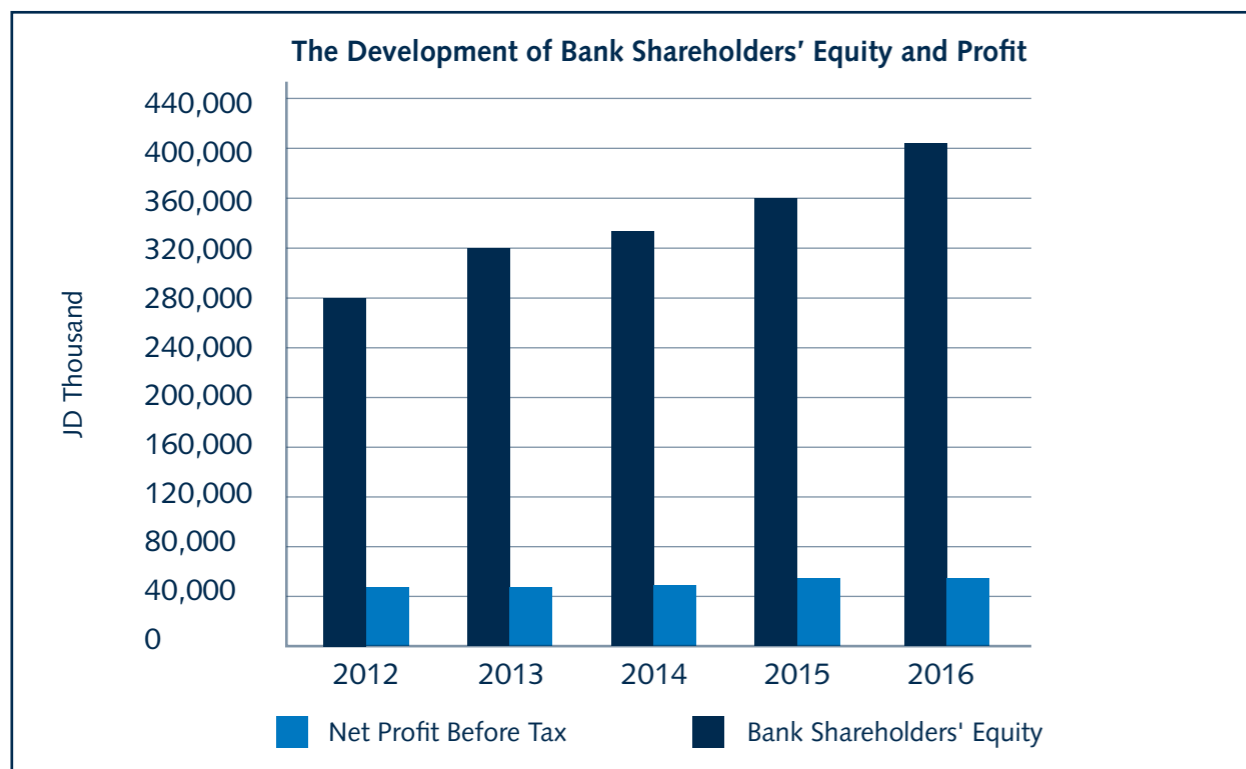
Expenses and Provisions				
	JD (Millions)		Relative Significance %	
	2016	2015	2016	2015
Provision for Impairment of Direct Credit Facilities	5.7	4.1	8.8%	6.5%
Provision for Assets Seized by the bank	2.5	3.9	3.8%	6.2%
Sundry Provisions	0.4	1.1	0.6%	1.7%
Staff Expenses	30.3	28.5	46.5%	45.1%
Other Expenses	21.6	20.9	33.2%	33.1%
Depreciation and Amortization	4.6	4.7	7.1%	7.4%
<b>Total</b>	<b>65.1</b>	<b>63.2</b>	<b>100%</b>	<b>100%</b>



#### Main Financial Ratios

	2016	2015
Return on Average Bank Shareholders' Equity	10.78%	11.7%
Return on Capital	20.7%	20.42%
Return on Average Assets	1.82%	1.86%
Profitability Per Employee (After Tax)	JD 19,647	JD 19,677
Interest Income / Average Assets	4.84%	5.08%
Interest Expense / Average Assets	0.75%	0.95%
Interest Margin / Average Assets	4.08%	4.13%
Coverage Ratio of provisions for Non-Performing Loans (Net)	112.2%	101.2%
Non-performing loans / total credit facilities (after deducting interest in suspense)	4.59%	5.94%

Financial indicators for the years (2012 – 2016)		Amount in JD Thousand				
Financial Year	2012	2013	2014	2015	2016	
Total Assets	2,016,628	2,076,937	2,190,187	2,206,222	2,338,839	
Total Credit Facilities	1,028,093	1,146,687	1,196,856	1,221,967	1,297,832	
Total Deposits (Customers and Banks)	1,587,636	1,614,125	1,702,899	1,688,476	1,752,603	
Bank Shareholders' Equity	276,510	316,986	335,746	362,242	405,447	
Non-controllers' Interest	14,267	4,506	4,116	4,703	6,989	
Net Profit Before Tax	46,222	50,204	59,999	61,966	62,315	



## Our Goals for 2017

- Bolster the Bank's competitive position and vigilantly monitor evolving market developments, while improving key financial indicators in compliance with local, regional, and international regulatory requirements.
- Develop innovative products and services, and re-launch financing programs that are tailored to fulfill customers' changing needs.
- Build credibility and improve relations with large corporations and SMEs through outstanding customer service to gain customer loyalty.
- Boost the Bank's presence locally and regionally through expanding the branch network. The Bank also plans to complete its corporate identity development project, aimed at creating a convenient business environment that enhances customer experience.
- Improve operational effectiveness to meet the current and future needs of the Bank and its subsidiaries locally and regionally. This helps ensure smooth communication between branches and headquarters and efficient service delivery, leading ultimately to maximizing customer satisfaction.
- Launch the new Internet Banking and Mobile Banking systems as part of plans to develop and promote e-payment channels which contribute to achieving the national goal of expanding financial inclusion through the national payment system.
- Develop risk management plans in line with best international practices through regular reviews of policies pertaining to compliance, operational risks, data security, and anti-money laundering. In addition, the Bank will continue to carry out stress tests, ICAAP, and other projects in compliance with BASEL III, COBIT5 (Control Objectives for Information and Related Technologies), and IFRS9 requirements.
- Design a systematic training strategy to improve employee competencies and skills and linking it to the Competencies project. The Bank also plans to adopt new tools to measure the efficiency and effectiveness Soft of HR systems and training programs.
- Move ahead with implementing corporate social responsibility initiatives through building partnerships with leading national institutions and extending support to community-based activities in line with good governance principles.

Consolidated Financial Statements and  
Independent Auditor's Report

# 2016

Independent Auditor's Report

Consolidated Statement of Financial Position

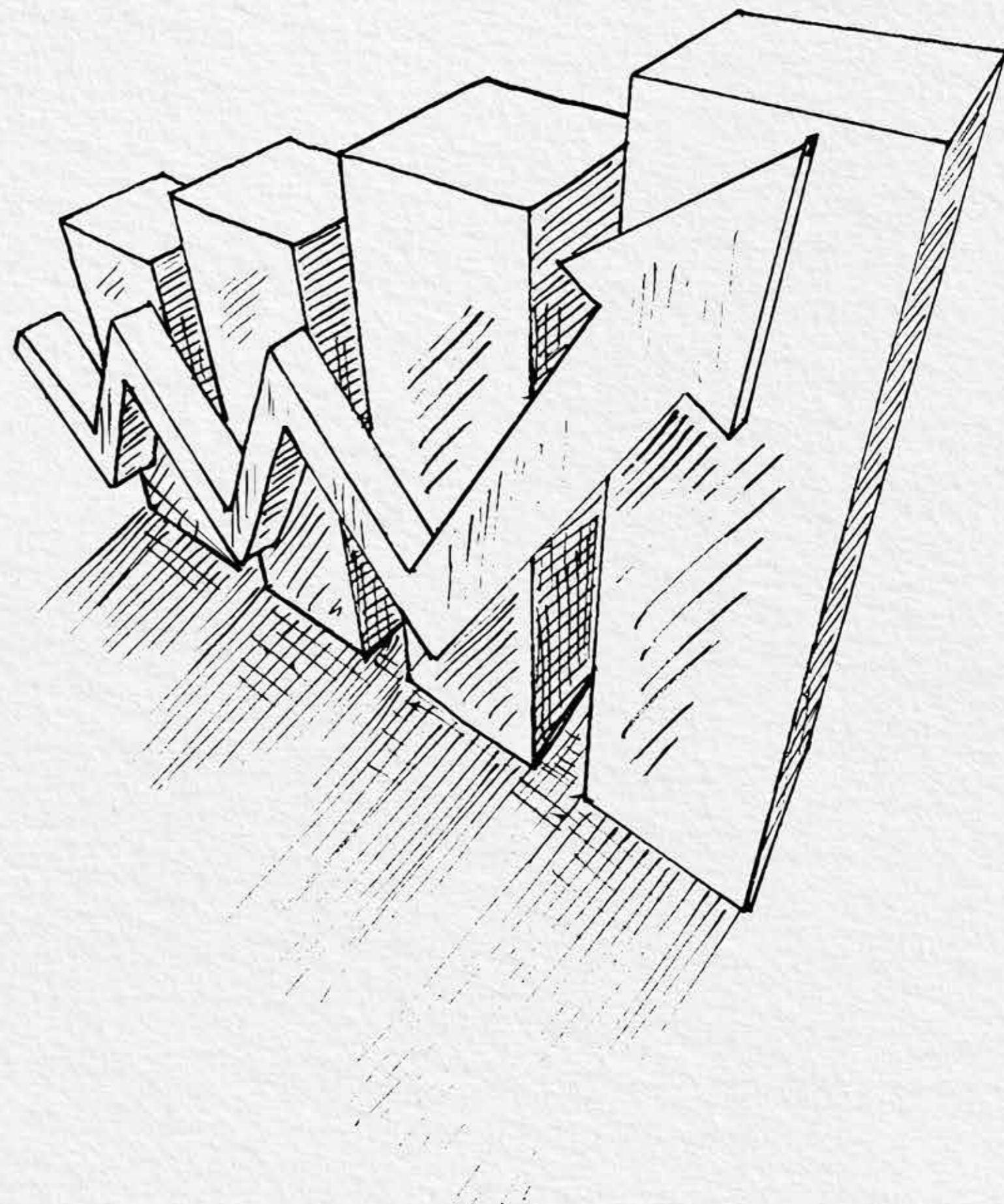
Consolidated Statement of Income

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Owners' Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



## 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 the 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 at December 31, 2016, and the consolidated statement of income and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**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 due to some sectors' deteriorating financial and economic conditions and inadequate guarantees, and the suspension of interest arising from default according to regulatory authorities' instructions. Moreover, the net credit facilities granted by the Bank to customers amounted to JD1,226 million, which represent 52% of total assets as of December 31, 2016.

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

**How our audit addressed the 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-current financial assets within the financial assets portfolio through the comprehensive income statement of JD 8,854,046 as of December 31, 2016. 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 of JD172,637,680 as of December 31, 2016. In this 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 financial assets fair value 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-current 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. Consolidating the Financial Statements of the Bank and its Subsidiaries

The Bank's subsidiaries are consolidated from their acquisition date, which is the date on which the Bank assumes effective control over the subsidiaries. Furthermore, the consolidated financial statements reflect the financial position and results of operations at the Bank's consolidated level the evaluation of control following the requirements of IFRS (10) consider a key Audit matter.

### How our audit addressed the key audit matters

The Bank's control over its subsidiaries as of fiscal year-end is significant for our audit. Moreover, our audit included reviewing the Bank's ability to control the subsidiaries' financial and operating policies and obtain benefits from their activities. Through appointing members for these companies' Board of Directors and Executive Management, the Bank controls and monitors their financial and operating policies. In addition, the Bank's audit requirements were sent to the subsidiaries and foreign branches. We also communicated with those companies' auditors and obtained the appropriate related audit evidence.

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

Due to deployment of the Bank's foreign branches in several countries and its 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.

## 5. 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 his 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 (19).

**Other Matter**

The consolidated financial statements for the year ended December 31, 2015, the figures of which are shown for comparison purposes, have been audited by Deloitte & Touche (M. E) – Jordan, which issued an unqualified opinion thereon dated March 20, 2016.

**Other Information**

Management is responsible for the other information. The other information comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor 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 ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure 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 represents 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 and with the consolidated financial statements presented within the Board of Directors' report. 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 to which reference should be made.

Kawasmy & Partners Co.  
Amman - Jordan  
January 31, 2017

Deloitte & Touche (M.E.) – Jordan  
Amman - Jordan  
January 31, 2017

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

**KPMG**  
Kawasmy & Partners Co.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan			
	Note	December 31	
		2016	2015
		JD	JD
<b>Assets</b>			
Cash and balances with central banks	4	228,197,814	234,500,507
Balances with banks and financial institutions	5	494,451,425	281,318,758
Deposits with banks and financial institutions	6	25,000,000	155,000,000
Financial assets at fair value through profit or loss	7	205,719	1,095,828
Financial assets at fair value through comprehensive income	8	92,128,338	62,655,399
Financial derivatives	38	-	866,107
Direct credit facilities – Net	9	1,226,013,033	1,142,237,246
Financial assets at amortized cost	10	172,637,680	227,655,707
Investments in associates	11	1	1
Property and equipment – Net	12	29,774,830	25,795,455
Intangible assets – Net	13	3,559,146	3,320,303
Deferred tax assets	19/b	11,926,470	12,217,573
Other assets	14	54,944,608	59,558,989
<b>Total Assets</b>		<b>2,338,839,064</b>	<b>2,206,221,873</b>
<b>Liabilities and Owners' Equity</b>			
Liabilities:			
Banks and financial institutions' deposits	15	145,623,458	123,589,030
Customers' deposits	16	1,606,979,130	1,564,886,963
Cash margins	17	129,292,102	111,171,152
Financial derivatives	38	17,655	-
Sundry provisions	18	5,015,992	6,226,165
Income tax provision	19/a	16,872,706	13,197,654
Borrowed money	20	424,879	500,956
Other liabilities	21	22,176,908	19,704,999
<b>Total Liabilities</b>		<b>1,926,402,830</b>	<b>1,839,276,919</b>
Owners' Equity:			
Equity attributable to the Bank's shareholders			
Paid-up capital	22	200,000,000	155,100,000
Statutory reserve	23	73,917,046	67,716,833
Voluntary reserve	23	113,124	13,709,740
General banking risks reserve	23	12,996,161	12,646,252
Special reserve	23	3,330,908	2,921,601
Foreign currencies translation differences	24	(12,401,835)	(11,481,891)
Fair value reserve	25	63,565,588	33,186,645
Retained earnings	26	63,926,237	88,442,614
<b>Total Equity Attributable to the Bank's Shareholders</b>		<b>405,447,229</b>	<b>362,241,794</b>
Non-controllers' interest		6,989,005	4,703,160
<b>Total Owners' Equity</b>		<b>412,436,234</b>	<b>366,944,954</b>
<b>Total Liabilities &amp; Owners' Equity</b>		<b>2,338,839,064</b>	<b>2,206,221,873</b>

Board of Director's Chairman/ Chief Executive Officer

The Accompanying Notes From (1) To (47) Constitute An Integral Part Of These Consolidated Financial Statements And Should Be Read With Them.

## CONSOLIDATED STATEMENT OF INCOME

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan			
	Note	For the Year Ended December 31	
		2016	2015
		JD	JD
Interest income	28	109,915,974	111,672,273
Interest expense	29	17,153,738	20,826,542
<b>Net Interest Income</b>		<b>92,762,236</b>	<b>90,845,731</b>
Commissions income – Net	30	23,482,888	20,514,522
<b>Net Interest and Commissions Income</b>		<b>116,245,124</b>	<b>111,360,253</b>
Foreign currencies income	31	2,486,154	2,791,535
(Loss) from financial assets at fair value through income statement	32	(54,858)	(130,717)
Cash dividends from financial assets at fair value through comprehensive income	8	2,815,647	3,107,684
Other income	33	5,956,955	8,091,777
<b>Total Income</b>		<b>127,449,022</b>	<b>125,220,532</b>
Employees' expenses	34	30,254,435	28,514,832
Depreciation and amortization	12,13	4,591,875	4,674,828
Other expenses	35	21,645,649	20,921,269
Provision for impairment of direct credit facilities	9	5,689,334	4,071,190
Provision for assets seized by the Bank	14	2,537,031	3,941,057
Sundry provisions	18	415,290	1,131,178
<b>Total Expenses</b>		<b>65,133,614</b>	<b>63,254,354</b>
<b>Profit before Income Tax</b>		<b>62,315,408</b>	<b>61,966,178</b>
Less: Income tax expense	19	20,113,384	21,903,385
<b>Profit for the Year</b>		<b>42,202,024</b>	<b>40,062,793</b>
Attributable to:			
Bank's Shareholders		41,396,285	40,835,470
Non-controllers' Interest		805,739	(772,677)
<b>Profit for the Year</b>		<b>42,202,024</b>	<b>40,062,793</b>
Earnings per share for the year attributable to the Banks' shareholders			
<b>Basic/diluted</b>	<b>36</b>	<b>0.207</b>	<b>0.204</b>

Board of Director's Chairman/ Chief Executive Officer

The Accompanying Notes From (1) To (47) Constitute An Integral Part Of These Consolidated Financial Statements And Should Be Read With Them.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		
	For the Year Ended December 31	
	2016	2015
	JD	JD
<b>Profit for the Year</b>	42,202,024	40,062,793
Other comprehensive income items:		
"Items that may be reclassified subsequently to consolidated statement of income:"		
Foreign currencies translation differences	2,583,450	4,065,419
	<b>2,583,450</b>	<b>4,065,419</b>
"Items that will not be reclassified subsequently to consolidated statement of income:"		
"(Loss) from sales of financial assets at fair value through comprehensive income"	(491,918)	-
Change in fair value reserve - Net of tax	32,217,724	15,227,173
	<b>31,725,806</b>	<b>15,227,173</b>
<b>Total Comprehensive Income</b>	<b>76,511,280</b>	<b>59,355,385</b>
Total Comprehensive Income Attributable to:		
The Bank's Shareholders	74,225,435	58,129,781
Non-controllers' Interest	2,285,845	1,225,604
	<b>76,511,280</b>	<b>59,355,385</b>

The Accompanying Notes From (1) To (47) Constitute An Integral Part Of These Consolidated Financial Statements And Should Be Read With Them.



## Consolidated Statement of Changes in Owners' Equity

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan											
	Reserves					Foreign Currencies Translation Differences	Fair Value Reserve -Net	Retained Earnings	Total Banks' Shareholders Equity	Non-Controllers' Interest	Total Shareholders' Equity
	Paid-up Capital	Statutory	Voluntary	General Banking Risks	Special						
for the Year Ended December 31,2016	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
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 currencies 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	-	-	-	-	-	-	-	41,396,285	41,396,285	805,739	42,202,024
"(Losses) from 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
<b>Total comprehensive income</b>	-	<b>(2,401)</b>	<b>(2,401)</b>	<b>(11,645)</b>	-	<b>(919,944)</b>	<b>30,378,943</b>	<b>44,782,883</b>	<b>74,225,435</b>	<b>2,285,845</b>	<b>76,511,280</b>
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 capital**	44,900,000	-	(13,702,858)	-	-	-	-	(31,197,142)	-	-	-
<b>Balance - End of the Year</b>	<b>200,000,000</b>	<b>73,917,046</b>	<b>113,124</b>	<b>12,996,161</b>	<b>3,330,908</b>	<b>(12,401,835)</b>	<b>63,565,588</b>	<b>63,926,237</b>	<b>405,447,229</b>	<b>6,989,005</b>	<b>412,436,234</b>
For the Year Ended December 31, 2015											
Balance - Beginning of the Year	155,100,000	61,177,439	13,714,543	13,128,988	2,921,601	(10,326,397)	17,959,472	82,070,084	335,745,730	4,116,322	339,862,052
Adjustments	-	-	-	-	-	-	-	(613,717)	(613,717)	(638,766)	(1,252,483)
<b>Adjusted beginning balance</b>	<b>155,100,000</b>	<b>61,177,439</b>	<b>13,714,543</b>	<b>13,128,988</b>	<b>2,921,601</b>	<b>(10,326,397)</b>	<b>17,959,472</b>	<b>81,456,367</b>	<b>335,132,013</b>	<b>3,477,556</b>	<b>338,609,569</b>
Foreign currencies translation differences	-	(4,803)	(4,803)	(23,293)	-	(1,155,494)	-	3,255,531	2,067,138	1,998,281	4,065,419
Profit for the year	-	-	-	-	-	-	-	40,835,470	40,835,470	(772,677)	40,062,793
Changes in fair value reserve	-	-	-	-	-	-	15,227,173	-	15,227,173	-	15,227,173
<b>Total Comprehensive Income</b>	-	<b>(4,803)</b>	<b>(4,803)</b>	<b>(23,293)</b>	-	<b>(1,155,494)</b>	<b>15,227,173</b>	<b>44,091,001</b>	<b>58,129,781</b>	<b>1,225,604</b>	<b>59,355,385</b>
Transfer to reserves	-	6,544,197	-	(459,443)	-	-	-	(6,084,754)	-	-	-
Dividends paid*	-	-	-	-	-	-	-	(31,020,000)	(31,020,000)	-	(31,020,000)
<b>Balance - End of the Year</b>	<b>155,100,000</b>	<b>67,716,833</b>	<b>13,709,740</b>	<b>12,646,252</b>	<b>2,921,601</b>	<b>(11,481,891)</b>	<b>33,186,645</b>	<b>88,442,614</b>	<b>362,241,794</b>	<b>4,703,160</b>	<b>366,944,954</b>

\*According to the resolution of the Bank General Assembly in its ordinary meeting held on April 9, 2016, it was approved to distribute 20% of the Bank's capital in cash to shareholders which is equivalent to JD 31,020,000 (against 20% of the Bank's capital in cash to shareholders which is equivalent to JD 31,020,000 in accordance to the resolution of the general assembly in its ordinary meeting held on March 28, 2015).

