



# Annual 2007

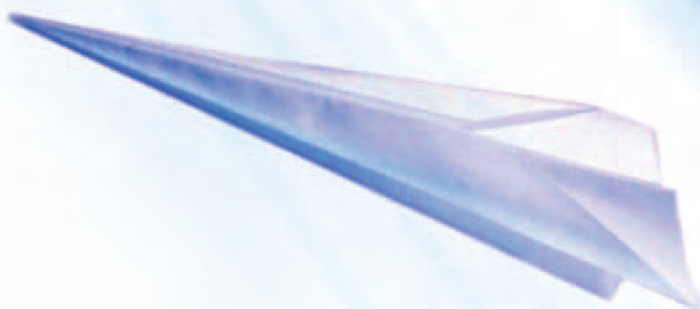
Report

## **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 modern business environment that comprise an excelling team of employees.

## **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.



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## Bank of Jordan

Public Shareholding Limited Company, established in 1960, Commercial Registration No. 13

Paid Capital: JD 100,000,000

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His Majesty King Abdullah II



# Board of Directors

## Chairman

Mr. Shaker Tawfiq Fakhouri

## Vice Chairman

Mr. Mawloud Abdel-Qader Naghouj

## Members

Dr. Abdullah Abdel Hamid El Khatib

Dr. Abdel Rahman Samih Toukan

Mr. Nabih Amro Al Nimer / Representative of Al Ekbal Jordanian Co.

Dr. Mazen Mohammed Al-Bashir / Representative of Al Lu'Lu'a Trading & Investment Co.

Mr. Yahya Zakariya Al-Kadamani / Representative of Arab Gulf Investment & Transport Co.

H.E. Sa'ad Eddin "Mohammed Juma'h"

Mr. Walid Tawfiq Fakhouri

H. E. Muhye din Mustafa Al Hussein / Representative of Al Yamama for General Investments Co. (Limited Liability) from 15/2/2007

Mr. Bader G. Al Zahrani from 3/11/2007

## General Manager

Mr. Shaker Tawfiq Fakhouri

## Auditors

Deloitte & Touche (M. E.) - Jordan

# Chairman's Letter

In the Name of Allah, The Most Gracious, The Most Merciful

Peace and Blessings be Upon You,

## Dear Respectful Shareholders,

It gives me a great pleasure to welcome you all on my behalf and on behalf of the Board Members, and to greet you in order to commence our forty-seventh Annual Meeting. This is my first meeting with you as Chairman of the Board of Directors for Bank of Jordan, as I would like to review the most prominent results and achievements for the fiscal year, 2007.

During 2007, significant advancements were achieved in terms of supporting the Bank's capital base and improving its financial leverage and capital adequacy. We carried on increasing the Bank's capital to reach JD 100 million. This enhanced the Bank's capacity to keep up with our growth and expansion of business transactions, financing activities, regional expansion, and to benefit from the growing and increasing opportunities offered by the national economy.

The national economy was able to achieve positive growth rates during 2007, surpassing the effects of the surrounding regional conditions and the continuous hike in oil prices in international markets, as well as the slowdown in international economic growth. Investments were stimulated by the attractive economic environment Jordan enjoys, in addition to the fiscal surpluses in the Arab Gulf, which enabled utilizing such investments in various projects and in productive economic activities.

Foreign investments during 2007, amounted to 47% of total investments, benefiting from the Investment Promotion Law that totaled JD 2221 million.

Non-Jordanian investments increased to 48.9% of total stocks listed in the Stock Exchange Market; with indicators showing notable improvements during 2007, as the General Weighted Price Index reached 7519 points with a growth rate of 36% as compared to the end of 2006. This was positively reflected on the overall economic performance: 5.8% growth rate in the Gross Domestic Product (GDP) at constant prices, and the foreign currency reserves of the Central Bank of Jordan increased to reach JD 4.9 Billion.

Among the positive performance indicators Jordan achieved during 2007 is being rated the third among the Middle East and North Africa Countries (MENA) as per the economic freedom index issued by the Heritage Foundation, which upheld Jordan's position on the regional investment map.

## Dear Shareholders,

The Bank of Jordan's achievements during 2007, and its financial statements came in parallel with the actual results achieved at the level of the national economy, and were in harmony with its developing performance. Thus, the Bank achieved pleasant qualitative and quantitative results, adding new levels of growth and developments to its achievement record, and strengthened its competitiveness as an established banking institution that enjoys a renowned reputation locally, regionally, and internationally. Compliments go to both our shareholders and clients who bestow their trust in us.

Total assets increased to JD 1456 million at a growth rate of 5.8%, and most of our financial position items maintained a positive performance during 2007.

The most important item of which is the growth of net direct credit facilities by 10.8% to reach JD 738.2 million. Clients' deposits increased to JD 1147 million at a growth rate of 5.1% as compared to 2006.

As a result of such achievements, an unprecedented growth in the total income for the financial period was recognized, reaching JD 83 million at a growth rate of 16.6%.

Despite the additional allocations and the suspended interests allotted to face the surrounding conditions and the current circumstances in the Palestinian market, along with covering and fulfilling all tax commitments by the Bank until the end of 2007, at an increase of 48% as compared with the previous year; the Bank was able to gain net profits after deducting taxes amounting to JD 24.4 million, exceeding the expectations and all indicators of the objective plan for the fiscal year 2007.

Thus, the Bank maintained its profit levels achieved in previous years, which mostly resulted from its banking operations and major activities. Shareholder's equity increased to reach JD 161.2 million at a growth rate of 14.8%.

The Bank's Senior Executive Management continued the implementation of its policy aiming at elevating human resources' competency and attracting qualified employees, in addition to developing their skills and capabilities through employing the latest training approaches and methods.

Moreover, this policy aimed at enhancing the Bank's capability to develop a comprehensive set of financial and banking solutions, tailored to satisfy the various needs of different clients, while maintaining high-quality services. It also helped in achieving the Bank's objectives in various operational, managerial, service and financial fields.

## Respectful Shareholders,

The year 2007 witnessed major transformations in the Bank in general. Among these transformations is Mr. Tawfiq Fakhouri's decision to step down from his position as Chairman of the Board, as an initiative to allow new leadership to carry the burden of responsibility and continue moving along this road.

This decision came to end a long history of successes and achievements. As Mr. Tawfiq spent more than 20 years serving the national economy, and constantly working to put Bank of Jordan in a leading position among Arab financial and banking institutions.

Since assuming the responsibility of being Chairman of the Board of Directors in 1987; Bank of Jordan is making significant quantitative and qualitative leaps and has become a modern financial institution that is keeping up with the modern and developed international banking industry, employing its own improved resources, technological and information qualifications. By the end of the eighties, the Bank's capital was about JD 5 million, its assets did not exceed JD 122 million, its total deposits did not exceed JD 92 million, and total profits were around JD 828,000.

Nowadays, these numbers seem minimal as compared to what the Bank achieved as a result of Mr. Tawfiq's constant and tireless efforts, which made clear effects and differences in the Bank's history. We are proud to carry the message and continue exerting our efforts to redouble the achievements to meet the ambitions and future objectives of this leading national institution. This can be achieved, with God's support and through the efforts of shareholders, Board Members, as well as the support of our clients.



## Dear Shareholders,

The Bank continued to implement its strategic plan during 2007, aiming at its regional spread and expansion. These efforts were successful and resulted in a very important achievement that forms a new turning point in our history of success and distinction; as we obtained the license to establish a private Bank in the Syrian Arab Republic under the name "Bank of Jordan – Syria" with a capital of \$30 million. 49% of the shares are owned by Bank of Jordan, which represents the whole authorized foreign contribution in the Bank's capital.

Syrian investors from the private sector own the remainder of shares according to the Syrian Law for Founding Private Banks No. 28 for the year 2001 in the Syrian Arab Republic. All requirements and technical and legal procedures for licensing were completed, thanks to our expertise, capabilities, and financial, technical and human resources. Also, all requirements of the Securities Commission and financial markets in Syria were met in order to offer 33.6% of the Bank's capital for public subscription in the middle of March 2008.

Also, the process of equipment supplies and operations of the Bank was carried out; the Bank's trademark was approved, employment and training of Syrian human resources was completed, and policies and work procedures and operations were set.

It is expected that the new Bank will commence its operations and render services to the Syrian market during the current year, through its headquarters and major branch in Damascus, in addition to a group of other branches in Damascus' Governorates, Homs, Aleppo, and Latakia. This will have positive effects in supporting the Bank's competitive position and developing its activities in the region.

As far as the Bank's internal development programs and plans; the Bank developed its organizational structure, and completed centralization projects. It also transformed the Bank's offices and branches to sales and service points to improve the level of services rendered to clients and increase their satisfaction by developing banking products and services that satisfy the actual needs of various targeted groups.

Moreover, twelve specialized centers were initiated throughout the Kingdom to provide financial and banking services to the SMEs sector, due to the special importance of this sector in the economic development and in providing employment opportunities. In order to diversify sources of income and set out new methods of financing various assets; the financial leasing service was launched in 2007 as a step to satisfy the requirements of the Bank's current clients and attract new clients of those who do not prefer traditional financing methods.

As for the Bank's Information and Technology infrastructure; the first phase of the Data Warehouse project was completed, and the Electronic Clearing System "Value Date of Collecting" (T+0) according to Central Bank of Jordan's requirements was implemented. We also completed the implementation and circulation of the E-Loan facilities system in all branches, which represents a major advancement in accelerating execution and following up transactions. The Bank also implemented the electronic distribution outlets system in its branches in Palestine.

As for the adoption of the rules and basics of corporate governance and risk management, the Bank made significant advancements in fulfilling the requirements of Basel II Committee. Hence, it prepared the Corporate Governance Guide in harmony with its policies and with the requirements of Companies' Law and the Central Bank of Jordan.

We also completed the process of preparing and circulating the Bank Compliance Policy to our staff. Also, many training courses on the procedures of anti-money laundering were held for the Bank's employees. We also started implementing the new version of the operational risk management system (Care Web), and reorganized and created a file for branches' risks according to the new system. We also implemented the operational risk management system in all our branches in Palestine.

Today, Bank of Jordan turned to be stronger and more capable to face the requirements of the new era of excellence and growth, a phase of accumulative achievements, trust and an optimistic launch into the future. Our steps are sure and planned with a clear vision and objectives. Our human resources whom we consider the added value to our successive achievements and who are responsible for maintaining the level of our service; received our care and support to improve their capabilities, technical and personal skills and to enhance their standards of living.

## Respectful Shareholders,

Based on the achieved results, the Board of Directors has the pleasure to present to the General Assembly its recommendations to distribute cash dividends with shareholders at a percentage of 15% of the nominal value per share, amounting to JD 15 million and to circulate the remaining profits.

At the end, allow me in my name and on behalf of the Board Members to reiterate our thanks and gratitude to the great economist Mr. Tawfiq Fakhouri for his blessed efforts and his clear blueprints on the history of Bank of Jordan.

We all confirm our intention and commitment to continue the track of organizational excellence of Bank of Jordan, and to position it as the best institution reflecting the reputation and economic development of this Country.

We also extend our thanks to the Bank's shareholders and clients for their valuable trust and continuous support, which represent the serious motive for our continuous assertiveness towards growth and development.

I have the pleasure, in my name and on behalf of the Board Members, shareholders, and clients to express gratitude to all national institutions and their staff who exerted serious efforts to support the economic growth of Jordan under the wise leadership of His Majesty King Abdullah II. I find myself obliged as well to thank the administration of Bank of Jordan represented by the Deputy General Manager, assistants and all employees for their blessed efforts, loyalty, and commitment in faithfully fulfilling the tasks assigned to them.



In Allah We Trust,

**Shaker Tawfiq Fakhouri**

CEO/General Manager



# The Report of the Board of Directors 2007

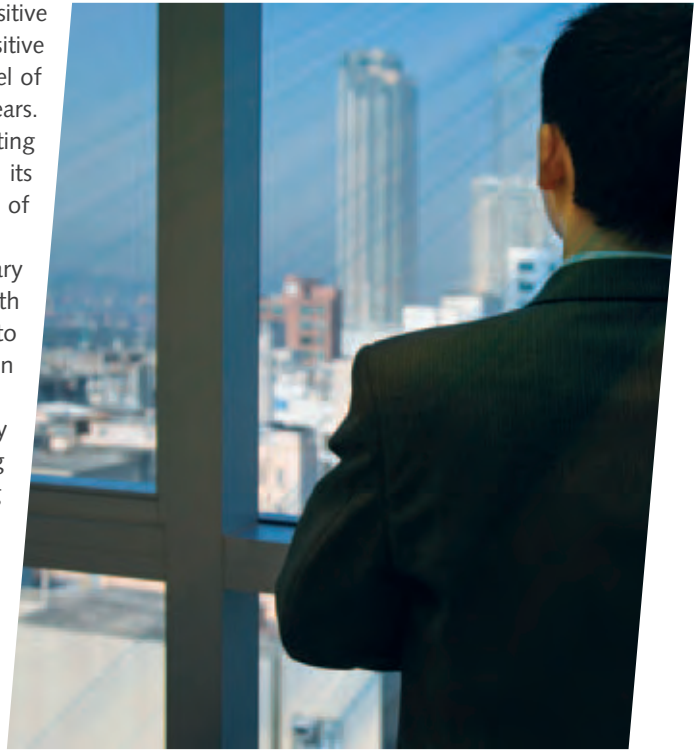
- Economic Performance 2007
- Activities and Achievements 2007
- Analysis of Financial Position and Business Results for the year 2007
- Objectives of Our Future Plan 2008
- Additional Information as Required by the Jordan Securities Commission 2007

# Economic Performance 2007

The Jordanian Economy achieved positive results during 2007; maintaining positive growth rates, and maintaining the level of profits achieved during the previous years. It also surpassed all negativities resulting from the global hike in oil prices and its effects on increasing the local prices of goods and services.

The adopted financial and monetary policies by the government, together with the economic reforms contributed to limiting the inflationary effects within satisfactory levels.

Also, the government implemented many productive projects aimed at decreasing unemployment rates and enhancing standards of living. This contributed to Jordan's investment environment that continuously attracted foreign investments on all economic levels. Whereas the volume of investments benefiting from Investment Promotion Law increased to JD 2221.2 million, at a growth rate of 21%; foreign investments rated at 47%.

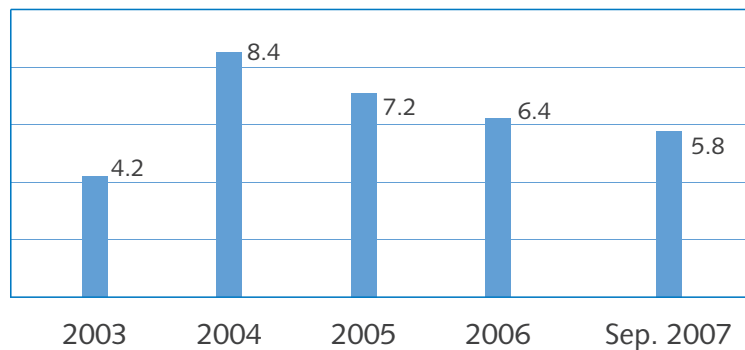


In the same context, the level of economic and investment evolutions, and according to The Economic Freedom Index issued by Heritage Foundation; Jordan's economy was classified as moderately free and was ranked 53rd among 175 countries covered in the 2007 report. Amongst Middle Eastern and North African Countries; Jordan ranked 3rd among 17 countries covered in the report, which obviously proves the advanced competitiveness of Jordan, thanks to the instructions and efforts exerted by His Majesty, King Abdullah II.

## Gross Domestic Product (GDP)

In the third quarter of 2007, GDP, at constant rates, grew by 5.8% against 6% during the same period in 2006. This growth was due to the development of Finance, Insurance and Real Estate Sectors, in addition to the increase in net taxes imposed on products, the development of transformation industries, and governmental services' producers, which all achieved 4 percentage points, rating 70% of the overall growth rate during the first three quarters of 2007. As for the inflation rate, it decreased to 5.4% as measured by the relative change in consumer prices against 6.3% in 2006.

### Gross Domestic Product Growth (%)



 Gross Domestic Product

## Public Finance

According to the primary data on November, 2007; local revenues, foreign aid and grants increased by JD 353.2 million at a growth rate of 11.3% to reach JD 3483.6 million, compared to JD 3130.4 million in 2006.

Foreign aid amounted to JD 263.3 million with an increase of JD 67.7 million. Local revenues increased to JD 3220.3 million at a growth rate of 9.7%. This increase stemmed from the rise in tax revenues by JD 305.3 million, the decrease in non-tax revenues by JD 7 million, and the decrease in total retrieved loan installments by JD 12.8 million.

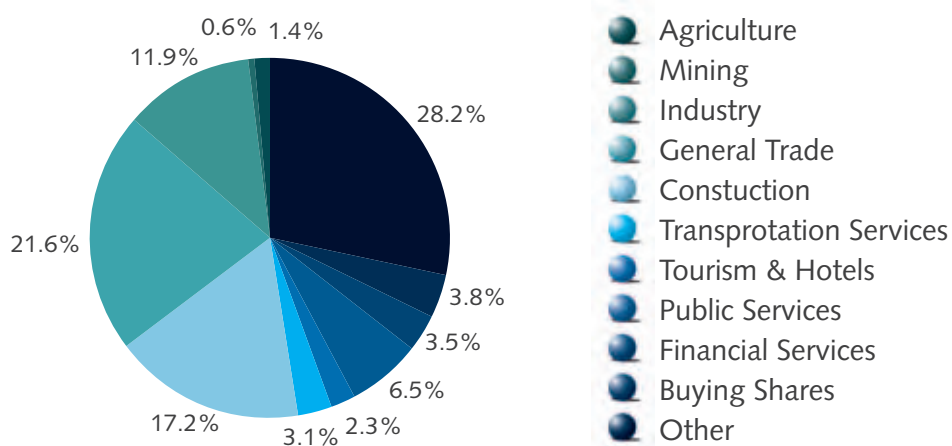
In the same period, total general expenditures increased by JD 542.5 million at a growth rate of 16.1% to reach JD 3912.7 million as compared to JD 3370.2 million in the same period in 2006. General budget deficit, after receiving foreign aid, amounted to JD 429.1 million as compared to JD 239.8 million in the same period in 2006. With regard to the volume of indebtedness, net public debt increased by JD 775.3 million to reach JD 8124.8 million with a percentage of 10.5 % compared to 2006.

## Banking and Monetary Sector

Despite the pressures and burdens the Jordanian economy went through, due to the continuous increases in global oil prices and the effects of such a hike on the price of local goods and services; the Central Bank of Jordan, through effectively using the instruments of the monetary policy, continued in providing adequate volumes of liquidity to meet economic demands, and maintained and limited the inflationary rates within a satisfactory rate not exceeding 5.4%. Also, the Central Bank of Jordan kept adequate reserves from foreign currencies amounting to JD 4.9 Billion, with an increase of JD 545 million or 12.6%, as compared to their level in 2006.

At the end of 2007, local liquidity increased by 10.6% to reach JD 15,598.5 million, as compared to the previous year. As for deposits in the banking sector, they increased by JD 1396.2 million or 9.6% to reach JD 15,988.1 million. Credit facilities increased by 15.7% to reach JD 11,295.6 million. Hence, the Financial Services Sector acquired the highest percentage of such increase by 61.1%, followed by the mining sector which rated at 53.5%. Moreover, banking sector assets increased continuously to reach JD 26,815.6 million at a rate of 10.6% as compared with the previous year.

The Distribution of Credit Facilities According to Economic Activities



With regard to interest rates on deposits and facilities in the banking sector; there were fluctuating increases during 2007, as the weighted average of interest rates on demand-deposits reached 0.94%, interest rates on savings reached 1.10%, and interest rates on time-deposits reached 5.56% an increase of 7, 11 and 43 basis points respectively, as compared to their level at the end of 2006. The weighed average of interest rates on overdraft facilities reached 9.83% at an increase of 60 basis points, interest rates on advances and loans increased by 30 basis points to reach 8.86%, and interest rates on discounted bills increased by 73 basis points to reach 9.45%.

## Activity at the Amman Stock Exchange

Amman Stock Market witnessed significant developments during 2007 as compared to 2006, despite the decrease in stocks' trading volume by 13% to reach JD 12.3 Billion. General Weighted Price Index increased by 36% scoring 7519 points as compared to 5518 points at the end of 2006. Foreign investments increased to JD 466.3 million against JD 180.3 million in 2006. As a result, foreign contributions in companies listed in the stock market constituted 48.9% of their total market value.

## External Trade

Total External Trade represented by national exports and imports, increased to reach JD 12773.1 million (14.9%) with an increase of JD 1656.1 million as compared to the year 2006. National exports increased by JD 250.3 million to reach JD 3179.6 million (8.5%) as compared to JD 2929.3 million during the same period in 2006.

The US market topped the exporting countries at a rate of 27.5% of total national exports, followed by the Iraqi market which rated at 11.8%. Jordan's imports during 2007 increased by JD 1405.8 million to reach JD 9593.5 million, a rating of 17.2%. The Saudi market topped the importing countries by JD 2019.1 million, rating 21% of total imports, followed by the Chinese market where imports amounted to JD 927.5 million a rating of 9.7%.

Due to the developments witnessed by external trade, trade balance deficit increased to JD 5552.2 million, a rating of 23.4%, as compared to the same period in 2006.

Development of Imports and Total Exports (in JD million)



## Economic Performance, 2008

The Jordanian Economy maintained significant and revolutionary growth rates, despite the pressures imposed on it due to the hike in oil prices in the international markets and the resulting inflationary effects.

It is expected that the Jordanian economy will continue the same extraordinary performance during 2008.

According to the bases of the General Budget Draft Law for the year 2008, it is expected that the economic growth rate will reach 6%, national exports will increase by 12%, imports will increase by 14%, and the inflation rate will range from 8% to 9%.

It is also foreseen that the year 2008 will witness rooted changes such as completely floating fuel prices, which will be encountered by the government's adoption of a set of procedures to face this challenge and to prevent negative effects that citizens might face as a result. These procedures are represented in executing productive projects and intrinsically improving the economic policies especially with regard to public finance, external trade, and investment laws, in addition to completing privatized projects, and activating the private sector's role in the comprehensive economic development.



During 2007, Bank of Jordan achieved pleasant qualitative and quantitative results, which added to its record of achievements new levels of growth and development in all managerial, operative, service and financial activities and fields of work. These results enhanced the Bank's competitive position as a firmly established banking institution enjoying a big reputation at local, regional and global levels.

The Bank continued implementing a set of strategic projects and programs of work aiming at upgrading the quality of services offered to all categories and classes of customers. That is through developing and offering an integrated set of financial and banking products and services, which could meet their actual needs in a modern and a comfortable service environment.

In course of the Bank's strategic directions and plans aiming at regional expansion and variation of markets where the Bank is working, a private bank was set to be founded during 2007, in the Syrian Arab Republic as an initial stage.

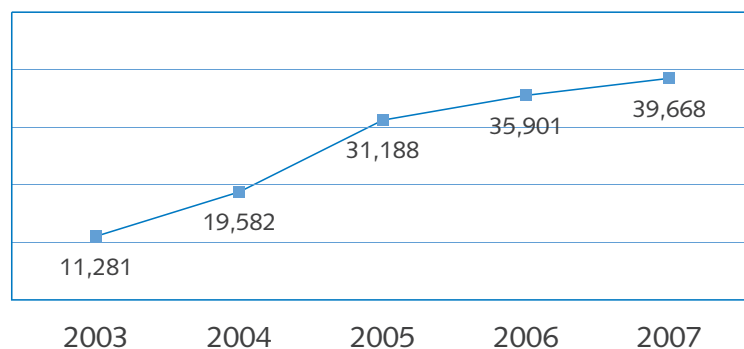


That's after the Bank had fulfilled all legal and procedural requirements related to licensing, and obtained the Syrian Prime Ministry's consent on founding the new bank under the name "Bank of Jordan-Syria", with a capital of \$US 30 million. Bank of Jordan owns a percentage of 49% of shares, which represents the whole percentage of foreign equity in the new bank's capital, and with the participation of a number of Syrian private investors, as per the instructions of Private Banks Construction Law No. (28) for 2001. This would have a positive impact in enhancing the Bank's competitive position and developing its works and activities, and in paving the way for Bank of Jordan to be found in other countries in the region.

## Financial Results

Bank of Jordan obtained in 2007 a net pre-tax profit, with an amount of JD 39.7 million and a percentage of increase amounting to 10.5% comparing to 2006. The income of this period raised in total with an amount of JD 11.8 million, to reach JD 83 million, achieving a percentage of growth amounting to 16.6%. This growth came up, supported by the increase of interest income with an average of 12.8%, net interest and commission earnings with a percentage of 2.4%, and foreign currencies profit with a percentage of 5.1%.

Net Profit Before Tax (In JD Thousands)

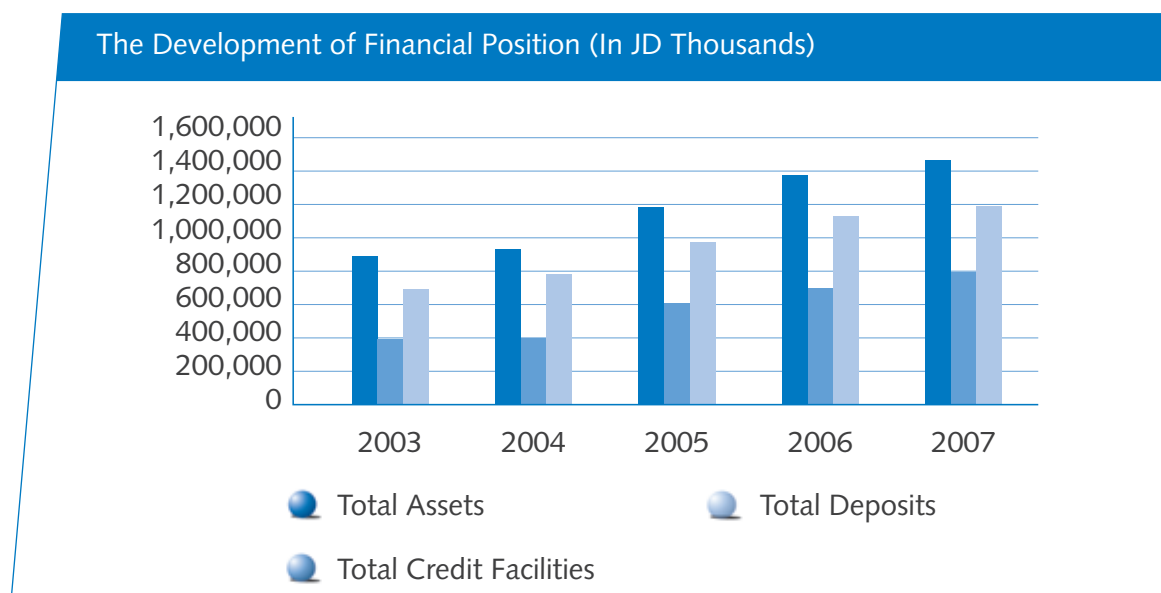




However, expenses rose with a percentage of 22.8%. That was to meet the requirements of growth and expansion of the Bank's work and activities, beside what was observed of additional allowances and interest suspension as a result of the current situations in the Palestinian market, and that the Bank had covered and observed all tax commitments until the end of 2007.

At the level of attraction and employment of cash sources, customers' deposits raised with an amount of JD 56 million, with an increase percentage of 5.1% to reach JD 1146.6 million. The increase was mostly seen in certificates of deposit, which grew in a distinct manner, exceeding 100% to reach JD 71.4 million.

These were met by employments in credit facilities in a total amount of JD 72.2 million and a percentage of 10.8% to reach JD 738.2 million. This increase was mostly seen in retail loans, which grew in an approximate percentage of 50% to reach JD 169.3 million, and real-estate loans registered an increase with a percentage of 18% to reach JD 100.7 million. As a result of these achievements, the Bank's financial position's items raised as the Bank's assets reached in volume JD 1456 million with a percentage of growth amounting to 5.8%, and the shareholders' equity also raised to reach JD 161.2 million with an average increase of 14.8%. The return on average assets reached a percentage of 1.7% and on average shareholders' equity reached 16.2%.



## Competitive Position

Bank of Jordan has preserved its advanced competitive position among the top five banks in Jordan in accordance with extents of financial soundness and returns, as well as credit facilities, deposits and assets. The market share of deposits and facilities for Jordan branches, as per the latest available data, out of the total deposits and facilities of banks working in Jordan, reached 6.6% for deposits and 6.8% for facilities, and for deposits and facilities for Palestine branches as per the latest available data, out of the total deposits and facilities Jordanian banks working in Palestine, reached 12.6% for deposits and 10.1% for facilities.

## Corporate Governance

Our strategic vision, adopted by Bank of Jordan, along with our strategic mission that is going well with that vision, and the slogan (Excel) which leads our march, can not be achieved except through the adoption of a proper type of governance, which has to go with the legislations governing works of the banks in Jordan, and both the Central Bank's instructions and best international practices. We at Bank of Jordan have decided to be the pioneering bank in Jordan and all over the world. We are to be distinct in meeting the needs and expectations of all the related parties in dealing with the Bank; such as shareholders, depositors, dealers and employees, as well as all control authorities. We are also to continue developing and upgrading our services and build the best and most distinctive relationships with them.

Bank of Jordan has been committed to work with all of its capabilities in order to be the most powerful and closest bank to all related parties, so that it can always be the bank preferred by them, meeting their needs, and responding to their expectations. That is through working in a transparent manner, explaining all of the rules of its banking work components, and through a set of added, developed and valuable financial and banking services and solutions, assisting them in achieving their hopes and ambitions for a more successful future.

We have undertaken, within rules of corporate governance, to work and deal with customers transparently and fairly, and with the spirit of a motivating and qualified team. That is in maximizing values of corporate work so that we can then build up a civilized vision that is capable of exploring the future and using mechanisms of corporate work, which depend upon risk sensation and investigation, defect sensation and modification and constant revision of performance to get the achievements we expect.

Upon this, the Board of Directors in Bank of Jordan works hard to undertake the Guide of Corporate Governance, which defines in a clear-cut manner the general framework as a base of the future corporate development and performance. That is for the sake of supporting trust in all activities of the Bank. The Board of Directors in putting up this Guide, and in the beginning of the applied stage of the Guide's implementation welcomes any contribution in developing it from all related parties in a way that enriches this document concerning all parties. The Board also welcomes the notes of those concerned in developing the Bank. These contributions and participations will find concern from the Board of Directors, both with its development and modification from time to time and when necessary in the sake of competition of change in needs and expectations of Bank of Jordan and the banking market, as an extremely important matter.

Accordingly, the Bank has decided to publicize the Guide of Governance on its website, besides explaining the extent of commitment with the items stated in accordance with the following five pivots.

### Pivot One (Board of Directors):

#### - Chairman of the Board:

Instructions of the Guide of Governance, regarding the position of the Chairman of the Board, affirm the following:

1. Separation between the positions of the Chairman of the Board and the General Manager.
2. No kinship between the Chairman of the Board and the General Manager below the third level.
3. Separation in responsibilities between the Chairman of the Board and the General Manager according to written instructions approved by the Board and must be revised when necessary.

The Bank, in course of its policies, aims at fulfilling and applying the requirements of the Guide of Governance approved in it, which has been prepared as per the instructions of the Central Bank of Jordan, and seeks to meet these requirements in a way serving the Bank's interest, and best fitting the banking environment in Jordan and the legislative and legal frameworks regulating the Bank's works.

#### - Board of Directors:

Although the responsibility of daily work management is charged by the Executive Management, the Board of Directors are in charge of drawing the strategic policies to achieve the goals and objectives in a way to achieve the interests of the Bank, shareholders and dealers, and fitting with the related laws and regulations.

The Board of Directors in Bank of Jordan is composed of 11 members. These are elected by the General Assembly for a period of four years. The members of the Board of Directors enjoy being qualified and experienced so that each can give his opinion in the Board's sessions in a totally independent manner. The Chairman of the Board is, however, selected by the members of the Board.

In such a course, the Board of Directors assembled during 2007 eight times, with a specific agenda in each session along with documentation of the discussions and resolutions the Board takes in official minutes prepared mainly by the Board's secretary.

Names of members of the Board of Directors appear on Page (5) of this report.

Four committees are formed out of the Board of Directors in Bank of Jordan as per the Guide of Governance, in order to facilitate the Board's works. These are: Auditing Committee, Corporate Governance Committee, Nominations and Remunerations Committee, and Risk Management/Executive Committee.

#### **- Auditing Committee:**

The Auditing Committee was elected from three non-executive members of the Board. The Committee's tasks and responsibilities were defined within the Guide of Governance in addition to the fact that it was given the authority to obtain any information from the executive management as well as to ask any executive employee or member of the Board to attend its meetings.

#### **- The Committee is Currently Composed of:**

Dr. Abdullah Abdel Hamid El Khatib	Chairman
Dr. Abdel Rahman Samih Toukan	Member
Mr. Nabih Amro Al Nimr	Member

The Committee assembled during 2007 nine times.

#### **The Committee's Responsibilities include the Following:**

1. Revision of the modifications occurring in the accounting policies and implementation of commitment with the international accounting principles and measures.
2. Revision of the internal control systems in the Bank.
3. Revision of the accounting issues, which have an essential influence on financial data.
4. Control of the Bank's internal auditing activities.
5. Control of the extent of comprehensibility and objectivity of the external auditor.
6. Confirmation of the accuracy and safety of, and commitment with, the accounting and control procedures.
7. Revision and follow-up of procedures taken, regarding the notes stated in the Central Bank's reports and reports of the external auditor.
8. Revision of the financial reports and data referred up to the Board of Directors, particularly those that are related to the Central Bank's instructions (sufficiency of provisions taken for the uncertainly obtainable debts, giving opinion regarding the Bank's non-performing or regarded-as-bad debts).
9. Investigation of the annual plan of internal auditing and revision of, and follow-up of procedures taken, regarding the notes stated in the reports of inspection.
10. Investigation of any problem presented to the committee by the Board of Directors, or any problem the Committee deems necessary to be studied and discussed.
11. Assumption of meeting the External Auditor, Auditing Manager, and Compliance Manager, in absence of the Executive Management at least once a year.
12. Confirmation that there are general policies to assure commitment with the official laws and regulations.
13. Confirmation of that there is a general framework of professional code of conduct in the Bank.
14. Confirmation that there is an integrated framework of internal control that is constantly developed.
15. Revision of the reports regarding violations (violation of the laws, regulations and break of the contract) and preparation of what are the proper procedures to avoid them.

#### **- Corporate Governance Committee:**

The Committee of Corporate Governance was reformed on 03/11/2007 out of the members of the Board of Directors to prepare the Guide of Governance. This Committee is chaired by the Chairman of the Board/General Manager of the Bank, and is composed of five other members. The Committee has worked on the preparation of the Guide of Governance of the Bank, and evaluation of the actual reality of it, with temporal plans to carry out the Guide's requirements.

#### **- The Committee is Composed of:**

Mr. Shaker Tawfiq Fakhouri	Chairman
Mr. Mawloud Abdel- Qader Naghouj	Deputy Chairman
Dr. Abdullah Abdel Hamid El Khatib	Member
Mr. Nabih Amro Al Nimr	Member
Dr. Mazen Mohammed Al Bashir	Member
Mr. Bader G. Al Zahrani	Member

#### **The Committee's Responsibilities Include the Following:**

1. Preparation and revision of the Guide of Governance of the Bank as per the laws and legislations regulating the Bank's works.
2. Definition of the procedures necessary for assuring commitment with what is stipulated of items in the Guide.
3. Revision, on an annually basis of the Guide and confirmation of its being published at the widest range.
4. Preparation of an annual evaluation for the extent of application of the Guide of Governance and referring it to the Board of Directors and parties involved.
5. Follow-up of the developments and changes which occur within this regard.

#### **- Risk Management/Executive Committee:**

The Executive Committee, formed out of the Board of Directors, was renamed to be the Risk Management/Executive Committee. The Committee is in charge, as defined by the Board, with all tasks concerning risks, and is composed of five members of the Board of Directors.

#### **- The Committee is Composed of:**

Mr. Mawloud Abdel-Qader Naghouj	Chairman
H.E. Sa'ad Eddin "Mohammed Juma'h"	Member
H.E. Muhye din Mustafa Al Hussein	Member
Mr. Walid Tawfiq Fakhouri	Member
Dr. Mazen Mohammed Al Bashir	Member

#### **- The Committee's Responsibilities Include the Following:**

1. Revision of the policies, credit and investment strategies and risks of the Bank before being approved by the Board of Directors.
2. Revision of the structure of credit and risk management before being approved by the Board of Directors. The Executive Committee is in charge of implementing and developing these strategies.
3. Attestation of credit transactions, which exceed the Executive Management's authorities.
4. Revision and approval of compromises, rescheduling, and exemptions.
5. Attestation of the Bank-owned real-estates sale decisions.
6. Competition of the quick developments and increasing complexities which occur to the risk management inside the Bank, and preparation of regular reports (quarterly) about these developments to the Board of Directors.
7. Assumption of any other tasks and responsibilities imposed upon the Committee by the Board of Directors.

#### **- Nominations and Remunerations Committee:**

The mechanism of formation of the Nominations and Remunerations Committee with what will be imposed upon it of tasks and responsibilities is defined within the Guide of Governance of the Bank. The Bank hopes forming it to assume its tasks and responsibilities in the coming stages within the Guide's plan of application and in a way going with the laws and legislations regulating the Bank's works, on condition of approving the Self-Evaluation Technique to the members during the coming periods until the Committee is formed.

#### **Board's Secretariat:**

The importance of the meetings' minutes to the Bank, shareholders and control authorities, comes out of that they represent the permanent record of works accomplished and resolutions made by the Board and the Committees across the Bank's history of work.

Accordingly, Mr. Salih Rajab Hammad, as Head of Compliance Department, was appointed as Secretary of the Board. That is for the important role assumed by the Board's secretary, and for the requirements the coming stage needs to apply and enhance corporate governance in the Bank, from 03/11/2007. The tasks and responsibilities of the Board's secretariat were defined within the Guide of Governance of the Bank.

#### **Conflict of Interests:**

The Board of Directors affirmed, within the Guide of Governance of the Bank, that each member of the Board must define his relationships with the Bank, as well as avoid any conflict of interests, abide by the theme of the Code of Conduct Guide in this regard, and make written disclosure on an annual basis or in case of changes requiring that.

#### **Pivot Two (Planning and Policy Setting)**

The Board of Directors assumes responsibility for setting the general strategy and strategic direction of the Bank, defining, and supervising the achievement of the general goals of the Executive Committee.

#### **Pivot Three (Control Environment)**

The Board of Directors assumes responsibility, in dependence upon a general framework of internal control, for achieving the following points:

- Effectiveness and efficiency of operations
- Credibility of financial reports
- Commitment with laws and regulations in effect

Furthermore, the Board assures that there is a general framework of internal control with certain features enabling it to follow up its tasks and take what is necessary of procedures within the following framework:

#### **1. Internal Auditing**

The Bank realizes that having an effective Internal Control Department essentially assists in enhancing the internal control systems and the general framework of risk management in relation with the Bank's various activities. The Internal Control Department assumes its tasks within the following range:

1. Preparation, in the current time, of the Internal Audit Charter that's to be approved by the Board of Directors including the Audit Department's tasks, responsibilities and method of work.

2. Preparation, in the current time, of procedures for internal auditing that suit the Bank's new organization.
3. Insistence of the Internal Audit Department on preparing an annual auditing plan approved by the Audit Committee, provided that it includes most of the Bank's activities and organizational units, that's according to the extent of risks in these activities.
4. Preparation of an annual report about the extent of sufficiency of internal control systems in sake of reducing what the Bank is exposed to of risks, and work on presenting proper recommendations to correct the aspects of weakness.
5. Pursuit of the Internal Audit Management to provide the Department with scientifically qualified and practically experienced employees to audit all activities and operations, provided that this includes the availability of qualified cadres to assess risks of information and technologies accompanied.
6. Follow-up of violations and notes stated in the reports of the control authorities and external auditor and making sure they are processed and there are proper rules applied by the Executive Management to avoid them.
7. Confirmation of the availability of necessary procedures for having receipt, process, and preservation and reporting, in a regular manner, of the Bank's customers' complaints and notes related to the accounting system, internal control and auditing processes.
8. Preservation of audit reports and sheets, for a period set as per the provisions of laws approved in this regard in a safe and organized manner, and that they can be examined by the control authorities and external auditor.

## 2. External Auditing

The external auditor represents another level of control on the extent of credibility of financial data issued by the Bank's accounting and information systems. That is particularly in relation with giving obvious and explicit opinions about the extent of fairness and trueness of data and reflecting the actual reality during a certain period. The Board of Directors, when dealing with offices of external auditing insists on the Bank's interest and the offices' professionalism, as well as the regular rotation of auditing and experiences with these offices.

## 3. Risk Management

The management of Bank of Jordan has paid a special attention to Basel II requirements for being a framework to enhance the Bank's ability to improve the control environment and confront the various types of risks. Practical procedures have been taken to carry out what is stated in Basel II such as establishing a specialized department in managing various risks (credit, operation, and market) and provide it with qualified human cadres and automatic systems.

In this course, the Bank has enhanced the frameworks, which govern the credit risk management through establishing its various departments (Corporate Credit Risk Department, SME Credit Risk Department, Retail Credit Risk Department, and Palestinian Branches Credit Risk Department).

That is in addition to modernizing and developing the risk management's policies and procedures, which are to preserve the credit portfolio quality, and making contracts to purchase an automatic system (Reveleus System) for credit and market risk management, which will be carried out during 2008.

Regarding operation risks, the Bank assumes since 2003 application of CARE System for operational risk management, and a risk profile was founded for each of the Bank's different units, as well as building a database of operating errors.

### **The Risk Management Department Works within the Following General Framework:**

- a. The Risk Management Department reports to Risk Management/Executive Committee in a regular manner. The daily operations are connected with the General Manager.
- b. The Risk Management Department assumes the following responsibilities:
  - Preparation of risk policies for all types of risk as approved by the Board of Directors.
  - Analysis of all risks including credit risks, market risks, liquidity risks and operating risks.
  - Development of methods of measurement and control for all types of risks.
  - Recommendation of risk limits, consents, reports and registration of cases of exceptions about the policy of risk management to Risk Management/Executive Committee.
  - Provision of the Board and Executive Management with information about the measurement of risks and risk profile in the Bank. The Board assumes then revision of risk qualitative and quantitative statistics in the Bank in a regular manner.
  - Approval of means which assist in risk management, and among them are:
    - Self-evaluation of risks and setting of risk indices.
    - Preparation of an archival database of losses and definition and classification of sources of these losses as per type of risk.
    - Provision of necessary apparatuses and automatic systems proper for Risk Management in the Bank.
- c. The Bank's committees such as Credit Committee or Assets Liabilities Management/ Treasury and Operating Risks Department assist the Risk Management in assuming its tasks, as well as the authorities that are defined for these committees.

- d. Inclusion of information, in the Bank's annual report, about Risk Management regarding its structure, nature of operations, and its occurring developments.

#### **4. Compliance**

In course of enhancement of the Bank's commitment with the Basel II requirements, the Compliance Department was established to assume tasks of supervision of commitment with laws, regulations, legislations and the world ethical measures and requirements issued by various control authorities and the Bank's internal policies, and the provision of it with qualified human cadres and automatic systems.

At the level of the Compliance Department, all laws, regulations and instructions governing the Bank's works have been specified. Besides, all employees have been made aware of the concept of compliance through letters and training courses. A policy of anti-money laundering was developed to go with Anti-Money Laundering Law No. (46) for 2007.

#### **The Following is the General Framework within which the Compliance Department Works:**

1. Preparation, development and revision of policy of compliance in a regular manner (at least once a year and when necessary).
2. Implementation of policy of compliance in the Bank.
3. Preparation of an effective method to assure the Bank's compliance with all the laws and regulations in effect, and with any related instructions and pieces of evidence.
4. Submission of regular reports (half yearly) about the results of its works and control of its compliance to the Audit Committee formed out of the Board of Directors, as well as submission of a copy to the Executive Management.
5. Assessment and follow-up of implementation of corporate governance in the Bank.

#### **5. Financial Reports**

The Executive Management in the Bank assumes the following tasks:

1. Preparation of financial reports as per the International Accounting Standards.
2. Submission the financial reports to the members of the Board of Directors in each of its regular meetings.
3. Publication of financial reports once per three months.
4. Submission of financial reports and reports of the complete works to shareholders annually.

#### **6. Professional Conduct**

The Bank has a guide of Code of Conduct approved by the Board of Directors and publicized to all the Bank's employees. The Compliance Department assumes the task of making sure of how much implemented the code is.

#### **Pivot Four (Relationships with Shareholders):**

The law stipulates that each shareholder has the right to vote in the General Assembly and the right to discuss the topics posed on the agenda of the General Assembly either the usual or the unusual meetings.

Moreover, the shareholders can propose any other items on the usual meetings of the General Assembly provided that this proposition is agreed by a number of shareholders representing not less than 10% of shares registered in the meeting. In order to enhance such a relationship, the Board of Directors works with all proper means to encourage shareholders particularly the small ones of them to attend the annual meeting of the General Assembly and to vote either personally or by a personal attorney in case of absence. The Board, as well, works to provide shareholders with the following:

- A copy of the annual report to their postal addresses.
- An invitation and the agenda of the General Assembly's meeting.
- All information and material directed to shareholders in general.

In addition, each shareholder has the right to read up the shareholders' registry in connection with his equity. The Board insists as well on distributing profits fairly to shareholders according to the number of shares each one of them owns.

#### **Pivot Five (Transparency and Disclosure)**

Corporate governance in Bank of Jordan constitutes dimensions of integrity, straightforwardness, objectivity, honesty, accountability regarding decisions made by certain bodies in the Bank, transparency, disclosure and social openness. The Bank is concerned with disclosure of all reliable information provided in proper time to assist those who use it to conduct an accurate assessment for the Bank's financial position, achievements, activities and risks. The Bank is as well concerned with risk management operations especially that disclosure only makes information transparent regarding accuracy and completion from the qualitative and quantitative point provided in proper time.

Accordingly, the annual report includes all data required for all control bodies, in addition to publication of, and commitment with, the Bank's Guide of Governance.

## **New and Innovative Products and Services**

Bank of Jordan continued, during 2007, and within its strategy aiming at development and variation of its financial and banking products and services, to offer a set of products and services carefully designed to fulfill and compete with the customers' needs and requirements.

This is, in addition, to achieve this goal and level up services offered to customers. The Bank has developed certain departments concerned with developing new and modern products and services with a level of service that can compete with the level of retail, corporate and commercial markets. That is in a way enhancing the Bank's competitive position in the banking market locally and regionally.

## **Retail Services**

The Bank continued implementing its plans aiming at enhancing its market share in the retail segment, through concentrating on restructuring and developing a set of products and services and improving the level of service offered to individuals.

The Bank launched during 2007 "Ma'ak" (With You) program for Visa credit cards, which allows the Bank's customers to obtain the BOJ visa cards within a raised roofs reaching up to 10 times of income. This program also motivates customers to use cards through providing a variety of awards. The Bank also launched "Al-Hall" (Solution) program for personal loans with additional privileges allowing customers to obtain personal loans reaching up to JD 70,000, in addition to "Mubarak" (Congratulation) program for financing vehicles with new competitive privileges.

In order to motivate customers to save, the Bank launched a new campaign of saving accounts through which several awards were provided over the year. In order to enable limited-income customers to buy residential units to be used for housing purposes within the projects of the Housing and Urban Development Corporation. The Bank signed a cooperative agreement with the Housing and Urban Development Corporation, upon which the Bank can grant beneficiaries of the Establishment's projects appropriate finance within facilitated privileges and conditions.

## **Corporate Services**

The corporate services during 2007 achieved high rates of growth. That is through variation of services offered to all business and corporate segments and contribution in an effective manner at service of all economic segments, with an emphasis on the quality of financial operations and credit portfolio.

At the level of trade segment, the Bank contributed at financing pioneer corporations and enterprises in the field of trade of vehicles and equipment and trade of foodstuffs, as well as financing the biggest housing and housing-related companies through providing credit facilities to customers of steel, cement and building-material trades and financing the other vital segments such as transportation. The Bank as well continued to manage and provide banking syndicate loans, which reached JD 33 million at the end of 2007.

## **SMEs Services**

The Bank continued its efforts aiming at service of all producing economic segments, particularly the segment of small and medium-sized enterprises (SMEs) as being one of the major economic segments in providing job vacancies and developing investment and economic movement in Jordan.

The Bank financed all trade activities, most importantly trade of vehicles and equipment, foodstuff trade, import and export operations, steel and cement and building-material trade. It also financed contractors, housing companies and segment of land, air and marine transportation. In this course, the Bank worked on providing loans for small and medium-sized productive projects in Palestine through signing an agreement with the United States Agency of International Development (USAID) and another with the German Bank Union (KFW).

Upon the importance of this segment, the Bank established 12 centers distributed all over Jordan concerned with developing trade works. Such centers were provided with highly skilled and experienced employees to serve this vital segment.

## **Financial Leasing Services**

In course of Bank of Jordan's constant pursuit of excel in providing new banking products and services and competing with customers' constant needs, the Bank offered financing lease services during the last quarter of 2007. That's in sake of providing new financing facilities going with the needs of customers either individuals, corporations or enterprises who do not like dealing in traditional financing manners, so as to enable them to purchase all kinds of assets, such as production lines, trucks, buses and other kinds of vehicles and machines.

## Network of Branches and Distribution Outlets

The Bank continued to enhance, develop and modernize the network of branches and distribution channels in all targeted districts. That is to provide its customers with a more attractive and comfortable environment and improve the level of service offered to them, in a way going with the Bank's unified corporate identity. In 2007, City Mall branch was opened, and both Khalda and Abu-Alanda offices were made to be branches to fulfill the customers' needs and requirements in these districts. Al-Gardens and Tariq branches were moved to new locations; branches of University of Jordan, Al-Nuzha, Al-Ramtha, Kufranja were developed and expanded; two exchange offices were opened at King Hussein Bridge; and Al-Khalil branch was moved to a new location in Palestine.

## Electronic Distribution Outlets

For the interest paid by the Bank's management to the electronic distribution channels as a major means in conveying the Bank's products and services to customers and in communicating with their accounts in an easy, quick and safe manner, work was continued to modernize and develop the electronic distribution channels including (IVR, Internet Banking, Mobile Banking, and the SMS service) and to vary what is offered through them. All necessary arrangements have been completed to provide electronic services in Palestine at the beginning of 2008. In order to facilitate some banking transactions electronically in the field of electronic purchasing and payment services, the electronic payment services project was accomplished via the National Payment Gateway in cooperation with Visa Jordan-STS Coalition. The Bank continued spreading ATMs in the targeted shopping places, and trade and residential areas, as there are (90) ATMs in Jordan and Palestine.

## Organizational Methods and Technical Resources

Upon the Bank's strategy aiming at enhancing its organizational and technical capabilities, work was continued during 2007 on the set of projects and programs in sake of leveling up the Bank's productive and competitive abilities, reducing costs and controlling risks.

That is through separating operations from services and sales, and making the Bank's branches and offices to be the service and sales points. Implementation was done regarding the projects of centralization represented by Centralization of Retail Loans, Centralization of Corporate Facilities at the level of the Bank, Centralization of Commercial Facilities, Centralization of Deposits Operations, as well as implementing the initial stage of project of Centralization of Letters of Guarantee.

At the level of reorganization of the Bank's departments, Risk Management Department was established, Commercial Business Development was developed with 12 specialized centers in all districts in Jordan, Credit Control Department was reorganized and the initial stage of System of Authorities was approved.

In regard with provision of information about the Bank's activities in all aspects, the initial stage of project of Data Warehouse System was completed. At the level of projects of Information Technology, the Bank continued to implement the set of projects aiming at developing information systems, databases and networks. The Bank implemented the IT Security project, E-Loan project, and Sales Force project as well as Electronic Clearing system "value date of collecting" (T+0), in accordance with the requirements of the Central Bank of Jordan.

Work will continue during 2008 on completing the Centralization of Operations project to raise efficiency of operations and activating control; completing operational development and procedural unification in order to achieve less cost and greater speed in decision-making; completing the organizational structure and job description of departments, units and managerial jobs as per the latest organizational bases and concepts; and completing System of Authorities to be collected in a unified guide as a way of facilitating movement of transactions and identifying the level of authority of bodies these transactions are to be referred to.

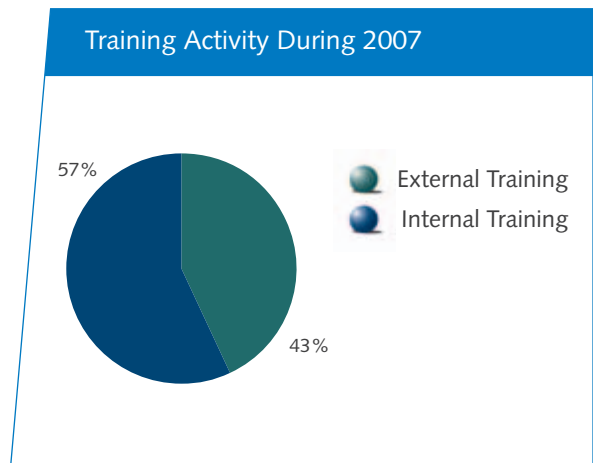
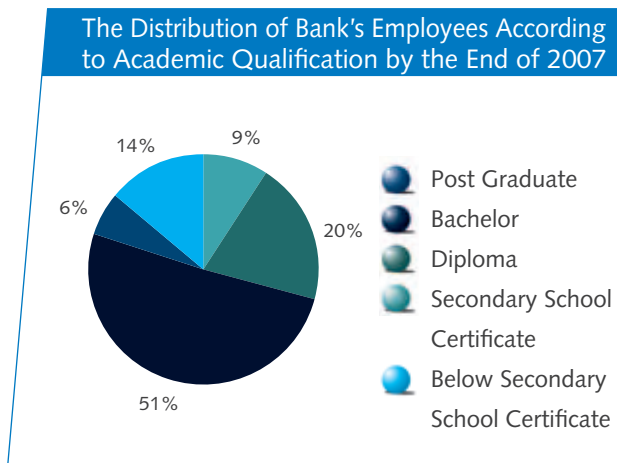
Besides, implementation was started regarding the E-Archive, Call Center, and Credit Risk to go with Basel II requirements. However, regarding the Palestinian branches, implementation of a central database will be initiated.