\*\*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 on the shareholders each per ownership, all legal obligations procedures related to the increase of capital 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 11,926,470 against deferred tax benefits as of December 31, 2016. 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, 2016 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 (47) Constitute An Integral Part Of These Consolidated Financial Statements And Should Be Read With Them.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		JD	
		For the year ended December 31	
Cash Flows From Operating Activities	Note	2016	2015
Profit before income tax		62,315,408	61,966,178
Adjustments for:			
Depreciation and amortization	12,13	4,591,875	4,674,828
Provision for impairment in direct credit facilities	9	5,689,334	4,071,190
(Gain) from sale of property and equipment	33	(64,547)	(16,988)
Loss from financial assets at fair value through profit or loss – Unrealized	32	36,351	61,466
Effect of exchange rate fluctuations	31	(2,341,645)	(2,758,803)
Sundry provisions	18	415,290	1,131,178
Provisions for assets foreclosed by the Bank	14	2,537,031	3,941,057
Foreign currency exchange differences		1,466,147	3,214,347
<b>Profit before Changes in Assets and Liabilities</b>		<b>74,645,244</b>	<b>76,284,453</b>
Changes in Assets and Liabilities:			
Decrease (increase) in restricted balances		(746,708)	221,572
(Increase) decrease in deposits with banks and financial institutions (maturing over 3 months)		130,000,000	(155,000,000)
Decrease in financial assets at fair value through profit or loss		853,758	3,698,605
(Increase) in direct credit facilities		(89,465,121)	(45,691,135)
Decrease in other assets		2,077,350	6,882,672
(Decrease) increase in deposits and financial institutions (maturing over 3 months)		(3,159,000)	3,159,000
increase (Decrease) in customers' deposits		42,092,167	(63,586,340)
Increase in cash margins		18,120,950	9,059,666
(Decrease) in borrowing money		(76,077)	-
Increase (decrease) in other liabilities		2,399,248	(781,850)
<b>Net Change in Assets and Liabilities</b>		<b>102,096,567</b>	<b>(242,037,810)</b>
<b>Net Cash Flows from (used in) Operating Activities before Taxes, End-of-Service Indemnity Provision, and Lawsuits Provision</b>		<b>176,741,811</b>	<b>(165,753,357)</b>
Paid from end-of-service indemnity provision and lawsuits provision	18	(1,525,128)	(3,627,631)
Income tax paid	19	(16,811,866)	(19,562,896)
<b>Net Cash Flows from (used in) Operating Activities</b>		<b>158,404,817</b>	<b>(188,943,884)</b>
Cash Flows From Investing Activities			
(Purchase) of financial assets at amortized cost		(37,503,238)	(94,490,374)
Maturity of financial assets at amortized cost		92,521,265	318,792,131
(Purchase) of financial assets at fair value through comprehensive income		(2,988,738)	-
Sale of financial assets at fair value through comprehensive income		5,237,547	-
Maturity (Purchase) of financial derivatives		883,762	(115,362)
(Purchase) of property and equipment and advance payments to acquire property and equipment		(8,895,633)	(4,634,780)
Sale of property and equipment		213,092	199,536
(Purchase) of intangible assets	13	(960,792)	(609,886)
<b>Net Cash Flows from Investing Activities</b>		<b>48,507,265</b>	<b>219,141,265</b>
Cash Flows From Financing Activities			
Foreign currencies translation differences		2,583,450	4,065,419
Dividends distributed to shareholders		(30,947,339)	(30,555,289)
<b>Net Cash Flows (used in) Financing Activities</b>		<b>(28,363,889)</b>	<b>(26,489,870)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	31	2,341,645	2,758,803
<b>Net Increase in Cash and Cash Equivalents</b>		<b>180,889,838</b>	<b>6,466,314</b>
Cash and Cash Equivalents – Beginning of the Year		383,255,834	376,789,520
<b>Cash and Cash Equivalents – End of the Year</b>	<b>37</b>	<b>564,145,672</b>	<b>383,255,834</b>

The Accompanying Notes From (1) To (47) 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 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 increased from 155/5 million to become 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 (71) 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.595 held on January 24, 2017 and remain subjected to the Central Bank of Jordan approval.

### 2. Summary of Significant Accounting Policies

#### 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, 2015 except for the effect of the adoption of new and modified standards as stated in Note (47 - 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, 2016 and 2015, 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 2016 is as follows:

Name of Subsidiary	December 31, 2016		For the Year 2016	
	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Excel for Financial Investments Company	12,234,986	4,032,604	6,045,049	1,642,649
Bank of Jordan – Syria*	42,027,798	27,356,050	2,929,648	1,349,768
Jordan Leasing Company	22,860,991	262,202	1,356,380	569,105

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

- Non-controllers' interest 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 income.

- 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 income. 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 off-consolidated financial position statement based on the board of directors' decisions regarding this issue.

- The suspended interests are accounted for the accounts at the off – the consolidated financial position which have legal suits based on the Board of Directors' decisions.

#### 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 income.

##### 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 income.

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

- 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 income 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 income. 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 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 income 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 income upon acquisition) and subsequently measured in fair value. Moreover, changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets or part of them are taken to the consolidated statement of income.

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

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

### Financial Assets at Fair Value through Other 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 income.
- No impairment testing is required for these assets.
- Dividends are recorded in the consolidated statement of income.

### Fair Value

The closing price (Asset Purchase/Liabilities Selling) as of the date of the consolidated financial statements in active markets represent 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 income.

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 income.

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

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

### 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 income. Furthermore, provision against commitments of end-of-service indemnity is taken to the consolidated statement of income.

### Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. 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 income.

- *Treasury Shares*

No gain or loss is recognised in the consolidated statement of income 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 income.
- A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

### Offsetting

Financial assets and financial liabilities are offset, and the net amount 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 are 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 income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the consolidated statement of income 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 dated on March 27, 2014, 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 income.

##### 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 income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is treated in the consolidated statement of income.
- 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 income 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 income.
- Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.
- When consolidating the financial statements, 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 income.

##### 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 to 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 income.
- 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 dated on March 27, 2014, 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	
	2016	2015
	JD	JD
Cash in vaults	61,925,791	60,743,739
Balances at Central Banks:		
- Current accounts and demand deposits	64,139,425	43,126,936
- Term and notice deposits*	10,626,907	9,958,189
- Certificates of deposit	-	33,700,000
- Statutory cash reserve	91,505,691	86,971,643
	<b>228,197,814</b>	<b>234,500,507</b>

- Except for the statutory cash reserve, restricted balances amounted to JD 2,402,507 as of December 31, 2016 (JD 2,513,689 as of December 31, 2015).

\* This balance includes JD 8,224,400 maturing within a period exceeding three months (JD 7,444,500 as of December 31, 2015).

5. Balances with Banks and Financial Institutions	Local Banks and Financial Institutions	Foreign Banks and Financial Institutions	December 31		Total
			December 31		
			2016	2015	
This item consists of the following:					
Current accounts and demand deposits	-	-	38,434,350	54,171,877	54,171,877
Deposits maturing within 3 months or less	390,387,634	160,141,720	65,629,441	67,005,161	227,146,881
	<b>390,387,634</b>	<b>160,141,720</b>	<b>104,063,791</b>	<b>121,177,038</b>	<b>281,318,758</b>

- Non-interest bearing balances at banks and financial institutions amounted to JD 34,597,230 as of December 31, 2016 (JD 49,667,196 as of December 31, 2015).  
- Restricted balances at banks and financial institutions amounted to 2,253,202 JD as of December 31, 2016 (JD 2,175,212 as of December 31, 2015).

6. Deposits with Banks and Financial Institutions	Local Banks and Financial Institutions	Foreign Banks and Financial Institutions	December 31		Total
			December 31		
			2016	2015	
This item consists of the following:					
Deposits maturing within 3 to 6 months	10,000,000	10,000,000	-	-	10,000,000
Deposits maturing within 6 to 9 months	-	90,000,000	-	-	90,000,000
Deposits maturing within 9 months to a year	15,000,000	55,000,000	-	-	55,000,000
	<b>25,000,000</b>	<b>155,000,000</b>	<b>-</b>	<b>-</b>	<b>155,000,000</b>

- There are no restricted deposits as of December 31, 2016 and 2015.

## 7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:	December 31	
	2016	2015
	JD	JD
Shares listed in local active markets	122,600	173,300
Shares unlisted in local active markets	83,119	68,770
Shares listed in foreign active markets	-	853,758
	<b>205,719</b>	<b>1,095,828</b>

## 8. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:	December 31,	
	2016	2015
	JD	JD
Shares listed in local active markets	79,021,668	47,209,483
Shares unlisted in local active markets*	7,146,541	7,324,125
Shares listed in foreign active markets	4,252,624	6,407,983
Shares unlisted in foreign active markets*	1,707,505	1,713,808
	<b>92,128,338</b>	<b>62,655,399</b>

- Total cash dividends from financial assets at fair value through comprehensive income amounted to JD 2,815,647 for the year ended December 31, 2016 (JD 3,107,684 for the year ended December 31, 2015).

\*The fair value for unlisted investments had been calculated in accordance to 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

This item consists of the following:	December 31,	
	2016	2015
	JD	JD
<b>Individual (Retail Customers):</b>	<b>328,815,801</b>	<b>276,767,171</b>
Overdraft accounts	10,453,963	10,941,372
Loans and discounted bills*	305,735,908	254,102,985
Credit cards	12,625,930	11,722,814
<b>Real estate loans</b>	<b>224,886,600</b>	<b>208,815,795</b>
<b>Corporate:</b>	<b>604,772,198</b>	<b>586,872,921</b>
Large corporate customers	456,804,426	460,396,554
Overdraft accounts	128,944,650	62,930,449
Loans and discounted bills*	327,859,776	397,466,105
SMEs	147,967,772	126,476,367
Overdraft accounts	39,217,032	36,179,899
Loans and discounted bills*	108,750,740	90,296,468
<b>Government and public sector</b>	<b>139,357,534</b>	<b>149,510,740</b>
<b>Total</b>	<b>1,297,832,133</b>	<b>1,221,966,627</b>
Less: Provision for impairment in direct credit facilities	(64,840,522)	(70,706,100)
Less: Interest in suspense	(6,978,578)	(9,023,281)
<b>Net Direct Credit Facilities</b>	<b>1,226,013,033</b>	<b>1,142,237,246</b>

\* Net of interest and commission received in advance amounting to JD 12,623,079 as of December 31, 2016 (JD 10,118,604 as of December 31, 2015).

- Non-performing credit facilities amounted to JD 66,206,464 representing (5.1%) of the direct credit facilities balance for the year (JD 81,073,382 representing (6.63%) for the prior year).

- Non-performing credit facilities after deducting the suspended interest amounted to JD 59,227,886 representing (4.59%) of direct credit facilities after deducting the suspended interest for the year (JD 72,050,101 representing (5.94%) for the prior year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 87,000,117 representing (6.7%) of total direct credit facilities for the year (JD 84,054,200 representing (6.88%) for prior year). Moreover, credit facilities granted to the public sector in Palestine amounted to JD 52,357,417 for the year (JD 65,456,540 for the prior year).

### Provision for impairment in direct credit facilities:

	Individual (Retail Customers)		Real Estate Loans		Corporate Entities		Public Sector	Total
	Large Corporate Customers		SMEs		SMEs			
	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)		
<b>Balance – End of the Year</b>	<b>18,953,345</b>	<b>2,785,243</b>	<b>35,966,394</b>	<b>7,135,540</b>	<b>-</b>	<b>64,840,522</b>		

	Individual (Retail Customers)		Real Estate Loans		Corporate Entities		Public Sector	Total
	Large Corporate Customers		SMEs		SMEs			
	JD	JD	JD	JD	JD	JD		
Balance – Beginning of the Year	17,328,609	3,465,954	45,130,258	19,189,212	-	85,114,033		
Foreign currency differences	(411,477)	(52,758)	6,971,806	(12,596,534)	-	(6,088,963)		
Provision for the year taken from revenues	3,061,198	(1,130,136)	2,305,307	(165,179)	-	4,071,190		
Provisions transferred to off-statement of financial position accounts	(2,506,012)	-	(8,462,767)	(1,421,381)	-	(12,390,160)		
<b>Balance – End of the Year</b>	<b>17,472,318</b>	<b>2,283,060</b>	<b>45,944,604</b>	<b>5,006,118</b>	<b>-</b>	<b>70,706,100</b>		

### The amount of calculated provisions on a single client basis and on a portfolio basis and not reported yet is as follows:

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

	Individual (Retail Customers)		Real Estate Loans		Corporate Entities		Public Sector	Total
	Large Corporate Customers		SMEs		SMEs			
	JD	JD	JD	JD	JD	JD		
2015	17,254,739	2,283,060	45,800,617	4,921,414	-	70,259,830		
On a single client basis	217,579	-	143,987	84,704	-	446,270		
<b>Balance – End of the Year</b>	<b>17,472,318</b>	<b>2,283,060</b>	<b>45,944,604</b>	<b>5,006,118</b>	<b>-</b>	<b>70,706,100</b>		

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 6,714,569 as of December 31, 2016 (JD 11,006,261 as of December 31, 2015).  
- There are direct credit facilities with a balance of JD 9,920,148, a suspended interest 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. (Against direct credit facilities with a balance of JD13,673,729, a suspended interest of JD 1,283,569, and a provision of JD 12,390,160 as of December 31, 2015)



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

	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		Total
			Large Corporate Customers	SMEs	
2015	JD	JD	JD	JD	JD
Balance – Beginning of the Year	2,792,647	762,950	5,805,793	1,762,917	11,124,307
Add: Interest suspended during the year	290,860	138,064	(265,351)	378,726	542,299
Less: Interest in suspense reversed to income	(211,913)	(310,639)	(408,802)	(428,402)	(1,359,756)
Less: Interest in suspense written off during the year	(343,340)	-	(672,028)	(268,201)	(1,283,569)
Suspended interest transferred to off-statement of financial position accounts					
<b>Balance – End of the Year</b>	<b>2,528,254</b>	<b>590,375</b>	<b>4,459,612</b>	<b>1,445,040</b>	<b>9,023,281</b>

Direct credit facilities are distributed in accordance with geographical distribution and economic sectors as following:	Total			
	Inside Kingdom		Outside Kingdom	
	JD	JD	2016	2015
Financial	2,851,395	-	2,851,395	2,707,341
Industrial	105,485,118	33,821,838	139,306,956	189,908,858
Trading	230,408,273	26,717,134	257,125,407	271,776,255
Real estate	181,654,124	1,007,176	182,661,300	141,951,532
Constructions	42,225,300	-	42,225,300	47,451,139
Agriculture	8,080,448	8,869,752	16,950,200	16,186,262
Tourism, restaurants and public facilities	88,826,440	4,937,397	93,763,837	67,392,470
Shares	11,202,167	-	11,202,167	9,176,609
Individuals	353,999,338	58,388,699	412,388,037	325,905,421
Government and public sector	87,000,117	52,357,417	139,357,534	149,510,740
<b>Total</b>	<b>1,111,732,720</b>	<b>186,099,413</b>	<b>1,297,832,133</b>	<b>1,221,966,627</b>



<b>12. Property and Equipment – Net</b>	Land	Buildings	Equipment Furniture and Fixtures	Vehicles	Computer	Decorations and Improvements	Total
The details of this item are as follows:							
<b>2016</b>	JD	JD	JD	JD	JD	JD	JD
<b>Cost:</b>							
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)
<b>Ending balance</b>	<b>3,671,477</b>	<b>13,483,963</b>	<b>20,042,356</b>	<b>1,026,495</b>	<b>10,802,396</b>	<b>19,372,663</b>	<b>68,399,350</b>
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)
<b>Ending balance</b>	<b>-</b>	<b>6,015,986</b>	<b>14,751,951</b>	<b>641,180</b>	<b>7,855,568</b>	<b>15,341,641</b>	<b>44,606,326</b>
<b>Net book value of property and equipment</b>	<b>3,671,477</b>	<b>7,467,977</b>	<b>5,290,405</b>	<b>385,315</b>	<b>2,946,828</b>	<b>4,031,022</b>	<b>23,793,024</b>
Payments on acquisition of property and equipment*		77,562	87,956	-	647,362	5,168,926	5,981,806
<b>Net Property and Equipment at the End of the Year</b>	<b>3,671,477</b>	<b>7,545,539</b>	<b>5,378,361</b>	<b>385,315</b>	<b>3,594,190</b>	<b>9,199,948</b>	<b>29,774,830</b>
<b>2015</b>							
<b>Cost:</b>							
Beginning balance	3,237,388	14,881,753	19,796,496	1,131,660	10,941,103	20,116,449	70,104,849
Additions	38,652	50,687	1,384,714	66,221	1,115,950	1,190,416	3,846,640
(Disposals)	-	(47,880)	(641,856)	(211,960)	(1,374,628)	(772,709)	(3,049,033)
Foreign currencies differences	(142,994)	(1,561,615)	(353,246)	(21,079)	(118,939)	(409,252)	(2,607,125)
<b>Ending balance</b>	<b>3,133,046</b>	<b>13,322,945</b>	<b>20,186,108</b>	<b>964,842</b>	<b>10,563,486</b>	<b>20,124,904</b>	<b>68,295,331</b>
Accumulated depreciation:							
Beginning balance	-	5,855,328	14,124,474	989,159	8,572,983	15,305,829	44,847,773
Annual depreciation	-	197,885	1,571,866	78,260	513,677	1,668,460	4,030,148
(Disposals)	-	(29,218)	(584,761)	(206,048)	(1,316,979)	(729,479)	(2,866,485)
Foreign currencies differences	-	(130,878)	(202,412)	(17,031)	(85,356)	(276,707)	(712,384)
<b>Ending balance</b>	<b>-</b>	<b>5,893,117</b>	<b>14,909,167</b>	<b>844,340</b>	<b>7,684,325</b>	<b>15,968,103</b>	<b>45,299,052</b>
<b>Net book value of property and equipment</b>	<b>3,133,046</b>	<b>7,429,828</b>	<b>5,276,941</b>	<b>120,502</b>	<b>2,879,161</b>	<b>4,156,801</b>	<b>22,996,279</b>
Payments on acquisition of property and equipment*	-	1,874,162	281,333	-	502,907	140,774	2,799,176
<b>Net Property and Equipment at the End of the Year</b>	<b>3,133,046</b>	<b>9,303,990</b>	<b>5,558,274</b>	<b>120,502</b>	<b>3,382,068</b>	<b>4,297,575</b>	<b>25,795,455</b>

\*The financial obligations relating to the acquisition of property and equipment amounted to JD 1,701,430 for the year 2016, and will be settled in accordance with the contractual conditions on the purchase of these assets.

- Fully depreciated property and equipment amounted to JD 33,355,029 for the year 2016 (JD 32,444,421 for the year 2015).

13. Intangible Assets – Net		
This item consists of softwares which are amortized at an annual rate ranging from 15% to 20%, the details are as follows:	For the year ended December 31,	
	2016	2015
	JD	JD
Balance – Beginning of the year	3,320,303	3,371,359
Additions during the year	960,792	609,886
Amortization for the year	(711,560)	(644,680)
Foreign currencies differences	(10,389)	(16,262)
<b>Balance – End of the Year</b>	<b>3,559,146</b>	<b>3,320,303</b>

14. Other Assets		
This item consists of the following:	December 31,	
	2016	2015
	JD	JD
Accrued interest income	4,810,872	6,638,640
Prepaid expenses	2,587,778	2,107,795
Assets foreclosed by the Bank in repayment of debts*	34,705,556	37,373,852
Clearance cheques	1,634,270	2,434,194
Advanced payments on the acquisition of lands & real estate	912,359	1,015,307
Prepaid tax expenses	1,970,506	1,473,124
Accounts receivables and other debit balances	8,302,713	8,448,822
Transactions in transit	20,554	67,255
	<b>54,944,608</b>	<b>59,558,989</b>

* The following is the movement on the assets foreclosed by the Bank in repayment of debts:		
	Foreclosed Assets	
	2016	2015
	JD	JD
Balance – Beginning of the Year	41,642,564	42,714,825
Additions	2,430,218	2,379,766
Disposals	(2,561,483)	(3,452,027)
<b>End of the year balance</b>	<b>41,511,299</b>	<b>41,642,564</b>
Impairment provision of assets foreclosed by the Bank**	(6,805,743)	(4,268,712)
<b>Balance – End of the Year</b>	<b>34,705,556</b>	<b>37,373,852</b>

- 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 periods exceeding 4 years.

** The following is the movement on the impairment provision of assets foreclosed by the Bank which include assets impairment provision and the foreclosed assets provision that is calculated in accordance with Central Bank of Jordan dissemination 10/1/4076 :	2016	2015
	JD	JD
Balance – Beginning of the Year	4,268,712	327,655
Additions	2,537,923	3,941,057
Disposals	(892)	-
<b>Balance – End of the Year</b>	<b>6,805,743</b>	<b>4,268,712</b>

15. Banks and Financial Institutions' Deposits						
This item consists of the following:	December 31,					
	2016			2015		
	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
Current accounts and demand deposits	-	43,248,408	43,248,408	-	14,763,256	14,763,256
Time Deposits	47,500,000	54,875,050	102,375,050	-	108,825,774	108,825,774
	<b>47,500,000</b>	<b>98,123,458</b>	<b>145,623,458</b>	<b>-</b>	<b>123,589,030</b>	<b>123,589,030</b>

There are no deposits maturing within 3 months as of December 31, 2016 (against 3,159,000 as of December 31, 2015 maturing within more than 3 months and less than 6 months).