## Human Resources

In view of the special importance of human capital to the Bank's management as the first competitive advantage upon which the Bank's strategy is based in achieving excel, the top management of the Bank paid all interest to human element to level up its personal and technical capabilities as per the latest techniques of training and practice.

That is in addition to implementing a number of successive initiatives, which aim at improving the employees' living standards through having essential amendments on salaries. The Bank participated in the Comparative Study of Salaries organized by MERCER Corporation among ten local and foreign banks. The Bank also continued attracting well-qualified and experienced individuals in all activities. In 2007, 335 employees were recruited, so that the total number of personnel in the Bank reached 1637 employees, the number of internal and external training programs reached 563, providing 8146 training opportunities covering all managerial and organizational careers and levels in the Bank.





## Serving The Local Community and The Environment

Moving forward with the Bank of Jordan's set of values towards the local society and surrounding environment, the Bank continued during 2007 its concern and support to all national, official and public activities, believing in the role of such institutions in improving people's living conditions.

The Bank had an effective contribution in making Petra one of the Seven Wonders of the World through organizing a national campaign under the Patronage of Minister of Tourism and Mr. Tawfiq Fakhouri to support voting for Petra. Such a contribution came through motivating people to participate in the voting process, and as well providing one million votes to the Rose City.

The Bank, in light of Queen Rania Al-Abdullah's Initiative, supported Al-Aman Fund to encourage youth to rely upon themselves after graduation from care houses. The Bank also, at the level of the educational segment, provided scholarships and training opportunities to a number of about 300 graduate students. The Bank also continued in serving the environmental activities through supporting several bodies concerned with such an important aspect such as the Jordanian Society for Desertification Control and Badia Development, and the Anti-Smoking Campaign organized by the Jordanian University of Science and Technology.

In addition, the Bank was concerned in recycling trash paper, through companies that undertake such process, to produce raw material used for manufacturing sanitary paper. At the level of sport activities, the Bank was concerned in supporting several sport activities, most importantly launching the BOJ Karting Race Team, that is in course of the Bank's mission and support of youth in all of their activities in order to direct their capabilities and talents and develop their positive role in serving the society. The Bank's total contributions in serving the local society, upon these considerations, amounted to more than JD 425 thousand.



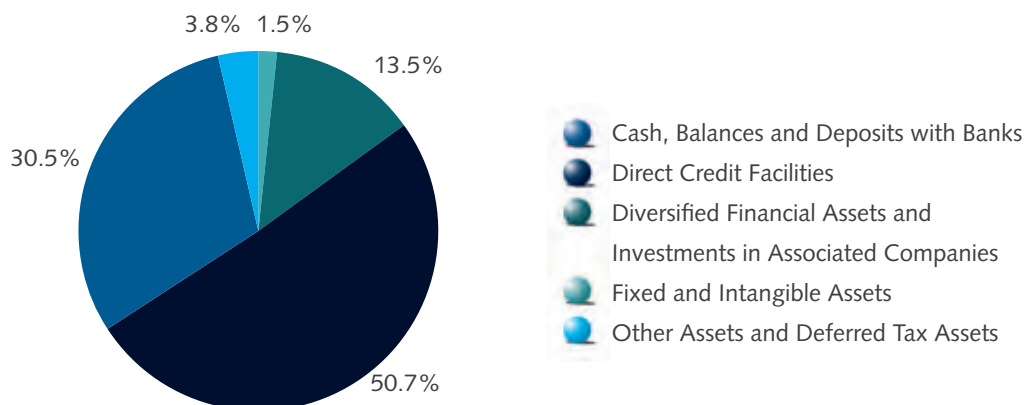
# Analysis of Financial Position and Business Results for the Year 2007

Bank of Jordan assets increased to JD 1455.7 million at the end of 2007 at a growth rate of 5.8%, as compared to JD 1376 million at the end of 2006. Continuous efforts were exerted to increase shareholders' equity and maintain a balance between profitability and safe investments, to provide the cash liquidity required to cover liabilities of various terms and to efficiently and effectively utilize the available funds, which is represented in enforcing the financial position and continuous growth of the Bank's revenues.

## The Relative Importance of the Bank's Financial Position Items in 2007

	In JD Million		Relative Importance %	
	2007	2006	2007	2006
Cash, Balances and Deposits with Banks	443.9	499.9	30.5	36.3
Direct Credit Facilities	738.2	666.0	50.7	48.4
Diversified Financial Assets and Investments in Associated Companies	196.6	131.8	13.5	9.6
Fixed and Intangible Assets	21.8	21.7	1.5	1.6
Other Assets and Deferred Tax Assets	55.2	56.8	3.8	4.1
<b>Total Assets</b>	<b>1,455.7</b>	<b>1,376.2</b>	<b>100</b>	<b>100</b>

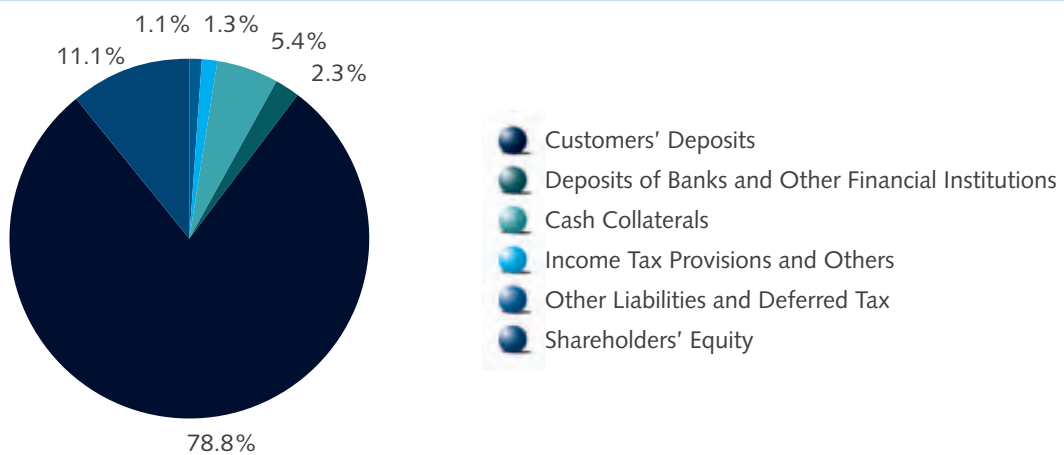
## Relative Importance of the Bank's Assets 2007



## Liabilities and Shareholders' Equity

	In JD Million		Relative Importance %	
	2007	2006	2007	2006
Customers' Deposits	1,146.6	1,090.4	78.8	79.2
Deposits of Banks and Other Financial Institutions	32.9	41.7	2.3	3.0
Cash Collaterals	79.5	71.4	5.4	5.2
Income Tax Provisions and Others	19.7	15.3	1.3	1.1
Other Liabilities and Deferred Tax	15.8	17.0	1.1	1.2
Shareholders' Equity	161.2	140.4	11.1	10.3
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,455.7</b>	<b>1,376.2</b>	<b>100</b>	<b>100</b>

### Relative Importance of the Bank's Liabilities and Shareholders' Equity 2007



## Direct Credit Facilities

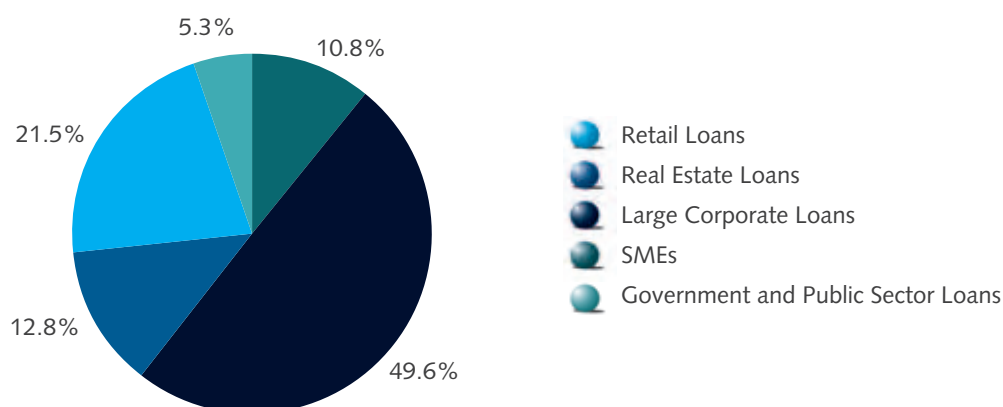
Total credit facilities grew by JD 84.3 million at a growth rate of 12% as compared to 2006. This came as a result of following a selective balanced credit policy under the supervision of the executive committee, and in light of the changes in interest rates and the expected return on facilities, and also after studying the market risks and credit risks and the quality of credit portfolio, besides working on collecting due loans. Under the current economic conditions, the non-performing facilities rate (after suspended interests) to total facilities reached 9.8% as compared to 5% in the previous year, which is within the standard percentage.

Financing various economic sectors continued with the concentration on the retail sector along with large companies, SMEs and the public sector in order to distribute risks and to manage available funds effectively and efficiently.

**Total Facilities Portfolio According to Types of Facilities (After Deducting Paid in Advance Interests and Commissions)**

	In JD Million		Relative Importance %	
	2007	2006	2007	2006
Retail Loans	169.3	112.7	21.5	16.0
Real Estate Loans	100.7	85.3	12.8	12.1
Large Corporate Loans	391.0	378.6	49.6	53.9
SMEs	84.7	92.6	10.8	13.2
Government and Public Sector Loans	41.7	33.9	5.3	4.8
<b>Total</b>	<b>787.4</b>	<b>703.1</b>	<b>100</b>	<b>100</b>

**Structure of Facilities Portfolio According to Type 2007**



**Provision for Diminution of Direct Facilities**

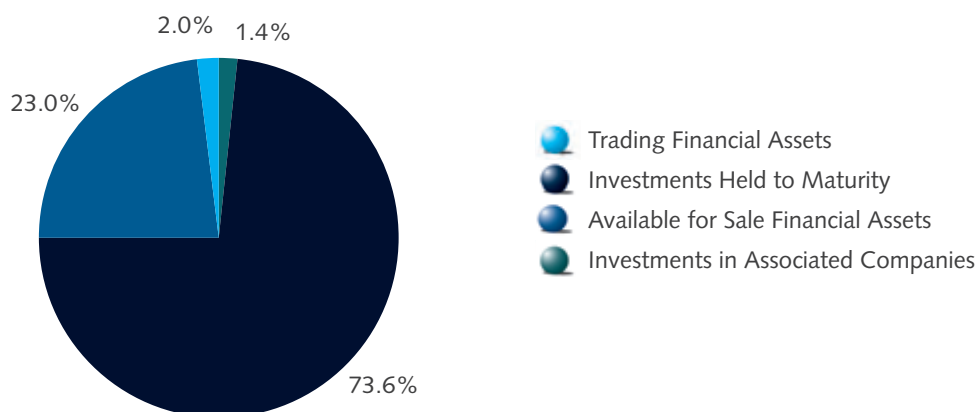
The bank follows a clear proactive policy to hedge any expected losses and allotted a provision for diminution for doubtful debts individually and for the whole portfolio. This policy followed the requirements of the International Accounting Standards and the requirements of Financial Authorities, and the recommendations of the Bank's auditors, to enhance its financial position. The coverage rate of private provision for non-performing facilities after deducting suspended interests reached 50.2%, while unneeded provisions during the year reached JD 5.2 million, in addition to the allotted provision amounting to JD 8.1 million. The fair value of provided guarantees against credit facilities amounted to JD 463.4 million as compared to JD 367.7 million in the previous year.

## Financial Assets Portfolio

The portfolio increased by JD 64.7 million at a growth rate of 49% as compared to 2006. The increase was concentrated in risk-free assets, which formed 73.6% of the total portfolio, in addition to assets available for sale that constituted 23% of the portfolio.

Financial Assets Portfolio Elements and Their Relative Importance				
	In JD Million		Relative Importance %	
	2007	2006	2007	2006
Trading Financial Assets	4.0	8.8	2.0	6.7
Available for Sale Financial Assets	45.2	32.9	23.0	25.0
Investments Held to Maturity	144.6	88.3	73.6	67.0
Investments in Associated Companies	2.8	1.8	1.4	1.3
<b>Total</b>	<b>196.6</b>	<b>131.8</b>	<b>100</b>	<b>100</b>

Structure of Financial Assets Portfolio According to Type 2007



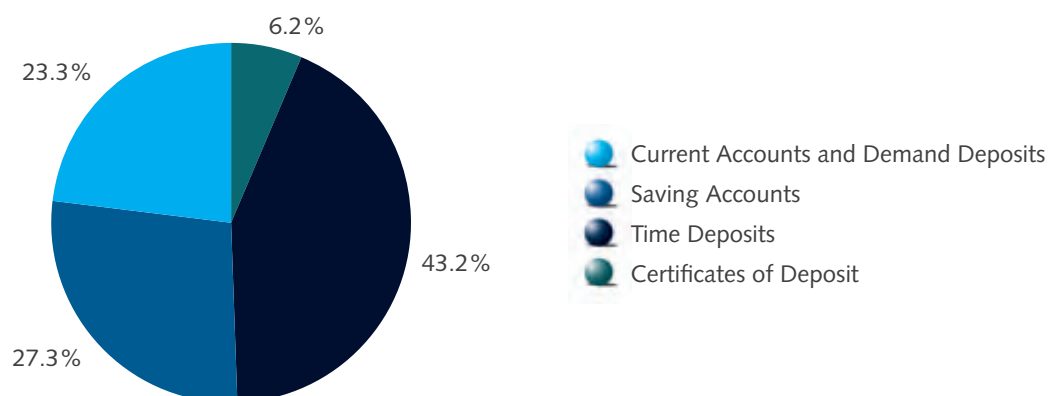
## Clients' Deposits

Clients' deposits increased to JD1146.6 million as compared to JD 1090.4 million in 2006, at an increase of JD 56.2 million at a growth rate of 5.1%. The Bank continued attracting fixed deposits and low cost deposits, developing the savings campaign and expanding depositors' base, whereby saving deposits increased by 5.7% as compared to 2006. Time deposits increased by 3.3%, while certificates of deposit marked a large growth during 2007 to form 6.2% of total deposits. Non-interest bearing deposits amounted to JD289.1 million against JD 281.8 million in the previous year.

### Clients' Deposits According to Their Types and Relative Importance

	In JD Million		Relative Importance %	
	2007	2006	2007	2006
Current Accounts and Demand Deposits	267.5	285.8	23.3	26.2
Saving Accounts	312.6	295.8	27.3	27.1
Time Deposits	495.1	479.3	43.2	44.0
Certificates of Deposit	71.4	29.5	6.2	2.7
<b>Total</b>	<b>1,146.6</b>	<b>1,090.4</b>	<b>100</b>	<b>100</b>

### Structure of Clients' Deposits 2007



## Shareholders' Equity

Shareholders' equity increased to JD 161.2 million in 2007, against JD 140.4 million in 2006, with an increase of JD 20.8 million at a growth rate of 14.8%. The statutory reserves increased to JD 25.2 million at an increase of JD 4.1 million, while the voluntary reserves amounted to JD 8.1 million. According to the Board of Directors recommendations presented to the general assembly; distribution of cash dividends on shareholders was 15% of the capital, totaling JD 15 million after obtaining the approval of the General Assembly.

## Capital Adequacy

Capital adequacy rate reached 14.81% in 2007 against 15.22% in 2006, which is higher than the rate of 12% determined by the Central Bank of Jordan. It is also higher than the rates determined by Basel committee (Bank of International Settlements), which is 8%. The leverage rate amounted to 10.4%, and basic capital to weighted and risky assets constituted 14.06%, which complies with the Banks' rating standards according to capital adequacy. Accordingly, the Bank rated within group one (Well Capitalized).

## Bank's Financial Results

The Bank's total earnings increased to JD 119.6 million in 2007 as compared to JD 98 million in the previous year. The total income amounted to JD 83 million as compared to JD 71.2 million in 2006, while net interests and commissions amounted to JD 68.2 million as compared to JD 66.5 million in 2006.

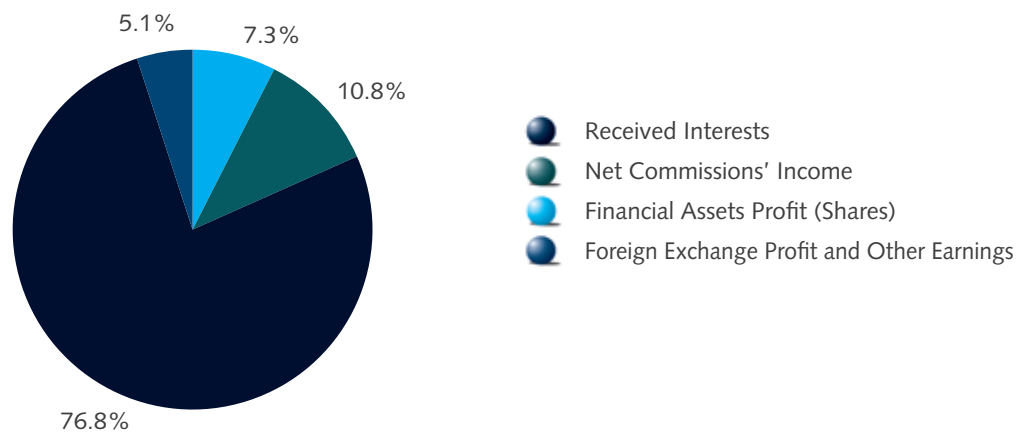
Profits before tax deduction and provisions amounted to JD 49.5 million in 2007, against JD 40.4 million in 2006, at a growth rate of 22.5%. Provision for diminution of credit facilities, other provisions and income taxes were deducted, so the net profit for the year reached JD 24.4 million against JD 25.6 million in 2006, with a decreased percentage of 4.7%. This came as a result of allocating additional provisions for reduction of debts and covering all tax commitments until the end of 2007.

Net Profits Before and After Taxes and Provisions			
	In JD Million		Difference
	2007	2006	2007
Net Profits Before Taxes and Provisions	49.5	40.4	9.1
Provision for Diminution of Direct Credit Facilities	(8.1)	(3.4)	(4.7)
Sundry Provisions	(1.7)	(1.1)	(0.6)
Net Profits Before Tax	39.7	35.9	3.8
Paid and Assigned Income Tax	<u>(15.3)</u>	<u>(10.3)</u>	<u>(5.0)</u>
<b>Net Profit Available After Tax</b>	<b><u>24.4</u></b>	<b><u>25.6</u></b>	<b><u>(1.2)</u></b>

### Total Realized Earnings and Their Relative Importance

	In JD Million		Relative Importance %	
	2007	2006	2007	2006
Received Interests	91.9	81.4	76.8	83.1
Net Commissions' Income	12.9	11.9	10.8	12.1
Financial Assets Profit (Shares)	8.7	(1.6)	7.3	(1.6)
Foreign Exchange Profit and Other Earnings	6.1	6.3	5.1	6.4
<b>Total</b>	<b>119.6</b>	<b>98.0</b>	<b>100</b>	<b>100</b>

### Structure of the Bank's Realized Earnings 2007



## Expenses and Provisions

Expenses and provisions totaled to JD 43.4 million in 2007, as compared to JD 35.3 million in 2006, at an increase of JD 8.1 million with a growth rate of 22.8%, as a result of the increase in the provision for diminution of facilities by JD 4.7 million. Employees' expenses increased to JD 987 thousand, as a result of extending annual raises and incentives for the employees and developing the Human Resources. Other expenses increased by JD 1.8 million due to the increase in the expenses of advertisement, heating, electricity, rents, and professional fees due to the continuous branching and development of internal systems and electronic services.

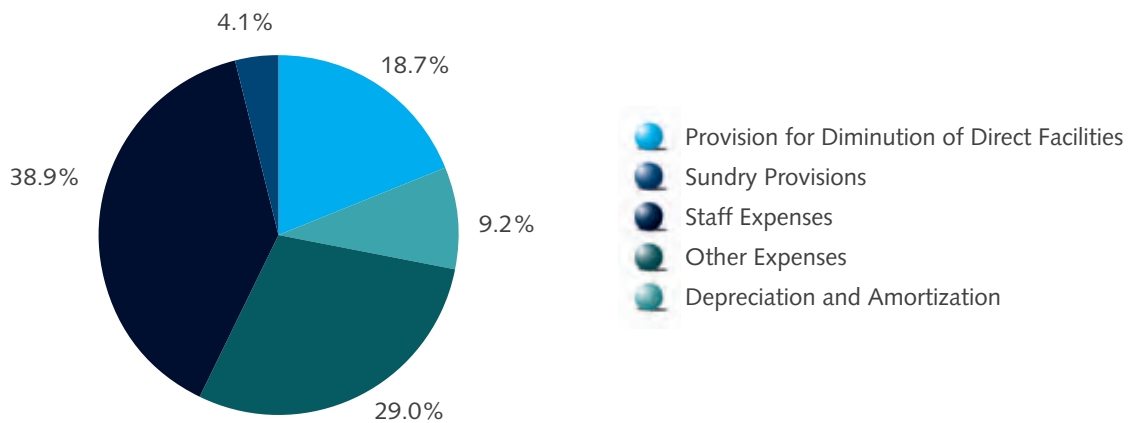
As for the salaries and remunerations of the Senior Executive Management in 2007, they reached JD 1.4 million as compared to JD 1.3 million in the previous year. The Bank's auditor's fees reached JD 94.2 thousand, and auditing fees of Excel company reached JD 5.2 thousand including the sales tax.



## Expenditures and Provisions and Their Relative Importance

	In JD Million		Relative Importance %	
	2007	2006	2007	2006
Provision for Diminution of Direct Facilities	8.1	3.4	18.7	9.6
Sundry Provisions	1.8	1.1	4.1	3.1
Staff Expenses	16.9	15.9	38.9	45.1
Other Expenses	12.6	10.9	29.0	30.8
Depreciation and Amortization	4.0	4.0	9.2	11.4
<b>Total</b>	<b>43.4</b>	<b>35.3</b>	<b>100</b>	<b>100</b>

## Structure of Expenditures and Provisions 2007

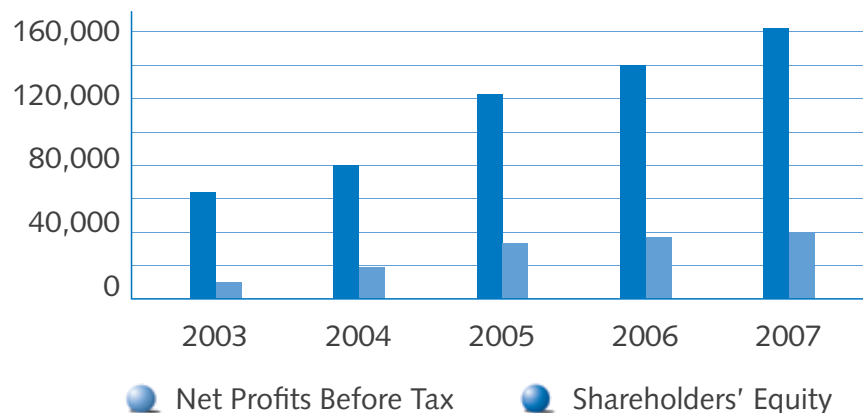


## Main Financial Ratios

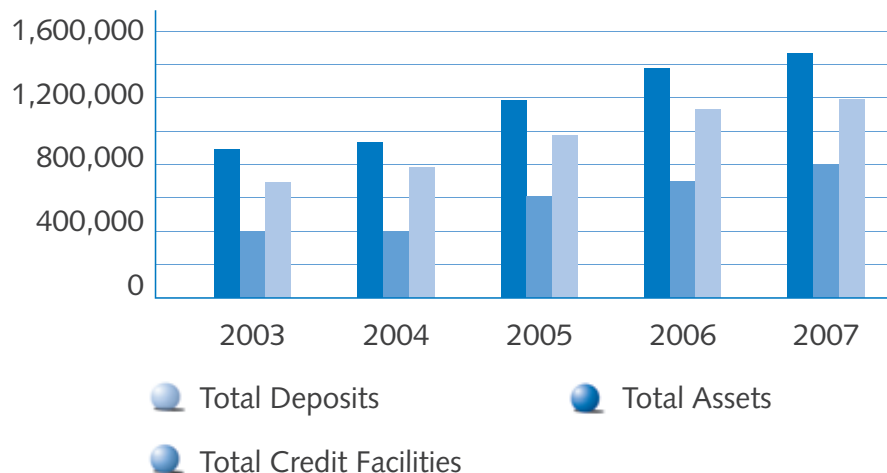
	2007	2006
	%	%
Return on Average Shareholders' Equity	16.2	19.5
Return on Capital	24.38	25.6
Return on Average Assets	1.7	2.0
Profitability per Employee	JD 14,896	JD 16,633
Interest Income/Average Assets	6.49	6.36
Interest Expense/Average Assets	2.58	2.09
Interest Margin/Average Assets	3.91	4.27
Coverage of Credit Facilities' Diminution Provision for Non-Performing Loans	50.2	86.5
Non-Performing Loans/Total Credit Facilities	9.8	5.0

Financial Indicators (2003-2007)			Amount in JD (000s)		
Financial Year	2003	2004	2005	2006	2007
Total Assets	901,654	958,920	1,185,713	1,376,231	1,455,719
Total Credit Facilities	384,946	417,594	563,830	703,077	787,368
Total Deposits	711,806	780,394	970,501	1,132,168	1,179,523
Shareholders' Equity	64,567	80,152	121,557	140,379	161,206
Net Profit before Tax	11,281	19,582	31,188	35,901	39,668

### The Development of Shareholders' Equity and Profits



### The Development of Financial Position



- Support the Bank's capital base, which contributes to enhancing its capability to cope with the growth targets, expand its financing activities, business and its regional spread, as well as continuous growth of shareholders' equity.
- Continue to concentrate on the retail service sector and enhance the Bank's market share through developing new and innovative services and products, which satisfy the customers' actual needs; as well as increasing sales and marketing capacity and the level of rendered services to this sector, in addition to enhancing the banking services offered to various business sectors.
- Complete the foundation and operation phases of Bank of Jordan-Syria and launch its services in the Syrian market before the end of 2008.
- Complete the projects of centralizing operations to increase efficiency, decrease duplication and to elevate effectiveness of the inspection element and consolidation of procedures, in addition to completing the study and analysis of procedures at the general management level to decrease costs and expedite decision-making.
- Continue supporting the Bank's presence in targeted areas and carry out the Bank's plans to reach the targeted categories, in addition to continuous update of the branches' network and distribution outlets as well as developing the electronic distribution channels.
- Continue developing the technological base and information technology, as well as launching the call center system project and implementation of electronic archive project and credit risk system, in addition to implementing a central database in Palestine.
- Continue the implementation of Basel II Committee requirements, developing an effective risk management, compliance and commitment to the corporate governance concepts, updating security policies, enhancing control means, supervision over rules and regulations, banking and managerial systems and protection of information in accordance with the best practices.
- Continue elevating the level of human resources, attract qualified employees and develop their capabilities and professional and personal skills using the latest training approaches and methods that conform to the actual requirements of the work.





# Consolidated Financial Statements and Independent Auditor's Report 2007

- Independent Auditor's Report
- Consolidated Balance Sheets
- Consolidated Statements of Income
- Consolidated Statements of Changes in Shareholders' Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements

# Independent Auditor's Report

## To the Shareholders of Bank of Jordan

Amman – Jordan

### Report on the Financial Statements

We have audited the accompanying financial statements of Bank of Jordan (Public Shareholding Company) which comprise of the consolidated balance sheet as at December 31, 2007, and the consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bank of Jordan as of December 31, 2007, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

### Report on the Legal and Regulatory Requirements

The Bank maintains proper accounting records, and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

The accompanying financial statements are a translation of the statutory financial statements, which are in the Arabic language to which reference should be made.

Amman – Jordan  
January 24, 2008



Deloitte and Touche (M.E.)-Jordan

## Consolidated Balance Sheets

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan

JD

Assets	Notes	December 31,	
		2007	2006
Cash and Balances with Central Banks	4	214,886,601	304,152,359
Balances with Banks and Financial Institutions	5	216,993,088	192,694,998
Deposits with Banks and Financial Institutions	6	12,053,000	3,000,000
Held for Trading Financial Assets	7	4,006,219	8,794,573
Direct Credit Facilities	8	738,172,229	665,972,113
Available-for-Sale Financial Assets	9	45,201,249	32,935,697
Held-to-Maturity Financial Assets	10	144,590,949	88,316,981
Investments in Associates	11	2,800,398	1,842,362
Fixed Assets	12	20,199,021	20,257,103
Intangible Assets	13	1,562,587	1,442,242
Deferred Tax Assets	19	5,322,569	5,339,353
Other Assets	14	49,931,169	51,482,873
<b>Total Assets</b>		<b>1,455,719,079</b>	<b>1,376,230,654</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities:</b>			
Banks and Financial Institutions' Deposits	15	32,950,189	41,732,373
Customers' Deposits	16	1,146,572,908	1,090,436,054
Cash Margins	17	79,473,537	71,415,398
Sundry Provisions	18	5,357,149	4,869,188
Income Tax Provision	19	14,357,861	10,436,058
Deferred Tax Liabilities	19	1,286,598	1,298,792
Other Liabilities	20	14,514,899	15,664,107
Total Liabilities		1,294,513,141	1,235,851,970
<b>Shareholders' Equity</b>			
Paid-Up Capital	21	100,000,000	86,000,000
Statutory Reserve	22	25,220,944	21,168,108
Voluntary Reserve	22	8,107,991	7,349,916
General Banking Risks Reserve	22	5,927,317	5,914,150
Cumulative Change in Fair Value	23	1,491,262	892,489
Retained Earnings	24	20,458,424	19,054,021
<b>Total Shareholders' Equity</b>		<b>161,205,938</b>	<b>140,378,684</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,455,719,079</b>	<b>1,376,230,654</b>

The accompanying notes from 1 to 47 constitute an integral part of these statements and should be read with them.

## Consolidated Statements of Income

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan

JD

	Notes	For the Year ended December 31	
		2007	2006
Interest Income	26	91,872,119	81,420,852
Interest Expense	27	<u>36,571,581</u>	<u>26,746,513</u>
Net Interest Income		55,300,538	54,674,339
Commissions Income-Net	28	<u>12,852,186</u>	<u>11,854,833</u>
Net Interest and Commission Income		68,152,724	66,529,172
Foreign Currencies Income	29	2,108,661	2,005,628
Gains (Losses) Arising from Held for Trading Financial Assets	30	6,781,931	(2,954,675)
Gains on Sales and Dividends from Available for-Sale- Financial Assets	31	1,881,690	1,376,911
Other Income	32	<u>4,110,606</u>	<u>4,254,991</u>
Total Income		<u>83,035,612</u>	<u>71,212,027</u>
Employees Expenses	33	16,883,419	15,896,917
Depreciation and Amortization	12,13	3,967,994	4,026,865
Other Expenses	34	12,636,244	10,841,821
Provision for Impairment of Direct Credit Facilities	8	8,112,583	3,419,922
Sundry Provisions	18	<u>1,767,334</u>	<u>1,125,475</u>
Total Expenses		<u>43,367,574</u>	<u>35,311,000</u>
Profit before Income Tax		39,668,038	35,901,027
Less: Income Tax Expense	19	<u>15,283,652</u>	<u>10,318,322</u>
Net Profit for the Year		<u>24,384,386</u>	<u>25,582,705</u>
Earnings per Share	35	<u>0.244</u>	<u>0.256</u>

The accompanying notes from 1 to 47 constitute an integral part of these statements and should be read with them.



## Consolidated Statements of Changes in Shareholders' Equity

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan

	Paid-up Capital		Share Capital Premium		Reserves			Cumulative Change in Fair Values-Net		Retained Earnings		Total
	JD	JD	JD	JD	Statutory	Voluntary	General Banking Risks	JD	JD	JD	JD	JD
<b>For the Year Ended December 31, 2007</b>												
Balance, Beginning of the Year	86,000,000	-	21,168,108	7,349,916	5,914,150	-	-	892,489	19,054,021	-	140,378,684	
Net Changes in Fair Value After Tax	-	-	-	-	-	-	-	598,773	-	-	598,773	
Profits from Selling the Shares of the Bank	-	-	-	-	-	-	-	-	1,766,059	-	1,766,059	
Profits from Associate Company – Prior Years' Adjustments**	-	-	-	-	-	-	-	-	958,036	-	958,036	
Total Income and Expenses for the Year Recognized Directly in Shareholders' Equity	-	-	-	-	-	-	-	598,773	2,724,095	-	3,322,868	
Profit for the Year	-	-	-	-	-	-	-	-	24,384,386	-	24,384,386	
Total Income and Expenses for the Year 2007	-	-	-	-	-	-	-	598,773	27,108,481	-	27,707,254	
Increase in Capital from Capitalization Part of Voluntary Reserve and Retained Earnings*	14,000,000	-	-	(7,347,598)	-	-	-	-	(6,652,402)	-	-	
Transfer to Reserves	-	-	4,052,836	8,105,673	13,167	-	-	-	(12,171,676)	-	-	
Dividends Paid	-	-	-	-	-	-	-	-	(6,880,000)	-	(6,880,000)	
Balance, End of the Year	100,000,000	-	25,220,944	8,107,991	5,927,317	-	-	1,491,262	20,458,424	-	161,205,938	
<b>For the Year Ended December 31, 2006</b>												
Balance, Beginning of the Year	66,000,000	1,384,704	17,493,150	6,484,680	5,128,333	-	-	7,653,600	17,412,623	-	121,557,090	
Net Changes in Fair Value After Tax	-	-	-	-	-	-	-	(6,761,111)	-	-	(6,761,111)	
Total Income and Expenses for the Year Recognized Directly in Shareholders' Equity	-	-	-	-	-	-	-	(6,761,111)	-	-	(6,761,111)	
Profit for the Year	-	-	-	-	-	-	-	-	25,582,705	-	25,582,705	
Total Income and Expenses for the Year 2006	-	-	-	-	-	-	-	(6,761,111)	25,582,705	-	18,821,594	
Increase in Capital from Capitalization Part of Voluntary Reserve and Retained Earnings	20,000,000	(1,384,704)	-	(6,484,680)	-	-	-	-	(12,130,616)	-	-	
Transfer to Reserves	-	-	3,674,958	7,349,916	785,817	-	-	-	(11,810,691)	-	-	
Balance, End of the Year	86,000,000	-	21,168,108	7,349,916	5,914,150	-	-	892,489	19,054,021	-	140,378,684	

\* In accordance with the resolution of the General Assembly of Shareholders in their extraordinary meeting held on February 15, 2007, and the resolution of the Securities Commissioners Board held on March 21, 2007, the Bank's capital was increased by JD 14,000,000 through the distribution of bonus shares (through the capitalization part of voluntary reserve and retained earnings). The bonus shares were issued to the Bank's shareholders registered in the Bank's records as of April 4, 2007, i.e. the 15th day from the date of the General Assembly's approval on the registration of the securities.

\*\* Profits from the associate company cannot be utilized as instructed by the Central Bank of Jordan unless actually realized. However, the Bank's share from these profits has been recorded in shareholders' equity as it relates to prior years.

- The general banking risks reserve cannot be utilized without approval from the Central Bank of Jordan.

- Retained earnings include a restricted amount of JD 5,322,569 as instructed by the Central Bank of Jordan against deferred tax benefits as of December 31, 2007. This restricted amount cannot be capitalized or distributed unless actually realized plus an amount of JD 4,280,027 against impairment in the fair value of available-for-sale financial assets.

The accompanying notes from 1 to 47 constitute an integral part of these statements and should be read with them.

## Consolidated Statements of Cash Flows

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan

JD

	Notes	For the year Ended December 31,	
		2007	2006
<b>Cash Flows from Operating Activities</b>			
Profit Before Income Tax		39,668,038	35,901,027
Adjustments for:			
Depreciation and Amortization		3,967,994	4,026,865
Provision for Impairment in Direct Credit Facilities		8,112,583	3,419,922
Loss (Gain) from Sale of Fixed Assets		8,536	(259,747)
Unrealized Losses from Trading Financial Assets		395,477	3,059,738
Effect of Exchange Rate Fluctuations		(1,909,562)	(1,776,983)
Sundry Provisions		1,767,334	1,125,475
Losses for Impairment in Real Estates Returned to Revenues		<u>38,060</u>	<u>(164,667)</u>
Profit before Changes in Assets and Liabilities		52,048,460	45,331,630
Changes in Assets and Liabilities			
Decrease (Increase) in Deposits with Central Banks (Maturing over 3 Months)		59,910,000	(65,000,000)
(Increase) Decrease in Deposits with Banks and Other Financial Institutions (Maturing Over 3 Months)		(9,053,000)	148,700
Decrease (Increase) in Held for Trading Financial Assets		4,392,877	(9,678,319)
(Increase) in Direct Credit Facilities		(80,312,699)	(138,584,279)
Decrease in Other Assets		1,513,644	9,424,194
Increase in Customers' Deposits		56,136,854	168,790,189
Increase in Cash Margins		8,058,139	6,913,005
(Decrease) Increase in Other Liabilities		<u>(1,149,209)</u>	<u>539,500</u>
Net Change in Assets and Liabilities		<u>39,496,606</u>	<u>(27,447,010)</u>
Net Cash Flows from Operating Activities Before Income Tax		91,545,066	17,884,620
Provision Paid		(1,279,373)	(481,287)
Income Tax Paid		<u>(11,345,066)</u>	<u>(7,949,749)</u>
Net Cash Flows from Operating Activities		<u>78,920,627</u>	<u>9,453,584</u>
<b>Cash Flows from Investing Activities</b>			
(Purchase) of Held-to-Maturity Financial Assets		(116,714,368)	(54,522,623)
Sale/Maturity of Held-to-Maturity Financial Assets		60,440,400	56,010,000
(Purchase) of Available-for-Sale Financial Assets		(12,805,394)	(5,433,973)
Sale of Available-for-Sale Financial Assets		1,126,423	794,574
(Purchase) of Fixed Assets		(3,793,399)	(3,566,221)
Sale of Fixed Assets		149,430	683,341
(Purchase) of Intangible Assets		<u>(394,824)</u>	<u>(347,460)</u>
Net Cash Flows (Used in) Investing Activities		<u>(71,991,732)</u>	<u>(6,382,362)</u>
<b>Cash Flows from Financing Activities</b>			
Profits from Selling the Shares of the Bank		1,766,059	-
Dividends Paid		<u>(6,880,000)</u>	-
Net Cash Flows (Used in) Financing Activities		<u>(5,113,941)</u>	-
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents		<u>1,909,562</u>	<u>1,776,983</u>
Net Increase in Cash and Cash Equivalents		3,724,516	4,848,205
Cash and Cash Equivalents, Beginning of the Year	36	<u>378,114,984</u>	<u>373,266,779</u>
Cash and Cash Equivalents, End of the Year	36	<u>381,839,500</u>	<u>378,114,984</u>

The accompanying notes from 1 to 47 constitute an integral part of these statements and should be read with them.

## 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. Moreover, the Bank's authorized and paid-up capital was increased in stages, the last of which was during the year 2007. Thus, the authorized capital has become JD 100 million and subscribed and paid-up capital has also become JD 100 million, with a par value of JD 1 per share.
- The Bank is engaged in commercial banking activities through its (47) branches in Jordan and (7) branches in Palestine and the subsidiary company.
- The consolidated financial statements have been approved by the Board of Directors in its meeting No. (518) held on January 24, 2008, and should be approved by the General Assembly of Shareholders.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation

- The accompanying consolidated financial statements for the Bank and its subsidiary have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee stemming from the International Accounting Standards Board and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The consolidated financial statements are prepared on the historical cost basis except for held for trading financial assets, available for sale financial assets and derivatives that have been measured at fair value at the date of the financial statements. Moreover, hedged assets and liabilities are stated at fair value.
- The financial statements are presented in Jordanian Dinar "JD", which is the functional currency of the Bank.
- The accounting policies for the current year are consistent with those adopted in the prior year except for the following:

### Basis of Consolidation

- The consolidated financial statements incorporate the financial statements of the Bank and the subsidiary controlled by the Bank. Control is achieved, where the Bank has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full.
- The financial statements of the subsidiary company are prepared for the same financial year of the Bank using the same accounting policies adopted by the Bank. If the accounting policies adopted by the Company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary company are made to comply with the accounting policies used by the Bank.

As of December 31, 2007, the Bank owns the following subsidiary company:

Name of Subsidiary	Paid-up Capital JD	Bank's Ownership Percentage %	Subsidiary's Nature of Business	Place of Operation	Acquisition Date
Excel Financial Investments Company	3,500,000	100	Financial Brokerage	Amman	March 23, 2006

- The results of the subsidiary 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 of subsidiary 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 subsidiary.

### 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.
- 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.

### **Held for Trading Financial Assets**

The financial assets of the Bank's trading portfolio represent Jordanian companies shares active in Amman Financial Market. These companies are financial and industrial companies the Bank has bought for the purpose of sale in the near future and short-term profits through purchases, sales and fluctuations in the prices of these financial instruments.

Held-for-trading financial assets are initially recognized at fair value when purchased. They are subsequently re-measured to fair value at the date of the consolidated financial statements, and the gain or loss arising from the changes in fair value is recognized in the statement of income in the same period of the change. The recognized gain or loss incorporates the change in fair value attributable to translation differences of foreign currency non-monetary assets.

Dividends or interest earned on financial assets are recognized in the consolidated statements of income.

### **Direct Credit Facilities**

A provision for the impairment in direct credit facilities is recognized in the consolidated statements of income when the Bank cannot obviously recover its overdue amounts. There is an objective evidence that the future cash flows of the direct credit facilities have been negatively impacted by an event, and the impairment loss can be estimated.

Interest and commission earned on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan.

When direct credit facilities are uncollectible, they are written off against the provision account. Any surplus in the provision is reversed through the consolidated statements of income. Subsequent recoveries of amounts previously written off are credited to revenue.

### **Available-for-Sale Financial Assets**

These financial assets are acquired to be retained as available for sale and not for trading or kept until the date of maturity. They represent the shares of local and foreign companies: Financial, Industrial, Tourist, Real Estate and Telecommunications companies.

These investments have been classified as available for sale at the time of purchase because of the intention of management to sell these financial instruments when the selling prices provide an opportunity to make profits or generate revenues resulting from the ownership of shares.

Available-for-sale financial assets are initially recognized at fair value including acquisition costs. They are subsequently re-measured to fair value as of the date of the financial statements. Changes in fair value are recognized in a separate account within shareholders' equity. When these assets are fully or partially sold, disposed of, or determined to be impaired, the cumulative gain or loss previously recognized in shareholders' equity is included in the statement of income. The loss from the impaired value of the debt instruments is reversed when it is objectively evident that the increase in their fair value occurred after the losses had been recognized. Impairment losses from the decline in the value of equity securities can be reversed through the cumulative change in fair value.

Interest earned from financial assets available for sale is recorded in the consolidated statement of income using the effective interest method. Moreover, the decline in the value of these assets is recorded in the consolidated income statement when it happens.

Income and losses resulting from the foreign exchange of interest-bearing debt instruments are included in the statement of income within available for sale financial assets. Differences in the foreign currency of equity instruments are included in the cumulative change in fair value within shareholders' equity.

Financial assets for which the fair value cannot be reliably determined are shown at cost. The impairment in value is recorded in the consolidated statements of income.

### **Held-to-Maturity Financial Assets**

Held-to-maturity financial assets are those which carry fixed or determinable payments and have fixed maturities and the Bank has the intention and ability to hold to maturity.

After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in 'interest and similar income' in the income statement. The losses arising from impairment in such investments are recognized in the consolidated statements of income.

### **Fair Value**

The fair value of investments actively traded in organized financial markets is determined by reference to quoted market bid prices of the close of business on the balance sheet date.

For financial instruments where there is no active market, fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The estimated cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Options pricing models.

The evaluation methods aim at obtaining a fair value that reflects market expectations and take 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 an investment cannot be measured reliably, it is stated at cost or amortized cost and any impairment in value is recorded in the income statement.

### **Impairment in Financial Assets**

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset or a group of assets is impaired. If such evidence exists, any impairment loss is recognized in the income statement.

Impairment is determined as follows:

- The impairment in the financial assets carried at amortized cost is determined on the basis of the present value of the cash flows discounted at the original interest rate.
- For assets carried at fair value, impairment is the difference between cost and fair value.
- For assets carried at cost, impairment is based on the present value of future cash flows discounted at the current market rate of return for similar financial assets.

Impairment in value is recognized in the income statement. If, in the subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount. The amount of the reversal is recognized in the income statement except for equity instruments classified as available-for-sale investments whereby the reversal is recognized in the cumulative changes in fair value.

### **Investments in Associates**

An associate is an entity over which the Bank has significant influence (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 (if any) between the Bank and its associates are eliminated according to the Bank's ownership percentage in these companies.

The Bank did not use the equity method to record the value of the investment in Advisory Group whereby the Bank owns 36/75% of its capital, as the Bank intends to sell this investment as soon as possible. Consequently, it was registered as financial investments available for sale and shown according to the closing market value. The difference in fair value has been taken to the cumulative change in fair value shown within equity in line with the requirements of International Financial Reporting Standards.

### **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Land is not depreciated. Moreover, depreciation is calculated 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%
Decorations	15%

- The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.
- If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statements of income.
- Changes in the expected useful life are accounted by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.
- An item of assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

#### **Provisions**

- Provisions are recognized when the Bank has an obligation on the date of the balance sheet arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

#### **End-of-Service Indemnity**

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

#### **Income Tax**

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the balance sheet according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.
- Deferred tax assets are reviewed as of the date of the balance sheet, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

#### **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 income statement.
- A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

#### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet 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 recognized 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**

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

### **Hedge Accounting and Financial Derivatives**

#### **Held-for-Trading Financial Assets:**

Held-for-trading financial derivatives (including forward foreign exchange contracts, forward interest rate contracts, cross currency swaps and foreign currency exchange options rights) are recognized at fair value and classified in the balance sheet under other assets or other liabilities. Fair value is determined using quoted market prices, where such prices are not available, the valuation method should be disclosed. Moreover, the changes in their fair value are recognized in the consolidated statements of income.

### **Foreclosed Assets**

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

### **Intangible Assets**

- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.
- Intangible assets are 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 income statement. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is treated in the income statement as an expense for the period.
- No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the income statement for the period.
- Any indications of impairment in the value of intangible assets as of the 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 following is 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%.

#### **Foreign Currency**

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.
- Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the balance sheet date and declared by the Central Bank of Jordan.
- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.
- Gains or losses resulting from foreign currency translation are recorded in the income statement.
- 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.

#### **Treasury Shares**

No gain or loss is recognized in the income statement on the purchase, sale and issue of treasury shares but recognized in shareholders' equity within share premium/discount. Moreover, loss is recorded in retained earnings in case the share premium of treasury shares has been used up. Profit is recorded in retained earnings upon selling all treasury shares.

#### **Cash and Cash Equivalents**

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

### 3. Accounting Estimates

Management, through applying the accounting policies, uses assumptions and estimates with material impacts on the recognition of the balances recorded in the financial statements. Some of these assumptions are as follows:

- A provision for credit facilities is taken on the bases and estimates approved by management in conformity with the International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the instructions of the central banks where the Bank branches operate. The most strict outcome that conforms with (IFRSs) is used for the purpose of determining the provision.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets, and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the income statement.
- The Management frequently reviews the financial assets stated at cost to estimate any impairment in their value. Impairment loss (if any) is taken to the income statement as an expense for the year.
- A provision for lawsuits raised against the Bank is taken (if necessary). This provision is based on a legal study prepared by the Bank's legal advisor. 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 assessed tax for the prior year in case of differences exceeding the provision, due to not reaching a final settlement with the tax authorities for that year.

### 4. Cash and Balances with Central Banks

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Cash on Hand	41,654,466	30,357,671
Balances at Central Banks:		
Current Accounts	18,977,460	18,391,520
Term and Notice Deposits	19,399,790	14,399,790
Statutory Cash Reserve	76,854,885	68,003,378
Certificates of Deposit *	<u>58,000,000</u>	<u>173,000,000</u>
Total	<u>214,886,601</u>	<u>304,152,359</u>

- Except for the statutory cash reserve, there are no restricted balances as of December 31, 2007 and 2006.

\* This balance includes JD 17,090,000, representing certificates of deposit due after three months as of December 31, 2007 (JD 77,000,000 as of December 31, 2006).



## 5. Balances with Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions December 31,		Foreign Banks and Financial Institutions December 31,		Total December 31,	
	2007	2006	2007	2006	2007	2006
	JD	JD	JD	JD	JD	JD
Current Accounts	15,012	43,559	13,752,230	9,956,829	13,767,242	10,000,388
Deposit Maturing within 3 Months	28,921,120	15,276,112	174,304,726	167,418,498	203,225,846	182,694,610
Total	28,936,132	15,319,671	188,056,956	177,375,327	216,993,088	192,694,998

- Non-interest bearing balances at banks and financial institutions amounted to JD 15,012 as of December 31, 2007 (JD 43,559 as of December 31, 2006).  
- There are no restricted balances as of December 31, 2007 and 2006.

## 6. Deposits with Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions December 31,		Foreign Banks and Financial Institutions December 31,		Total December 31,	
	2007	2006	2007	2006	2007	2006
	JD	JD	JD	JD	JD	JD
Deposits Maturing within 3 to 6 Months	-	3,000,000	12,053,000	-	12,053,000	3,000,000
Total	-	3,000,000	12,053,000	-	12,053,000	3,000,000

There are no restricted deposits as of December 31, 2007 and 2006.

## 7. Held for Trading Financial Assets

This item consists of the following:	December 31,	
	2007	2006
	JD	JD
Listed Shares	4,006,219	8,794,573
<b>Total</b>	<b>4,006,219</b>	<b>8,794,573</b>

## 8. Direct Credit Facilities

This item consists of the following:	December 31,	
	2007	2006
	JD	JD
<b>Individual (Retail Customers):</b>	<b>169,338,232</b>	<b>112,676,484</b>
Overdraft Facilities	1,625,476	2,247,554
Loans and Discounted Bills*	155,995,691	99,954,517
Credit Cards	11,717,065	10,474,413
<b>Residential Mortgages and Commercial Real Estate</b>	<b>100,699,311</b>	<b>85,327,759</b>
<b>Corporate Entities:</b>	<b>475,644,559</b>	<b>471,136,696</b>
Large Corporate Customers	390,907,168	378,558,510
Overdraft Facilities	101,353,205	100,692,789
Loans and Discounted Bills*	289,553,963	277,865,721
SMEs	84,737,391	92,578,186
Overdraft Facilities	32,273,656	31,566,980
Loans and Discounted Bills*	52,463,735	61,011,206
<b>Government and Public Sector</b>	<b>41,686,009</b>	<b>33,936,004</b>
<b>Total</b>	<b>787,368,111</b>	<b>703,076,943</b>
Deduct: Suspended Interest	(10,786,106)	(6,795,187)
Provision for Impairment of Direct Credit Facilities	<u>(38,409,776)</u>	<u>(30,309,643)</u>
<b>Net Credit Facilities</b>	<b><u>738,172,229</u></b>	<b><u>665,972,113</u></b>

\* Net of interest and commission received in advance amounting to JD 18,857,156 as of December 31, 2007 (JD 17,846,550 in 2006).

- Non-performing credit facilities totaled JD 85,332,994, representing 10.8% of total facilities as of December 31, 2007 and JD 41,780,579, representing 5.9% as of December 31, 2006.
- Non-performing credit facilities net of interest in suspense totaled JD 76,524,257, representing 9.8% of total facilities net of interest in suspense as of December 31, 2007 and JD 35,035,419, representing 5% as of December 31, 2006.
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 14,021,189, representing 1.78% of total facilities as of December 31, 2007 and JD 18,225,732 representing 2.6% as of December 31, 2006.
- Credit facilities granted to the Public Sector in Palestine amounted to JD 27,664,820 as of December 31, 2007 and JD 15,710,272 as of December 31, 2006.

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

	Individual (Retail Customers)		Residential Mortgages and Commercial Real Estate	Corporate Entities		Public Sector	Total
	JD	JD		Large Corporate Customers	SMEs		
2007							
Balance - Beginning of the Year	6,452,036	310,567	19,027,109	4,519,931	-	30,309,643	
Provision for the Year	1,831,125	367,286	5,065,461	232,102	616,609	8,112,583	
Debt Written-Off	(12,450)	-	-	-	-	(12,450)	
Balance - End of the Year	8,270,711	677,853	24,092,570	4,752,033	616,609	38,409,776	

	Individual (Retail Customers)		Residential Mortgages and Commercial Real Estate	Corporate Entities		Public Sector	Total
	JD	JD		Large Corporate Customers	SMEs		
2006							
Balance - Beginning of the Year	5,122,718	132,206	17,675,616	4,002,344	-	26,932,884	
Provision for the Year	1,372,481	178,361	1,351,493	517,587	-	3,419,922	
Debt Written-Off	(43,163)	-	-	-	-	(43,163)	
Balance - End of the Year	6,452,036	310,567	19,027,109	4,519,931	-	30,309,643	

The amount of calculated provisions on a single client basis is as follows:

**Individuals:**

JD 7,929,689 as of December 31, 2007 against JD 5,803,583 for the previous year.

**Residential Mortgages and Commercial Real Estate:**

JD 677,853 as of December 31, 2007 against JD 310,567 for the previous year.

**Large Corporate:**

JD 24,092,570 as of December 31, 2007 against JD 19,027,109 for the previous year.

**Public Sector:**

JD 616,609 as of December 31, 2007.

**SMEs:**

JD 4,752,033 as of December 31, 2007 against JD 4,519,931 for the previous year.

**The amount of calculated allowance on a portfolio basis is as follows:**

**Individuals:**

JD 341,022 as of December 31, 2007 against JD 648,453 for the previous year.

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 5,244,616 as of December 31, 2007 against JD 3,882,154 for the previous year.