16. Customers' Deposits					
This item consists of the following:	December 31, 2016				
	Individuals	Large Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	355,601,307	84,696,037	83,093,736	11,818,041	535,209,121
Saving accounts	661,287,174	1,384,695	13,092,843	78,767	675,843,479
Time and notice deposits	202,401,692	85,959,821	25,621,116	9,860,366	323,842,995
Certificates of deposit	65,897,325	570,890	5,615,320	-	72,083,535
<b>Total</b>	<b>1,285,187,498</b>	<b>172,611,443</b>	<b>127,423,015</b>	<b>21,757,174</b>	<b>1,606,979,130</b>
	December 31, 2015				
	Individuals	Large Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	328,240,342	55,898,871	82,188,847	22,522,530	488,850,590
Saving accounts	650,414,852	1,342,623	15,734,630	60,065	667,552,170
Time and notice deposits	235,603,488	50,752,929	24,982,634	45,204,607	356,543,658
Certificates of deposit	49,509,355	40,000	2,391,190	-	51,940,545
<b>Total</b>	<b>1,263,768,037</b>	<b>108,034,423</b>	<b>125,297,301</b>	<b>67,787,202</b>	<b>1,564,886,963</b>

- Deposits of the Jordanian Government and the public sector inside Jordan amounted to JD 16,118,947 equivalent to (1%) of total customers' deposits for the year (JD 58,092,471 equivalent to (3.71%) for the prior year).
- Non-interest bearing deposits amounted to JD 901,249,775 equivalent to (56.08%) of total customers' deposits for the year (JD 864,982,291 equivalent to (55.27%) of total deposits for the prior year).
- Restricted deposits amounted to JD 20,715,053 equivalent to (1.29%) of total customers' deposits for the year (JD 13,059,220 equivalent to (0.83%) of total deposits for the prior year).
- Dormant deposits amounted to JD 82,178,656 for the year (JD 82,805,617 for the prior year).

## 17. Cash Margins

The details of this item are as follows:	December 31,	
	2016	2015
	JD	JD
Cash margins on direct credit facilities	111,304,651	90,930,302
Cash margins on indirect credit facilities	17,987,451	20,240,850
<b>Total</b>	<b>129,292,102</b>	<b>111,171,152</b>

## 18. Sundry 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
2016	JD	JD	JD	JD	JD
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
	<b>6,226,165</b>	<b>415,290</b>	<b>(1,525,128)</b>	<b>(100,335)</b>	<b>5,015,992</b>
2015	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	8,165,555	776,715	(3,604,397)	-	5,337,873
Provision for lawsuits raised against the Bank	346,924	277,111	(23,234)	-	600,801
Other provisions	280,464	77,352	-	(70,325)	287,491
	<b>8,792,943</b>	<b>1,131,178</b>	<b>(3,627,631)</b>	<b>(70,325)</b>	<b>6,226,165</b>

## 19. Income Tax

a. Income tax provision	2016	2015
The movement on the income tax provision is as follows:	JD	JD
Balance – Beginning of the Year	13,197,654	15,998,305
Income tax paid	(16,811,866)	(19,562,896)
Accrued Income tax	20,486,918	16,762,245
<b>Balance – End of the Year</b>	<b>16,872,706</b>	<b>13,197,654</b>
Income tax in the consolidated statement of income represents the following:		
	2016	2015
	JD	JD
Income tax on current year's profit	20,486,918	16,762,245
Deferred tax assets for the year-addition	(1,517,791)	(1,587,473)
Amortization of deferred tax assets	1,144,257	6,728,613
	<b>20,113,384</b>	<b>21,903,385</b>

- Legal income tax rate in Jordan amounts to 35% starting from the beginning of the year 2015, 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 year 2013. Moreover the Bank submitted its tax returns for the years 2011, 2014 and 2015 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 1,750,030. The Bank has objected this assessment and raised a lawsuit against Income and Sales Tax Department in this regards which is still at the court of first instance. Furthermore, the Income and Sales Tax Department also requested for the Bank with tax differences against the year 2014 and it's still in the objection period at which the Bank intends to object the assessment made by the Income and Sales Tax Department. 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 2015 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 1,130,000 to meet the Tax obligations on the Bank's results for the year 2015 (JD 495,000 against income tax and JD 635,000 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 2016.

- A final settlement was reached with the Income and Sales Tax Department up to the end of the year 2014 regarding Excel for Financial Investments Company (subsidiary). Furthermore, the Company has submitted its tax returns for the year 2015. 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 2013. Moreover, the Company has submitted its tax returns for the years 2014 and 2015 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	2016						2015	
	Balance - Beginning of the Year	Amounts Released	Amounts Added	Balance - End of the Year	Deferred Tax	Balance - Deferred Tax		
	JD	JD	JD	JD	JD	JD	JD	JD
The details of this item are as follows:								
Accounts Included Deferred Tax Assets:								
Provisions for non-performing debts	16,403,056	-	1,375,995	17,779,051	6,222,668	5,741,070		
Provision for non-performing debts - Prior years	3,781,736	27,501	-	3,754,235	1,082,233	1,090,151		
Provision for staff end-of-service indemnity	5,337,873	1,622,963	471,325	4,186,235	1,243,573	1,663,191		
Interest in suspense	998,113	-	-	998,113	261,797	263,258		
Provision for lawsuits raised against the Bank	600,801	15,715	41,628	626,714	208,612	201,900		
Impairment in assets foreclosed by the Bank	4,268,712	892	2,537,923	6,805,743	2,219,558	1,331,622		
Impairment in assets available for sale	62,831	-	-	62,831	21,991	21,991		
Other provisions	7,617,560	4,953,408	-	2,664,152	666,038	1,904,390		
	<b>39,070,682</b>	<b>6,620,479</b>	<b>4,426,871</b>	<b>36,877,074</b>	<b>11,926,470</b>	<b>12,217,573</b>		

- The movement on deferred tax assets is as follows:	2016		2015	
	JD	JD	JD	JD
Balance – Beginning of the Year		12,217,573		19,984,865
Adjustments		-		(1,252,483)
<b>Adjusted balance – Beginning of the Year</b>		<b>12,217,573</b>		<b>18,732,382</b>
The effect of the amendments of Income Tax Law on Palestine and Jordan*		-		(414,598)
Added during the year		1,517,791		1,587,473
Amortized during the year		(1,144,257)		(6,314,015)
Foreign currencies differences		(664,637)		(1,373,669)
<b>Balance – End of the Year</b>		<b>11,926,470</b>		<b>12,217,573</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:	2016		2015	
	JD	JD	JD	JD
Accounting profit		62,315,408		61,966,178
Tax-exempt profit		(5,979,800)		(23,222,541)
Tax-unacceptable expenses		7,493,529		7,976,757
Taxable profit		63,829,137		46,720,394
Income tax rate		32.1%		35.9%
		<b>20,486,918</b>		<b>16,762,245</b>

## 20. Borrowed Money

The details of this item are as follows:	Amount	Number of Instalments		Periodic Instalments Maturity	Collaterals	Price of Borrowing Interest
		In total	The Remaining			
<b>2016</b>	<b>JD</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>					
<b>2015</b>	<b>JD</b>				<b>JD</b>	
Borrowing from the Central Bank of Jordan	500,956	60	60	Monthly	Treasury bonds	2.25%
<b>Total</b>	<b>500,956</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 of 5.25%.
- This balance is borrowed with fixed interest rate, and there are no borrowing in variable rates or with no interest rate as of December 31, 2016.

## 21. Other Liabilities

The details of this item are as follows:	December 31,	
	2016	2015
	JD	JD
Accrued interest payable	2,748,843	3,449,363
Accepted cheques	7,261,564	7,346,676
Temporary deposits	2,452,353	2,114,422
Dividends payable	1,880,403	1,807,742
Deposits on safe boxes	169,226	166,306
Sold real estate margins	291,472	96,850
Other liabilities*	7,373,047	4,723,640
	<b>22,176,908</b>	<b>19,704,999</b>

*The details of other liabilities are as follows:	December 31	
	2016	2015
	JD	JD
Social security deposits	264,323	240,624
Income tax deposits	283,396	207,090
Accrued expenses	3,459,949	2,628,509
Incoming transfers	231,740	197,322
Board of Directors' remuneration	55,000	55,000
Other credit balances	3,078,639	1,395,095
	<b>7,373,047</b>	<b>4,723,640</b>

## 22. Paid-up Capital

- The authorized capital of the Bank is JD 200,000,000 as of December 31, 2016 (JD 155,100,000 as of December 31, 2015)

- 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.

## 23. Reserves

- Statutory Reserve

The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the 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:		
Reserve	Amount	Nature of Restriction
	JD	
Legal reserve	73,917,046	Companies and Banks Laws
General banking risks reserve	12,996,161	Regulatory bodies requirements
Special reserve	3,330,908	Regulatory bodies requirements

## 24. Foreign Currencies 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:	2016	2015
	JD	JD
Balance – Beginning of the Year	(11,481,891)	(10,326,397)
Changes in the translation of net investment in the subsidiary company during the year*	(919,944)	(1,155,494)
<b>Balance – End of the Year</b>	<b>(12,401,835)</b>	<b>(11,481,891)</b>

\* 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 2016 and 2015.

## 25. Fair Value Reserve

The details of the fair value reserve are as follows:	2016	2015
	JD	JD
Balance – Beginning of the Year	33,186,645	17,959,472
Unrealized gains	32,217,724	15,227,173
(Transferred) as a result for shares sale to retained earning recognized	(1,838,781)	-
<b>Balance – End of the Year</b>	<b>63,565,588</b>	<b>33,186,645</b>

## 26. Retained Earnings

The details of this item are as follows:	2016	2015
	JD	JD
Balance – Beginning of the Year	88,442,614	82,070,084
Adjustments	-	(613,717)
Adjusted Balance – Beginning of the Year	88,442,614	81,456,367
Dividends distributed to shareholders	(31,020,000)	(31,020,000)
Profit for the year	41,396,285	40,835,470
Transferred to reserves	(7,082,118)	(6,084,754)
Transferred as a result for sale of financial assets through comprehensive income	1,346,863	-
The currencies translation differences	2,039,735	3,255,531
(Transferred) increase in paid-up capital – Note (1)	(31,197,142)	-
<b>Balance – End of the Year*</b>	<b>63,926,237</b>	<b>88,442,614</b>

\* Retained earnings include an amount of JD 11,926,470 restricted against deferred tax benefits as of December 31, 2016 (JD 12,217,573 as of December 31, 2015).

- Retained earnings include an amount of JD 5,060,455 as of December 31, 2016 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Commission.

## 27. Proposed 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 dividends of 20% of the capital was distributed during the year 2016 in the amount of JD 31,020,000 in addition to capital increase in the amount of JD 44,900,000 as stated in note (1)).

28. Interest Income		
The details of this item are as follows:	2016	2015
	JD	JD
<b>Direct Credit Facilities:</b>		
Individual (retail customers):	29,195,069	27,000,838
Overdraft accounts	1,183,948	933,050
Loans and discounted bills	25,605,225	23,512,401
Credit cards	2,405,896	2,555,387
<b>Real estate loans</b>	<b>16,089,973</b>	<b>14,588,962</b>
<b>Corporate Entities:</b>	<b>39,361,772</b>	<b>42,736,340</b>
Large corporate customers:	27,137,126	31,230,700
Overdraft accounts	6,032,824	6,253,408
Loans and discounted bills	21,104,302	24,977,292
SMEs:	12,224,646	11,505,640
Overdraft accounts	2,761,334	2,731,466
Loans and discounted bills	9,463,312	8,774,174
<b>Government and public sector</b>	<b>5,909,340</b>	<b>5,455,068</b>
Balances with central banks	891,188	1,592,584
Balances and deposits with banks and financial institutions	10,465,324	3,677,829
Financial assets at amortized cost	8,003,308	16,620,652
<b>Total</b>	<b>109,915,974</b>	<b>111,672,273</b>

29. Interest Expense		
The details of this item are as follows:	2016	2015
	JD	JD
Banks and financial institution deposits	1,113,990	981,608
Customers' deposits:		
Current and demand deposits	198,543	187,585
Saving accounts	1,217,806	1,936,905
Time and notice deposits	8,133,639	10,347,143
Certificates of deposit	2,010,710	2,985,355
Borrowed funds	63,168	11,250
Cash margins	1,098,867	952,606
Fees of deposits guarantees	3,317,015	3,424,090
	<b>17,153,738</b>	<b>20,826,542</b>

## 30. Commissions Income – Net

The details of this item are as follows:	2016	2015
	JD	JD
Commission's income:		
Direct credit facilities commissions	5,144,413	5,221,393
Indirect credit facilities commissions	5,624,180	2,906,688
Other commissions	12,984,290	12,650,131
Less: Commissions expense	(269,995)	(263,690)
<b>Net Commissions Income</b>	<b>23,482,888</b>	<b>20,514,522</b>

## 31. Foreign Currency Income

The details of this item are as follows:	2016	2015
	JD	JD
From trading/dealing	144,509	32,732
From revaluation	2,341,645	2,758,803
	<b>2,486,154</b>	<b>2,791,535</b>

## 32. (Loss) from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:	Realized (Losses)	Unrealized (Losses)	Returns on Share Dividends	Total
	JD	JD	JD	JD
Year 2016				
Local shares	-	(36,351)	6,082	(30,269)
Foreign shares	(43,841)	-	19,252	(24,589)
	<b>(43,841)</b>	<b>(36,351)</b>	<b>25,334</b>	<b>(54,858)</b>
Year 2015				
	JD	JD	JD	JD
Local shares	135,324	(51,487)	11,845	95,682
Foreign shares	(306,721)	(9,979)	90,301	(226,399)
	<b>(171,397)</b>	<b>(61,466)</b>	<b>102,146</b>	<b>(130,717)</b>



### 33. Other Income

The details of this item are as follows:	2016	2015
	JD	JD
Revenue from prior years returned to income	1,192,926	1,074,059
Gains from the sale of assets foreclosed by the Bank	645,607	1,628,485
Revenue from telephone, post, and swift	493,111	476,359
Real estate rent	354,793	170,896
Gain from the sale of property and equipment	64,547	16,988
Interest in suspense reversed to income	1,636,566	1,359,756
Gains from sale of financial assets foreclosed by the Bank	-	1,861,500
Other income	1,569,405	1,503,734
	<b>5,956,955</b>	<b>8,091,777</b>

### 34. Employees Expenses

The details of this item are as follows:	2016	2015
	JD	JD
Salaries, bonuses, and employees' benefits	24,173,266	22,846,565
Bank's contribution to social security	2,029,156	1,895,371
Bank's contribution to provident fund	1,549,808	1,477,886
Medical expenses	1,460,682	1,360,857
Staff training expenses	281,195	295,605
Transportation and travel expenses	760,328	638,548
	<b>30,254,435</b>	<b>28,514,832</b>

### 35. Other Expenses

The details of this item are as follows:	2016	2015
	JD	JD
Rent	3,186,977	3,191,913
Printing and stationery	790,281	895,352
Telephone, post and swift	1,560,783	1,560,769
Maintenance, repairs, and cleaning	2,898,817	3,039,529
Fees, taxes, and licences	2,769,587	1,853,840
Advertisements and subscriptions	3,397,142	3,508,021
Insurance expenses	1,995,673	1,908,703
Electricity and heating	2,212,085	2,455,768
Donations	544,925	522,106
Hospitality	245,171	236,702
Professional, consultancy and legal fees	1,145,878	1,056,962
Board of Directors remunerations	55,000	55,000
Miscellaneous	843,330	636,604
	<b>21,645,649</b>	<b>20,921,269</b>

### 36. Earnings per Share

The details of this item are as follows:	2016	2015
	JD	JD
Profit for the year (Bank's shareholders)	41,396,285	40,835,470
Weighted average number of shares*	200,000,000	200,000,000
Net income for the year/share (Bank's shareholders):		
Basic	0,207	0.204
<b>Diluted</b>	<b>0,207</b>	<b>0.204</b>

\* The weighted average number of shares for the year ended December 31, 2015 has been adjusted to be JD 200 million instead of JD 155/1 million as the increase in the shares was due to distributed bonus shares.

### 37. Cash and Cash Equivalents

The details of this item are as follows:	December 31,	
	2016	2015
	JD	JD
Cash and balances with central banks maturing within 3 months	219,973,414	227,056,007
Add: Balances with banks and other financial institutions maturing within 3 months	494,451,425	281,318,758
Less: Banks and financial institutions' deposits maturing within 3 months	(145,623,458)	(120,430,030)
Restricted balances	(4,655,709)	(4,688,901)
	<b>564,145,672</b>	<b>383,255,834</b>

38. Financial Derivatives Instruments	This details of financial derivatives as of year-end are as follows:	Nominal Value Maturities			Total Nominal Value	Positive Fair Value	Negative Fair Value	Total Nominal Value
		During 3 Months	From 3 To 12 Months	Total				
		JD	JD	JD				
2016	Foreign currencies forward contracts (purchase)	1,428,188	-	1,428,188	-	236	1,428,188	
	Foreign currencies forward contracts (purchase)	1,187,132	-	1,187,132	-	31,193	1,187,132	
	Foreign currencies forward contracts (purchase)	699,274	-	699,274	13,774	-	699,274	
<b>Total</b>		<b>3,314,594</b>	<b>-</b>	<b>3,314,594</b>	<b>13,774</b>	<b>31,429</b>	<b>3,314,594</b>	
2015	Foreign currencies forward contracts (purchase)	2,995,051	-	2,995,051	866,107	-	2,995,051	
<b>Total</b>		<b>2,995,051</b>	<b>-</b>	<b>2,995,051</b>	<b>866,107</b>	<b>-</b>	<b>2,995,051</b>	

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

### 39. Related parties transaction

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.

#### The following are summaries of balances and transactions with related parties:

Consolidated Statement of Financial Position Items:	Related Parties					Total December 31,	
	Major Shareholders	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	2016	2015
	JD	JD	JD	JD	JD	JD	JD
Credit facilities	*9,491,296	4,016,723	1,225,623	-	32,419,714	47,153,356	31,564,028
Deposits	36,515,318	356,476	1,873,217	394,040	6,104,003	45,243,054	10,470,840
Cash margins	5,172,177	900	-	-	517,628	5,690,705	595,907
Off-consolidated Statement of Financial Position Items:							
Letters of guarantee	-	4,687	4,277	-	2,597,391	2,606,355	338,557
						Total For the Year Ended	
						December 31,	
						2016	2015
Consolidated Statement of Income Items:							
Credit interest and commission	44,119	1,493	258,064	22,938	1,193,831	1,520,445	1,704,764
Debit interest and commission	41,383	18	9,481	-	13,129	64,011	74,196

#### Interest rates:

- Interest income prices in JD ranged between (6.15%) to (9.7%)
- Interest income in foreign currency was 0%
- Interest prices in JD ranged between (0.25%) to (3.9%)
- Interest prices in JD foreign currency ranged between (0.2%) to (0.4%)

\* This balance represents the partial financing made by the Bank to a company related to one of the Bank's major shareholders for the sale of the portion of investments which exceeded the allowed limits per Article (38/A/1) of the Banks Law No. (28) for the Year 2000. These investments summarized by financial assets at fair value through comprehensive income represented by 984,835 shares in El-Eqbal Investment Company at its fair value as of the sale date which is equivalent to JD 13 per share, in addition to the sale of 1,940,000 shares of the Bank's investment in North Industrial Company (a non traded associate company).

#### Salaries and Remunerations of Executive Management summary:

	2016	2015
	JD	JD
Salaries and benefits	2,457,340	1,966,566
Transportation and board secretary	48,000	45,242
<b>Total</b>	<b>2,505,340</b>	<b>2,011,808</b>

## 40. 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, or operations).
  - 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 contracted to purchase several systems to prepare the requirements needed for the purpose of Basel III calculation and Stress Testing as well as preparing an internal valuation for Capital adequacy ICAAP.

### Credit Risks

Credit risks arise from the probable inability and/or lack of desire of the borrower or third party to fulfil 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 management of credit as follows:
  - Companies Credit Risk Department (for 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 for 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 compare 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 developments 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 shed lights on the below aspects:
    - The concentrations of credit portfolio on economic activity level.
    - The concentrations of credit portfolio on product level.
    - Reports cover 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 ranks (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. Separation 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, 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 risks 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 committee at Board of Directors level to review policies, credit strategies, investments and risks.
11. Determining the duties of the various credit risks 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 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 providing 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. Develop and implement 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, semi-annually) 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 a 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.

### 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.
- Interest rate risks.
- Currency exchange rate risks. (Dealing with Foreign Currency)
- Fluctuation in share price risks.
- Goods Risks.

### Market risks arise from:

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

### The substantial tools used to measure and manage markets risks as following:

1. Basis Point Value
2. Value at Risk
3. Stress Testing

### The Bank manages the market and liquidity risk through:

- Installing a set of liquidity management policies and procedures, approved by the Board of Directors, that specifies the criteria for definition, measurement, control, follow-up, and management of liquidity risk.
- 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.
  - Preparing 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.
  - Analysing ceilings and limitations of the investments and providing a recommendation to adjust it according to improvements and circumstances of international and local markets, and diverse investments that achieve best returns and less risks.
  - Analysing the investment concentrations on the level of each tool.
  - Reviewing and assessing the portfolios assets and liabilities.
  - Analysing credit rating for international and local banks according to the financial situation and how much it is effected by economic crises and the range of its spread globally.
  - Monitoring interest trends on the volume of deposits, maturity date and its suspended range.
  - Preparing 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 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. An Information Security Unit has been established to protect the Bank's information, users and assets by applying policies and procedures to be high level, through specific definitions of mandatory baseline controls.