## Interest in Suspense:

	Corporate Entities			Total	
	Individual (Retail Customers)	Residential Mortgages and Commercial Real Estate	Large Corporate Customers		SMEs
	JD	JD	JD		JD
<b>2007</b>					
Balance - Beginning of the Year	1,326,745	42,197	3,979,877	6,795,187	
Add: Interest Suspended During the Year	2,262,015	39,819	3,025,817	5,454,753	
Less: Interest in Suspense Reversed to Income	(104,464)	-	(1,200,252)	(1,431,579)	
Interest in Suspense Written off During the Year	(18,967)	-	(7,554)	(32,255)	
Balance - End of the Year	<u>3,465,329</u>	<u>82,016</u>	<u>5,797,888</u>	<u>10,786,106</u>	

	Corporate Entities			Total	
	Individual (Retail Customers)	Residential Mortgages and Commercial Real Estate	Large Corporate Customers		SMEs
	JD	JD	JD		JD
<b>2006</b>					
Balance - Beginning of the Year	1,240,109	9,671	3,107,138	6,089,667	
Add: Interest Suspended During the Year	265,772	32,526	989,393	1,491,134	
Less: Interest in Suspense Reversed to Income	(172,892)	-	(3,768)	(590,075)	
Interest in Suspense Written off During the Year	(6,244)	-	(112,886)	(195,539)	
Balance - End of the Year	<u>1,326,745</u>	<u>42,197</u>	<u>3,979,877</u>	<u>6,795,187</u>	

## 9. Available-for-Sale Financial Assets

This item consists of the following:	December 31,	
	2007	2006
	JD	JD
Listed Available-for-Sale Financial Assets:		
Companies Shares *	<u>31,097,062</u>	<u>18,905,842</u>
Unlisted Available-for-Sale Financial Assets:		
Companies Shares (at Cost) **	<u>14,104,187</u>	<u>14,029,855</u>
Total	<u>45,201,249</u>	<u>32,935,697</u>

\* This item includes the investment in the Investment Advisory Group Company, 36.75% owned by the Bank. This investment is shown as investments available for sale according to the closing price of market value. The decline in fair value has been recorded within the cumulative change in fair value, given the intention of the Bank to sell this investment as soon as possible.

\*\* This item represents the value of financial assets available for sale shown at cost because their fair value cannot be reliably determined.

## 10. Held-to-Maturity Financial Assets

This item consists of the following:	December 31,	
	2007	2006
	JD	JD
Financial Assets with Market Prices:		
Bonds of Governmental Institutions or Bonds Guaranteed by the Government	31,470,000	23,470,000
Bonds and Debentures of Companies	<u>6,042,600</u>	<u>13,483,000</u>
Total Financial Assets with Market Prices	<u>37,512,600</u>	<u>36,953,000</u>
Financial Assets without Market Prices:		
Jordanian Treasury Bills	<u>107,078,349</u>	<u>51,363,981</u>
Total Financial Assets without Market Prices	<u>107,078,349</u>	<u>51,363,981</u>
Held-to-Maturity Investments	<u>144,590,949</u>	<u>88,316,981</u>

### Held-to-Maturity Financial Assets are Classified According to the Rate of Return as Follows:

	December 31,	
	2007	2006
	JD	JD
Fixed-Rate-of-Return Financial Assets	143,598,349	83,353,981
Variable-Rate-of-Return Financial Assets	992,600	4,963,000
	<u>144,590,949</u>	<u>88,316,981</u>

The maturities of these assets are as follows:

Up to One Month	From 1 Month Up to 3 Months	From 3 Months Up to 6 Months	From 6 Months Up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years
-	59,308,179	47,763,723	19,476,447	13,042,600	5,000,000

The above includes an amount of JD 37,512,600, the proceeds of which are to be paid in semi-annual installments, and an amount of JD 107,078,349, to be paid in one payment upon maturity.

### 11. Investments in Associates

The summarized movement in respect of the Bank's associates is as follows:

	December 31,	
	2007	2006
	JD	JD
North Industrial Company:		
Balance - Beginning of the Year	1,842,362	1,842,362
Bank's Share from the Profits of Company	958,036	-
Balance - End of the Year *	<u>2,800,398</u>	<u>1,842,362</u>

### The Bank's Share of the Associates' Assets and Liabilities is as Follows:

	December 31,	
	2007	2006
	JD	JD
Total Assets	2,807,995	2,807,995
Total Liabilities	(7,597)	(1,927)
Net Assets	<u>2,800,398</u>	<u>2,806,068</u>

\* The value of the Bank's share in North Industrial Company's total assets and total liabilities amounted to 27.41% according to the most recent audited financial statements of North Industrial Company as of December 31, 2006 and December 31, 2005.

## The Details of Investments in Associates are as Follows:

December 31, 2007						
Company's Name	Percentage of Ownership	Book Value-Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of Profit	Industry Type
	%	JD	JD	JD	JD	
Jordanian Companies:						
National Industries Co. (Under Liquidation)	46.74	1	-	1	-	Industrial
Palestinian Company:						
North Industrial Co.	27.41	1,842,361	-	2,800,397	958,036	Industrial
		<u>1,842,362</u>	<u>-</u>	<u>2,800,398</u>	<u>958,036</u>	

- The Bank's right to vote on the resolutions of the General Assemblies of Shareholders of these companies is based on the ownership percentage in each associate.

December 31, 2006						
Company's Name	Percentage of Ownership	Book Value-Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of Profit	Industry Type
	%	JD	JD	JD	JD	
Jordanian Companies:						
National Industries Co. (Under Liquidation)	46.74	1	-	1	-	Industrial
Palestinian Company:						
North Industrial Co.	27.41	1,842,361	-	1,842,361	-	Industrial
		<u>1,842,362</u>	<u>-</u>	<u>1,842,362</u>	<u>-</u>	



## 12. Fixed Assets

	Land		Buildings		Equipment Furniture and Fixtures		Vehicles		Computers		Decorations and Improvements		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2007</b>														
Cost														
Beginning Balance	1,391,521	8,893,795	13,830,583	918,590	9,926,685		44,291,053							
Additions	-	14,786	1,517,722	214,214	368,364		3,095,764							
Disposals	-	-	(267,095)	(171,853)	(390,167)		(829,115)							
Ending Balance	1,391,521	8,908,581	15,081,210	960,951	9,904,882		46,557,702							
Accumulated Depreciation:														
Beginning Balance	-	4,144,113	7,994,678	446,771	5,528,688		24,867,068							
Annual Depreciation	-	394,138	1,147,426	131,893	1,185,532		3,693,515							
Disposals	-	-	(226,749)	(80,763)	(363,637)		(671,149)							
Ending Balance	-	4,538,251	8,915,355	497,901	6,350,583		27,889,434							
Net Book Value of Fixed Assets	1,391,521	4,370,330	6,165,855	463,050	3,554,299		18,668,268							
Payments on Acquisition of Fixed Assets *	-	-	370,714	-	71,712		1,530,753							
Net Fixed Assets at the End of the Year	1,391,521	4,370,330	6,536,569	463,050	3,626,011		20,199,021							
<b>2006</b>														
Cost														
Beginning Balance	1,728,124	8,893,795	13,040,194	891,466	8,474,447		42,156,078							
Additions	1,370	-	851,080	187,270	1,724,191		3,009,726							
Disposals	(337,973)	-	(60,691)	(160,146)	(271,953)		(874,751)							
Ending Balance	1,391,521	8,893,795	13,830,583	918,590	9,926,685		44,291,053							
Accumulated Depreciation:														
Beginning Balance	-	3,723,242	6,918,632	448,242	4,675,731		21,640,706							
Annual Depreciation	-	420,871	1,113,328	102,714	1,123,846		3,677,174							
Disposals	-	-	(37,282)	(104,185)	(270,889)		(450,812)							
Ending Balance	-	4,144,113	7,994,678	446,771	5,528,688		24,867,068							
Net Book Value of Fixed Assets	1,391,521	4,749,682	5,835,905	471,819	4,397,997		19,423,985							
Payments on Acquisition of Fixed Assets *	-	-	505,040	-	-		833,118							
Net Fixed Assets at the End of the Year	1,391,521	4,749,682	6,340,945	471,819	4,397,997		20,257,103							

\* The financial obligations relating to the acquisition of fixed assets amounted to JD 676,485 for the year 2007 against JD 386,403 for the year 2006. These obligations have been settled according to the contractual terms relating to the purchase of fixed assets.

- Fully depreciated fixed assets amounted to JD 10,561,333 for the year 2007 against JD 9,844,767 for the year 2006.

### 13. Intangible Assets

This item consists of software, its movement is as follows:

	December 31,	
	2007	2006
	JD	JD
Balance-Beginning of the Year	1,442,242	856,298
Additions	394,824	935,635
Amortized During the Year	<u>(274,479)</u>	<u>(349,691)</u>
Balance-End of the Year	<u>1,562,587</u>	<u>1,442,242</u>

### 14. Other Assets

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Transactions in Transit Among Branches	1,528,113	1,029,670
Accrued Interest Income	2,940,622	4,265,790
Prepaid Expenses	1,905,780	2,049,535
Assets Seized by the Bank *	21,195,952	16,772,880
Clearance Checks	6,612,075	23,886,110
Accounts Receivable and Other Assets	4,753,561	1,848,554
Purchased Inward Documentary Credits	126,993	1,034,644
Income Tax Paid in Advance	392,010	595,690
Deposit on Bank of Jordan - Syria**	10,474,674	-
Unrealized Financial Derivatives (Note 26)	<u>1,389</u>	<u>-</u>
	<u>49,931,169</u>	<u>51,482,873</u>

#### \* The Following is the Movement on the Assets Seized by the Bank:

	Real Estate	
	2007	2006
	JD	JD
Balance-Beginning of the Year	16,772,880	17,174,624
Additions	5,687,671	1,395,394
Disposals	<u>(1,226,539)</u>	<u>(1,961,805)</u>
Impairment Losses	<u>(38,060)</u>	<u>164,667</u>
Balance-End of the Year	<u>21,195,952</u>	<u>16,772,880</u>

- According to the Banks Law, assets seized by the Bank against customers' debts should be sold during two years from the date of transfer of ownership title to the Bank.

\*\* This amount represents the payment to settle the Bank's share of (49%) in the capital of Bank of Jordan - Syria under establishment in Damascus - Syria

## 15. Banks and Financial Institutions' Deposits

This item consists of the following:	December 31, 2007			December 31, 2006		
	Inside Kingdom of Jordan	Outside Kingdom of Jordan	Total	Inside Kingdom of Jordan	Outside Kingdom of Jordan	Total
	JD	JD	JD	JD	JD	JD
Current Accounts and Demand Deposits	445,825	3,129,270	3,575,095	433,101	2,717,929	3,151,030
Deposits Maturing within 3 Months	-	29,375,094	29,375,094	2,000,000	36,581,343	38,581,343
	<u>445,825</u>	<u>32,504,364</u>	<u>32,950,189</u>	<u>2,433,101</u>	<u>39,299,272</u>	<u>41,732,373</u>

## 16. Customers' Deposits

This item consists of the following:	December 31, 2007				
	Individual	Large Corporate	SMEs	Public Sector and Government	Total
	JD	JD	JD	JD	JD
Current Accounts and Demand Deposits	186,048,935	32,466,770	21,424,592	27,571,067	267,511,364
Saving Accounts	311,185,792	624,747	565,897	190,996	312,567,432
Time and Notice Deposits	318,095,263	45,101,173	16,452,234	115,412,793	495,061,463
Certificates of Deposit	<u>64,422,649</u>	<u>-</u>	<u>1,210,000</u>	<u>5,800,000</u>	<u>71,432,649</u>
Total	<u>879,752,639</u>	<u>78,192,690</u>	<u>39,652,723</u>	<u>148,974,856</u>	<u>1,146,572,908</u>

	December 31, 2006				
	Individual	Large Corporate	SMEs	Public Sector and Government	Total
	JD	JD	JD	JD	JD
Current Accounts and Demand Deposits	208,739,475	27,085,081	15,220,024	34,824,866	285,869,446
Saving Accounts	294,471,882	-	1,017,764	297,043	295,786,689
Time and Notice Deposits	329,994,115	37,826,013	15,162,063	96,301,868	479,284,059
Certificates of Deposit	<u>28,365,860</u>	<u>-</u>	<u>330,000</u>	<u>800,000</u>	<u>29,495,860</u>
Total	<u>861,571,332</u>	<u>64,911,094</u>	<u>31,729,851</u>	<u>132,223,777</u>	<u>1,090,436,054</u>

- Deposits of the public sector inside Jordan amounted to JD 132,999,768, equivalent to 11.6% of total customers' deposits as of December 31, 2007 (JD 123,465,300, equivalent to 11.3% for the prior year).
- Non-interest bearing deposits amounted to JD 289,104,013, equivalent to 25.2% of total customers' deposits as of December 31, 2007 (JD 281,757,344, equivalent to 25.8% of total deposits for the prior year).
- Restricted deposits amounted to JD 8,809,894, equivalent to 0.77% of total customers' deposits as of December 31, 2007 (JD 5,114,005, equivalent to 0.5% of total deposits for the prior year).
- Dormant deposits amounted to JD 25,067,481 (JD 23,992,732 for the prior year).

## 17. Cash Margins

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Direct Credit Facilities	60,854,166	53,112,486
Indirect Credit Facilities	18,000,592	17,557,307
Margin Dealings	618,779	745,605
<b>Total</b>	<b>79,473,537</b>	<b>71,415,398</b>

## 18. Sundry Provisions

This item consists of the following:

	Beginning Balance	Provision Provided During the Year	Provision Used During the Year	Ending Balance
2007	JD	JD	JD	JD
Provision for End-of-Service Indemnity	4,869,188	1,538,334	1,279,373	5,128,149
Provision for Commitments and Contingencies	-	229,000	-	229,000
	<u>4,869,188</u>	<u>1,767,334</u>	<u>1,279,373</u>	<u>5,357,149</u>
<b>2006</b>				
Provision for End-of-Service Indemnity	4,225,000	1,125,475	481,287	4,869,188
	<u>4,225,000</u>	<u>1,125,475</u>	<u>481,287</u>	<u>4,869,188</u>

## 19. Income Tax

A- Income Tax Provision

	2007	2006
The movement on the income tax provision is as follows:	JD	JD
Beginning Balance	10,436,058	7,743,202
Income Tax Paid	(9,732,660)	(7,292,202)
Provision for Income Tax for the Year	13,654,463	9,985,058
Ending Balance	<u>14,357,861</u>	<u>10,436,058</u>
The income tax in the income statement represents the following:	2007	2006
Income Tax on the Year's Income	10,710,048	9,085,058
Income Tax due on Prior Years' Income (Settlements)	2,944,415	900,000
Prior Years Income Tax	1,612,405	657,547
Deferred Tax Assets for the Year-Additions	(717,032)	(859,867)
Amortization of Deferred Tax Assets	733,816	634,819
Deferred Tax Liabilities for the Year-Additions	-	(99,235)
	<u>15,283,652</u>	<u>10,318,322</u>

- Income tax has been settled up to the end of the year 2005 for Jordan branches.
- Income tax has been settled up to the end of the year 2006 for Palestine branches.
- Management of the Bank is in the process of reaching a final settlement with the Income Tax Department in Jordan for the year 2006. An additional provision of JD 2,944,415 has been taken.

## B. Deferred Tax Assets/Liabilities

The details of this item are as follows:

Accounts Included	2007					2006	
	Balance-Beginning of the Year	Amount Released	Amount Added	Year-End Balance	Deferred Tax	Deferred Tax	
	JD	JD	JD	JD	JD	JD	
a. Deferred Tax Assets							
Provision for Non-performing Debts-Prior Years	10,786,472	962,141	300,764	10,125,095	2,922,616	3,097,391	
Provision for Staff End-of-Service Indemnities	4,869,188	1,279,373	1,538,334	5,128,149	1,675,753	1,597,842	
Interest in Suspense	2,012,575	46,716	-	1,965,859	597,982	611,373	
Provision for Lawsuits Against the Bank	-	-	229,000	229,000	80,150	-	
Impairment in Assets Seized by the Bank	93,564	-	38,060	131,624	46,068	32,747	
	17,761,799	2,288,230	2,106,158	17,579,727	5,322,569	5,339,353	
b. Deferred Tax Liabilities							
Cumulative Change in Fair Value							
(Available-for-Sale Financial Assets)	2,191,281	4,757,648	5,344,227	2,777,860	1,286,598	1,298,792	
	2,191,281	4,757,648	5,344,227	2,777,860	1,286,598	1,298,792	

- Deferred tax liabilities include an amount of JD 1,286,598 (against JD 1,298,792 for the prior year) representing tax liabilities on 75% of the unrealized gains arising from the evaluation of available-for-sale financial assets shown within the cumulative change in fair value under shareholders' equity at a tax rate of 35%. Moreover, these gains are not subject to tax in Palestine.

## - The movement on deferred tax assets/liabilities is as follows:

	2007		2006	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance-Beginning of the Year	5,339,353	1,298,792	5,114,305	2,059,199
Additions During the Year	717,032	(12,194)	859,867	-
Amortization During the Year	(733,816)	-	(634,819)	(760,407)
Balance-End of the Year	5,322,569	1,286,598	5,339,353	1,298,792

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

	2007	2006
	JD	JD
Accounting Income	39,668,038	35,901,027
Tax-Exempt Income	3,956,836	9,257,133
Tax-Unacceptable Expenses	<u>2,062,266</u>	<u>2,880,803</u>
Taxable Income	<u>37,773,468</u>	<u>29,524,697</u>
Income Tax Rate	<u>28.35%</u>	<u>30.8%</u>
Provision Declared	<u>10,710,048</u>	<u>9,085,058</u>

- Deferred tax amounting to JD 5,322,569 as of December 31, 2007 resulting from the timing differences relating to the special provisions for non-performing debts, the staff end-of-service indemnity provision, interest in suspense, and other provisions taken to the statement of income in prior years are calculated at a tax rate of 30.27%. In the opinion of management, these tax benefits will be utilized in connection with the expected future profits.
- The amounts released from the accounts included in deferred tax assets totaled JD 2,288,230 for the period, and the related amortization amounted to JD 733,816. Moreover, added amounts totaled JD 2,106,158, and the related tax benefits JD 717,033, debited or credited to the statement of income, respectively.

**20. Other Liabilities**

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Accrued Interest Payable	3,378,909	2,582,650
Accepted Cheques	5,629,291	4,849,350
Temporary Deposits	1,631,451	4,925,279
Dividends Payable	362,335	212,249
Deposits on Safe Boxes	110,857	99,626
Sold Real Estates Margins	380,932	340,156
Other Liabilities *	<u>3,021,124</u>	<u>2,654,797</u>
	<u>14,514,899</u>	<u>15,664,107</u>

**\* The details of other liabilities are as follows:**

	December 31,	
	2007	2006
	JD	JD
Social Security Deposits	123,557	113,005
Income Tax Deposits	92,286	93,674
Accrued Expenses	673,720	1,128,536
Incoming Transfers	1,117,621	425,891
Provision for Scientific Research and Additional Fees	953,936	833,968
Board of Directors' Remuneration	55,000	55,000
Other Credit Balances	<u>5,004</u>	<u>4,723</u>
	<u>3,021,124</u>	<u>2,654,797</u>

## 21. Paid-up Capital

- The authorized capital of the Bank is JD 100,000,000.
- The paid-up capital of the Bank is JD 100,000,000, divided into 100,000,000 shares at a par value of JD 1 each. (JD 86,000,000 divided into 86,000,000 shares for the prior year).
- During the year, the Bank's (paid-up) capital was increased to JD 100 million through capitalizing voluntary reserve, and part of retained earnings for JD 14,000,000.

## 22. Reserves

### - Statutory Reserve

The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the Banks Law. This reserve can not be distributed to shareholders.

### - Voluntary Reserve

The amounts accumulated in this account represent what has been transferred from annual net income before taxes at a rate not exceeding 20% during the year and 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 distribute the whole reserve or part therefrom as dividends.

### - General Banking Risks Reserve

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

The restricted reserves are as follows:

Reserve	Amount JD	Nature of Restriction
Legal Reserve	25,220,944	Legal Authorities Requirements
General Banking Risks Reserve	5,927,317	Legal Authorities Requirements

## 23. Cumulative Change in Fair Value

The details of this item are as follows:

	December 31,	
	2007	2006
	JD	JD
Balance - Beginning of the Year	892,489	7,653,600
Unrealized Gains (Losses) - Net	1,996,159	(7,007,319)
Deferred Tax Liabilities	12,194	661,172
Realized (Gains) Taken to the Income Statement (Note 31)	<u>(1,409,580)</u>	<u>(414,964)</u>
Balance – End of the Year	<u>1,491,262</u>	<u>892,489</u>

\* The cumulative change in fair value is presented net of deferred tax liabilities amounting to JD 1,286,598 (JD 1,298,792 for the prior year).

## 24. Retained Earnings

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Balance-Beginning of the Year	19,054,021	17,412,623
Capitalized Portion-Increase in Capital	(6,652,402)	(12,130,616)
Net Income for the Year	24,384,386	25,582,705
Transferred to Reserves	(12,171,676)	(11,810,691)
Dividends Distributed to Shareholders	(6,880,000)	-
Profits from Selling the Shares of the Bank	1,766,059	-
Associate Company Profits*	958,036	-
Balance-End of the Year **	<u>20,458,424</u>	<u>19,054,021</u>

\* As per the requirements of the Central Bank of Jordan, the associate company's profits cannot be disposed of until realized.

\*\* Retained earnings include a restricted amount of JD 5,322,569 against deferred tax benefits as of December 31, 2007 (JD 5,339,353 for the prior year) plus a restricted amount of JD 4,280,027 representing the decline in the fair value of available-for-sale financial assets.

## 25. Proposed Dividends

The Board of Directors recommended the distribution of 15% of capital as cash dividends equivalent to JD 15,000,000. This proposal is subject to the approval of the General Assembly of Shareholders. In the prior year, stock dividends of 16.279% of capital in addition to 8% cash dividends were distributed to shareholders.

## 26. Interest Income

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Direct Credit Facilities:		
<b>Individual (Retail Customers):</b>	<b>15,413,320</b>	<b>10,832,866</b>
Overdraft Facilities	655,535	889,504
Loans and Discounted Bills	12,370,363	7,835,965
Credit Cards	2,387,422	2,107,397
<b>Residential Mortgages and Commercial Real Estate</b>	<b>7,913,187</b>	<b>6,791,817</b>
<b>Corporate Entities:</b>	<b>41,213,396</b>	<b>36,052,731</b>
Large Corporate Customers:		
Overdraft Facilities	9,196,763	7,752,680
Loans and Discounted Bills	23,794,689	21,172,915
SMEs:		
Overdraft Facilities	2,861,631	2,436,770
Loans and Discounted Bills	5,360,313	4,690,366
<b>Government and Public Sector</b>	<b>3,431,072</b>	<b>3,270,941</b>
Balances with Central Banks	7,615,923	11,209,514
Balances and Deposits with Banks and Financial Institutions	10,401,864	8,590,753
Held-to-Maturity Financial Assets	5,883,357	4,672,230
<b>Total</b>	<b><u>91,872,119</u></b>	<b><u>81,420,852</u></b>



## 27. Interest Expense

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Deposits from Banks and Financial Institutions	1,779,203	1,613,402
Customers' Deposits:		
Current and Demand Deposits	882,428	671,584
Saving Accounts	2,404,369	2,245,633
Time and Notice Deposits	25,238,166	17,615,738
Certificates of Deposit	2,800,987	1,714,344
Cash Margins	1,940,192	1,661,490
Fees of Deposits Guarantees	1,526,236	1,224,322
	<u>36,571,581</u>	<u>26,746,513</u>

## 28. Commissions Income-Net

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Commission Income:		
Direct Credit Facilities	4,792,855	4,595,712
Indirect Credit Facilities	2,382,638	2,328,387
Other Commissions	5,769,425	5,057,618
Less: Commission Expense	<u>(92,732)</u>	<u>(126,884)</u>
Net Commissions	<u>12,852,186</u>	<u>11,854,833</u>

## 29. Foreign Currencies Income

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
From Trading	199,099	228,935
From Revaluation	<u>1,909,562</u>	<u>1,776,693</u>
Total	<u>2,108,661</u>	<u>2,005,628</u>

### 30. Gains (Losses) Arising from Held for Trading Financial Assets

This item consists of the following:	Realized Gains (Losses)	Unrealized (Losses)	Dividends	Total
2007	JD	JD	JD	JD
Companies Shares	6,863,797	(395,477)	313,611	6,781,931
	<u>6,863,797</u>	<u>(395,477)</u>	<u>313,611</u>	<u>6,781,931</u>
2006				
Companies Shares	(307,431)	(3,059,738)	412,494	(2,954,675)
	<u>(307,431)</u>	<u>(3,059,738)</u>	<u>412,494</u>	<u>(2,954,675)</u>

### 31. Gains on Sales and Dividends from Available-for-Sale Financial Assets

This item consists of the following:	December 31,	
	2007	2006
	JD	JD
Companies Dividends	472,110	961,947
Gains from the Sale of Financial Assets Available for Sale	<u>1,409,580</u>	<u>414,964</u>
	<u>1,881,690</u>	<u>1,376,911</u>

### 32. Other Income

This item consists of the following:	December 31,	
	2007	2006
	JD	JD
Revenues from Prior Years Returned to Income	586,934	978,934
Gains from the Sale of Real Estate	1,506,939	1,626,735
Telephone, Post and Swift	390,803	447,386
Real Estate Rent	59,315	39,350
(Losses) Income from the Sale of Fixed Assets	(8,536)	259,747
Interest In Suspense Reversed to Income	1,431,579	590,075
Impairment in Lands and Real Estate	(38,060)	164,667
Other Income	<u>181,632</u>	<u>148,097</u>
	<u>4,110,606</u>	<u>4,254,991</u>

### 33. Employees Expenses

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Salaries, Bonuses and Employees Benefits	14,007,523	13,299,322
Bank's Social Security Contribution	981,991	906,863
Bank's Contribution to Provident Fund	704,499	700,640
Health Insurance	752,680	624,393
Staff Training Expenses	75,335	38,758
Transportation and Travel Expenses	361,391	326,941
	<u>16,883,419</u>	<u>15,896,917</u>

### 34. Other Expenses

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Rent	1,382,690	1,257,449
Printing and Stationery	670,216	521,585
Telephone, Swift and Postage	1,283,820	1,129,331
Maintenance, Repairs and Cleaning	1,175,682	1,041,113
Fees, Taxes and Licences	1,691,908	1,563,621
Advertising and Subscriptions	2,657,580	2,014,730
Insurance Expenses	601,349	462,634
Electricity and Heating	672,808	606,375
Donations	207,331	464,767
Hospitality	261,835	200,925
Professional Fees	609,915	276,526
Miscellaneous	560,786	456,956
Additional Jordanian Universities Fees	356,307	339,642
Scientific Research and Training	356,307	339,642
Vocational and Technical Education and Training Support Fund Fees	92,710	111,525
Board of Directors Remunerations	55,000	55,000
	<u>12,636,244</u>	<u>10,841,821</u>

### 35. Earnings Per Share

This item consists of the following:	December 31,	
	2007	2006
	JD	JD
Net Income for the Year	24,384,386	25,582,705
Weighted Average Number of Shares	<u>100,000,000</u>	<u>100,000,000</u>
Net Income for the Year/Share:		
Basic	0.244	0.256
Diluted	<u>0.244</u>	<u>0.256</u>

- Prior year's earnings per share has been adjusted by the number of shares added during the year ended December 31, 2007 to become 100 million shares instead of 86 million shares in compliance with the requirements of International Financial Reporting Standards.

### 36. Cash and Cash Equivalents

Cash and cash equivalents shown in the statement of cash flows consist of the following:	December 31,	
	2007	2006
	JD	JD
Cash and Balances with Central Banks Maturing within 3 Months	197,796,601	227,152,359
Add: Balances with Banks and Other Financial Institutions Maturing within 3 Months	216,993,088	192,694,998
Less: Deposits from Banks and Financial Institutions Maturing within 3 Months (Note 15)	<u>(32,950,189)</u>	<u>(41,732,373)</u>
	<u>381,839,500</u>	<u>378,114,984</u>

### 37. Financial Derivatives

This item consists of the following:	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities During 3 Months
	JD	JD	JD	JD
Financial Derivatives for Trading				
- Foreign Currencies Forward Contracts (Purchase)	<u>1,389</u>	<u>-</u>	<u>237,408</u>	<u>237,408</u>
Total	<u>1,389</u>	<u>-</u>	<u>237,408</u>	<u>237,408</u>

Nominal value indicates the value of the transactions outstanding at year-end. It does not indicate market or credit risks.

### 38. Related Parties Transactions

The consolidated financial statements include the following subsidiary and bank financial statements:

Name of Subsidiary	Bank's Ownership Percentage	Paid-up Capital	
		2007	2006
Excel Financial Investments Company	100%	3,500,000	3,500,000

Within its normal activities, the Bank enters into transactions with its major shareholders, members of the Board of Directors, Executive Management, 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 consolidated financial statements include the following balances and transactions with related parties:

	Major Shareholders	Board of Directors Members	Management Executives	Staff Provident Fund	Total December 31,	
					2007	2006
<b>Balance Sheet Items:</b>	JD	JD	JD	JD	JD	JD
Credit Facilities	820,138	506,856	1,205,019	-	2,532,013	12,889,887
Deposits	107,408	813,267	849,364	3,648,330	5,418,369	7,761,852
Cash Margins	-	175,100	-	-	175,100	-
<b>Off-Balance Sheet Items:</b>						
Letters of Guarantee	-	-	-	-	-	-
					Total For the Year Ended December 31,	
					2007	2006
<b>Income Statement Items:</b>	JD	JD	JD	JD	JD	JD
Credit Interest and Commission	174,864	14,524	83,506	73	272,967	1,237,321
Debit Interest and Commission	52,800	9,628	35,954	166,620	265,002	103,094

The lowest interest rate on the employees housing loans was 5%, whereas the lowest interest rate on related parties loans was 6.1%, and the highest rate received on loans was 10.5%. The highest interest rate paid to related parties was 7.5% (certificates of deposits for staff provident fund).

## Salaries and Remunerations of Executive Management:

	December 31,	
	2007	2006
	JD	JD
Salaries and Benefits	1,404,258	1,261,199
Travel and Transportation Expenses	<u>10,500</u>	<u>18,000</u>
Total	<u>1,414,758</u>	<u>1,279,199</u>

### 39. Financial Assets and Liabilities not Shown at Fair Value in the Financial Statements:

As shown in Note (9), financial assets available for sale include unquoted financial assets of JD 14,104,187 as of December 31, 2007 shown at cost as the Bank cannot estimate their fair value.

### 40. Risks Management

#### First: Descriptive Disclosures:

The Bank manages banking risks through identifying the risks that it might be exposed to and methods of encountering and mitigating them. This is achieved through implementing a group of restructuring projects that aim at separating risks from the development of business and operations (execution).

Accordingly, departments specialized in business development (investment, development of companies activities, development of small and medium size companies activities, and personnel services) independent from risks management have been set up.

Risks management assumes the responsibility of managing the various types of risks through:

- Preparing policies and getting them approved by the Board of Directors.
- Analyzing the risk types (credit, market, and operations).
- Developing measurement and control methodologies for each risk type.
- Providing the Board of Directors and Executive Management with reports and information about measuring the Bank's risks quantitatively and qualitatively.

The Bank's Board of Directors/Executive Risks Committee guarantees the availability of an efficient internal control system and ensures its proper performance. Moreover, the Board of Directors approves the risks management policies in general and determines their framework.

#### Credit Risk

Credit risk arises from the probable inability or/and lack of desire of the borrower or third party to fulfill its obligations at the specified time. These risks include on-balance sheet risks, such as loans and bonds and off-balance sheet risks, such as guarantees and/or documentary credits causing financial losses to the Bank.

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

1. A group of independent specialized departments for the management of credit as follows:
  - Companies Credit Risks Department (for the management of companies credit risks).
  - Small and medium size companies (SMEs) Risks Management Department (for the management of SMEs credit risks).
  - Individuals Credit Risks Department (for the management of individuals credit portfolios risks).
2. Separation of the Business Development Department from the Credit Risks Department.
3. A set of approved policies and procedures that outlines the principles for defining, measuring, and managing this type of risk.

4. Customers credit rating system that classifies customers into ten levels as follows:
  - Rating borrower's risks (economic sector, management, financial status, experience, etc.)
  - Rating credit risks (risks are weighed according to credit nature and type).
  - Rating guarantees (risks are weighed according to nature and type of guarantee).
5. 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.
6. Authorities and relationship management system:
 

Bank of Jordan adopts an authorization system that includes authority granting, delegation, and control and relationship management of the various credit activities.
7. Determining the credit risk mitigation methods:
 

The Bank 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.
  - Analysis and evaluation of credit operations by Credit Risks Departments.
  - Periodically evaluating guarantees according to the nature, type, and degree of risks to reinforce guarantees and ensure their adequacy constantly.
  - Having specialized committees for approving credit.
8. The Credit Control Department controls credit execution in addition to a unit concerned with documentation, completion of legal audit, and execution.
9. Applying the credit management mechanisms (Cremis and e-loan) in addition to contracting for an automatic credit risks management system to be applied during the year 2008.
10. Specialized department for following up on the collection of dues and troubled debts.
11. Credit Risks Committee/Executive ensuing from the Board of Directors for reviewing risks, investment, and credit policies and strategies.
12. Determining the duties of the various Credit Risks Departments concerning the mechanism and periodicity of control and issued reports and their submission to the Board of Directors and Executive Management .
13. Analyzing economic cycles and changes in the structure and quality of credit portfolios.
14. Stress Testing:
 

This aims at testing the Bank's ability to face hypothetical scenarios that are tough with low probability of occurrence. The following scenarios have been assumed and their impact on the Bank's financial statements has been assessed:

  - Troubled economic sector (construction sector).
  - Steep and gradual decline in guarantees prices (shares) up to 50%.
15. Control Reports:
  - The Credit Risks Departments, each according to its specialization, control and evaluate all credit operations through a set of control detection procedures.
  - Daily control:
 

Credit violations, unrenewed 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 assets quality trends, etc.
  - Controlling credit exposure at the customer level, geographic area, credit type, economic sector, maturity date, guarantee type, and others.

These reports are submitted periodically to the Risks Committee/Executive ensuing from the Board of Directors. Reports on daily operations are submitted to the CEO on a timely basis.

## Operating Risk

Operating risk arises from the inefficiency or failure of internal operations, employees, and systems or they may stem from external events including legal risks. The Bank's Operating Risks Department was set up in the year 2003. It has been supplied with qualified cadre and automatic systems since that date. It belongs to risks management.

The Bank manages risks operations according to the following criteria:

1. Preparing the operations risks policy, getting it approved by the Board of Directors, and applying it. This includes the criteria for defining and measuring risks in addition to the acceptance level of this type of risk.
2. Applying operations risks management system (CARE).
3. Setting up a risk profile that includes all operations risks types and control procedures that restrict them, and the periodicity of their testing in a manner that ensures their efficiency and continuity at the unit level of the Bank.
4. Evaluating by the Internal Inspection Department of the extent of the validity of the monthly tests relating to self-assessment of the Bank's various units, classifying these units according to the pertinent approved classification standards, and incorporating them into the internal inspection report it submits to the Audit Committee on a timely basis.
5. Evaluating the Risk Profile:  
In this regard, self-assessment (CRSA) has been applied as a tool for managing and constantly evaluating risks in order to identify new risks and ensure the efficiency of control procedures to limit these risks and renew the risk profile on a timely basis to reflect the reality of the work environment.
6. Setting up a data base for operating errors, analyzing them, and submitting a report on the concentration of and type of these errors to the Board of Directors.
7. Applying the rating standards and evaluating the Bank's units according to international principles and standards according to the work environment.
8. Setting up and determining key risk indicators at the Bank's level.
9. Providing the Board of Directors and Executive Management with periodic reports (monthly, quarterly, semi-annually, and annually) that reflect the reality of the control environment for the various units of the Bank.

## Compliance Risks

These represent the risks that arise from the probability that the Bank may not comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws, and code of ethics issued by the international and local regulatory authorities including the Bank's internal policies.

In this regard, a Compliance Department has been set up, staffed with qualified and trained personnel, equipped with automatic systems, and assigned the task of managing this type of risk according to the following criteria:

- Preparing the compliance policy, getting it approved by the Board of Directors, and applying 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 the laws, regulations, and instructions governing the Bank's work.
- Preparing and applying the compliance matrices that include limiting the violation of the laws and regulations and ensure compliance with them periodically according to the nature and type of the matrix.
- Studying, evaluating, and analyzing customers' complaints to comprehend their reality, concentration, and impact.
- Applying and promulgating the code of ethics to all personnel of the Bank.
- Providing training for all employees in 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. The unit works according to policies and procedures approved by the Board of Directors and in a manner that complies with the Anti-money Laundering Operations Law No. 46 for the year 2007 to limit this type of risk.



## Liquidity Risk

Liquidity risk represents the Bank's inability to make available necessary financing to meet its obligations on their maturity dates.

The Bank manages liquidity as follows:

- Installing a set of liquidity management policies and procedures.
- Setting up a committee to manage liquidity (The Assets and Liabilities Committee).
- Identifying the sources of funds, classifying and analyzing them according to their nature.
- Providing liquidity crisis management procedures.
- Controlling legal liquidity and daily cash liquidity. This means keeping an adequate amount of liquid assets (cash and cash equivalents) to meet obligations.
- Matching the maturities of assets and liabilities, taking into consideration all internal and external cash flows.
- Keeping stable and ever renewable deposits of customers with relatively medium terms and encouraging long-term deposits.

### Second: Quantitative Disclosures:

#### (40/A) Credit Risk

Exposure to Credit Risk (After Impairment Provisions and Before Collateral Held or Other Mitigation Factors):

	December 31,	
	2007	2006
	JD	JD
<b>On-Balance Sheet Items</b>		
Cash and Balances with Central Banks	173,232,135	273,794,688
Balances with Banks and Financial Institutions	216,993,088	192,694,998
Deposits with Banks and Financial Institutions	12,053,000	3,000,000
<b>Credit Facilities:</b>		
Individual (Retail Customers)	157,602,192	104,897,703
Residential Mortgages and Commercial Real Estate	99,939,442	84,974,995
<b>Corporate Entities</b>	<b>439,561,195</b>	<b>442,163,411</b>
Large Corporate Customers	361,016,710	355,551,524
SMEs	78,544,485	86,611,887
Government and Public Sector	41,069,400	33,936,004
<b>Bonds</b>		
Within Held to Maturity Financial Assets	144,590,949	88,316,981
Other Assets	80,351,073	77,686,935
<b>Off-Balance Sheet Items</b>		
Letters of Guarantee	74,320,032	68,263,103
Letters of Credit	67,762,101	41,596,539
Acceptances	13,333,104	15,266,572
Un-Utilized Facilities	87,410,261	52,696,747
<b>Total</b>	<b>1,608,217,972</b>	<b>1,479,288,676</b>

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

- Obtaining suitable guarantees and recording it correctly against any potential risks of which consists of cash guarantees, and non-cash guarantees, such as: Real estate, vehicles, equipment and stock mortgages, in addition to any guarantees and credit derivatives needed for all parties involved, and are legally obliged to be held responsible under the specialized court of law.
- Credit categorization system for the Bank's customers and relying on the credit categories issued by international credit agencies regarding bank and company credit ratings.
- Periodic evaluation of guarantees according to nature, kind, and degree of risk to assure it covers the credit granted.
- Legal audit for all contracts and documents its applicability according to the Bank's system, laws and regulations.
- Financial derivatives that mitigate market risks.

Credit Facilities Rating Categories:

	December 31, 2007											
	Individual (Retail Customers)		Residential Mortgages and Commercial Real Estate		Corporate Entities			Banks and Other Financial Institutions			Total	
	JD	JD	JD	JD	Large Corporate Customers	SMEs	Government and Public Sector	JD	JD	JD	JD	
<b>Grades:</b>												
Low grade	-	-	-	-	-	-	14,021,189	-	173,232,135	-	187,253,324	
Standard Grade	146,163,217	98,807,776	234,394,662	64,288,975			-	229,046,088			772,700,718	
<b>From which Past Due*:</b>												
Up to 30 Days	281,768	-	160,725	83,368			-	-	-	-	525,861	
From 31 to 60 Days	927,969	-	536,193	161,438			-	-	-	-	1,625,600	
Watch List	10,485,547	237,398	93,907,304	12,064,229			27,664,820	-	-	-	144,359,298	
<b>Non-Performing:</b>	<b>12,689,468</b>	<b>1,654,137</b>	<b>62,605,202</b>	<b>8,384,187</b>			-	-	-	-	<b>85,332,994</b>	
Substandard	860,134	298,506	1,259,278	379,135			-	-	-	-	2,797,053	
Doubtful	4,718,544	1,036,868	50,003,344	3,926,712			-	-	-	-	59,685,468	
Losses Written-Off	7,110,790	318,763	11,342,580	4,078,340			-	-	-	-	22,850,473	
<b>Total</b>	<b>169,338,232</b>	<b>100,699,311</b>	<b>390,907,168</b>	<b>84,737,391</b>			<b>41,686,009</b>		<b>402,278,223</b>		<b>1,189,646,334</b>	
Deduct: Interest in Suspense	(3,465,329)	(82,016)	(5,797,888)	(1,440,873)			-	-	-	-	(10,786,106)	
Deduct: Allowance for Impairment Losses	(8,270,711)	(677,853)	(24,092,570)	(4,752,033)			(616,609)	-	-	-	(38,409,776)	
<b>Net</b>	<b>157,602,192</b>	<b>99,939,442</b>	<b>361,016,710</b>	<b>78,544,485</b>			<b>41,069,400</b>		<b>402,278,223</b>		<b>1,140,450,452</b>	

Credit Facilities Rating Categories:

		December 31, 2006						
		Corporate Entities						
		Individual (Retail Customers)	Residential Mortgages and Commercial Real Estate	Large Corporate Customers	SMEs	Government and Public Sector	Banks and Other Financial Institutions	Total
		JD	JD	JD	JD	JD	JD	JD
<b>Grades:</b>								
Low grade		-	-	-	-	33,936,004	273,794,688	307,730,692
Standard Grade		103,833,526	83,446,382	291,432,026	71,215,092	-	195,694,998	745,622,024
<b>From which Past Due*:</b>								
Up to 30 Days		5,144,635	-	21,181	50,166	-	-	5,215,982
From 31 to 60 Days		448,889	-	371,868	30,459	-	-	851,216
Watch List		786,663	1,028,515	61,455,482	14,162,674	-	-	77,433,334
<b>Non-Performing:</b>		<b>8,056,295</b>	<b>852,862</b>	<b>25,671,002</b>	<b>7,200,420</b>	-	-	<b>41,780,579</b>
Substandard		495,317	318,010	108,315	-	-	-	921,642
Doubtful		4,379,237	359,423	17,898,356	3,169,873	-	-	25,806,889
Losses Written-Off		3,181,741	175,429	7,664,331	4,030,547	-	-	15,052,048
<b>Total</b>		<b>112,676,484</b>	<b>85,327,759</b>	<b>378,558,510</b>	<b>92,578,186</b>	<b>33,936,004</b>	<b>469,489,686</b>	<b>1,172,566,629</b>
Deduct: Interest in Suspense		(1,326,745)	(42,197)	(3,979,877)	(1,446,368)	-	-	(6,795,187)
Deduct: Allowance for Impairment Losses		(6,452,036)	(310,567)	(19,027,109)	(4,519,931)	-	-	(30,309,643)
Net		<b>104,897,703</b>	<b>84,974,995</b>	<b>355,551,524</b>	<b>86,611,887</b>	<b>33,936,004</b>	<b>469,489,686</b>	<b>1,135,461,799</b>

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

		December 31, 2007							
		Individual (Retail Customers)		Residential Mortgages and Commercial Real Estate		Corporate Entities			
		JD	JD	JD	JD	Large Corporate Customers	SMEs	Government and Public Sector	Total
		JD	JD	JD	JD	JD	JD	JD	JD
Low Grade		-	-	-	-	-	-	-	-
Standard Grade		33,210,870	98,614,675	171,283,606	56,679,199	-	-	-	359,788,350
Watch List		-	385,097	22,459,409	8,755,800	7,111,677	-	-	38,711,983
<b>Non-Performing:</b>		<b>3,200,765</b>	<b>1,314,442</b>	<b>52,430,892</b>	<b>7,921,491</b>	-	-	-	<b>64,867,590</b>
Substandard Grade		309,802	281,275	1,054,650	310,658	-	-	-	1,956,385
Doubtful		2,447,347	1,023,374	45,700,936	3,542,458	-	-	-	52,714,115
Losses Written-Off		443,616	9,793	5,675,306	4,068,375	-	-	-	10,197,090
<b>Total</b>		<b>36,411,635</b>	<b>100,314,214</b>	<b>246,173,907</b>	<b>73,356,490</b>	<b>7,111,677</b>	<b>7,111,677</b>	<b>7,111,677</b>	<b>463,367,923</b>
As:									
Cash Margins		688,524	3,229,306	18,098,254	10,536,729	7,111,677	-	-	39,664,490
Accepted Bank Guarantees		-	-	1,276,200	-	-	-	-	1,276,200
Residential Mortgages and Commercial Real Estate		3,185,450	97,058,558	147,664,178	51,105,296	-	-	-	299,013,482
Listed Shares		112,412	-	75,007,379	158,054	-	-	-	75,277,845
Equipments and Vehicles		32,425,249	26,350	4,127,896	11,556,411	-	-	-	48,135,906
<b>Total</b>		<b>36,411,635</b>	<b>100,314,214</b>	<b>246,173,907</b>	<b>73,356,490</b>	<b>7,111,677</b>	<b>7,111,677</b>	<b>7,111,677</b>	<b>463,367,923</b>

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

		December 31, 2006						
		Corporate Entities			Corporate Entities			
		Individual (Retail Customers)	Residential Mortgages and Commercial Real Estate	Large Corporate Customers	SMEs	Government and Public Sector	Total	
		JD	JD	JD	JD	JD	JD	
Low Grade		-	-	-	-	3,604,780	3,604,780	
Standard Grade		26,030,032	80,048,568	163,219,039	44,077,103	-	313,374,742	
Watch List		-	909,257	15,792,318	6,599,261	-	23,300,836	
<b>Non-Performing:</b>		<b>1,597,385</b>	<b>756,720</b>	<b>16,974,565</b>	<b>8,055,050</b>	-	<b>27,383,720</b>	
Substandard Grade		192,275	279,680	-	141,325	-	613,280	
Doubtful		795,929	467,247	11,038,477	3,175,531	-	15,477,184	
Losses Written-Off		609,181	9,793	5,936,088	4,738,194	-	11,293,256	
<b>Total</b>		<b>27,627,417</b>	<b>81,714,545</b>	<b>195,985,922</b>	<b>58,731,414</b>	<b>3,604,780</b>	<b>367,664,078</b>	
As:								
Cash Margins		230,420	2,201,782	23,221,078	12,873,155	3,604,780	42,131,215	
Accepted Bank Guarantees		-	-	1,262,200	-	-	1,262,200	
Residential Mortgages and Commercial Real Estate		2,250,635	79,510,413	108,271,771	38,110,291	-	228,143,110	
Listed Shares		183,037	-	59,228,810	183,038	-	59,594,885	
Equipments and Vehicles		24,963,325	2,350	4,002,063	7,564,930	-	36,532,668	
<b>Total</b>		<b>27,627,417</b>	<b>81,714,545</b>	<b>195,985,922</b>	<b>58,731,414</b>	<b>3,604,780</b>	<b>367,664,078</b>	

### Rescheduled Loans

These represent loans classified previously as non-performing and reclassified as performing under control. They amounted to JD 3,330,469 as of December 31, 2007 (JD 1,790,325 as of December 31, 2006).

### Restructured Loans

Restructuring means to rearrange facilities installments by increasing their duration, postpone some installments, or increase the grace period. They are classified as debts under control. They amounted to JD 40,217,278 as of December 31, 2007 and JD 5,482,510 as of the previous year-end.

## 3. Debit Securities and Treasury Bills

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

	Rating Agency	Within Held to Maturity Financial Assets	Total
Rating Grade		JD	JD
Unrated	-	6,042,600	6,042,600
Government	-	<u>138,548,349</u>	<u>138,548,349</u>
Total	-	<u>144,590,949</u>	<u>144,590,949</u>

#### 4. The Schedule Below Shows the Geographical Distribution of the Credit Risk Exposure:

	Inside Jordan		Other Middle East Countries		Europe		Asia *		America		Rest of the World		Total	
	JD		JD		JD		JD		JD		JD		JD	
<b>Cash and Balances with Central Banks</b>	126,637,261		46,594,874		-		-		-		-		173,232,135	
Balances with Banks and Financial Institutions	28,936,132		34,637,205		143,436,585		328,274		9,567,748		87,144		216,993,088	
Deposits with Banks and Financial Institutions	-		-		12,053,000		-		-		-		12,053,000	
<b>Credit Facilities:</b>	<b>662,165,271</b>		<b>76,006,958</b>		-		-		-		-		<b>738,172,229</b>	
Individual (Retail Customers)	143,408,725		14,193,467		-		-		-		-		157,602,192	
Residential Mortgages and Commercial														
Real Estate	99,004,006		935,436		-		-		-		-		99,939,442	
<b>Corporate Entities:</b>	<b>405,731,351</b>		<b>33,829,844</b>		-		-		-		-		<b>439,561,195</b>	
Large Corporate Customers	341,472,025		19,544,685		-		-		-		-		361,016,710	
SMEs	64,259,326		14,285,159		-		-		-		-		78,544,485	
Government and Public Sector	14,021,189		27,048,211		-		-		-		-		41,069,400	
<b>Bonds, Debentures, and Bills:</b>														
Within the financial Assets Held to Maturity	144,590,949		-		-		-		-		-		144,590,949	
<b>Other Assets</b>	<b>54,702,324</b>		<b>24,225,054</b>		<b>1,423,695</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>80,351,073</b>	
<b>Total 2007</b>	<b>1,017,031,937</b>		<b>181,464,091</b>		<b>156,913,280</b>		<b>328,274</b>		<b>9,567,748</b>		<b>87,144</b>		<b>1,365,392,474</b>	
<b>Total 2006</b>	<b>992,715,302</b>		<b>152,782,463</b>		<b>152,242,063</b>		<b>724,143</b>		<b>2,870,248</b>		<b>131,496</b>		<b>1,301,465,715</b>	

\* Excluding the Middle East countries.

### 5. The Schedule Below Shows the Credit Risk Exposure According to Economic Activities:

Economic Sector	Finance	Manufacturing	Trade	Buildings	Constructions	Agriculture	Restaurants, Hotels and Public Facilities	Shares	Individual (Retail Customers)	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Balances with Central Banks</b>	173,232,135	-	-	-	-	-	-	-	-	-	173,232,135
<b>Balances with Banks and Financial Institutions</b>	216,993,088	-	-	-	-	-	-	-	-	-	216,993,088
<b>Deposits with Banks and Financial Institutions</b>	12,053,000	-	-	-	-	-	-	-	-	-	12,053,000
<b>Credit Facilities:</b>	<b>9,267,208</b>	<b>68,180,529</b>	<b>105,615,376</b>	<b>99,939,442</b>	<b>111,452,726</b>	<b>7,712,046</b>	<b>58,136,952</b>	<b>79,196,358</b>	<b>157,602,192</b>	<b>41,069,400</b>	<b>738,172,229</b>
Individual (Retail Customers)	-	-	-	-	-	-	-	-	157,602,192	-	157,602,192
Real Estate Loans	-	-	-	99,939,442	-	-	-	-	-	-	99,939,442
<b>Companies:</b>	<b>9,267,208</b>	<b>68,180,529</b>	<b>105,615,376</b>	<b>-</b>	<b>111,452,726</b>	<b>7,712,046</b>	<b>58,136,952</b>	<b>79,196,358</b>	<b>-</b>	<b>-</b>	<b>439,561,195</b>
Large Corporate Customers	8,500,922	59,535,398	80,744,698	-	103,295,767	5,269,998	27,645,232	76,024,695	-	-	361,016,710
SMEs	766,286	8,645,131	24,870,678	-	8,156,959	2,442,048	30,491,720	3,171,663	-	-	78,544,485
Government and Public Sector	-	-	-	-	-	-	-	-	-	41,069,400	41,069,400
<b>Bonds, Debentures and Bills:</b>											
Within the financial Assets Held to Maturity	-	5,992,600	-	50,000	-	-	-	-	-	138,548,349	144,590,949
<b>Other Assets</b>	<b>42,713,142</b>	<b>16,778,193</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,849,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,351,073</b>
<b>Total 2007</b>	<b>454,258,573</b>	<b>90,951,322</b>	<b>105,625,376</b>	<b>99,989,442</b>	<b>111,452,726</b>	<b>7,712,046</b>	<b>78,986,690</b>	<b>79,196,358</b>	<b>157,602,192</b>	<b>179,617,749</b>	<b>1,365,392,474</b>
<b>Total 2006</b>	<b>513,213,571</b>	<b>103,544,935</b>	<b>126,875,977</b>	<b>110,370,503</b>	<b>123,132,818</b>	<b>5,256,257</b>	<b>78,507,617</b>	<b>34,921,474</b>	<b>96,872,578</b>	<b>108,769,985</b>	<b>1,301,465,715</b>



## (40/b) Market Risks:

### Descriptive Disclosure:

- Market risk: the risk of the positions on and off the Bank's Balance sheet, to exposure to losses, as a result of price fluctuation 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 the markets.
- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments, and future selling and buying.
- Foreign currency fluctuations.
- Gaps in the maturities of assets and liabilities and re-pricing.
- Acquisition position not covered.

### Interest Rate Risks:

Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period. Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy undertaken by the Assets and Liabilities 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 to ensure control, reduce risk, and take into account acceptable risk and the balancing of the maturities of assets with liabilities, as well as the gaps and benefits of hedging their prices.

### Foreign Currencies Risk:

Foreign currencies risks are the risks arising from the changes in the values of financial instruments as a result of the fluctuations in the prices of foreign currencies. Moreover, the Jordanian Dinar is the Bank's functional currency. The Bank's investment policy includes a set of controls that limits this type of risk such as the following:

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

### The following is the net of the major foreign currencies positions at the Bank:

Currency Type	December 31,	
	2007	2006
	JD	JD
US Dollar	4,588,850	4,511,757
Pound Sterling	(6,377)	26,914
EURO	119,826	149,661
Japanese Yen	2,276	1,490
Other Currencies	223,470	173,766
	<u>4,928,045</u>	<u>4,863,588</u>

**Shares Prices Risks:**

Share price risks result from the changes in the fair values of investments in shares. The Bank manages these risks through diversifying investments to various geographical areas and economic sectors. Most of the investments held by the Bank are concentrated in Amman Stock Exchange and Dubai Securities Market.