### Based on the above, Bank of Jordan adopts the following principles to manage information security risks:

1. Review Information Security Policies and update the policies to be in line with international standards.
2. Comply with PCI-DSS Requirements.
3. Monitor all systems, servers, and network components on a regular basis by using special tools to counter any threat.
4. Review privileges based on job classification and function and restricted to least privileges necessary to perform job responsibilities.
5. Identify threats and vulnerabilities and identify appropriate controls to mitigate any new risks.
6. Review and update the Business Contingency Plan periodically and do the necessary tests to check the effectiveness of the plan, as well as periodically reviewing the Disaster Recovery Plan.
7. Review and evaluate the physical security controls on a regular basis.
8. Coordinate or conduct security orientation and security awareness programs.
9. Reporting information security/Communication Progress and related cases to the high management.

## Compliance Risks

These represent the risks that arise from the probable failure by 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, the policy 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.
- Contract with a specialized company to implement an automated system to manage the requirements of FATCA.
- Adjusting opening new accounts application forms to meet the requirements of the law FATCA.
- Developing a mechanism to update customer data on an ongoing basis.

## Second: Quantitative Disclosures:

### (40/A) Credit Risk

Exposure to credit risk (after impairment provisions and interest in suspense and before collateral held or other mitigation factors):	2016	2015
On-Statement of Financial Position Items	JD	JD
Balances with central banks	166,272,023	173,756,768
Balances with banks and financial institutions	494,451,425	281,318,758
Deposits with banks and financial institutions	25,000,000	155,000,000
Credit facilities:	1,226,013,033	1,142,237,246
Individual (retail customers)	307,336,228	256,766,599
Real estate loans	221,576,763	205,942,360
Corporate entities	557,742,508	530,017,547
Large corporate customers	418,533,785	409,992,338
SMEs	139,208,723	120,025,209
Government & public sector	139,357,534	149,510,739
Financial derivatives instruments	-	866,107
Financial assets at amortized cost (Bonds & Treasury Bills)	172,637,680	227,655,707
Other assets	17,356,187	19,696,706
<b>Off-statement of Financial Position Items</b>		
Letters of guarantee	117,565,620	104,648,914
Letters of credit	80,542,151	45,308,135
Acceptances	74,535,617	30,657,185
Un-utilized facilities	86,932,724	136,379,535
<b>Total</b>	<b>2,461,306,460</b>	<b>2,317,525,061</b>

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 regularly ensure 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, 2016										
	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		Other Assets	Government & Public Sector	Banks & Other Financial Institutions	Total		
			Large Corporate Customers	SMEs					JD	JD
Low grade risk	-	-	-	-	-	251,953,546	166,272,023	418,225,569	JD	JD
Standard grade risk	303,221,658	213,236,925	413,624,860	127,442,384	17,356,187	-	548,895,093	1,623,777,107		
<b>From which past due*:</b>										
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		
<b>Non-performing:</b>	<b>22,741,468</b>	<b>6,665,210</b>	<b>23,183,478</b>	<b>13,616,308</b>	-	-	-	<b>66,206,464</b>		
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		
<b>Total</b>	<b>328,815,801</b>	<b>224,886,600</b>	<b>487,402,426</b>	<b>147,967,772</b>	<b>17,356,187</b>	<b>251,953,546</b>	<b>715,167,116</b>	<b>2,173,549,448</b>		
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)		
<b>Net</b>	<b>307,336,228</b>	<b>221,576,763</b>	<b>449,131,785</b>	<b>139,208,723</b>	<b>17,356,187</b>	<b>251,953,546</b>	<b>715,167,116</b>	<b>2,101,730,348</b>		

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

December 31, 2015										
	Individual (Retail Customers)	Real Estate Loans	Corporate Entities		Other Assets	Government & Public Sector	Banks & Other Financial Institutions	Total		
			Large Corporate Customers	SMEs					JD	JD
Low grade risk	-	-	-	-	-	351,543,314	174,622,875	526,166,189	JD	JD
Standard grade risk	257,545,788	200,546,466	424,415,343	105,915,579	19,696,706	-	446,306,891	1,454,426,773		
<b>From which past due*:</b>										
Up to 30 days	1,633,070	834,308	4,486,294	1,350,895	-	-	-	8,304,567		
From 31 to 60 days	478,433	33,235	848,564	540,557	-	-	-	1,900,789		
Watch list	2,115,455	2,793,366	9,721,011	3,964,497	-	-	-	18,594,329		
<b>Non-performing:</b>	<b>17,105,928</b>	<b>5,475,963</b>	<b>41,895,200</b>	<b>16,596,291</b>	-	-	-	<b>81,073,382</b>		
Substandard	1,389,273	593,771	1,682,720	285,999	-	-	-	3,951,763		
Doubtful	1,867,645	1,010,483	864,583	1,115,828	-	-	-	4,858,539		
Losses written-off	13,849,010	3,871,709	39,347,897	15,194,464	-	-	-	72,263,080		
<b>Total</b>	<b>276,767,171</b>	<b>208,815,795</b>	<b>476,031,554</b>	<b>126,476,367</b>	<b>19,696,706</b>	<b>351,543,314</b>	<b>620,929,766</b>	<b>2,080,260,673</b>		
Less: Interest in suspense	(2,528,254)	(590,375)	(4,459,612)	(1,445,040)	-	-	-	(9,023,281)		
Less: Impairment provision	(17,472,318)	(2,283,060)	(45,944,604)	(5,006,118)	-	-	-	(70,706,100)		
<b>Net</b>	<b>256,766,599</b>	<b>205,942,360</b>	<b>425,627,338</b>	<b>120,025,209</b>	<b>19,696,706</b>	<b>351,543,314</b>	<b>620,929,766</b>	<b>2,000,531,292</b>		

- Credit risk exposure include balances and deposits at banks and financial institutions, treasury bills and any assets which has credit exposure.

\* All of the loan balance is considered mature if any instalment or interest matures for a period that exceeds 90 days, as for the overdraft it is considered mature if it exceeds the limit of a period that exceeds 90 days.

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

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

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

December 31, 2015								
Collaterals:	Individual (Retail Customers)		Real Estate Loans		Corporate Entities		Government and Public Sector	Total
	JD		JD		Large Corporate Customers	SMEs		
Low grade	-		-		-		-	-
Standard grade	40,043,562		175,213,476		107,481,641	74,028,359	-	396,767,038
Watch list	674		2,748,959		1,347,306	3,936,695	-	8,033,634
<b>Non-performing:</b>	<b>1,103,084</b>		<b>4,782,671</b>		<b>22,903,837</b>	<b>10,976,346</b>	-	<b>39,765,938</b>
Substandard	28,224		537,998		1,814,300	920,728	-	3,301,250
Doubtful	60,232		835,813		375,518	1,262,120	-	2,533,683
Losses written-off	1,014,628		3,408,860		20,714,019	8,793,498	-	33,931,005
<b>Total</b>	<b>41,147,320</b>		<b>182,745,106</b>		<b>131,732,784</b>	<b>88,941,400</b>	-	<b>444,566,610</b>
<b>As:</b>								
Cash margins	12,920,358		33,950		17,732,635	7,913,390	-	38,600,333
Real estate	16,052,513		182,677,306		84,271,617	68,482,274	-	351,483,710
Listed shares	-		-		24,679,606	506,850	-	25,186,456
Equipment and vehicles	12,174,449		33,850		5,048,926	12,038,886	-	29,296,111
<b>Total</b>	<b>41,147,320</b>		<b>182,745,106</b>		<b>131,732,784</b>	<b>88,941,400</b>	-	<b>444,566,610</b>

### 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 9,162,639 as of December 31, 2016 (JD 9,147,883 as of December 31, 2015).

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

### 2. Restructured Loans

Restructuring means to rearrange facilities instalments by increasing their duration, postponing some instalments, or increasing their grace period. They are classified as debts under watch list and amounted to JD 38,261,806 as of December 31, 2016 (JD 23,839,111 as of December 31, 2015).

### 3. Bonds, Debentures and Treasury Bills

The schedule below shows the distribution of bonds, debentures and bills according to the international agencies' classification:

Rating Grade	Rating Agency	Classification	Within Financial Assets at Amortized Cost	Total
			JD	JD
Foreign Bank Bonds	Moody's	A1	4,980,044	4,980,044
Foreign Bank Bonds	Moody's	A2	2,845,666	2,845,666
Foreign Bank Bonds	Moody's	A3	2,127,000	2,127,000
Foreign Bank Bonds	Moody's	Aa3	7,759,193	7,759,193
Foreign Bank Bonds	Moody's	Ba2	8,817,257	8,817,257
Foreign Bank Bonds	Moody's	Baa2	2,914,508	2,914,508
Jordanian Government Bonds			112,596,012	112,596,012
Unrated Bonds			30,598,000	30,598,000
<b>Total</b>			<b>172,637,680</b>	<b>172,637,680</b>

4. Concentration in credit exposure according to geographical distribution as follows:		December 31, 2016							Total
		Inside Jordan	Other Middle East Countries	Europe	Asia*	America	Other Countries	JD	
Distributed according to the country of residence of the counterparty		JD	JD	JD	JD	JD	JD	JD	JD
Geographical area	Items								
Balances with central banks		106,853,686	59,418,337	-	-	-	-	-	166,272,023
Balances with banks and financial institutions		390,387,632	84,555,415	14,339,649	64,850	5,027,919	75,960	494,451,425	
Deposits with banks and financial institutions		25,000,000	-	-	-	-	-	25,000,000	
<b>Credit facilities:</b>		<b>1,059,043,161</b>	<b>166,969,872</b>	-	-	-	-	<b>1,226,013,033</b>	
Individual (retail customers)		259,533,927	47,802,301	-	-	-	-	307,336,228	
Real estate loans		220,760,993	815,770	-	-	-	-	221,576,763	
<b>Corporate entities</b>		<b>491,748,124</b>	<b>65,994,384</b>	-	-	-	-	<b>557,742,508</b>	
Large corporate customers		372,418,721	46,115,064	-	-	-	-	418,533,785	
SMEs		119,329,403	19,879,320	-	-	-	-	139,208,723	
Government & public sector		87,000,117	52,357,417	-	-	-	-	139,357,534	
Financial derivatives instruments		-	-	-	-	-	-	-	
Bonds & Treasury Bills									
Financial assets at amortized cost		127,596,012	41,484,847	-	3,556,821	-	-	172,637,680	
Other assets		11,971,962	5,380,498	-	3,727	-	-	17,356,187	
<b>Total for the Year 2016</b>		<b>1,720,852,453</b>	<b>357,808,969</b>	<b>14,339,649</b>	<b>3,625,398</b>	<b>5,027,919</b>	<b>75,960</b>	<b>2,101,730,348</b>	
<b>Total for the Year 2015</b>		<b>1,660,110,878</b>	<b>307,246,881</b>	<b>20,642,223</b>	<b>523,998</b>	<b>12,007,312</b>	<b>-</b>	<b>2,000,531,292</b>	

\* 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
Items	166,272,023	-	-	-	-	-	-	-	-	-	166,272,023
Balances with central banks	494,451,425	-	-	-	-	-	-	-	-	-	494,451,425
Balances with banks and financial institutions	25,000,000	-	-	-	-	-	-	-	-	-	25,000,000
Deposits with banks and financial institutions	2,507,541	133,600,427	245,998,438	223,078,216	43,548,050	16,737,743	88,038,099	11,202,167	321,944,818	139,357,534	1,226,013,033
<b>Credit facilities:</b>											
Financial assets at fair value											
Financial derivatives instruments											
Bonds & Treasury Bills:											
Financial assets at amortized cost	44,443,668	-	15,598,000	-	-	-	-	-	-	112,596,012	172,637,680
Other assets	17,171,069	45,342	24,196	1,576	-	-	-	102,520	11,484	-	17,356,187
<b>Total for the Year 2016</b>	<b>749,845,726</b>	<b>133,645,769</b>	<b>261,620,634</b>	<b>223,079,792</b>	<b>43,548,050</b>	<b>16,737,743</b>	<b>88,038,099</b>	<b>11,304,687</b>	<b>321,956,302</b>	<b>251,953,546</b>	<b>2,101,730,348</b>
<b>Total for the Year 2015</b>	<b>647,881,363</b>	<b>184,331,261</b>	<b>269,221,200</b>	<b>139,349,716</b>	<b>43,291,495</b>	<b>15,963,955</b>	<b>66,303,190</b>	<b>9,176,609</b>	<b>273,469,189</b>	<b>351,543,314</b>	<b>2,000,531,292</b>

40/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 share price 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 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.
- 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 analyses 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 of major foreign currencies positions at the Bank:

Currency Type	December 31,	
	2016	2015
	JD	JD
US Dollar	(31,027,943)	(20,004,009)
Sterling Pound	262,188	1,071,016
Euro	(1,689,464)	(3,590,984)
Japanese Yen	8,139	188,325
Other currencies	(21,566,026)	(21,491,911)
	<b>(54,013,106)</b>	<b>(43,827,563)</b>

### Share Price Risks

Share price 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.

### Market 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.
- 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 present to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/ Board of Directors.

### Quantitative Disclosures:

1. Interest Rate Risks			
	December 31, 2016		
	Increase in Currency Exchange Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity
Currency		JD	JD
US Dollar	2%	(620,559)	-
Sterling Pound	2%	5,244	-
Euro	2%	(33,789)	-
Japanese Yen	2%	163	-
Other Currencies	2%	(431,321)	-

	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
Currency		JD	JD
US Dollar	2%	620,559	-
Sterling Pound	2%	(5,244)	-
Euro	2%	33,789	-
Japanese Yen	2%	(163)	-
Other Currencies	2%	431,321	-

	December 31, 2015		
	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	(400,080)	-
Sterling Pound	2%	21,420	-
Euro	2%	(71,820)	-
Japanese Yen	2%	3,767	-
Other Currencies	2%	(429,838)	-

	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
Currency		JD	JD
US Dollar	2%	400,080	-
Sterling Pound	2%	(21,420)	-
Euro	2%	71,820	-
Japanese Yen	2%	(3,767)	-
Other Currencies	2%	429,838	-

2. Foreign Currencies Risks			
December 31, 2016			
	Increase in Currency Exchange Rate (%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
US Dollar	5%	(1,551,397)	-
Sterling Pound	5%	13,109	-
Euro	5%	(84,473)	-
Japanese Yen	5%	407	-
Other Currencies	5%	(1,078,301)	-

December 31, 2015			
	Increase in Currency Exchange Rate (%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
US Dollar	5%	(1,000,200)	-
Sterling Pound	5%	53,551	-
Euro	5%	(179,549)	-
Japanese Yen	5%	9,416	-
Other Currencies	5%	(1,074,596)	-

3. Fluctuation in Share Price Risks			
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

December 31, 2015			
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	5%	8,665	2,360,474
Palestine Stock Exchange	5%	-	320,399
New York Stock Exchange	5%	42,688	-

Interest Re-pricing Gap									
2016	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	
Items	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Assets</b>									
Cash and balances with Central Banks	42,648,313	-	-	-	-	8,224,400	177,325,101	228,197,814	
Balances with banks and financial institutions	456,849,757	3,004,438	-	-	-	-	34,597,230	494,451,425	
Deposits with banks and financial institutions	-	-	10,000,000	15,000,000	-	-	-	25,000,000	
Financial assets at fair value through profit and loss	-	-	-	-	-	-	205,719	205,719	
Financial assets at fair value through OCI	-	-	-	-	-	-	92,128,338	92,128,338	
Direct credit facilities - Net	72,184,183	133,747,520	176,877,510	252,103,189	240,291,427	350,809,204	-	1,226,013,033	
Financial assets at amortized cost	5,173,074	4,193,787	1,422,450	14,424,134	71,633,705	75,790,530	-	172,637,680	
Investments in associates	-	-	-	-	-	-	1	1	
Property, plant and equipment	-	-	-	-	-	-	29,774,830	29,774,830	
Intangible assets	-	-	-	-	-	-	3,559,146	3,559,146	
Deferred assets	-	-	-	-	-	-	11,926,470	11,926,470	
Other assets	-	-	-	-	-	-	54,944,608	54,944,608	
<b>TOTAL ASSETS</b>	<b>576,855,327</b>	<b>140,945,745</b>	<b>188,299,960</b>	<b>281,527,323</b>	<b>311,925,132</b>	<b>434,824,134</b>	<b>404,461,443</b>	<b>2,338,839,064</b>	
<b>LIABILITIES</b>									
Banks and financial institutions' deposits	97,638,360	2,056,500	-	-	-	-	45,928,598	145,623,458	
Customers' deposits	170,391,648	77,245,315	74,923,260	59,069,880	151,844,475	172,254,777	901,249,775	1,606,979,130	
Cash margins	12,796,511	14,956,606	26,404,081	4,406,742	6,690,552	10,180,950	53,856,660	129,292,102	
Financial instruments derivative	17,419	-	-	-	-	-	236	17,655	
Sundry provisions	-	-	-	-	-	-	5,015,992	5,015,992	
Income tax provision	-	-	-	-	-	-	16,872,706	16,872,706	
Borrowed money	9,539	19,078	28,617	57,234	228,936	81,475	-	424,879	
Other liabilities	-	-	-	-	-	-	22,176,908	22,176,908	
<b>TOTAL LIABILITIES</b>	<b>280,853,477</b>	<b>94,277,499</b>	<b>101,355,958</b>	<b>63,533,856</b>	<b>158,763,963</b>	<b>182,517,202</b>	<b>1,045,100,875</b>	<b>1,926,402,830</b>	
<b>Interest Re-pricing Gap</b>	<b>296,001,850</b>	<b>46,668,246</b>	<b>86,944,002</b>	<b>217,993,467</b>	<b>153,161,169</b>	<b>252,306,932</b>	<b>(640,639,432)</b>	<b>412,436,234</b>	
<b>2015</b>									
Total Assets	358,006,628	240,805,707	165,512,440	439,655,312	293,659,957	305,549,877	403,031,952	2,206,221,873	
Total Liabilities	236,357,780	88,613,053	77,738,277	105,973,222	95,255,000	260,287,356	975,052,231	1,839,276,919	
<b>Interest Re-pricing Gap</b>	<b>121,648,848</b>	<b>152,192,654</b>	<b>87,774,163</b>	<b>333,682,090</b>	<b>198,404,957</b>	<b>45,262,521</b>	<b>(572,020,279)</b>	<b>366,944,954</b>	

Rating on basis of re-pricing periods or maturity whichever is nearer

### Concentration of Foreign Currency Risk

December 31, 2016										
Currency	US Dollar	Sterling Pound	Euro	Japanese Yen	Other	Total				Total
Items	JD	JD	JD	JD	JD	JD				JD
<b>ASSETS</b>										
Cash and balances with Central Banks	65,573,089	273,361	1,762,236	486	32,227,973	99,837,145				
Balances with banks and financial institutions	130,085,333	8,063,159	16,381,099	61,796	38,712,360	193,303,747				
Financial derivatives instruments	-	-	-	-	-	-				
Direct credit facilities - Net	180,304,595	-	1,982,001	-	93,129,198	275,415,794				
Financial assets (at amortized cost and at fair value and investments in associates)	55,519,885	-	-	-	-	55,519,885				
Other assets	2,266,501	4,949	52,999	40	7,149,966	9,474,455				
<b>TOTAL ASSETS</b>	<b>433,749,403</b>	<b>8,341,469</b>	<b>20,178,335</b>	<b>62,322</b>	<b>171,219,497</b>	<b>633,551,026</b>				
<b>LIABILITIES</b>										
Banks and financial institutions' deposits	44,353,967	4,235	151,569	-	6,767,265	51,277,036				
Customers' deposits	349,128,086	8,029,644	19,739,139	23,354	155,218,403	532,138,626				
Cash margins	26,727,721	33,379	1,937,084	30,829	6,936,824	35,665,837				
Other liabilities	44,567,572	12,023	40,007	-	23,863,031	68,482,633				
<b>TOTAL LIABILITIES</b>	<b>464,777,346</b>	<b>8,079,281</b>	<b>21,867,799</b>	<b>54,183</b>	<b>192,785,523</b>	<b>687,564,132</b>				
<b>Net position inside financial position 2016</b>	<b>(31,027,943)</b>	<b>262,188</b>	<b>(1,689,464)</b>	<b>8,139</b>	<b>(21,566,026)</b>	<b>(54,013,106)</b>				
Commitments and contingent liabilities 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				
<b>December 31, 2015</b>										
Currency	US Dollar	Sterling Pound	Euro	Japanese Yen	Other	Total				Total
Items	JD	JD	JD	JD	JD	JD				JD
<b>TOTAL ASSETS</b>	<b>414,743,911</b>	<b>8,995,322</b>	<b>39,467,367</b>	<b>282,612</b>	<b>170,635,083</b>	<b>634,124,295</b>				
<b>TOTAL LIABILITIES</b>	<b>434,747,920</b>	<b>7,924,306</b>	<b>43,058,351</b>	<b>94,287</b>	<b>192,126,994</b>	<b>677,951,858</b>				
<b>Net concentrations inside financial position for 2015</b>	<b>(20,004,009)</b>	<b>1,071,016</b>	<b>(3,590,984)</b>	<b>188,325</b>	<b>(21,491,911)</b>	<b>(43,827,563)</b>				
Commitments and contingent liabilities off the Statement of Financial Position during the year 2015	89,699,325	12,991	3,173,882	1,852,830	13,840,145	108,579,173				