**Market Risk Management:**

The Bank follows financial policies for risk management within a specified strategy. Moreover, the Bank has an Assets and Liabilities Management Committee that supervises and controls risks and performs the optimal strategic distribution of assets and liabilities both on and off balance sheet. These risks include the following:

- Preparation of an investment policy approved by the Board of Directors. This includes adopting principles on investment instruments and their management mechanism and validity.
- Identification of all requirements in dealing with the investment instrument in terms of the following: (Instrument description, investment mechanism, nature of instrument, targeted classifications, stop loss, instrument ceiling, instrument market risks: Credit, operational, compliance, scope of laws, authorities, etc.)
- Identification of concentration ceilings at the level of the investment instrument, market, geographical distribution, etc.
- Determination of authorities at the level of the investment instruments, commissions and investment managers.
- Identifying methods of dealing with ceilings and authorities excesses (if any).
- Establishing investment policy committees based on the recommendation of the Chief Executive Officer and approval of the Board of Directors as follows:
  - Investment committee.
  - Liquidity Crisis Management Committee.
  - Defining the functions and responsibilities of the Middle Office, which controls and assesses risks and provides the Board of Directors and the Chief Executive Officer with periodic reports that reflect the reality of these risks.

## Quantitative Disclosures:

### 1. Interest Rate Risks

December 31, 2007			
	Change (Increase) Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	1%	45,888	-
Euro	1%	1,198	-
Sterling Pound	1%	(64)	-
Japanese Yen	1%	23	-
Other Currencies	1%	2,235	-

	Change (Decrease) in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	1%	(45,888)	-
Euro	1%	(1,198)	-
Sterling Pound	1%	64	-
Japanese Yen	1%	(23)	-
Other Currencies	1%	(2,235)	-

December 31, 2006			
	Change (Increase) Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	1%	45,118	-
Euro	1%	1,497	-
Sterling Pound	1%	269	-
Japanese Yen	1%	15	-
Other Currencies	1%	1,738	-

	Change (Decrease) in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	1%	(45,118)	-
Euro	1%	(1,497)	-
Sterling Pound	1%	(269)	-
Japanese Yen	1%	(15)	-
Other Currencies	1%	(1,738)	-

## 2. Foreign Currencies Risks

Currency	December 31, 2007		
	Increase in Currency Exchange Rate (1%)	Effect on Gain or Loss	Effect on Equity
		JD	JD
US Dollar	0.5%	22,944	-
Euro	0.5%	599	-
Sterling Pound	0.5%	(32)	-
Japanese Yen	0.5%	11	-
Other Currencies	0.5%	1,118	-

Currency	December 31, 2006		
	Increase in Currency Exchange Rate (1%)	Effect on Gain or Loss	Effect on Equity
		JD	JD
US Dollar	0.5%	22,559	-
Euro	0.5%	749	-
Sterling Pound	0.5%	134	-
Japanese Yen	0.5%	7	-
Other Currencies	0.5%	869	-

## 3. Risks of Changes in the Prices of Shares

Indicator	December 31, 2007		
	Increase in Indicator	Effect on Gain or Loss	Effect on Equity
		JD	JD
Amman Stock Exchange	1%	40,062	383,122
Palestine Stock Exchange	1%	-	68,890

Indicator	December 31, 2006		
	Increase in Indicator	Effect on Gain or Loss	Effect on Equity
		JD	JD
Amman Stock Exchange	1%	87,945	277,884
Palestine Stock Exchange	1%	-	51,472

## Interest Rate Sensitivity Gap:

Classification is based on interest rate re-pricing periods or maturities, whichever are nearer.

	Interest Rate Sensitivity										Interest Rate
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-interest Bearing Items	Total	Interest Rate		
2007	JD	JD	JD	JD	JD	JD	JD	JD	JD	%	
<b>Assets</b>											
Cash and Balances with Central Banks	12,309,790	48,000,000	10,000,000	-	-	7,090,000	137,486,811	214,886,601	6		
Balances with Banks and Financial Institutions	211,872,358	5,105,718	-	-	-	-	15,012	216,993,088	5		
Deposits with Banks and Financial Institutions	-	-	12,053,000	-	-	-	-	12,053,000	5		
Held for Trading Financial Assets	-	-	-	-	-	-	4,006,219	4,006,219	-		
Credit Facilities-Net	55,017,253	104,527,768	137,123,034	158,185,883	277,285,698	6,032,593	-	738,172,229	8.95		
Investments in Associates	-	-	-	-	-	-	-	2,800,398	-		
Held-to-Maturity Financial Assets	-	59,308,179	47,763,723	19,476,447	13,042,600	5,000,000	-	144,590,949	6.1		
Available-for-Sale Financial Assets	-	-	-	-	-	-	45,201,249	45,201,249	-		
Fixed Assets-Net	-	-	-	-	-	-	20,199,021	20,199,021	-		
Intangible Assets	-	-	-	-	-	-	1,562,587	1,562,587	-		
Other Assets	-	-	126,993	-	-	-	49,804,176	49,931,169	6.5		
Deferred Tax Assets	-	-	-	-	-	-	5,322,569	5,322,569	-		
<b>TOTAL ASSETS</b>	<u>279,199,401</u>	<u>216,941,665</u>	<u>207,066,750</u>	<u>177,662,330</u>	<u>290,328,298</u>	<u>18,122,593</u>	<u>266,398,042</u>	<u>1,455,719,079</u>			
<b>LIABILITIES</b>											
Banks and Financial Institutions Deposits	28,311,301	4,638,888	-	-	-	-	-	32,950,189	4.6		
Customers' Deposits	165,429,788	462,524,314	192,826,419	29,654,744	7,033,630	-	289,104,013	1,146,572,908	3		
Cash Margins	2,939,554	17,449,239	15,073,040	9,383,855	9,276,682	-	25,351,167	79,473,537	2.7		
Sundry Provisions	-	-	-	-	-	-	5,357,149	5,357,149	-		
Income Tax Provision	-	-	-	-	-	-	14,357,861	14,357,861	-		
Deferred Tax Liabilities	-	-	-	-	-	-	1,286,598	1,286,598	-		
Other Liabilities	-	-	-	-	-	-	14,514,899	14,514,899	-		
<b>TOTAL LIABILITIES</b>	<u>196,680,643</u>	<u>484,612,441</u>	<u>207,899,459</u>	<u>39,038,599</u>	<u>16,310,312</u>	<u>-</u>	<u>349,971,687</u>	<u>1,294,513,141</u>			
Interest Re-pricing Gap for the Year 2006	82,518,758	(267,670,776)	(832,709)	138,623,731	274,017,986	18,122,593	(83,573,645)	161,205,938			
<b>TOTAL ASSETS</b>	131,291,437	380,819,504	224,989,584	154,477,946	231,935,966	14,860,530	237,855,687	1,376,230,654			
<b>TOTAL LIABILITIES</b>	144,371,820	499,160,625	199,717,343	49,865,166	8,204,409	-	334,532,607	1,235,851,970			
Interest Re-pricing Gap	(13,080,383)	(118,341,121)	25,272,241	104,612,780	223,731,557	14,860,530	(96,676,920)	140,378,684			

## Concentration of Currency Risk

Items	December 31, 2007						Total
	US Dollar	Euro	Sterling Pound	Japanese Yen	Other	Total	
	JD	JD	JD	JD	JD	JD	
<b>ASSETS</b>							
Cash and Balances with Central Banks	46,119,221	1,274,262	73,053	3,286	18,136,894	65,606,716	
Balances with Banks and Financial Institutions	150,193,596	14,639,901	10,672,083	233,421	23,253,983	198,992,984	
Deposits with Banks and Financial Institutions	12,053,000	-	-	-	-	12,053,000	
Credit Facilities-Net	61,357,271	2,455,686	224	156,684	31,983,338	95,953,203	
Held-to-Maturity Financial Assets	992,600	-	-	-	-	992,600	
Other Assets	16,474,327	2,000,268	(35,139)	( 83)	3,253,165	21,692,538	
Total Assets	<u>287,190,015</u>	<u>20,370,117</u>	<u>10,710,221</u>	<u>393,308</u>	<u>76,627,380</u>	<u>395,291,041</u>	
<b>LIABILITIES</b>							
Banks and Financial Institutions Deposits	580,175	-	-	-	305,585	885,760	
Customers' Deposits	233,105,870	17,093,565	9,148,936	391,032	67,005,693	326,745,096	
Cash Margins	22,961,228	3,110,163	1,488,722	-	8,992,635	36,552,748	
Other Liabilities	25,953,892	46,563	78,940	-	99,997	26,179,392	
TOTAL LIABILITIES	<u>282,601,165</u>	<u>20,250,291</u>	<u>10,716,598</u>	<u>391,032</u>	<u>76,403,910</u>	<u>390,362,996</u>	
Net Position 2007	<u>4,588,850</u>	<u>119,826</u>	<u>(6,377)</u>	<u>2,276</u>	<u>223,470</u>	<u>4,928,045</u>	
Off-Balance Sheet Credit Commitments and Contingent Liabilities during the Year 2007	61,401,486	15,866,254	185,180	312,814	17,599,076	95,364,810	
<b>December 31, 2006</b>							
Items	US Dollar	Euro	Sterling Pound	Japanese Yen	Other	Total	
	JD	JD	JD	JD	JD	JD	
TOTAL ASSETS	253,002,356	16,809,490	5,396,419	829,320	63,902,636	339,940,221	
TOTAL LIABILITIES	248,490,599	16,659,829	5,369,505	827,830	63,728,870	335,076,633	
Net Position 2006	<u>4,511,757</u>	<u>149,661</u>	<u>26,914</u>	<u>1,490</u>	<u>173,766</u>	<u>4,863,588</u>	
Off-Balance Sheet Credit Commitments and Contingent Liabilities during the Year 2006	53,283,926	8,735,197	171,168	2,329,392	12,940,901	77,460,584	

### Liquidity Risk

The table below represents the distribution of liabilities not discounted on the basis of the remainder of the contractual maturity at the date of the financial statements:

#### a- December 31, 2007

	Up to	1 to	3 to	6 Months to	1 to	3 Years	Over	Without	Total
	1 Month	3 Months	6 Months	1 Year	3 Years	3 Years	3 Years	Maturity	
	JD	JD	JD	JD	JD	JD	JD	JD	JD
LIABILITIES									
Banks and Financial Institutions Deposits	28,311,301	4,638,888	-	-	-	-	-	-	32,950,189
Customers' Deposits	169,581,102	603,747,682	171,528,003	94,268,749	107,447,372	-	-	-	1,146,572,908
Cash Margins	5,308,923	19,494,362	19,657,990	12,367,017	13,831,062	8,814,183	-	-	79,473,537
Sundry Provisions	-	-	-	120,000	375,000	4,862,149	-	-	5,357,149
Income Tax Provision	10,154,000	3,194,457	-	1,009,404	-	-	-	-	14,357,861
Deferred Tax Liabilities	-	-	-	30,000	1,256,598	-	-	-	1,286,598
Other Liabilities	2,725,635	2,635,915	3,015,463	2,762,731	2,480,411	894,744	-	-	14,514,899
TOTAL LIABILITIES	216,080,961	633,711,304	194,201,456	110,557,901	125,390,443	14,571,076	-	-	1,294,513,141
TOTAL ASSETS	261,863,656	386,814,827	175,435,826	126,764,626	252,881,848	159,629,467	92,328,829		1,455,719,079

#### b- December 31, 2006

	Up to	1 to	3 to	6 Months to	1 to	3 Years	Over	Without	Total
	1 Month	3 Months	6 Months	1 Year	3 Years	3 Years	3 Years	Maturity	
	JD	JD	JD	JD	JD	JD	JD	JD	JD
LIABILITIES									
Banks and Financial Institutions Deposits	3,151,030	38,581,343	-	-	-	-	-	-	41,732,373
Customers' Deposits	138,096,700	542,253,434	194,107,513	95,867,477	120,110,930	-	-	-	1,090,436,054
Cash Margins	3,124,090	22,187,226	14,612,656	9,894,490	16,156,432	5,440,504	-	-	71,415,398
End-of-Service Provisions	-	-	-	-	-	4,869,188	-	-	4,869,188
Income Tax Provision	-	7,000,000	-	3,436,058	-	-	-	-	10,436,058
Deferred Tax Liabilities	-	-	-	1,298,792	-	-	-	-	1,298,792
Other Liabilities	1,711,096	3,648,420	4,524,280	2,418,259	3,312,348	49,704	-	-	15,664,107
TOTAL LIABILITIES	146,082,916	613,670,423	213,244,449	112,915,076	139,579,710	10,359,396	-	-	1,235,851,970
TOTAL ASSETS	274,575,104	359,273,828	199,882,306	135,317,413	245,507,709	82,269,518	79,404,776		1,376,230,654

The table below represents the maturities of financial derivatives on the basis of the remainder of the contractual maturity at the date of the financial statements:

- Financial derivatives, liabilities, which have been totally settled:

December 31, 2007			December 31, 2006		
	Up to One Month	Total		Up to One Month	Total
Trading Derivatives	JD	JD	Trading Derivatives	JD	JD
Currency Derivatives:			Currency Derivatives:		
Outflow	(236,018)	(236,018)	Outflow	-	-
Inflow	237,407	237,407	Inflow	-	-
Total	<u>1,389</u>	<u>1,389</u>	Total	<u>-</u>	<u>-</u>

#### - Off-balance Sheet Items:

	December 31, 2007			
	Up to 1 Year	1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of Credit and Acceptances	81,095,205	-	-	81,095,205
Un-utilized Facilities	87,410,261	-	-	87,410,261
Letters of Guarantee	74,320,032	-	-	74,320,032
Capital Commitments	676,485	-	-	676,485
Total	<u>243,501,983</u>	<u>-</u>	<u>-</u>	<u>243,501,983</u>

	December 31, 2006			
	Up to 1 Year	1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of Credit and Acceptances	56,863,111	-	-	56,863,111
Un-utilized Facilities	52,696,747	-	-	52,696,747
Letters of Guarantee	68,263,103	-	-	68,263,103
Capital Commitments	386,403	-	-	386,403
Total	<u>178,209,364</u>	<u>-</u>	<u>-</u>	<u>178,209,364</u>

## 41. Information on the Bank's Business Segments

1. The Bank's activities are as follows:

- Individual accounts: Include following up on individual customers accounts, granting them loans, credit, credit cards, and other services.
- Corporate accounts: Include following up on deposits, credit facilities, and other banking services pertinent to corporate customers.
- Treasury: Include providing dealing services and management of the Bank's funds.
- Financial brokerage services: Include providing purchase and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.



Here Below is Information about the Bank's Business Segments Distributed According to Activity:

	Total													
	Retail		Corporate		Treasury		Financial Brokerage Services		Other		2007		2006	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Total Income	7,996,163	34,157,707	31,096,824	605,473	9,179,445	83,035,612	71,212,027							
Direct Facilities Impairment Provision	2,201,411	5,911,172	-	-	-	8,112,583	3,419,922							
Segment Result	5,794,752	28,246,535	31,096,824	605,473	9,179,445	74,923,029	67,792,105							
Other Expenses	3,394,949	14,502,416	13,300,434	202,161	3,855,031	35,254,991	31,891,078							
Income before Tax	2,399,803	13,744,119	17,796,390	403,312	5,324,414	39,668,038	35,901,027							
Income Tax	924,117	5,333,229	6,891,885	165,894	1,968,527	15,283,652	10,318,322							
Income for the Year	1,475,686	8,410,890	10,904,505	237,418	3,355,887	24,384,386	25,582,705							
Other Information														
Segment's Assets	235,257,878	544,737,717	544,640,255	2,732,321	48,535,164	1,375,903,335	1,295,866,721							
Investment in Associates	-	-	2,800,398	-	-	2,800,398	1,842,362							
Undistributed Assets	-	-	-	-	77,015,346	77,015,346	78,521,571							
Total Segment's Assets	235,257,878	544,737,717	547,440,653	2,732,321	125,550,510	1,455,719,079	1,376,230,654							
Segment's Liabilities	913,973,505	316,607,042	32,712,781	2,183,211	174,441,043	1,439,917,582	1,359,267,755							
Undistributed Liabilities	-	-	-	-	15,801,497	15,801,497	16,962,899							
Total Segment's Liabilities	913,973,505	316,607,042	32,712,781	2,183,211	190,242,540	1,455,719,079	1,376,230,654							
Capital Expenses	619,152	928,727	928,727	-	1,316,793	3,793,399	3,566,221							
Depreciation and Amortization	1,190,077	991,731	1,031,400	1,481	753,305	3,967,994	4,026,865							

## 2. Information about Geographical Distribution

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

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

	Inside Kingdom		Outside Kingdom		Total	
	2007	2006	2007	2006	2007	2006
	JD	JD	JD	JD	JD	JD
Total Revenues	109,889,092	87,166,299	17,811,869	16,227,621	119,607,193	97,958,540
Total Assets	1,272,311,466	1,231,671,224	382,694,021	340,924,693	1,455,719,079	1,376,230,654
Capital Expenses	2,952,318	2,943,485	841,081	622,736	3,793,399	3,566,221

## 42. Assets and Liabilities Maturities:

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

	December 31, 2007		
	Up to 1 Year	Over 1 Year	Total
Assets	JD	JD	JD
Cash and Balances with Central Banks	207,796,601	7,090,000	214,886,601
Balances with Banks and Financial Institutions	216,993,088	-	216,993,088
Deposits with Banks and Financial Institutions	12,053,000	-	12,053,000
Held for Trading Financial Assets	4,006,219	-	4,006,219
Credit Facilities	356,020,661	382,151,568	738,172,229
Available-for-Sale Financial Assets	-	45,201,249	45,201,249
Held-to-Maturity Financial Assets	126,548,349	18,042,600	144,590,949
Investments in Associates	-	2,800,398	2,800,398
Fixed Assets	-	20,199,021	20,199,021
Intangible Assets	-	1,562,587	1,562,587
Deferred Tax Assets	-	5,322,569	5,322,569
Other Assets	27,461,017	22,470,152	49,931,169
<b>TOTAL ASSETS</b>	<b>950,878,935</b>	<b>504,840,144</b>	<b>1,455,719,079</b>
<b>LIABILITIES</b>			
Banks and Financial Institutions' Deposits	32,950,189	-	32,950,189
Customers' Deposits	1,039,125,536	107,447,372	1,146,572,908
Cash Margins	56,828,292	22,645,245	79,473,537
Sundry Provisions	120,000	5,237,149	5,357,149
Income Tax Provision	14,357,861	-	14,357,861
Deferred Tax Liabilities	30,000	1,256,598	1,286,598
Other Liabilities	11,139,744	3,375,155	14,514,899
<b>TOTAL LIABILITIES</b>	<b>1,154,551,622</b>	<b>139,961,519</b>	<b>1,294,513,141</b>
Net	(203,672,687)	364,878,625	161,205,938

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

	December 31, 2006		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
<b>Assets</b>			
Cash and Balances with Central Banks	304,152,359	-	304,152,359
Balances with Banks and Financial Institutions	192,694,998	-	192,694,998
Deposits with Banks and Financial Institutions	3,000,000	-	3,000,000
Held for Trading Financial Assets	8,794,573	-	8,794,573
Credit Facilities	369,253,828	296,718,285	665,972,113
Available-for-Sale Financial Assets	-	32,935,697	32,935,697
Held-to-Maturity Financial Assets	58,378,981	29,938,000	88,316,981
Investments in Associates	-	1,842,362	1,842,362
Fixed Assets	-	20,257,103	20,257,103
Intangible Assets	-	1,442,242	1,442,242
Deferred Tax Assets	-	5,339,353	5,339,353
Other Assets	32,773,912	18,708,961	51,482,873
<b>TOTAL ASSETS</b>	<u>969,048,651</u>	<u>407,182,003</u>	<u>1,376,230,654</u>
<b>LIABILITIES</b>			
Banks and Financial Institutions' Deposits	41,732,373	-	41,732,373
Customers' Deposits	970,325,124	120,110,930	1,090,436,054
Cash Margins	49,818,462	21,596,936	71,415,398
Sundry Provisions	-	4,869,188	4,869,188
Income Tax Provision	10,436,058	-	10,436,058
Deferred Tax Liabilities	1,298,792	-	1,298,792
Other Liabilities	12,302,055	3,362,052	15,664,107
<b>TOTAL LIABILITIES</b>	<u>1,085,912,864</u>	<u>149,939,106</u>	<u>1,235,851,970</u>
<b>Net</b>	<u>(116,864,213)</u>	<u>257,242,897</u>	<u>140,378,684</u>

### 43. Capital Management:

#### Capital Components:

##### - Paid-up Capital:

The paid-up capital of Bank of Jordan consists of (100) million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, legal 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 the regulatory authorities and Basel (2) for the purposes of achieving control over the adequacy of capital, 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, support debts, the positive cumulative change in fair value at 45% less the negative change balance).

#### Regulatory Authorities Requirements:

The regulatory authorities instructions entail that minimum capital be JD 40 million. Moreover, banks have been requested to increase their capital to JD 100 million, as well as capital adequacy ratio to become not less than 12%, according to the Central Bank of Jordan instructions. The ratio of shareholders' equity to total assets must not be less than 6%.

#### Achieving the Objectives of Capital Management:

Management of the Bank aims at achieving the capital management objectives through developing the Bank's activities, achieving a surplus in operating profits and revenues, and optimally operating available funds. All of this is geared towards reaching the targeted growth in shareholders' equity through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20% and retained earnings.

- The change in regulatory capital resulted in an increase of JD 9.4 million as capital was increased by JD 14 million through capitalizing voluntary reserve and part of retained earnings to reach JD 100 million during the year 2007, as well as the growth of legal reserve and retained earnings except for a restricted amount of JD 4.3 million representing a decrease in the fair value of financial assets available for sale. Regulatory capital and the capital adequacy ratio are as follows:

	In Thousands	
	2007	2006
	JD	JD
Primary Capital Items	123,744	121,352
Additional Capital Items	6,598	6,316
Total Regulatory Capital	130,342	120,907
Total Risk Weighted Assets	880,330	794,201
Capital Adequacy Ratio (%)	14.81%	15.22%
Primary Capital Adequacy Ratio (%)	14.06%	14.43%

## 44. Commitments and Contingent Liabilities

### A. Contingent Liabilities:

	2007	2006
	JD	JD
Letters of Credit	67,762,101	41,596,539
Acceptances	13,333,104	15,266,572
Letters of Guarantee:	74,320,032	68,263,103
Payment	27,554,295	26,689,747
Performance	19,879,545	16,517,914
Other	26,886,192	25,055,442
Un-utilized Credit Facilities	<u>87,410,261</u>	<u>52,696,747</u>
Total	<u>242,825,498</u>	<u>177,822,961</u>

### B. Commitments Liabilities:

	2007	2006
	JD	JD
Contracts for Purchasing of Fixed Assets	<u>676,485</u>	<u>386,403</u>
Total *	<u>676,485</u>	<u>386,403</u>

\* These commitments mature in less than a year.

C. The unpaid portion of the Bank's capital in one of the companies amounted to JD 375,000 for the year 2007, representing 25% of the contribution to the company's capital, compared to JD 750,000 for the year 2006, representing 50% of the contribution to the capital of the same company.

## 45. Lawsuits Against the Bank

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of checks. These lawsuits amounted to JD 5,272,502 as of December 31, 2007 (JD 4,856,467 as of December 31, 2006). According to the Bank's management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits, above the provision taken. 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 statement of income when paid.

## 46. New International Financial Reporting Standards

A. The International Accounting Standards Board issued amendments to the International Accounting Standards and new International Accounting Standards that have become effective starting from January 1, 2007 as follows:

### 1. International Financial Reporting Standard No. (7) - Financial Instruments (disclosure)

This standard requires additional disclosures about financial instruments and their impact on the financial position and performance as well as information on the extent of exposure to risks arising from financial instruments.

### 2. Amendments to International Accounting Standard No. (1) - Presentation of Financial Statements

The application of International Financial Reporting Standard No. (7) and the amendments to International Accounting Standard No. (1) led to the expansion of disclosure and clarification on consolidated financial statements, related financial instruments and capital management. The International Financial Reporting Interpretations Committee issued the following interpretations which came into force during the year 2007:

- IFRIC No. (7): Application of the Restatement Approach under International Accounting Standard No. (29) Financial Reporting in Hyperinflationary Economies.
- IFRIC No. (8): Scope of IFRS (2).
- IFRIC No. (9): Reassessment of Embedded Derivatives.
- IFRIC No. (10): Interim Financial Reports and the Bank's Consolidated Financial Reports.

Application of these interpretations has not resulted in any substantial changes to the accounting policies used by the Bank.

The International Financial Reporting Standards and accounting interpretations were not effective at the date of preparation of the consolidated financial statements of the Bank. The details are as follows:

- IFRS (8) – Operating Segments. \*
- IFRS (3) – Business Combinations. \*
- IAS No. (1): Amendments to Financial Statements Presentation. \*
- IAS (23): Amendments to the Accounting Treatment of Borrowing Costs. \*
- IAS (27): Consolidated and Separate Financial Statements. \*
- IFRIC 12: Service Concession Arrangements. \*\*
- IFRIC 13: Non-Cash Contributions of Joint Venturers \*\*\*
- IFRIC No. 14: International Accounting Standard No. (19): Staff Benefits.

\* Effective from January 1, 2009.

\*\* Effective from January 1, 2008.

\*\*\* Effective as of July 1, 2008.

The Bank's expects to apply the above International Financial Reporting Standards and accounting interpretations to the consolidated financial statements of the Bank on the effective date of each as stated above.

## 47. Comparative Figures

Some of the comparative figures for the year 2006 have been reclassified to correspond with the year 2007 presentation.



# Additional Information as Required by the Jordan Securities Commission 2007

- Names and Brief Resumes of the Board of Directors and Executive Managers
- Major Shareholders' Equity
- Board of Directors' Equity
- Executive Managers' Equity
- Addresses of the Bank of Jordan Network
- Organizational Chart

## A) Chairman's Letter

## B) The Report of the Board of Directors

### 1- Description of Activities:

Providing comprehensive banking and credit products and services, accepting all types of deposits whether on demand, savings or time deposits, issuing certificates of deposit, extending retail and corporate as well as commercial financing, opening export and import letters of credits and also issuing local and external letters of guarantee to all customers in the various economic sectors, in addition to providing financial leasing service.

### Bank's Geographic Locations:

Branches and offices spread in Jordan and Palestine: 47 branches and 28 offices in Jordan, and seven branches in Palestine. Detailed addresses of branches and offices were mentioned at the end of the report in "Our Branches and Offices".

### The Capital Investment:

JD 161.2 million as of Dec. 31, 2007

### Number of Employees:

The number of the Bank's employees is 1637.

Following are the details of staff in the branches and offices.