### Liquidity Risk

First: this table summarizes below the (unrebutted) liabilities on the remaining period for contractual maturities at the date of consolidated financial statements

December 31, 2016									
Liabilities	For 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	JD
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 margin	14,229,867	15,077,104	34,404,081	28,906,742	16,418,373	20,253,129	2,806	129,292,102	
Sundry provision	203,043	-	-	-	-	-	4,812,949	5,015,992	
Income tax provision	4,218,177	-	12,654,529	-	-	-	-	16,872,706	
Borrowed money	9,539	19,078	28,617	57,234	228,936	81,475	-	424,879	
Financial instruments derivative	17,655	-	-	-	-	-	-	17,655	
Other liabilities	4,618,495	2,996,155	3,631,822	9,118,604	12,611	-	1,799,221	22,176,908	
<b>Total liabilities</b>	<b>551,794,588</b>	<b>155,022,822</b>	<b>148,068,902</b>	<b>239,617,103</b>	<b>390,915,580</b>	<b>378,763,240</b>	<b>62,220,595</b>	<b>1,926,402,830</b>	
<b>Total Assets (According to expected maturity )</b>	<b>720,352,190</b>	<b>143,308,631</b>	<b>199,295,250</b>	<b>290,211,833</b>	<b>315,527,918</b>	<b>457,805,871</b>	<b>212,337,371</b>	<b>2,338,839,064</b>	
December 31, 2015									
Liabilities	For 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	JD
Deposits with banks and financial institutions	116,849,830	3,580,200	3,159,000	-	-	-	-	123,589,030	
Customers' deposits	355,863,716	147,853,782	121,397,937	303,272,202	224,783,530	328,910,179	82,805,617	1,564,886,963	
Cash margin	15,662,250	7,851,450	7,001,549	14,506,262	6,393,726	9,755,649	50,000,266	111,171,152	
Sundry provision	-	-	-	-	-	-	6,226,165	6,226,165	
Income tax provision	3,306,417	-	9,891,237	-	-	-	-	13,197,654	
Borrowed money	-	-	-	-	-	500,956	-	500,956	
Other liabilities	6,504,502	5,180,662	5,915,453	90,633	156,909	-	1,856,840	19,704,999	
<b>Total liabilities</b>	<b>498,186,715</b>	<b>164,466,094</b>	<b>147,365,176</b>	<b>317,869,097</b>	<b>231,334,165</b>	<b>339,166,784</b>	<b>140,888,888</b>	<b>1,839,276,919</b>	
<b>Total Assets (According to expected maturity)</b>	<b>535,409,693</b>	<b>237,369,494</b>	<b>165,512,440</b>	<b>439,655,312</b>	<b>299,659,958</b>	<b>298,105,377</b>	<b>236,509,600</b>	<b>2,206,221,874</b>	

**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:				
	December 31, 2016		December 31, 2015	
	For 3 months	Total	For 3 months	Total
	JD	JD	JD	JD
Derivative for trading				
Currency Derivative				
Outflow	(3,332,249)	(3,332,249)	(2,128,944)	(2,128,944)
Inflow	3,314,594	3,314,594	2,995,051	2,995,051
<b>Total</b>	<b>(17,655)</b>	<b>(17,655)</b>	<b>866,107</b>	<b>866,107</b>

Off-consolidated statement of financial position items:	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	2,427,285	8,892,066	1,532,812	12,852,163
Capital commitments	1,701,430	-	-	1,701,430
<b>Total</b>	<b>363,704,827</b>	<b>8,892,066</b>	<b>1,532,812</b>	<b>374,129,705</b>

	December 31, 2015			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	75,965,320	-	-	75,965,320
Un-utilized facilities	136,379,535	-	-	136,379,535
Letters of guarantee	104,648,914	-	-	104,648,914
Operational leases contracts and capital commitments	2,123,913	-	-	2,123,913
<b>Total</b>	<b>319,117,682</b>	<b>-</b>	<b>-</b>	<b>319,117,682</b>

#### 41. 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	Total		Other	Financial Brokerage	Treasury	Corporation	Individual (Retail Customers)
	2016	2015					
	JD	JD					
Total Revenue	127,449,022	125,220,532	2,179,869	790,548	18,027,853	46,919,637	59,531,115
Provision for impairment in direct credit facilities	(5,689,334)	(4,071,190)	-	-	-	(3,799,220)	(1,890,114)
<b>Sectors business results</b>	<b>121,759,688</b>	<b>121,149,342</b>	<b>2,179,869</b>	<b>790,548</b>	<b>18,027,853</b>	<b>43,120,417</b>	<b>57,641,001</b>
Other expenses	(59,444,280)	(59,183,164)	(5,458,092)	(234,718)	(2,551,907)	(18,563,191)	(32,636,372)
Profit before tax	62,315,408	61,966,178	(3,278,223)	555,830	15,475,946	24,557,226	25,004,629
Income tax	(20,113,384)	(21,903,385)	418,100	(1,405,786)	(3,256,230)	(7,382,310)	(8,487,158)
<b>Net profit</b>	<b>42,202,024</b>	<b>40,062,793</b>	<b>(2,860,123)</b>	<b>(849,956)</b>	<b>12,219,716</b>	<b>17,174,916</b>	<b>16,517,471</b>
Other information							
Capital Expenditures	8,895,633	4,634,780	6,598,992	8,211	96,743	74,255	2,117,432
Depreciation and amortization	4,591,875	4,674,828	1,710,582	17,199	465,734	205,575	2,192,785
<b>Total Assets</b>	<b>2,338,839,064</b>	<b>2,206,221,873</b>	<b>98,270,674</b>	<b>7,784,877</b>	<b>964,351,294</b>	<b>802,670,157</b>	<b>465,762,062</b>
<b>Total Liabilities</b>	<b>1,926,402,830</b>	<b>1,839,276,919</b>	<b>63,172,900</b>	<b>4,032,604</b>	<b>146,202,123</b>	<b>383,142,312</b>	<b>1,329,852,891</b>

## 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 expenses according to geographical location:

	Inside the Kingdom		Outside the Kingdom		Total	
	2016	2015	2016	2015	2016	2015
	JD	JD	JD	JD	JD	JD
Total Revenues	126,978,242	131,376,085	17,895,403	14,934,679	144,873,645	146,310,764
Total Assets	1,877,695,284	1,809,983,454	461,179,780	396,238,419	2,338,839,064	2,206,221,873
Capital Expenditures	8,648,725	3,638,732	246,908	996,048	8,895,633	4,634,780

## 42. 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, 2016		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
<b>Assets</b>			
Cash and balances with Central Banks	150,387,106	77,810,708	228,197,814
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
Financial derivatives instruments	-	-	-
Direct Credit facilities – Net	636,560,424	589,452,609	1,226,013,033
Financial assets at amortized cost	25,213,445	147,424,235	172,637,680
Investments in associates	-	1	1
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	21,555,504	33,389,104	54,944,608
<b>TOTAL ASSETS</b>	<b>1,353,167,904</b>	<b>985,671,160</b>	<b>2,338,839,064</b>
<b>LIABILITIES</b>			
Banks and financial institutions' deposits	145,623,458	-	145,623,458
Customers' deposits	818,689,215	788,289,915	1,606,979,130
Cash margins	92,617,794	36,674,308	129,292,102
Financial instruments divertive	17,655	-	17,655
Sundry provisions	203,043	4,812,949	5,016,992
Income tax provision	16,842,706	-	16,842,706
Borrowing money	114,468	310,411	424,879
Other liabilities	20,365,076	1,811,832	22,176,908
<b>TOTAL LIABILITIES</b>	<b>1,094,473,415</b>	<b>831,899,415</b>	<b>1,926,372,830</b>
<b>Net</b>	<b>258,694,489</b>	<b>153,771,745</b>	<b>412,466,234</b>

Their recoverability or settlement:	December 31, 2015		
	Up to 1 Year	Over 1 Year	Total
Assets	JD	JD	JD
Cash and balances with Central Banks	161,731,165	72,769,342	234,500,507
Balances with banks and financial institutions	279,143,546	2,175,212	281,318,758
Deposits with banks and financial institutions	155,000,000	-	155,000,000
Financial assets at fair value through profit or loss	-	1,095,828	1,095,828
Financial assets at fair value through comprehensive income	-	62,655,399	62,655,399
Financial derivatives instruments	866,107	-	866,107
Direct Credit facilities – Net	653,692,992	488,544,254	1,142,237,246
Financial assets at amortized cost	121,617,938	106,037,769	227,655,707
Investments in associates	-	1	1
Property and equipment – Net	-	25,795,455	25,795,455
Intangible assets	-	3,320,303	3,320,303
Deferred tax assets	-	12,217,573	12,217,573
Other Assets	5,895,191	53,663,798	59,558,989
<b>TOTAL ASSETS</b>	<b>1,377,946,939</b>	<b>828,274,934</b>	<b>2,206,221,873</b>
<b>LIABILITIES</b>			
Banks and financial institutions' deposits	123,589,030	-	123,589,030
Customers' deposits	928,387,637	636,499,326	1,564,886,963
Cash margins	45,021,511	66,149,641	111,171,152
Sundry provisions	-	6,226,165	6,226,165
Income tax provision	13,197,654	-	13,197,654
Borrowing money	-	500,956	500,956
Other liabilities	17,691,250	2,013,749	19,704,999
<b>TOTAL LIABILITIES</b>	<b>1,127,887,082</b>	<b>711,389,837</b>	<b>1,839,276,919</b>
<b>Net</b>	<b>250,059,857</b>	<b>116,885,097</b>	<b>366,944,954</b>

## 43. 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 branching locally and regionally.

#### - Regulatory Capital:

Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (II) 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 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 no less than 12% according to the Central Bank of Jordan instructions. The ratio of owners' equity to total assets must not be less than 6%.

**- 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 through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20%, and retained earnings.

December 31, 2016	
In Thousands of JD	
During the year 2016, the Bank calculated the organizational capital and capital adequacy according to Basel III in accordance to the instructions issued by Central Bank of Jordan dated October 31, 2016 and cancelling the instructions related to Basel II, the organizational capital as per Base III follows:	
<b>Regulatory capital for ordinary shares holders (CET 1):</b>	<b>JD</b>
Subscribed and paid-up capital	200,000
Statutory reserve	73,917
Voluntary reserve	113
Other reserves	3,331
Fair value reserve	63,566
Retained earnings	27,926
Minority interest in the capital of subsidiaries	3,381
Less: Intangible assets	(3,559)
Foreign currency translation	(12,402)
Deferred tax assets	(11,926)
<b>Total Primary Capital</b>	<b>344,347</b>
<b>Additional Capital Items</b>	
General banking risk reserve	12,996
<b>Total additional capital</b>	<b>12,996</b>
<b>Total regulatory capital</b>	<b>357,343</b>
<b>Total risk weighted assets</b>	<b>1,716,372</b>
<b>Capital adequacy ratio (%)</b>	<b>20.82%</b>
<b>Regulatory capital for ordinary shareholders (CET 1)</b>	<b>20.06%</b>
<b>Capital adequacy for first layer (%)</b>	<b>20.06%</b>

**The organizational capital and capital adequacy according to standardized methodology for the year 2015 as following:**

2015	
JD	
<b>Primary Capital Items</b>	
Subscribed and paid-up capital	155,100
Statutory reserve	67,717
Voluntary reserve	13,710
Other reserves	2,922
Retained earnings	42,146
Minority interest in the capital of subsidiaries	777
Less: Intangible assets	(3,320)
50% in the investments in banks and insurance companies	(2,232)
<b>Total Primary Capital</b>	<b>276,820</b>
<b>Additional Capital Items</b>	
Foreign currency translation	(11,482)
Financial assets assessment reserve	14,934
General banking risk reserve	12,646
Less: 50% in the investments in banks and insurance companies	(2,232)
<b>Total additional capital</b>	<b>13,866</b>
<b>Total regulatory capital</b>	<b>290,686</b>
<b>Total risk weighted assets</b>	<b>1,596,094</b>
<b>Capital adequacy ratio (%)</b>	<b>18.21%</b>
<b>Regulatory capital adequacy ratio (%)</b>	<b>17.34%</b>

#### 44. 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, 2016	December 31, 2015				
Financial Assets at Fair Value	JD	JD				
Financial Assets at Fair Value Through Income Statement						
Shares that have an available market price	122,600	1,027,058	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have an available market price	83,119	68,770	Level Two	Financial Statements issued by companies		
Total	205,719	1,095,828				
Forward Contracts (Foreign Currency)	-	866,107	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Financial Assets at Fair Value Through Comprehensive Income						
Shares that have available market price	83,274,292	53,617,466	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have available market price	8,854,046	9,037,933	Level Two	Financial Statements issued by companies	Does Not Apply	Does Not Apply
Total	92,128,338	62,655,399				
Total Financial Assets at Fair Value	92,334,057	64,617,334				
Financial Liabilities at Fair Value						
Forward Contracts (Foreign Currency)	17655	-	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply
Total Financial Liabilities at Fair Value	17,655	-				

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

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, 2016		December 31, 2015		The Level of
	Book value	Fair Value	Book value	Fair Value	Fair Value
<b>Financial Assets of non-specified Fair Value</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
Balances at central banks	166,272,023	166,272,023	173,756,768	173,763,000	Level Two
Balances at banks and financial institutions	494,451,425	495,300,577	281,318,758	281,500,129	Level Two
Deposits at banks and financial institutions	25,000,000	25,415,685	155,000,000	156,740,544	Level Two
Loans, bills and other	1,106,590,558	1,108,702,501	1,100,192,093	1,102,675,548	Level Two
Financial assets at amortized cost	172,637,680	173,980,219	227,655,707	229,740,861	Level Two
Other assets	34,705,556	83,584,255	37,373,852	86,260,538	Level Two
<b>Total Financial Assets of Non-specified Fair Value</b>	<b>1,999,657,242</b>	<b>2,053,255,260</b>	<b>1,975,297,178</b>	<b>2,030,680,620</b>	
<b>Financial Liabilities of Non-specified Fair Value</b>					
Deposits at banks and financial institutions	145,623,458	145,670,169	123,589,030	123,735,494	Level Two
Customers' deposits	1,606,979,130	1,609,675,022	1,564,886,963	1,568,106,070	Level Two
Cash insurance	129,292,102	129,299,201	111,171,152	111,364,079	Level Two
<b>Total Financial Liabilities of Non-specified Fair Value</b>	<b>1,881,894,690</b>	<b>1,884,644,392</b>	<b>1,799,647,145</b>	<b>1,803,205,643</b>	

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

#### 45. Commitments and Contingent Liabilities

a. Contingent Liabilities:	2016	2015
	JD	JD
Letters of credit	80,542,151	45,308,135
Acceptances	74,535,617	30,657,185
Letters of guarantee:		
Payment	31,659,395	28,963,635
Performance	49,829,921	43,153,376
Other	36,076,304	32,531,903
Direct un-utilized credit facilities	86,932,724	136,379,535
<b>Total</b>	<b>359,576,112</b>	<b>316,993,769</b>

b. Contractual Liabilities:	2016	2015
	JD	JD
Contracts for purchasing property and equipment*	1,701,430	2,123,913
Contracts for operating and capital lease**	12,852,163	-
<b>Total</b>	<b>14,553,593</b>	<b>2,123,913</b>

\* These commitments mature in less than a year

\*\* These commitments mature between a year to 10 years



## 46. 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 17,585,485 as of December 31, 2016 (JD 49,926,727 as of December 31, 2015). 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 626,715 as of December 31, 2016 (JD 600,801 as of December 31, 2015). 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 Income or against the recorded provision when paid.

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

### 4. a. New and revised IFRSs applied with no material effect on the financial statements:

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

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

### 4. b. New and revised IFRSs in issue but not yet effective and not early adopted

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

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: There is consideration that is denominated or priced in a foreign currency; The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and The prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions.	January 1, 2018
Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018

Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 16 Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014). IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.  A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:  Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.  Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.  Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.  Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	January 1, 2018
Amendments to IFRS 15 Revenue from Contracts with customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018

**IFRS 15 Revenue from Contracts with Customers**  
 In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

January 1, 2018

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

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

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

Additional Information as Required by  
the Jordan Securities Commission

# 2016

Names and Brief Résumés of Board of Directors and  
Executive Managers

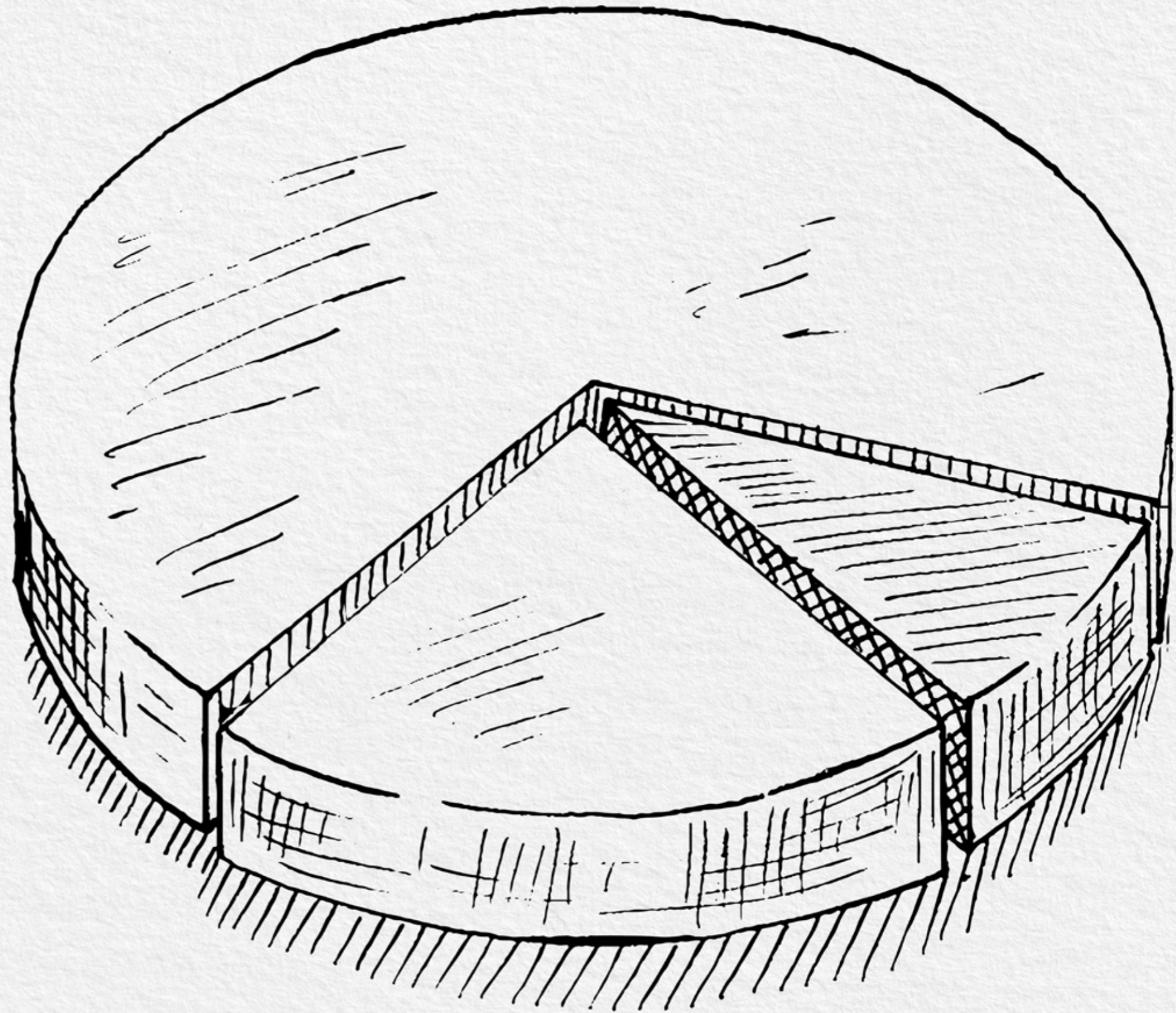
Major Shareholders' Equity

Board of Directors' Equity

Executive Managers' Equity

Addresses of Bank of Jordan Branches

Organizational Structure



## Additional Information as Required by the Jordan Securities Commission 2016

### 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.

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

The Bank has 71 branches and 10 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 reached 1,920. 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	926	Wadi Al Seer	8	Aqaba	12	Al Rabieh	8
Regional Management	175	Deir Abi Saeed	7	Al Bayader	9	Abdoun	12
Shmeisani	20	Sweileh	9	Industrial Area – Al Bayader	8	Hurrieh St.– Moghablain	8
Amman	7	Al Fuheis	8			Al Rawnaq	9
Karak	7	Abu Nsair	7	Al Mafraq	10	Sport City	8
Irbid	15	Madaba	10	North Azraq	5	Taj Mall	14
Al Hussun St.	10	First Circle	10	Jabal Al Weibdeh	7	North Hashmi	6
Eidoun St.	7	Airport	4	Tareq	9	Sahab	6
Ma'an	8	Hakama St., Irbid	11	Zarqa Free Zone	8	Ramallah	24
Rumtha	8	Zarqa	9	Marj Al Hamam	7	Hebron	18
Al Turrayah	5	Faisal St., Zarqa	9	Al Jeezah	7	Jenin	21
Salt	9	New Zarqa	7	Ras Al Ain	8	Nablus	24
Jerash	10	North Shuneh	8	Al Yasmeen	9	Gaza	16
Al Mahatta	8	Kufranjah	5	Sweifieh	12	Al Ram	7
Yarmouk St.– Al Nasser	7	Al Qweismeh	11	Al Wehdad	9	Al Eizaryeh	7
Marka	13	Third Circle	7	Jabal Al Shamali	8	Industrial Area, Ramallah	5
Ajloun	9	Mecca St.	14	Dwrat Khalda	13	Bethlehem	11
Jabal Al Hussein	13	University of Jordan	7	Al Ruseifa	8	Tulkarm	8
Al Khalidi	6	Thirty St. /Irbid	10	Al Madina Al Monawara /Tlaa Al Ali	9	Qabatiya	7
Al Jubaiha	10	Al Nuzha	7	Abu Alanda	10	Rafidia	5
Commercial Market	8	Gardens	19	Khalda	10	Al Naser	11
Abdali Mall	14	Al Madina Al Monawara St.	8	City Mall	14	Al Ersal	6

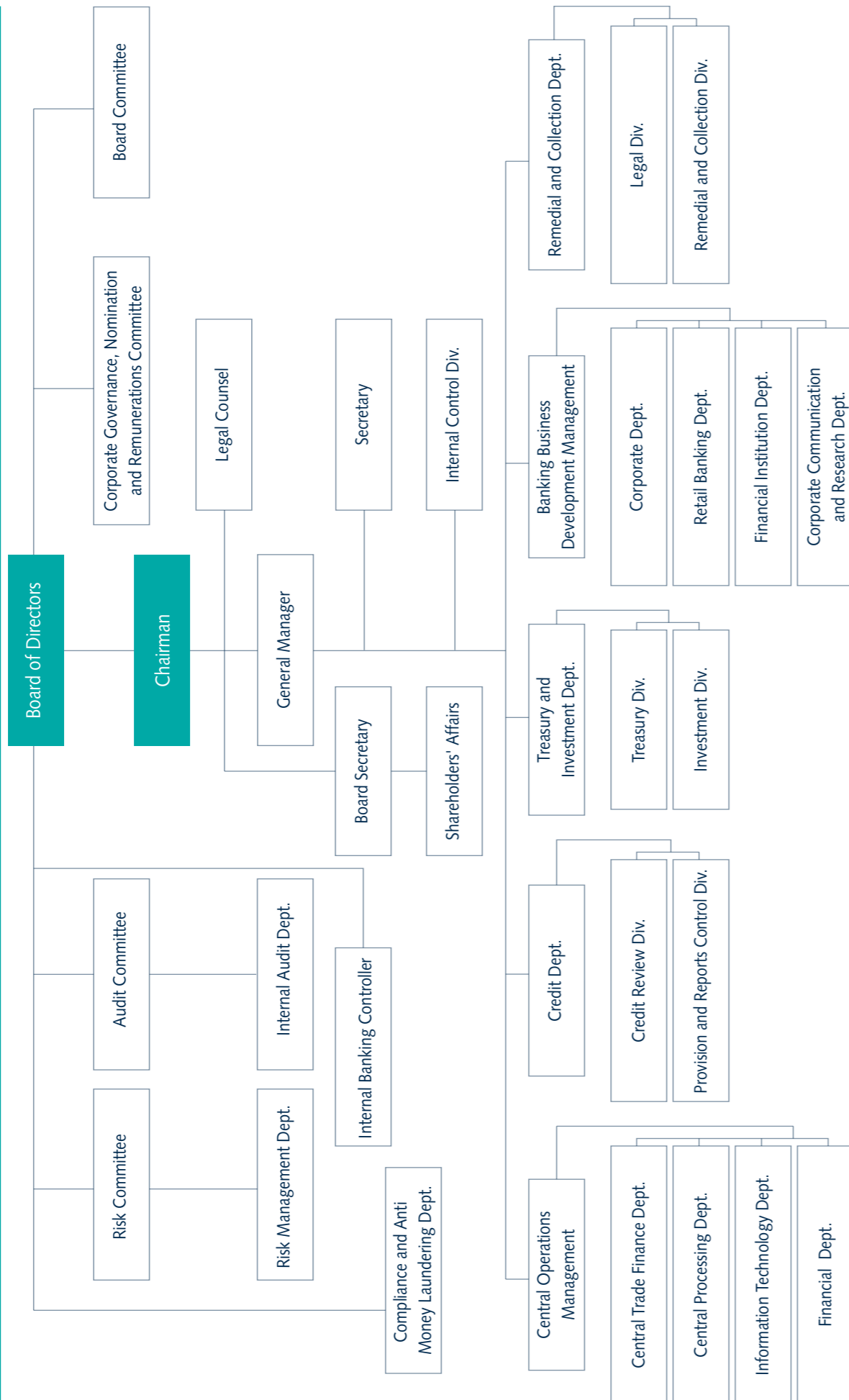
#### 1. c- Capital Investment Volume:

JD 405.4 million as of December 31<sup>st</sup>, 2016.

#### 2. Subsidiaries:

##### a. Bank of Jordan - Syria / Syrian Arab Republic

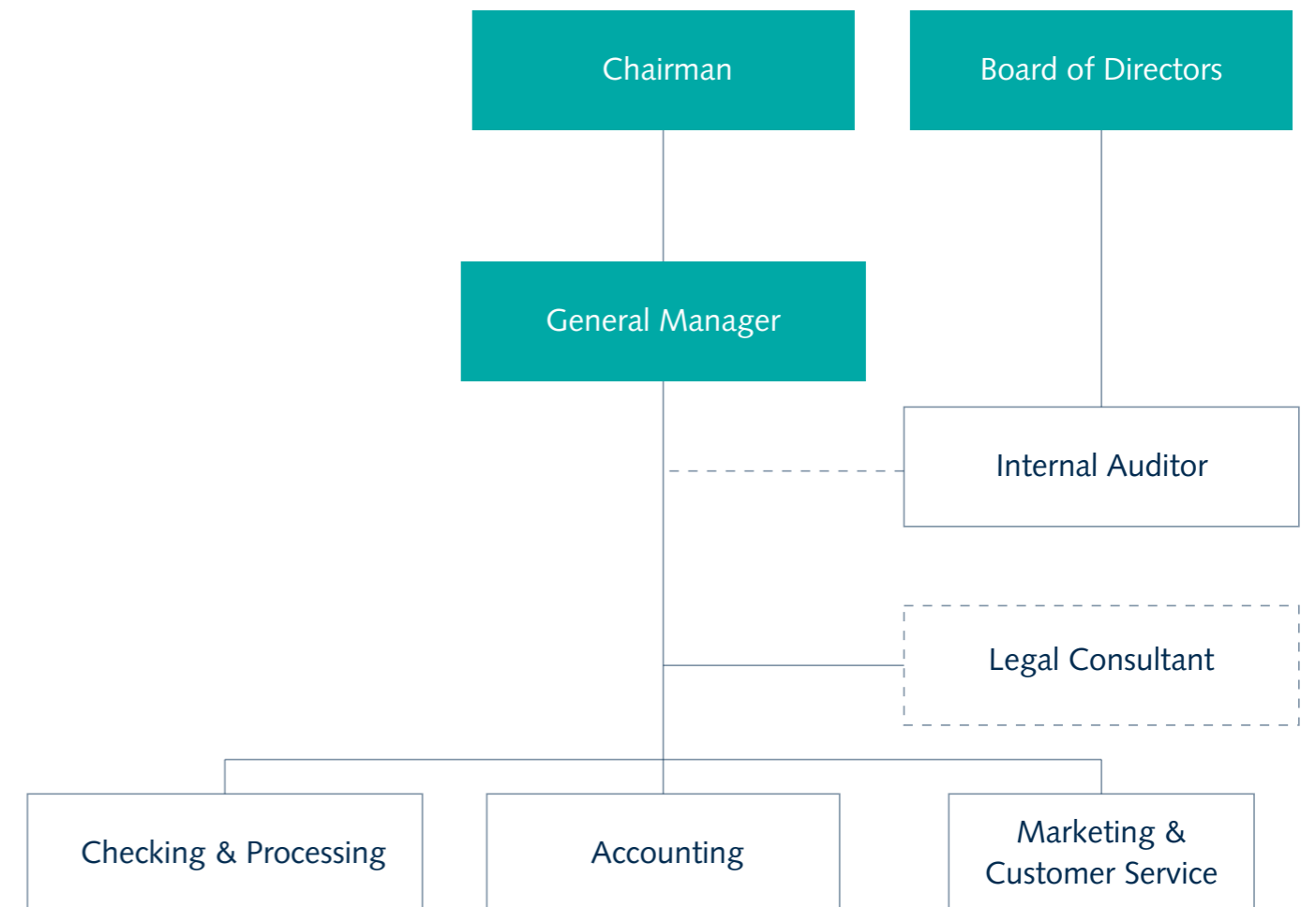
<b>Name of Company</b>	Bank of Jordan - Syria
<b>Type of Company</b>	Joint Stock Company
<b>Date of Association</b>	28/5/2008
<b>Core Business</b>	All Banking Operations
<b>Paid-up Capital</b>	SYP 3,000,000,000
<b>Bank's Ownership Percentage</b>	49%
<b>Address</b>	Sabaa Bahrat Square, Baghdad St. - Damascus P.O. Box 8058 Damascus, Syria Tel.: 00963-11-22900000 / 00963-11- 22900229 Fax: 00963-11-2315368
<b>Number of Employees</b>	218 employees
<b>Branch Location and Number of Employees</b>	<p><b>Baghdad St. Branch</b> Damascus- Sabaa Bahrat Square Tel.: 00963-11-22900000 P.O. Box 8058 Damascus, Syria Fax: 00963-11-2317730 Employees: 10</p> <p><b>Abu Rumaneh Branch - Damascus</b> Damascus - Arab League Square Tel.: 00963-11-3354500 P.O. Box 8058 Damascus, Syria Fax: 00963-11-3354506 Employees: 13</p> <p><b>Abaseen Branch</b> Damascus - Abaseen Square Tel.: 00963-11-4645322 P.O. Box 8058 Damascus, Syria Fax: 00963-11-4645326 Employees: 8</p> <p><b>Jarmana Branch</b> Al Raees Square - Damascus Suburban Tel.: 00963-11-22911221 P.O. Box: 8058 Damascus, Syria Employees: 5</p> <p><b>Harasta Branch (Temporarily closed)</b> Harasta - Damascus Suburban Tel.: 00963-11-5376711 P.O. Box 8058 Damascus, Syria Fax: 00963-11-5376717 Employees: None</p> <p><b>Sahnaya Branch (Temporarily closed)</b> Sahnaya - Damascus Suburban Tel.: 00963-11-63900333 P.O. Box 8058 Damascus, Syria Fax: 00963-11-8140614 Employees: None</p> <p><b>Al Faisal St. Branch / Aleppo</b> Aleppo - Al Malek Faisal St. Tel.: 00963-21-2228070 P.O. Box 8058 Damascus, Syria Fax: 00963-21-2228081 Employees: 7</p> <p><b>Baroon Branch / Aleppo</b> Aleppo - Baroon St. Tel.: 00963-21-2126996 P.O. Box 8058 Damascus, Syria Fax: 00963-21- 2125985 Employees: 4</p> <p><b>Alazeziah Branch / Aleppo</b> Aleppo - Alazeziah Area - Alzahraa Cinema St. Tel.: 00963-21-2122667 P.O. Box 8058 Damascus, Syria Fax: 00963-21-2125672 Employees: 4</p> <p><b>Al Hamdanieh Branch / Aleppo (Temporarily closed)</b> Aleppo – Martini Hotel Tel.: 00963-21-5120152 P.O. Box 8058 Damascus, Syria Fax: 00963-21-5120156 Employees: None</p> <p><b>Lattakia Branch</b> Lattakia - Al-Korneish Al-Gharbee St. Tel.: 00963-41-457166 P.O. Box 8058 Damascus, Syria Fax: 00963-41-456768 Employees: 12</p> <p><b>Homs Branch</b> Homs - Square 94, Abou Tammam St. Tel.: 00963-31-2220605 P.O. Box 8058 Damascus, Syria Fax: 00963-31-2222305 Employees: 6</p> <p><b>Tartous Branch</b> Al Thawra St. - Tartous Tel.: 00963-43-313733 P.O. Box 8058 Damascus, Syria Fax: 00963-43-313793 Employees: 8</p> <p><b>Al-Swaidaa Branch</b> Qanawat St. - Swaidaa Tel.: 00963-16-324188 P.O. Box 8058 Damascus, Syria Fax: 00963-16-324288 Employees: 9</p>
<b>Projects Owned by the Bank and their Capitals</b>	There are no projects owned



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.: 00962 6 5542697 Fax: 00962 6 5542698
Number of Employees	2 employees
Branches	None
Projects Owned by Company and their Capitals	There are no projects owned

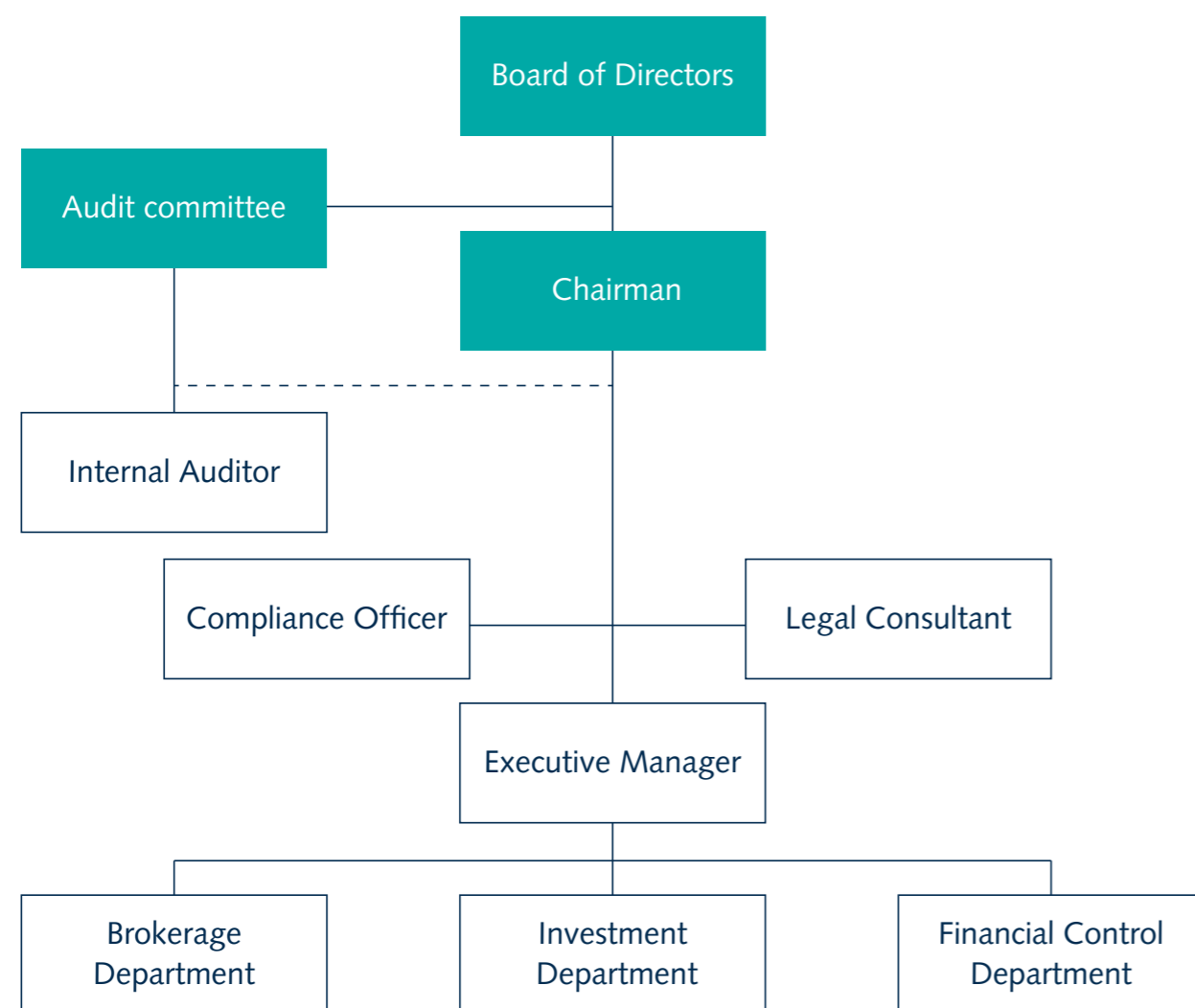
Organizational Structure / Jordan Leasing Company



**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 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 & CEO

**Date of Birth:** 14/11/1969      **Date of Appointment:** 21/1/1995  
**Date of Membership:** 14/6/2001  
**Nature of Membership:** 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 and CEO of Bank of Jordan, as of 8/2007.
- General Manager of Bank of Jordan, as of 8/2003.
- Deputy General Manager of Bank of Jordan, from 12/1996 until 8/2003.
- Executive Assistant to the General Manager of Bank of Jordan, from 1/1995 until 12/1996.
- Attended several advanced banking and leadership seminars and courses, including:
  - The "Comprehensive Banking Operations" training program at Bank of Jordan branches, from 2/1991 until 1/1993.
  - A specialized credit training course at the Headquarters of Manufacturers/ Hanover Bank, USA, from 9/1990 until 2/1991.

**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 Investment Fund for Yarmouk University.
- Member of the Board of Trustees – King Abdullah II Center for Excellence.
- Board Member of the Association of Banks in Jordan until 12/2016.
- Board Member of the Middle East Company for Insurance.



**Dr. Abdel Rahman Samih Toukan**  
Vice Chairman  
of the Board of Directors

**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

**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 to date.
- 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.



**Dr. Mazen Mohammed Al-Bashir**  
Board Member

**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, and 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

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

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

- Member of the Board of Trustees - Mutah University, as of 11/2014.
- Board Member of Jordan Investment Trust, as of 7/2014.

**Former Board Memberships:**

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

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

**Educational Background:**

- B.Sc. in Automotive Engineering from the University of Chelsea / UK, 1975.

**Professional Experience:**

- Former Board Chairman of King Abdullah II Design and Development Bureau, from 2004 until 2006.

**Other Current Board Memberships:**

- Board Member of the International Company of Science and Technology.

**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.



**Mr. Ammar Mahmoud  
Abu Namous**

Board Member/  
Representative of Al Pharaenah Int'l for  
Industrial Investment Co.

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

**Educational Background:**

- B.A. in Law from the University of Jordan, 1992.

**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 investments.
  - Joint ventures.
  - International Arbitration.
  - Dealing and consulting with Swiss private Banking concerning foreign investment and family Trusts.

**Current Board Memberships in Other Companies:**

- Board Member / Jordan Decapolis Properties Company.

**Previous Board Memberships in Other Companies:**

- Member in the Board of executives / Raya Jet Aviation.
- Board Member / Jordan Decapolis for Private Investments Company.
- Board Member / Al Saytara for Investments.
- Board Member / Al Juman for Investments.
- Chairman of Ahyaa Amman for the rehabilitation and development of property Representative of Jordan Decapolis properties Company.
- Board Member of Ma'in Hot Spring Resort Company.
- Board Member / Al Daman Al-Mumayaz Tourism investment.



**Mr. Haitham Mohammed  
Samih Barakat**  
Board Member

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

**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. Husam Rashed  
Rashad 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/USA 1989.
- Bachelor of Science, Business Administration from California State University, Chico/USA 1987.

**Professional Experience:**

- Chief Commercial Officer of Shams Ma'an Power Generation Co. as of 10/2015 to date.
- 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., 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. 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.

**b- Names and Resumes of Senior Executive Managers**

**Mr. Saleh Rajab Hammad**

- \* AGM / Chief Risk Officer.
- \* Board Secretary

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

**Educational Background:**

- B.Sc. in Computer Science from University of Jordan, 1985.

**Professional Experience:**

- AGM / Chief Risk Officer, as of 7/2015 to date.
- AGM / Chief Risk Officer, from 12/2014 until 5/2015.
- Executive Manager / Compliance and Risk Department 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 II requirements organized in Jordan and abroad.
- Holds several professional certificates including CCO, and CORE certificates.

**Other Current Board Memberships:**

- Chairman of the Jordan Leasing Company.
- Vice Chairman of Excel Investment Company from 12/2016 .
- Board Member of Bank of Jordan – Syria from 12/2016
- Board Member of Al Ekbal Investment Co. (PLC).
- Board Member of the Association of Banks in Jordan from 12/2016.

**Dr. Nasser Mustafa Khraishi**

AGM / Chief Operating Officer

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

**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.

**Professional Experience:**

- AGM / Chief Operating Officer, as of 12/2014 to date.
- Executive Manager / Capital Markets Department, from 4/2014 until 12/2014.
- 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.

**Other Current Board Memberships:**

- Board Member of Al-Eqbal Investment Co. (PLC).
- Board Member of Excel for Financial Investments Co.

**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 4/2015 to date.
- Legal Advisor & Head of legal Department, Bank of Jordan from 4/1994 until 4/2015.
- 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-Takamolyyeh 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 1/2009 to date.
- Manager of Internal Audit Department at Bank of Jordan, from 12/2007 until 1/2009.
- Manager of Bank of Jordan / Amman Branch, from 4/2006 until 12/2007.
- Manager of Internal Audit Department at Bank of Jordan, from 11/1994 until 4/2006.
- Senior Inspector at Cairo Amman Bank, from 1/1987 until 10/1994.
- 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.

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

- MA in Accounting / University of Jordan / Jordan, 1996.
- BA in Accounting / University of Jordan / Jordan, 1994.

**Professional Experience:**

- Executive Manager / Central Operations Management as of 7/2015 to date.
- Executive Manager / Central Operations Management from 3/2015 until 5/2015.
- Manager Processes Reengineering Department / Bank of Jordan, from 11/2005 until 2/2015.
- Manager / Operations Engineering Department / Bank of Jordan, from 6/2005 until 11/2015.
- Manager / Banking Operations Department / Bank of Jordan, from 1/6/2005 until 13/6/2005.
- Head of the Program Testing Unit / Bank of Jordan, from 8/2004 until 5/2005.
- Branch Assistant Manager / Bank of Jordan / Marka Branch, from 11/2003 until 8/2004
- Supervisor of the Branches Management Department / Bank of Jordan, from 10/2002 until 11/2003.
- Internal Auditor / Internal Audit Department / Bank of Jordan, from 3/1998 until 10/2002.
- Internal Auditor / Internal Audit Department / Cairo Amman Bank, from 1994 until 1998.

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

- MA in Accounting / University of Jordan / Jordan, 1993.
- BA 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 of 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. Dumam  
Mohammad Khraisat**Executive Manager /  
Central Operations Department**Mr. Hatem Nafi' Foqahaa**Regional Manager /  
Palestine Branches Management**Mr. Nader Mohammad Sarhan**Executive Manager /  
Credit Review Management**Date of Birth:** 7/10/1967**Date of Appointment:** 28/10/2007**Educational Background:**

- MA in Accounting from the Arab Academy for Banking and Financial Sciences / Jordan, 2002.
- BA in Accounting from Mansoura University / Egypt, 1990.

**Professional Experience:**

- 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 of 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:**

- BA 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 Trader / 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:**

- BA in Business Administration / University of Jordan / Jordan, 2002.

**Professional Experience:**

- Manager / Compliance Department / Bank of Jordan, as of 11/2015 to date.
- Manager / Compliance Department / Bank of Jordan, from 6/2014 until 9/2015.
- Head of the Anti-Money Laundering and Combating Financing Terrorism Unit / Bank of Jordan, from 2011 until 5/2014.
- 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.
- Member Of International Compliance Association (ICA).

**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 3/2016 to date.
- Acting manager / Financial Control Department / Bank of Jordan as of 2/2015 to 2/2016.
- Manager - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 6/2012 until 2014.
- Assistant manager - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 12/ 2011 until 5/2012.
- Supervisor - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 12/2010 until 11/2011.
- Senior 2 - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 6/2010 until 11/2010.
- Senior 1 Auditor - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 6/2009 until 5/2010.
- Acting Senior Auditor - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 6/2008 until 5/2009.
- Semi Senior Auditor - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 6/ 2007 until 5/ 2008.
- Junior level - External Audit Division - Deloitte & Touche M.E, Amman / Jordan from 12/2005 until 5/2007.

**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 Investment.

**Date of Birth:** 17/7/1965**Date of Appointment:** 1/10/2015**Educational Background:**

- M.A. in Enterprise Management from Durham University / UK, 2006.
- B.A. in Banking and Finance from the Ahliyya Amman University / Jordan, 2004.
- Diploma in Banking and Finance from the Institute of Banking Studies / Jordan, 1987.

**Professional Experience:**

- Executive AGM / Chief Business Officer, since 10/2015 to 12/2016.
- Executive AGM / Chief Business Officer, since 12/2014 to 7/2015.
- Executive AGM / Chief Operating Officer at Bank of Jordan, since 3/2013 until 12/2014.
- AGM / Chief Operating Officer at Bank of Jordan, since 5/2005 until 2/2013.
- Held many executive and administrative positions at HSBC Bank, from 1983 until 2005.
- Member of the Chartered Management Institute of London.

**Former Board Memberships:**

- Board Member of Jordan Express Tourist Transportation Company (JETT).
- Vice chairman of the Board of directors of Excel for Financial Investments Company until 12/2016.
- Board Member of Bank of Jordan – Syria until 12/2016.

**Mr. Nicola Yousef Bahou**

Executive AGM / Chief Business Officer To 15/12/2016

**4. Shareholders who own 1% or more of the Bank's shares (2016 & 2015):**

Name	Nationality	No. of Shares 2016	Percentage 2016	No. of Shares 2015	Percentage 2015	The ultimate beneficiary of shares 2016	The status of shares 2016*
Mr. Tawfiq Shaker Fakhouri	Jordanian	46,490,820	23.245%	36,286,204	23.395%	Himself	Partially mortgaged (15,596,767)
Al-Ekbal Jordanian General Trading (LLC)	Jordanian	25,735,753	12.867%	19,958,077	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%	15,328,427	9.882%	Mr. Laith Bin Ghaith Bin Rashad Pharaon Mrs. Dima Bint Ghaith Bin Rashad Pharaon Mr. Wael Bin Ghaith Bin Rashad Pharaon Mrs. Lana Bint Ghaith Bin Rashad Pharaon	Partially mortgaged (6,095,860)
Al Araka for Investments Co.	Jordanian	12,236,424	6.118%	9,489,347	6.118%	Mr. Walid Tawfiq Fakhouri Mr. Samer Tawfiq Fakhouri	-
Libyan Foreign Bank	Libyan	9,090,909	4.545%	7,050,000	4.545%	-	-
Mr. Graeme Allah Bin Raddad Al-Zahrani	Saudi Arabia	8,033,561	4.016%	6,230,027	4.016%	Himself	-
Mr. Rafiq Bin Mohammed Abdul Qadir	Saudi Arabia	6,379,290	3.189%	4,947,140	3.189%	Himself	-
Mrs. Awatef Mohammed Al Masri	Jordanian	5,603,766	2.801%	4,345,721	2.801%	Herself	-
Mr. Hussni Jalal Al Kurdi	Jordanian	3,914,653	1.957%	3,035,814	1.957%	Himself	-
Mrs. Maha Nasri Khalil Nasser	Jordanian	3,000,000	1.500%	1,997,532	1.287%	Herself	-
Al-Yamama For General Investments Co.	Jordanian	2,490,648	1.245%	1,898,325	1.223%	Mr. Walid Tawfiq Fakhouri Mr. Samer Tawfiq Fakhouri	-
Mr. Sadiq Omar Hashem Abu Seedo	Jordanian	2,065,738	1.032%	-	-	Himself	-

\*The status of shares 2016 (fully or partially mortgaged).

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

Mentioned within the Bank's achievements in 2016 (page 19).

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

No.	Name of Suppliers	Percentage of Total Supplies
1	Spectrum International For Renewable Energy	11.56%

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 159).
- Bank of Jordan – Syria Organizational Structure can be found on (page 120).
- Jordan Leasing Company Organizational Structure can be found on (page 121).
- Excel Company Organizational Structure can be found on (page 122).

#### 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	1	-	-	-
Master's Degree	79	12	1	2
Higher Diploma	6	1	-	-
Bachelor's Degree	1,355	145	1	5
Diploma	257	32	-	-
General Secondary Education	72	10	-	-
Pre-secondary Education	150	18	-	1
<b>Total</b>	<b>1,920</b>	<b>218</b>	<b>2</b>	<b>8</b>

#### C. Details of Training Programs in 2016:

Description	No. of Courses	No. of Participants
In-house Courses (organized by the Bank's Training Department)	1692	2533
External Courses	52	94
<b>Total</b>	<b>1744</b>	<b>2627</b>

#### Areas of Training:

Topic	No. of Courses	No. of Participants
Banking	291	1228
Compliance and Risk Management	1361	995
Administrative Skills	61	256
Professional Certificates	5	9
Financial & Audit	10	14
Others	16	125
<b>Total</b>	<b>1744</b>	<b>2627</b>

#### 10. Description of Risks:

Mentioned within the Corporate Governance 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 at the specified time. 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 it may stem from external events including legal risks.

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

**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 assets in the market or selling the asset at a huge financial loss due to weak liquidity or demand in the market.

**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.

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.
- Creation 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.

**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 this risk 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:** 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.

**Share Price Risks:** Result from the changes in the fair values of investments in shares.

#### 11. Bank Achievements in 2016:

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 2016.

**12. There is no financial impact of non-recurring operations during 2016 and no intervention in the Bank's main activities.**

#### 13. Realized Profits/Losses, Dividends, Bank Shareholders' Equity, and the Closing Price of Share 2012-2016:

Financial Indicators for the past five years (2012-2016)						In JD (Thousand)	
Fiscal Year	Bank Shareholders' Equity	Non-Controllers' Interest	Net Profit Before Tax	Cash Dividends		Distribution of Bonus Shares	Closing Price of Share (JD)
				Amount	%		
2012	276,510	14,267	46,222	23,265	15%	-	2.30
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

**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 2016:

Mentioned in the Board of Directors' Report, under a separate section (page 26). Below are the main financial ratios:

No.	Financial Ratios	2016	2015
1	Return on Average Shareholders' Equity	10.78%	11.70%
2	Return on Capital	20.70%	20.42%
3	Return on Average Assets	1.82%	1.86%
4	Profitability per Employee (After tax)	JD 19,647	JD 19,677
5	Interest Income to Average Assets	4.84%	5.08%
6	Interest Expense to Average Assets	0.75%	0.95%
7	Interest Margin to Average Assets	4.08%	4.13%
8	Non-Performing Loans to Total Credit Facilities	4.59%	5.94%

#### 15. The Bank's Future Plan

The Bank's strategic future plans, projects, and the Board of Directors' projections, are all mentioned within Bank of Jordan's Goals for 2017, listed under a separate section (page 35).

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

Statement	Auditors' Remuneration (JD)
Bank of Jordan	127,062
Bank of Jordan – Syria	20,565
Excel For Financial Investments Company	5,246
Jordan Leasing Company	2,900
<b>Total</b>	<b>155,773</b>

Auditors were paid an amount of JD 13,920 in 2016, against other 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	
			2016	2015
Mr. Shaker Tawfiq Fakhouri	Chairman & CEO	Jordanian	6,447	5,000
Mrs. Suha Faisal Sroor	Wife	Jordanian	133,658	50,000
Aya Shaker Fakhouri	Daughter	Jordanian	-	-
Tala Shaker Fakhouri	Daughter	Jordanian	-	-
Sarah Shaker Fakhouri	Daughter	Jordanian	-	-
Salma Shaker Fakhouri	Daughter	Jordanian	-	-
Tamara Shaker Fakhouri	Daughter	Jordanian	-	-
Tawfiq Shaker Fakhouri	Son	Jordanian	351,000	-
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board of Directors	Jordanian	117,383	91,031
Mr. Yahya Zakariya Al-Kadamani	Board Member	Jordanian	1,300,000	952,000
Mrs. Amal Amin Al-Turk	Wife	Jordanian	300,000	205,000
Dr. Mazen Mohammad Al-Bashir	Board Member	Jordanian	138,039	107,050
Dr. Farihan Fakhri Al Barghouti	Wife	Jordanian	51,579	39,347
Dr. Yanal Mawloud Naghoul	Board Member	Jordanian	6,447	5,000
Mrs. Dana Kayd Zagha	Wife	Jordanian	724,585	544,494
Mr. «Shadi Ramzi» Abd Al-Salam Al-Majali	Board Member	Jordanian	10,000	14,100
Al-Ekbal Jordanian General Trading (LLC)	Board Member	Jordanian	25,735,753	19,958,077
Mr. Haitham Abu Nasr Al-Mufti	Representative of the Company	Jordanian	-	-
Al Pharaenah Int'l for Industrial Investments Co.	Board Member	Jordanian	19,765,863	15,328,427
Mr. Ammar Mahmoud Abu Namous	Representative of the Company	Jordanian	-	-
Mr. Haitham Mohammed Samih Barakat	Board Member	Jordanian	6,615	5,130
Mrs. Dina Mohammed Al Qaq	Wife	Jordanian	-	51
Mr. Husam Rashed Manna'	Board Member	Jordanian	6,447	5,000
Mr. Mohammad Anwar Hamdan	Board Member	Jordanian	31,447	5,000

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

Name	Status	Nationality	No. of Shares	
			2016	2015
Mr. Saleh Rajab Hammad	AGM / Chief Risk Officer Board Secretary	Jordanian	42,079	28,755
Dr. Nasser Mustafa Khraishi	AGM / Chief Operating Officer	Jordanian	1,000	4
Saleen Nasser Khraishi	Daughter	Jordanian	2,500	1,000
Mr. Osama Samih Sukkari	Legal Advisor	Jordanian	106,950	28,655
Mrs. Najwa Mohammad Saeed Manku	Wife	Jordanian	116,267	88,537
Mrs. Rabab Jamil Abbadi	Executive Manager / Human Resources Department	Jordanian	-	-
Mr. Turki Yousef Al-Jabour	Executive Manager / Internal Audit Department	Jordanian	61,000	36,000
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 / Credit Review Management	Jordanian	41,500	14,570
Mrs. Nida'a Hasan Abu Zahra	Wife	Jordanian	9,000	8,000
Shaker Nader Sarhan	Son	Jordanian	2,952	2,290
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	-	-
Mr. Nicola Yousef Bahou	Executive AGM / Chief Business Officer until 15/12/2016	Jordanian	216,250	115,000

**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 2016 and 2015:**

Name	Position	Company	Equity Share in Bank of Jordan	
			2016	2015
Mr. Shaker Tawfiq Fakhouri	Chairman & CEO	Shaker Fakhouri & Associates Co.	32,529	25,227
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	New Vision for Electronics and Electrical Application	-	-
		Jordan Investment Trust Plc. - Jordinvest	11,089	8,600
Mr. Haitham Abu Nasr Al-Mufti	Board Member	Alfa for Mining and Technology Co.	-	-
Mr. Ammar Mahmoud Abu Namous	Board Member	Tryada for International Investment	-	-
Mr. Haitham Mohammed Samih Barakat	Board Member	Lighting Industries Company WLL (KEPLIC) / Kuwait	-	-
Mr. Osama Samih Sukkari	Legal Advisor	Osama Sukkari & Associates – Attorneys at Law	-	-

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 2016:**

Name	Position	Annual Salary	Transport Allowance	Remuneration	Total
Mr. Shaker Tawfiq Fakhouri	Chairman & CEO	400,176	30,000	424,648	854,824
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board of Directors	-	30,000	5,000	35,000
Mr. Yahya Zakariya Al-Kadamani	Board Member	-	30,000	5,000	35,000
Dr. Mazen Mohammed Al-Bashir	Board Member	-	30,000	5,000	35,000
Dr. Yanal Mawloud Naghouj	Board Member	-	30,000	5,000	35,000
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	-	30,000	5,000	35,000
Mr. Haitham Abu Nasr Al-Mufti	Board Member / Representative of Al-Ekbal Jordanian General Trading (LLC)	-	30,000	5,000	35,000
Mr. Ammar Mahmoud Abu Namous	Board Member / Representative of Al Pharaenah Int'l for Industrial Investments Co.	-	30,000	5,000	35,000
Mr. Haitham Mohammed Samih Barakat	Board Member	-	30,000	5,000	35,000
Mr. Husam Rashed Manna'	Board Member	-	30,000	2083	32,083
Mr. Mohammad Anwar Hamdan	Board Member	-	30,000	2083	32,083
<b>Total</b>		400,176	330,000	468,815	1,198,991

The Board of Directors acknowledge that they didn't 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 2016

Name	Position	Annual Salary	Remuneration	Allowance for Transportation & Assuming Board Secretary Position Transportation	Total
		JD	JD	JD	JD
Mr. Saleh Rajab Hammad	*AGM / Chief Risk Officer *Board Secretary	142,500	36,088	18,000	196,588
Dr. Nasser Mustafa khraishi	AGM / Chief Operating Officer	100,980	26,941	-	127,921
Mr. Osama Samih Sukkari	Legal Advisor	192,016	52,118	-	244,134
Mrs. Rabab Jamil Abbadi	Executive Manager/ Human Resources Department.	102,578	22,724	-	125,302
Mr. Turki Yousef Al-Jabour	Executive Manager / Internal Audit Department	57,358	17,492	-	74,850
Mr. Dumam Mohammad Khraisat	Executive Manager / Central Operations Department	60,886	13,118	-	74,004
Mr. Hatem Nafi' Foqahaa	Regional Manager / Palestine Branches	92,110	-	-	92,110
Mr. Nader Mohammad Sarhan	Executive Manager / Credit Review Management	84,124	28,015	-	112,139
Mr. Mousa Yousef Mousa	Manager / Treasury & Investment Department	33,076	6,447	-	39,523
Mrs. Lana Fayez Al-Braishi	Manager / Compliance Department	27,998	7,561	-	35,559
Mr. Hani Hasan Mansi	Manager / Financial Control Department	31,540	4,509	-	36,049
Mr. Nicola Yousef Bahou	Executive AGM / Chief Business Officer until 15/12/2016	230,922	76,241	-	307,163
<b>Total</b>		<b>1,156,088</b>	<b>291,254</b>	<b>18,000</b>	<b>1,465,342</b>

## 19. Balances and transactions with Subsidiaries

Item	Year	CONSOLIDATED STATEMENT OF FINANCIAL POSITION				CONSOLIDATED STATEMENT OF INCOME	
		Assets		Liabilities		Interest & Commissions income	Interest & Commissions expense
		Deposits Balances and current account	Banks deposits	Deposits	Borrowed money		
		JD	JD	JD	JD	JD	JD
Balances and transactions	2016	4,467,345	5,357,264	7,078,429	3,609,725	28,891	5,246,345
Balances and transactions	2015	3,945,663	8,081,925	946,020	-	37,638	1,192,430

These balances and transactions with subsidiaries are eliminated from the Bank's consolidated financial statements and are shown for reference only.

## 20. 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 568 thousand, as detailed below:

Activity	Amount (JD)
Supporting the Maaelsama Association	54,671
Supporting the National Financial and Social Education Program	51,700
Supporting the Children's Museum	45,833
«Bank of Jordan University Scholarships Fund» / Ministry of Higher Education and Scientific Research	42,881
Supporting the Giza Municipality	25,000
Supporting The Jordanian Hashemite Fund For Human Development	25,000
Supporting Social and Charitable Organizations and Activities	177,088
Educational Activities Supporting	54,755
Supporting Cultural Activities	36,162
Supporting Environmental Activities	20,500
Sports Activities Supporting	26,573
Miscellaneous	7,691
<b>Total</b>	<b>567,854</b>

## 21. 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:

On another front, 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/Director General 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. (39) 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.

## **22. Bank's Contribution to Environmental Protection and Corporate Social Responsibility:**

### **A. Bank's Contribution to the Protection of Environment:**

The Bank has continued to provide environmental support to many stakeholders. In support of environmental activities, the Bank and the Arab Society for the Protection of Nature have implemented an afforestation campaign in the Balqa governorate area to increase the green area and combat desertification in Jordan. The Bank also supported the (Back to the Future) initiative for the production of art pieces made of natural wool, thus contributing to the creation of employment opportunities for residents in these areas.

### **B. Bank's Corporate Social Responsibility**

In line with the Bank's strategic objectives towards the environment and society, the Bank will continue to serve the community and take care of social and cultural activities, charity, and support many charities and volunteers, as well as support education, rural education and humanitarian activities.

The Bank's major achievements in the service of the community included Bank of Jordan's continued focus on the education sector. The Bank continued to support initiatives that deal with education, presenting ten grants to the Faculty of Educational Sciences and Arts – UNRWA. In addition, the Bank continued to implement the Jordan University Fund in cooperation with the Ministry of Higher Education and Scientific Research and continued to support a student at King's Academy. The Bank's partnership with the Children's Museum continued for the eighth year.

This is in addition to the Bank's interest in researchers, schools and various institutions, and cooperation with them in providing the required information to complete their studies, and supporting the project of spreading the community financial culture in cooperation with the Central Bank of Jordan. The Bank also continued to provide support to a number of institutions and associations in the charitable and humanitarian fields, the most important of which is the donation of charity campaign in cooperation with the Jordanian Hashemite Fund for Human Development. The Bank also supported the "Goal for Life" tournament organized by the King Hussein Cancer Center, which will contribute to the continuity of the Center in providing services to patients. In addition, the Bank supported the Society for the Water of the Disabled through the purchase of Braille Sense U2 devices to serve the blind students, which allows the creation and reading of files in different languages.

Mentioned within the Bank's achievements in 2016 (page 24)

### **C. Annual Financial Statements - 2016**

The Bank's annual financial statements, audited by the Bank's auditors Deloitte and Touche (Middle East-Jordan), and Kawasmy & Partners Co. (KPMG), and a comparison with the previous year (2016), can be found in the second part of the report (Page 45).

### **D. Report of the Bank's Auditors**

The report from the Bank's auditors, Deloitte and Touche, and Kawasmy & Partners Co. (KPMG), 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 2016 annual financial statements (Page 38 ).

### **E. Acknowledgment**

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

1. The Board of Directors of Bank of Jordan concedes that, to the best of its knowledge and belief, there are no material matters that may affect the continuity of the Bank's operations during the fiscal year 2017.
2. The Board of Directors of Bank of Jordan acknowledges responsibility for the preparation of the 2016 financial statements and that the Bank operates an effective monitoring and evaluation system.
3. The Chairman & CEO and the Financial Control Manager acknowledge that the information and data mentioned in the Bank of Jordan 2016 Annual Report are true, accurate, and complete.



# Corporate Governance



## Bank 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, 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:

Regulations of the Corporate Governance Guide, regarding the position of the Chairman of the Board, state the following:

1. Separation between the Chairman of the Board and the General Manager positions.
2. There should be no kinship (up to the fourth degree) between the Chairman of the Board (president) and the General Manager.
3. The tasks and duties/responsibilities entrusted to the Board Chairman shall be based on by written instructions that are approved by the Board, and shall not be in conflict with the enforced banking laws and regulations.

The continuation of the policies of the Bank aimed to meet the application of the Corporate Governance Guide of Bank of Jordan, which was prepared based on the instructions of the corporate governance requirements for banks no. 58/2014 dated 30/9/2014.

The Bank seeks to work to meet these requirements in order to serve the interests of the Bank and in accordance with the Jordanian banking business environment, legislative, legal and regulatory frame works of the banks in this regard, the Chairman of the Board of Directors holds an executive post (general Manager) and this not consistent with the item (1) above.

### Board of Directors:

While the Executive Management is responsible for running daily operations of the Bank, the Board is in charge of drawing up strategies that best serve the interests of the Bank, 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 (9) times during 2016. 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:

Name	Status	No. of Attendance	Loan Balance for the Board Member
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board	8	5,874
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board	7	199
Mr. Yahya Zakariya Al-Kadamani	Member	8	3,880,803
Dr. Mazen Mohammed Al-Bashir	Member	9	65,636
Dr. Yanal Mawloud Naghouj	Member	9	-
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Member	9	57,646
Mr. Haitham Abu Nasr Al-Mufti	Member	8	549
Mr. Ammar Mahmoud Abu Namous	Member	4	5,942
Mr. Haitham Mohammed Samih Barakat	Member	6	-
Mr. Husam Rashed Manna'	Member	9	-
Mr. Mohammad Anwar Hamdan	Member	8	93
Mr. Saleh Rajab Hammad	Board Secretary / Committee Rapporteur	9	-

### The Committees of the Board:

As per the Corporate Governance Guide, five 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, and the Executive Committee.

### The Audit Committee:

Three Board Members were elected to the audit committee on the condition that the majority of the committee members including the head are independent (non-executive) members. All committee members shall have academic qualifications, and shall enjoy suitable practical experience in accounting, finance, or any other related specialization.

The Audit Committee consists of the following:	Status	No. of Attendance
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Head of the Committee	9
Mr. Haitham Abu Nasr Al-Mufti	Member	7
Mr. Mohammad Anwar Hamdan	Member	8
Mr. Saleh Rajab Hammad	Board Secretary/Committee Rapporteur	9

The Audit Committee held (9) meetings in 2016. 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 Corporate Governance and Strategy Committee:

The corporate governance and institutional strategy committee was elected, comprising the Board Chairman and two independent members as a minimum.

The Corporate Governance and Strategy Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	Head of the Committee	2
Dr. Mazen Mohammed Al-Bashir	Member	2
Mr. Mohammad Anwar Hamdan	Member	2
Mr. Husam Rashed Manna'	Member	2
Mr. Saleh Rajab Hammad	Board Secretary/Committee's Rapporteur	2

The Corporate Governance and Strategy Committee held (2) meetings during 2016.

### The Risk Management Committee:

The committee shall consist of three board members - one of whom shall be independent, in efforts to deal with and manage all risks facing the Bank.

The Risk Management Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	Head of the Committee	5
Dr. Mazen Mohammed Al-Bashir	Member	5
Mr. Mohammad Anwar Hamdan	Member	5
Mr. Husam Rashed Manna'	Member	5
Mr. Saleh Rajab Hammad	Board Secretary/Committee's Rapporteur	5

The Risk Management Committee held (5) meetings during 2016.

### The Executive Committee:

The Executive Committee was elected from six Board members.

The Executive Committee consists of the following:	Status	No. of Attendance
Dr. Abdel Rahman Samih Toukan	Head of the Committee	41
Dr. Mazen Mohammed Al-Bashir	Member	49
Dr. Yanal Mawloud Naghouj	Member	38
Mr. Haitham Mohammed Samih Barakat	Member	5
Mr. Mohammad Anwar Hamdan	Member	44
Mr. Husam Rashed Manna'	Member	51
Facilities Committee's Rapporteur/Committee's Rapporteur		51

The Executive Committee held (51) meetings in 2016

### The Nominations and Remunerations Committee:

The Nominations and Compensations 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
Dr. Yanal Mawloud Naghouj	Head of the Committee	3
Dr. Mazen Mohammed Al-Bashir	Member	6
Mr. Mohammad Anwar Hamdan	Member	6
Mr. Saleh Rajab Hammad	Board Secretary/Committee's Rapporteur	6

The Nominations and Remuneration Committee held (6) meetings in 2016.

### 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. Saleh Rajab Hammad AGM/ 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:

The senior executive management team shall meet the requirements pertaining to the suitability criteria of the senior executive management stated in the Bank's Corporate Governance Guide.

### Conflict of Interests:

The Board of Directors emphasized in the Bank's Corporate Governance Code 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 II 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, and Credit Review Department for branches in Palestine 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 CARE 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.

Moreover, the Bank formed a committee for risk management at the executive management level. This committee is entrusted to review and evaluate the performance of all different risk departments and to submit periodic reports about its work to the Board's Risk Management Committee.

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

- A. The Bank's Risk Management submits periodic reports to the Executive Risk Management Committee whereas daily operations are referred 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.
  - Recommending risk limits and approvals to the Executive Risk Management Committee and submitting reports and exceptions pertaining to the risk management policy.
  - Providing the Board and the Executive Management with information about risk assessment and risk profile in 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, and Operational Risk assist Risk Management in performing its tasks 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. Providing information about risks facing the Bank for the purposes of disclosure and publication to the public.
- F. 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 Risks and Compliance Committee approves measures needed to manage potential risks and mitigate losses.
- G. 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 process is regularly reviewed to ensure that the Bank keeps sufficient capital buffers to shield it against potential losses.

## 4- Compliance:

In accordance with the Bank's commitment with the Basel II 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, will identify and monitor any suspicious or fraudulent transactions and activities.

## 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 (bi-annual) reports on its work and on the compliance of the Bank's departments and employees to the Executive Risk and Compliance Management Committee which will in turn refer them to the Board's Risk Management Committee.
- E. Evaluating and following up on applying Corporate Governance practices in the Bank.
- F. Special policies pertaining to anti money laundering and terrorism financing were drafted and implemented. Other policies related to implementing 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.

### 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 is in the following ways:
  - Direct call to the unit dialing (06-5692572) or a toll-free number (080 022 335).
  - Email 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 business 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 its statistical report of the complaints that were received from customers in 2016 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
68	51	363	79	355	916

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 Branches

## Addresses of Bank of Jordan Branches

### Jordan Branch Network

#### Head Office – Al Shmeisani

Website: www.bankofjordan.com  
Tel.: 5696277 Fax: 5696291  
Amman 11181 Jordan P.O.Box 2140

#### Amman Area

##### Al Shmeisani - Main Branch

Tel.: 5696329 Fax: 5696092  
Amman 11181 Jordan P.O.Box 2140

##### Amman – Downtown Branch

Tel.: 4624348 Fax: 4657431  
Amman 11181 Jordan P.O.Box 2140

##### Commercial Market Branch

Tel.: 4617003 Fax: 4624498  
Amman 11181 Jordan P.O.Box 2140

##### Al Mahatta Branch

Tel.: 4655707 Fax: 4651728  
Amman 11181 Jordan P.O.Box 2140

##### Yarmouk St./Al Nasser Branch

Tel.: 4910037 Fax: 4910038  
Amman 11181 Jordan P.O.Box 2140

##### First Circle Branch

Tel.: 4625131 Fax: 4653914  
Amman 11181 Jordan P.O.Box 2140

##### Third Circle Branch

Tel.: 4616528 Fax: 4656632  
Amman 11181 Jordan P.O.Box 2140

##### Al Khalidi Branch

Tel.: 4680025/7 Fax: 4680028  
Amman 11181 Jordan P.O.Box 2140

##### Jabal Al Hussein Branch

Tel.: 4656004 Fax: 4653403  
Amman 11181 Jordan P.O.Box 2140

##### Gardens Branch

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

##### Al Madina Al Monawara St. Branch

Tel.: 5513953 Fax: 5514938  
Amman 11181 Jordan P.O.Box 2140

##### Jabal Al Weibdeh Branch

Tel.: 4646980 Fax: 4615605  
Amman 11181 Jordan P.O.Box 2140

##### Tareq Branch

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

##### Marka Branch

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

##### Al Qweismeh Branch

Tel.: 4778626 Fax: 4745301  
Amman 11181 Jordan P.O.Box 2140

#### Abu Alanda Branch

Tel.: 4164204 Fax: 4162697  
Amman 11181 Jordan P.O.Box 2140

#### Al Bayader Branch

Tel.: 5852009 Fax: 5815391  
Amman 11181 Jordan P.O.Box 2140

#### Industrial Area – Al Bayader Branch

Tel.: 5861057 Fax: 5813642  
Amman 11181 Jordan P.O.Box 2140

#### Sweileh Branch

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

#### Al Fuheis Branch

Tel.: 4720832 Fax: 4720831  
Amman 11181 Jordan P.O.Box 2140

#### Abu Nusair Branch

Tel.: 5237481 Fax: 5249080  
Amman 11181 Jordan P.O.Box 2140

#### Jabal Al Nuzha Branch

Tel.: 4645933 Fax: 4645934  
Amman 11181 Jordan P.O.Box 2140

#### Wadi Al Seer Branch

Tel.: 5814255 Fax: 5816552  
Amman 11181 Jordan P.O.Box 2140

#### Ras Al Ain Branch

Tel.: 4748314 Fax: 4786311  
Amman 11181 Jordan P.O.Box 2140

#### Al Yasmine Branch

Tel.: 4392693 Fax: 4391242  
Amman 11181 Jordan P.O.Box 2140

#### Marj Al Hamam Branch

Tel.: 5713568 Fax: 5713569  
Amman 11181 Jordan P.O.Box 2140

#### Sweifieh Branch

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

#### Al Wehdat Branch

Tel.: 4780281 Fax: 4778982  
Amman 11181 Jordan P.O.Box 2140

#### Mecca St. Branch

Tel.: 5826647/38 Fax: 5826649  
Amman 11181 Jordan P.O.Box 2140

#### Khalda Branch

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

#### Al Jubaiha Branch

Tel.: 5357189 Fax: 5354739  
Amman 11181 Jordan P.O.Box 2140

#### University of Jordan Branch

Tel.: 5355975 Fax: 5355974  
Amman 11181 Jordan P.O.Box 2140

#### City Mall Branch

Tel.: 5823512 Fax: 5857684  
Amman 11181 Jordan P.O.Box 2140

#### Al Rabieh Branch

Tel.: 5523195 Fax: 5521653  
Amman 11181 Jordan P.O.Box 2140

#### Abdoun Branch

Tel.: 5929860 Fax: 5929872  
Amman 11181 Jordan P.O.Box 2140

#### Al-Rawnaq Branch

Tel.: 5829503 Fax: 5829042  
Amman 11181 Jordan P.O.Box 2140

#### Hurrieh St. Mogablain Branch

Tel.: 4203178 Fax: 4203376  
Amman 11181 Jordan P.O.Box 2140

#### Sport City Branch

Tel.: 5159214 Fax: 5159304  
Amman 11181 Jordan P.O.Box 2140

#### Taj Mall Branch

Tel.: 5930241 Fax: 5930517  
Amman 11181 Jordan P.O.Box 2140

#### North Hashmi Branch

Tel.: 5051398 Fax: 5051648  
Amman 11181 Jordan P.O.Box 2140

#### Durret Khalda Branch

Tel.: 5510825 Fax: 5510948  
Amman 11181 Jordan P.O.Box 2140

#### Al Madina Al Monawara /Tla'a Al Ali Branch

Tel.: 5513208 Fax: 5513029  
Amman 11181 Jordan P.O.Box 2140

#### Sahab Branch

Tel.: 4025694 Fax: 4025693  
Amman 11181 Jordan P.O.Box 2140

#### Abdali Mall Branch

Tel.: 4011420 Fax: 4011425  
Amman 11181 Jordan P.O.Box 2140

### Central Jordan

#### Salt Branch

Tel.: 05-3554901 Fax: 05-3554902  
Amman 11181 Jordan P.O.Box 2140

#### Zarqa Branch

Tel.: 05-3985091 Fax: 05-3984741  
Amman 11181 Jordan P.O.Box 2140

#### Faisal St. Branch – Zarqa

Tel.: 05-3936725 Fax: 05-3936728  
Amman 11181 Jordan P.O.Box 2140

#### New Zarqa Branch

Tel.: 05-3862581 Fax: 05-3862583  
Amman 11181 Jordan P.O.Box 2140

#### Zarqa Free Zone Branch

Tel.: 05-3826193 Fax: 05-3826194  
Amman 11181 Jordan P.O.Box 2140

#### Al Rusaifa Branch

Tel.: 05-3746923 Fax: 05-3746913  
Amman 11181 Jordan P.O.Box 2140

#### Airport Branch

Tel.: 4451155 Fax: 4451156  
Amman 11181 Jordan P.O.Box 2140

#### Geezah Branch

Tel.: 4460179 Fax: 4460133  
Amman 11181 Jordan P.O.Box 2140

#### Madaba Branch

Tel.: 05-3244081 Fax: 05-3244723  
Amman 11181 Jordan P.O.Box 2140

#### Jabal Shamali Branch

Tel.: 05-3744038 Fax: 05-3744029  
Amman 11181 Jordan P.O.Box 2140

### North Jordan

#### Irbid Branch

Tel.: 02-7242347 Fax: 02-7276760  
Amman 11181 Jordan P.O.Box 2140

#### Al Hussun St. Branch

Tel.: 02-7279066 Fax: 02-7270496  
Amman 11181 Jordan P.O.Box 2140

#### Eidoun St. Branch

Tel.: 02-7276403 Fax: 02-7276504  
Amman 11181 Jordan P.O.Box 2140

#### Thirty St. Branch

Tel.: 02-7246636 Fax: 02-7248772  
Amman 11181 Jordan P.O.Box 2140

#### Hakama St. Branch

Tel.: 02-7400018 Fax: 02-7406375  
Amman 11181 Jordan P.O.Box 2140

#### Deir Abi Saeed Branch

Tel.: 02-6521351 Fax: 02-6521350  
Amman 11181 Jordan P.O.Box 2140

#### Ramtha Branch

Tel.: 02-7383706 Fax: 02-7381388  
Amman 11181 Jordan P.O.Box 2140

#### Al Turrah Branch

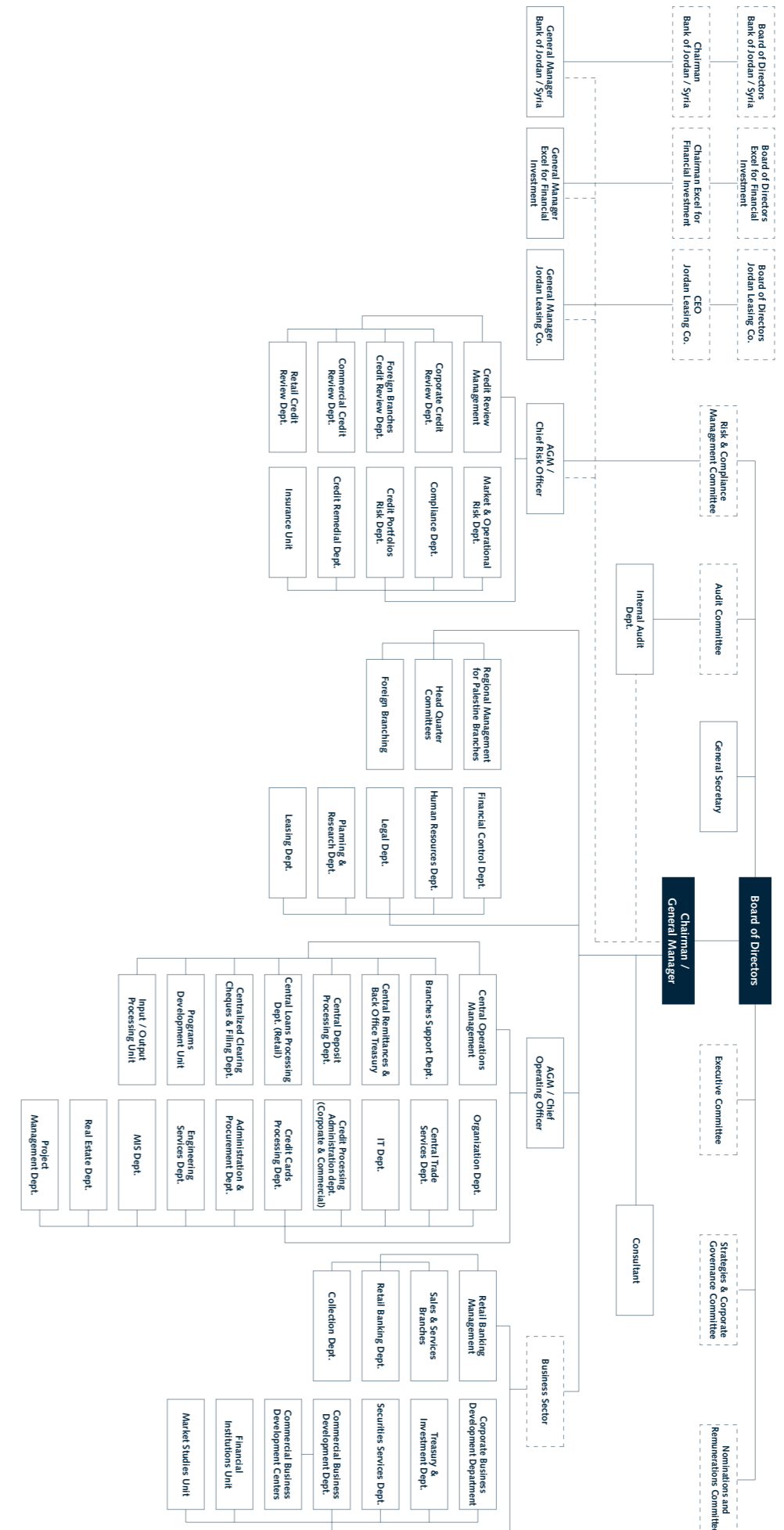
Tel.: 02-7360011 Fax: 02-7360200  
Amman 11181 Jordan P.O.Box 2140

#### Ajlun Branch

Tel.: 02-6420039 Fax: 02-6420841  
Amman 11181 Jordan P.O.Box 2140

#### Kufranjah Branch

Tel.: 02-6454973 Fax: 02-6454053  
Amman 11181 Jordan P.O.Box 2140



**Palestine Branch Network**

**Regional Management**  
Tel.: +970 22952703/2 Fax: +970 22952705  
P.O. Box 1328

**Ramallah Branch**  
Tel.: +970 22958686 Fax: +970 22958684  
P.O. Box 1829

**Nablus Branch**  
Tel.: +970 92381120/5 Fax: +970 92381126  
P.O. Box 107

**Jenin Branch**  
Tel.: +970 42505403 Fax: +970 42505402  
P.O. Box 183

**Jenin Municipality Office**  
Tel.: +970 42505233 Fax: +970 42505231  
P.O. Box 183

**Qabatiya Branch**  
Tel.: +970 42512482 Fax: +970 42512483  
P.O. Box 183

**Gaza Branch**  
Tel.: +970 82865281 Fax: +970 82824341  
P.O. Box 528

**Al-Naser Branch**  
Tel.: +970 82857230 Fax: +970 82859258  
P.O. Box 528

**Hebron Branch**  
Tel.: +970 22224351 Fax: +970 22224350  
P.O. Box 494

**Al Ram Branch**  
Tel.: +970 22343840 Fax: +970 22343842  
P.O. Box 1328

**Al Eizaryah Branch**  
Tel.: +970 22790243 Fax: +970 22790245  
P.O. Box 148

**Industrial Area Branch/ Ramallah**  
Tel.: +970 22963785 Fax: +970 22963788  
P.O. Box 1484

**Tulkarm Branch**  
Tel.: +970 92687882 Fax: +970 92687884  
P.O. Box 18

**Bethlehem Branch**  
Tel.: +970 22749938 Fax: +970 22749941  
P.O. Box 207

**Rafidia Branch**  
Tel.: +970 92343647 Fax: +970 92343747  
P.O. Box 107

**Al Eersal Branch**  
Tel.: +970 22976315 Fax: +970 22976320  
P.O. Box 1328

**Jerash Branch**  
Tel.: 02-6351453 Fax: 02-6351433 P.O.Box 2140  
Amman 11181 Jordan

**Al Mafraq Branch**  
Tel.: 02-6233317 Fax: 02-6233316 P.O.Box 2140  
Amman 11181 Jordan

**North Shuneh Branch**  
Tel.: 02-6587177 Fax: 02-6587377 P.O.Box 2140  
Amman 11181 Jordan

**North Azraq Branch**  
Tel.: 05-3834308 Fax: 3834307-05 P.O.Box 2140  
Amman 11181 Jordan

**South Jordan**

**Kerak Branch**  
Tel.: 03-2351043 Fax: 03-2353451 P.O.Box 2140  
Amman 11181 Jordan

**Ma'an Branch**  
Tel.: 03-2132090 Fax: 03-2131855 P.O.Box 2140  
Amman 11181 Jordan

**Aqaba Branch**  
Tel.: 03-2013118 Fax: 03-2014733 P.O.Box 2140  
Amman 11181 Jordan

**Exchange Offices**

**Jaber Border office – Arrivals \***  
Tel.: 02-6254074

**Jaber Border office – Departures \***  
Tel.: 02-6254073

**Ramtha Border – Travelers \***  
Tel.: 02-7382425

**Ruweished office \***  
Tel.: 02-6295320

**Aqaba Port – Arrivals / Departures office**  
Tel.: 03-2022702

**Sheikh Hussein Bridge – Departures / Arrivals Office**  
Tel.: 02-6550473

**King Hussein Bridge – Arrivals Office**  
Tel.: 05-3581146 Fax: 05-3581147

**King Hussein Bridge – Departures Office**  
Tel.: 05-3539138 Fax: 05-3581147

\* We temporarily suspended the operations in these exchange offices due to the security conditions in their locations.