Branch/Office	No.	Branch/Office	No.	Branch/Office	No.	Branch/Office	No.
Head Office	656	Jabal Al-Hussein Branch	15	Third Circle Branch	12	Al-Wehdath Branch	12
Regional Management	86	Commercial Market Branch	11	Amman Le Royal Hotel Office	5	Al-Russeifa Branch	9
Al-Shmeisani Branch	20	Wadi Al-Seer Branch	7	Jabal Al-Nuzha Branch	10	Mecca Street Branch	15
Amman Branch	15	Dair Abi Saed Branch	8	Gardens Branch	22	Souk Al-Bukhariyah Branch	10
Wadi Saqra Office	5	Sweileh Branch	16	Al-Madina Al-Monawara Street Office	6	Al-Jubaiha Branch	9
Karak Branch	11	Al-Fuheis Office	3	Aqaba Branch	17	Jordan University Branch	10
Irbid Branch	21	Abu Nusair Office	4	Al-Bayader Branch	13	Khilda Branch	9
Al-Hussun Street Office	5	Madaba Branch	11	Industrial Area/Al-Bayader Office	4	Abu Alanda Branch	8
Eidoun Street Office	5	First Circle Branch	17	Al-Mafraq Branch	12	City Mall Branch	9
Ma'an Branch	8	Airport Branch	17	North Azraq Branch	13	Ramallah Branch	53
Ramtha Branch	22	Hakama Street Branch/Irbid	14	Jabal Al-Weibdeh Branch	9	Hebron Branch	35
Al-Turrah Office	4	Industrial City Office/Irbid	4	Tareq Branch	10	Jenin Branch	42
Salt Branch	12	Zarqa Branch	13	The Zarqa Free Zone Branch	9	Nablus Branch	55
Jerash Branch	12	Fisal Srteet Office/Zarqa	5	Marj Al-Hamam Branch	11	Gaza Branch	39
Al-Mahatta Branch	10	New Zarqa Office	5	Al-Geezah Branch	8	Al-Ram Branch	18
Yarmouk Street/Al-Nasser Office	4	North Shunah Branch	12	Ras Al-Ain Branch	11	Al-Eizaryah Branch	15
Marka Branch	12	Kufranjah Branch	6	Hai Nazzal Office	3		
Ajloun Branch	12	Al-Qweismeh Branch	11	Sweifih Branch	15		

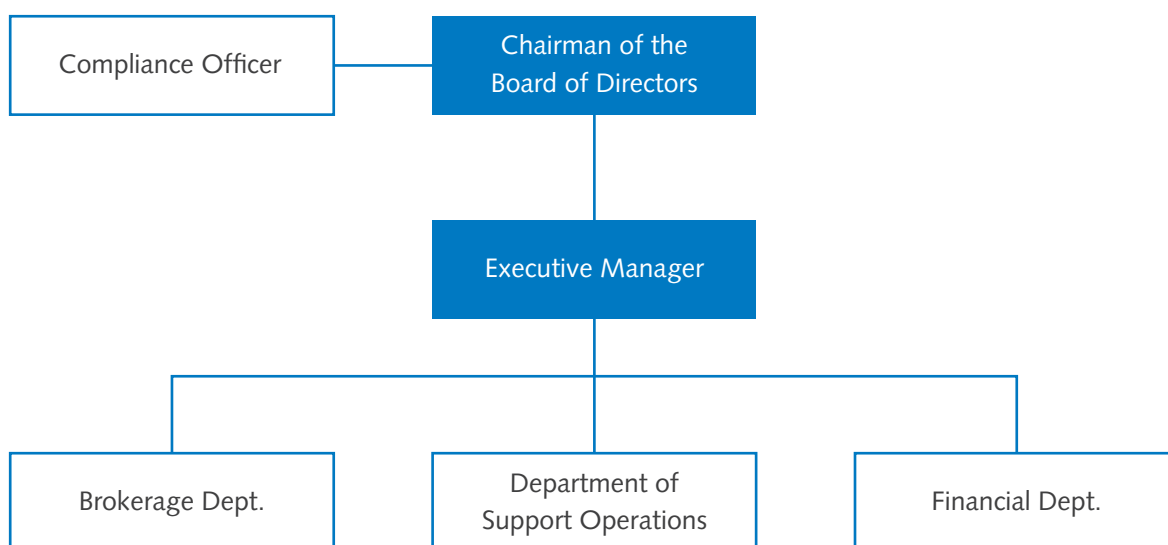


## 2- Subsidiary Companies:

\*Excel for Financial Investments Private Shareholding Company Limited (Tafawwaq).

Name of Company	Excel for Financial Investments Company
Company Classification	Private Shareholding Company Limited
Date of Establishment	23/3/2006
Business Sector	Financial Brokerage (Buying and Selling Securities)
Paid-up Capital	JD 3,500,000
Bank's Ownership Percentage	100%
Company Address	Amman/Al-Shmeisani P.O. Box 942453 Amman 11194 Jordan Phone: 5654259 Fax: 5675951
Number of Employees	11 Employees
Branches	There are no Branches
Projects Owned by Company and their Capitals	There are no Projects

### Organizational Chart/Excel for Financial Investments Company



### 3- Names and Brief Resumes of Board of Directors:

#### Mr. Shaker Tawfiq Fakhouri

**Position:** CEO/General Manager

**Date of Birth:** 14/11/1969

**Date of Appointment:** 21/1/1995

**Date of Membership:** 14/6/2001

**Nature of Membership:** Executive

**Educational Background:**

\* BA in Economics from the University of Southern California/USA, in August 1990.

\* MA in Business Administration and Professional Accounting from Canisius College, Buffalo/USA, in January 1995.

**Professional Experience:**

- Chairman of the Board of Directors/General Manager of Bank of Jordan since 2/8/2007.
  - General Manager of Bank of Jordan since 10/8/2003.
  - Deputy General Manager of Bank of Jordan from December 1996 until 8/8/2003.
  - Assistant to the Executive General Manager of Bank of Jordan from January 1995 until December 1996.
  - Attended several advanced banking and leadership seminars and courses, some of these are:
    - \* The comprehensive banking operations' training program at Bank of Jordan branches from February 1991 until January 1993.
    - \* A specialized credits training course at the Headquarter of Manufacturers Bank, Hanover, USA from September 1990 until February 1991.
- Current Board Memberships in Other Companies:**
- Board Member in The Arab Islamic Bank/Ramallah, Palestine.
  - Board Member in The Association of Banks in Jordan.
  - Board Member in Trust International Transport Plc.
  - Member in the Higher Consulting Council at Talal Abu-Ghazaleh College for Business.



#### Mr. Mawloud Abdel-Qader Naghouj

**Position:** Vice Chairman of the Board of Directors

**Date of Birth:** 1/1/1924

**Date of Membership:** 10/9/1980

**Nature of Membership:** Non-Executive/Independent

**Professional Experience:**

- Vice Chairman of Bank of Jordan's Board of Directors since 3/2/1987.
- Board Member in Bank of Jordan since 1980.
- Deputy Mayor of Greater Amman Municipality from 1991 until 1994.
- President of The Audit Bureau from 1977 until 1980.



### **Dr. Abdullah Abdel Hamid El Khatib**

**Position:** Member of the Board of Directors

**Date of Birth:** 1/7/1937

**Date of Membership:** 10/4/1991

**Nature of Membership:** Non-Executive/Independent

**Educational Background:**

- PhD in Public Administration from State University of New York, Albany, USA, 1975.
- MPA, School of Public Administration, SUNY- Albany, 1973.
- MA, Counseling and Guidance, School of Education, University of Jordan, 1971.

**Professional Experience:**

- Research Fellow, Development Comparative Studies Center, School of Administration, SUNY- Albany USA.
- Director of Planning and Development, Royal Scientific Society.
- Director General, Arab Corporation for Studies and Research.
- Chairman General, Union of Voluntary Societies, Jordan.
- Vice Chairman, Arab Network for Civic Societies, Cairo.
- Member of the Social Research Study Center, John Hopkins University/USA.



### **Dr. Abdel Rahman Samih Toukan**

**Position:** Member of the Board of Directors

**Date of Birth:** 5/2/1935

**Date of Membership:** 31/5/1997

**Nature of Membership:** Non-Executive/Independent

**Educational Background:**

PhD in Economics from Vanderbilt University/USA, 1967.

**Professional Experience:**

- Former Chairman of the Board of Directors of Amman Stock Exchange.
- Former General Manager of Jordan Ahli Bank.
- Former General Manager of National Real Estate Company/Kuwait.
- Former Director General of Import, Export and Supply Department/Government of Jordan.

**Previous Board Memberships in Other Companies:**

- Board Member in Jordan Cement Factories Co.
- Board Member in The Industrial Development Bank.
- Board Member in Jordan Ahli Bank.



### **Mr. Nabih Amro Al Nimer**

**Position:** Member of the Board of Directors/Representative of Al Ekbal Jordanian Co.

**Date of Birth:** 1/1/1931

**Date of Membership:** 14/6/2001

**Nature of Membership:** Non-Executive/Not Independent

**Educational Background:**

- BA in Law from Alexandria University/Egypt, 1955.

**Professional Experience:**

- Former Ambassador in the following capitals: Damascus from 1973 until 1978, Bonn from 1978 until 1981, Tunisia from 1981 until 1985, London from 1985 until 1987, Cairo from 1989 until 1993.
- Former Non-Resident Ambassador in the following capitals: Luxemburg from 1978 until 1981, Stockholm from 1978 until 1981, Oslo from 1978 until 1981, Copenhagen from 1978 until 1981, Valetta from 1981 until 1985, Dublin from 1985 until 1987, Nairobi from 1989 until 1993.
- Former General Secretary for the Ministry of Foreign Affairs from 1987 until 1989.

**Previous Board Memberships in Other Companies:**

- Former Member of the Board in the International Tobacco and Cigarettes Company.



### **Dr. Mazen Mohammed Al-Bashir**

**Position:** Member of the Board of Directors/Representative of Al Lu'lu'a Trading and Investment Co.

**Date of Birth:** 6/7/1955      **Date of Membership:** 6/11/2001

**Nature of Membership:** Non-Executive/Not Independent

**Educational Background:**

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

**Professional Experience:**

- Founder and Director of the Jordan Center of Family Medicine since October 1991.
- Family Physician in the private sector since 1992.
- Former Physician and Lecturer at Liverpool University, University of Jordan, Jordan University of Science and Technology from 1982 until 1990.
- President of the Jordanian Society of Family Physicians July 1993 until date.

**Current Board Memberships in Other Companies:**

- Chairman/CEO of the Board of Directors of Istishari Hospital.



### **Mr. Yahya Zakariya Al-Kadamani**

**Position:** Member of the Board of Directors/Representative of Arab Gulf Investment and Transport Co.

**Date of Birth:** 1/1/1957      **Date of Membership:** 17/2/2005

**Nature of Membership:** Non-Executive/ Not Independent

**Educational Background:**

- BA in Business Administration from Minnesota University/USA.

**Professional Experience:**

- Manager of Holy Lands Tourism Company – General Agents for Alitalia/Jordan from 1979 until 2004.
- Vice Chairman of the Board of Directors of Arab Islamic Bank/Palestine.

**Current Board Memberships in Other Companies:**

- Member of the Board in The International Tobacco and Cigarettes Company.

**Previous Board Memberships in Other Companies:**

- Member of the Board in Jordan Express Tourism Transportation Company (JETT) from 1981 until 1999.



### **H.E. Sa'ad Eddin "Mohammed Juma'h"**

**Position:** Member of the Board of Directors

**Date of Birth:** 1/1/1923      **Date of Membership:** 17/2/2005

**Nature of Membership:** Non-Executive/Independent

**Educational Background:**

- Diploma in Public Administration from the American University/ Washington, 1954.

**Professional Experience:**

- Member in the current Upper House of Parliament and Member in the previous terms since 1997.
- General Secretary of the Prime Ministry in 1960.
- Minister of The State for the Prime Ministry Affairs in 1997.

**Previous Board Memberships in Other Companies:**

- Representative Member of the Government of Jordan in The Petroleum Refinery Company.
- Representative Member of the Government of Jordan in the Industrial, Commercial and Agriculture Co. Ltd. (Al-Intaj).



### Mr. Walid Tawfiq Fakhouri

**Position:** Member of the Board of Directors

**Date of Birth:** 12/2/1972

**Date of Membership:** 17/2/2005

**Nature of Membership:** Non-Executive/Not Independent

**Educational Background:**

- MA in Business Administration from City University/London, 2000.
- BA in Science Marketing from Western International University/London, 1992.

**Professional Experience:**

- Chief Executive Officer and Chairman of the Board in Al-Tawfiq Investment House/Jordan, since 2007.
- Chairman of the Board in The Arab Islamic Bank/Palestine, since 2004.
- Assistant General Manager of Bank of Jordan from 1/9/2003 until 15/4/2004.
- Chief Executive Officer and Chairman of the Board of Arab Islamic Bank/Palestine, from 5/7/2001 until September 2003.
- Deputy Member of the Board in The Arab Islamic Bank/Palestine, from September 1999 until 17/6/2001.
- Assistant General Manager in Bank of Jordan from April 1999 until September 1999.
- Executive Manager of Bank of Jordan from July 1995 until April 1999.
- Employee in the Administration of Bank of Jordan from 1994 until 1995, employee at the Commercial Market Branch/Bank of Jordan in 1994, employee at the Marketing Department/Bank of Jordan from 1993 until 1994, and employee at the External Relations Department/Bank of Jordan from 1992 until 1993.

**Current Board Memberships in Other Companies:**

- Member of the Board in the International Tobacco and Cigarettes Company.
- Member of the Board in Jordan Express Tourism Transportation Company (JETT)
- Member of the Board of Directors of Zahrat Al-Urdon Company.

**Previous Board Memberships in Other Companies:**

- Al-Yarmouk Insurance Company
- Arab Union International Insurance Company
- Industrial Development Bank
- Al Ekbal for Printing and Packaging Co.

**Professional Experience Gained from Private Business:**

- 10 years of experience in Financial Services and 5 years of experience in Islamic Financial Services.



### H.E. Muhye din Mustafa Al Hussein

**Position:** Member of the Board of Directors/Representative of Al-Yamama for General Investments Co. (Limited Liability)

**Date of Birth:** 21/8/1930

**Date of Membership:** 15/2/2007

**Nature of Membership:** Non-Executive/Not Independent

**Educational Background:**

- MA in Economics from the University of Tulane/USA, 1968.
- BA in Economics from American University of Beirut, 1953.

**Professional Experience:**

- Council of Construction from 1960 until 1966.
- Member in the House of Representatives from 1967 until 1988.
- Minister of Transportation from 1973 until 1975, and from 1984 until 1988.
- Ambassador in a number of countries from 1973 until 1984.

**Current Board Memberships in Other Companies:**

- Arab Islamic Bank-Ramallah/Palestine.

**Previous Board Memberships in Other Companies:**

- Member of the Board of Directors in Bank of Jordan from 1968 until 1970.
- Global Company for Tobacco and Cigarettes.

**Professional Experience Gained from Private Business:**

- A private contracting company.



### Mr. Bader G. Al Zahrani

**Position:** Member of the Board of Directors

**Date of Birth:** 20/7/1974

**Date of Membership:** 3/11/2007

**Nature of Membership:** Non-Executive/Independent

**Educational Background:**

- B.S. Degree in Business Administration from Northwood University in United States, 1998.

**Professional Experience:**

- CEO and Managing Director of Zahran Holding Group. Riyadh, KSA, since January 2003.
- General Manager of Al-Mashriq Company for Medical Services. Riyadh, KSA, from June 2001 until December 2002.
- Operation Manager in Zahran Operation and Maintenance Co. Riyadh, KSA, from August 1999 until May 2001.
- Human Resources and Administration Manager in Zahran Operation and Maintenance Co. Riyadh, KSA, from October 1998 until August 1999.

**Current Board Memberships in Other Companies:**

- Deputy Chairman and M.D.; Zahran Holding - KSA.
- Chairman, Zahran Real Estate Investment and Development Co. - KSA.
- Chairman, ISHRAQAH Real Estate Development Co. - Dubai.
- Board Member; Aseer Development Company – KSA (Listed).
- Chairman, Etab International - KSA.
- Board Member; Naeem Holding – Egypt (Listed).
- Board Member; ACROW Misr – Egypt (Listed).
- Board Member; Gulf Investment Co. - KSA.
- Board Member; Venture Capital Bank - Bahrain.
- Board Member; Coldwell Banker - UAE.



## - Names and Brief Resumes of Senior Personnel in the Higher Management at the Executive Level

### Mr. Mohammad Anwar Hamdan

**Position:** Deputy General Manager

**Date of Birth:** 5/12/1949

**Date of Appointment:** 12/11/1994

**Educational Background:**

- MBA from Thunderbird University/USA, 1978.
- BA in Accounting from the University of Jordan, 1973.

**Professional Experience:**

- Deputy General Manager in Bank of Jordan since 1/1/2007.
- Assistant General Manager/Credit Management in Bank of Jordan from 1994 until 2006.
- Assistant General Manager/Credit Management in Cairo Amman Bank from 1990 until 1994.
- Credit Manager in Bank of Jordan from 1985 until 1989.
- Assistant Manager for Investment and Branches in Jordan Kuwait Bank from 9/7/1979 until 31/8/1985.
- Senior Financial Analyst in Central Bank of Kuwait from 22/5/1976 until 13/6/1978.
- Financial Analyst in Central Bank of Jordan from 15/8/1973 until 17/5/1976.

**Current Board Memberships in Other Companies:**

- Vice Chairman - Jordan Visa - Representing Bank of Jordan.
- Member of the Board in Ready Mix Concrete and Construction Supplies Company.
- Member of the Board in Baton for Concrete Blocks and Interlocking Tiles – Representing Bank of Jordan.
- Member of the Board in Shareco Brokerage Company.

### Mr. Nidal Omran Al Mikhi

**Position:** Assistant General Manager/Risk Management

**Date of Birth:** 25/7/1965

**Date of Appointment:** 1/5/1998

**Educational Background:**

- MA in Business Administration from Mercer University/USA, 1990.
- BA in Business Administration from the University of Jordan, 1986.

**Professional Experience:**

- Assistant General Manager/Risk Management in Bank of Jordan since 1998.
- Resident Vice President of Citibank from 1/7/1990 until 1/5/1998.

**Current Board Memberships in Other Companies:**

- Member of the Board in Excel for Financial Investments Co.
- Member of the Board in Investment Consulting Group Co.
- Member of the Board in Al-Shamikha Company for Real Estate and Financial Investments.

**Previous Board Memberships in Other Companies:**

- National Industries Company.

**Mr. Nicola Yousef Bahou****Position:** Assistant General Manager/Organization, Banking Operations and Automation Management**Date of Birth:** 17/7/1965**Date of Appointment:** 3/5/2005**Educational Background:**

- MA in Enterprise Management from Durham University/UK, 2007.
- BA in Banking and Finance from the Ahliyah Amman University/Jordan, 2004.
- Diploma in Banking and Finance from Institute of Banking Studies/Jordan, 1987.

**Professional Experience:**

- Assistant General Manager/Organization, Banking Operations and Automation Management in Bank of Jordan since 3/5/2005.
- Held many executive and administrative positions in HSBC Bank from 1983 until 2005.
- Member of the Chartered Management Institute of London since 22/8/2006.

**Current Board Memberships in Other Companies:**

- Member of the Board in Excel for Financial Investments Co.

**Mr. Suleiman Ayash Al Zu'bi****Position:** Assistant General Manager/Banking Business Development**Date of Birth:** 31/1/1957**Date of Appointment:** 6/8/1977**Professional Experience:**

- Executive Manager in Bank of Jordan from 1/1/2000 until 1/1/2006.
- Regional Manager in Bank of Jordan from 1/1/2007 until 5/6/2007.
- Held senior banking and financial posts in Bank of Jordan since 1977.
- Attended a number of advanced banking courses.

**Mr. Mahmoud Ahmad Al Takruri****Position:** Regional Manager/Palestine Branches Management**Date of Birth:** 31/12/1955**Date of Appointment:** 1/12/2005**Educational Background:**

- MA in Business Administration (Joint International Loans) from Kennedy Western University/USA, 1993.
- BA in Accounting from Beirut Arab University, 1980.

**Professional Experience:**

- General Manager of Palestine Mortgage and Housing Corporation since 2002.
- Regional Manager of Palestine Branches at Cairo Amman Bank from 1998 until 2002.
- Deputy Regional Manager of Palestine Branches at Cairo Amman Bank/Palestine from 1994 until 1996.
- Credit Facilities Manager at Arab Bank/External Banking Unit/Bahrain from 1984 until 1994.
- Manager of the Foreign Department in Arab Bank/Abu Dhabi from 1976 until 1984.

**Current Board Memberships in Other Companies:**

- Member of the Board in The Palestinian Businessmen Society.
- Member of the Board in the Banks Association/Palestine.

**Mr. Osama Samih Sukkari****Position:** Legal Advisor of the Bank**Date of Birth:** 27/4/1955**Date of Appointment:** 1/4/1994**Educational Background:**

- BA in Law from Beirut Arab University in 1977.

**Professional Experience:**

- Extensive experience in Legal Consultations and Lawsuits since 1981.
- Legal Consultant and Attorney at Law for a number of companies since 1981 including: Bank of Jordan, Jordan Islamic Bank, International Tobacco and Cigarettes Company, Al-Ekbal for Printing and Packaging Co., Jordan Coalition Company for Steel, Al-Takamolyeh Company, Orion Jordan.
- Legal Consultant and Attorney at Law in his own office since 1981.

**Current Board Memberships in Other Companies:**

- Al-Shamikha for Real Estate Investments.
- Al-Takamolyeh Investments Company.

**Previous Board Memberships in Other Companies:**

- Al-Mowahadah for Transportation.
- National Industries Company.

**Mr. "Mohammed Ali" Mahmood Hawash**

**Position:** Executive Manager/Inspection and Internal Audit Department

**Date of Birth:** 25/4/1965

**Date of Appointment:** 29/8/2007

**Educational Background:**

- BA in Accounting from the University of Jordan, 1988.
- CPA State of Montana Board of Public Accountant /USA, 1997.

**Professional Experience:**

- Senior Manager of Internal Audit Dept./ Doha Bank from 1998 until 2007.
- Inspection and Internal Audit Department, Arab Bank from 1997 until 1998.
- Worked in regional and international companies from 1988 until 1997.

**Mr. Saleh Mah'd Jarbou**

**Position:** Executive Manager/Financial Department

**Date of Birth:** 2/12/1949

**Date of Appointment:** 22/1/1996

**Educational Background:**

- MA in Accounting/Banking and Finance from The Arab Academy for Banking and Financial Sciences, 2001.
- BA in Accounting from the University of Damascus, 1972.

**Professional Experience:**

- Extensive experience in Financial Management, Accounting and Financial Analysis and Planning.
- Held vital posts in local and regional financial institutions, such as:
  - \* University of Tripoli/Libya
  - \* National Portfolio Securities /Jordan
  - \* Arab Jordan Investment Bank/Jordan.

**Current Board Memberships in Other Companies:**

- \* Member of the Board in Excel for Financial Investments Co.

**Mr. Issam Mahmoud Abu Soud**

**Position:** Executive Manager/Retail Credit Risk Department.

**Date of Birth:** 10/12/1950

**Date of Appointment:** 9/8/1979

**Educational Background:**

- BA in Business Administration from Beirut Arab University, 1978.

**Professional Experience:**

- Held senior banking and financial posts at Bank of Jordan since 1979, as follows:
  - \* Manager of Marketing and Private Banking Services.
  - \* Manager of Liabilities Management and Development Department.
  - \* Executive Manager/Retail Credit Department.

**Mr. Ziad A. Fatayer**

**Position:** Executive Manager/Retail Banking Department

**Date of Birth:** 1/8/1965

**Date of Appointment:** 5/7/2006

**Educational Background:**

- MBA in Marketing from the University of Poona – Symboiosis Institute of Management/India, 1989.
- High Diploma in Marketing Advertising from the Institute of Studies and Marketing/New Delhi, India, 1988.
- B.Com in Accounting and Auditing from the University of Poona – Symboiosis of Commerce – India, 1987.

**Professional Experience:**

- Head of Retail Banking Services Group in Bank of Kuwait and Middle East/Kuwait from August 2003 until July 2006.
- Head of Retail Banking Services Group in Arab Bank/Dubai from December 2000 until August 2003.
- Head of Sales and Services Department in ABN Amro Bank/Dubai from May 1998 until November 2000.
- Head of Marketing Department in Citibank/UAE from August 1997 until May 1998.
- Head of Marketing and Development Department in Mashreq Bank/UAE from March 1990 until August 1997.



**Mr. Abdelhameed Ameen Al-Saeed**

**Position:** Executive Manager/Commercial Business Development Department

**Date of Birth:** 4/9/1966

**Date of Appointment:** 1/11/2006

**Educational Background:**

- MA in Business Administration (MBA) from the United Arab Emirates University, 2005. (Global Leadership and Management)
- BA in Accounting from the Yarmouk University, 1994.
- Diploma in Programming from the National College, 1987.

**Professional Experience:**

- Manager of the Corporate Banking Department at National Bank of Fujairah/United Arab Emirates from 2003 until 2006.
- Corporate Facilities Manager at Arab Bank/Abu Dhabi from 1997 until 2003.
- Credit Facilities Manager at Arab Bank/Head Office from 1995 until 1997.
- Banker at the Egyptian Arab Land Bank from 1990 until 1995.
- Attended many advanced banking and administrative courses.

**Eng. Hasan Saleh "Alhajkhalil"**

**Position:** Executive Manager/Engineering and Purchasing Department

**Date of Birth:** 11/3/1949

**Date of Appointment:** 26/5/1991

**Educational Background:**

- BA in Architectural Engineering from Beirut Arab University, 1973.

**Professional Experience:**

- Extensive experience in engineering and architectural works.
- Held senior professional and administrative posts in a number of private companies and banks such as the National Bank of Kuwait from 1/2/1979 until 2/8/1990.
- Senior Engineer in International Bechtel Company/Kuwait from 1976 until 1979.
- Head of Technical Department in Savings and Credits Bank/Kuwait from 1973 until 1976.

**Previous Board Memberships in Other Companies:**

- Member of the Board in Al-Ekbal for Printing and Packaging Company.
- Member of the Board in Amman World Trade Center until 2007.

**Mr. Hussein Yacoub Kahoush**

**Position:** Executive Manager/Department of Human Resources

**Date of Birth:** 9/12/1952

**Date of Appointment:** 13/8/1991

**Educational Background:**

- Diploma in Commerce and Administration from Wadi Al-Seir Training Center, 1972.

**Professional Experience:**

- Worked at the Arab National Bank from 17/9/1987 until 31/8/1991.
- Worked at the Arab National Bank from 12/1/1982 until 9/6/1986.
- Worked at the Arab Bank from 8/7/1972 until 8/1/1982.

**Mr. Samir Yorghaki Mansour**

**Position:** Executive Manager/Centralized Trade Services Department

**Date of Birth:** 1/5/1939

**Date of Appointment:** 1/5/1999

**Professional Experience:**

- Held senior financial and banking posts at Cairo Amman Bank from 1957 until 1990.
- Member in the Committee of Experts in Documentary of Credits, appointed by the International Chamber of Commerce/Jordan to review and edit the translation from English into Arabic of the uniform customs and practices of documentary credits issued by the International Chamber of Commerce, Paris publication No.500 for the year 1993 and uniform customs and practices for documentary credits publication No.600 for the year 2007.

**Dr. Mahdi Fikri Al-Alami**

**Position:** Executive Manager/Training Department

**Date of Birth:** 30/6/1949

**Date of Appointment:** 3/1/1981

**Educational Background:**

- PhD in Political Studies from the Arab Institute of Researches and Studies - Cairo, 2004.
- MA in Public Administration from the University of Jordan, 1988.
- BA in Business Administration from the University of Jordan, 1973.

**Professional Experience:**

- Bank of Jordan since 1981.
- Arab Bank, Amman from 1/7/1973 until 31/12/1980.
- Conducted researches and studies.

**4- Major Shareholders with Equity in Excess of 5% for the Year 2007 and a Comparison with the Previous Year 2006 is as Follows:**

**Major Shareholders with Equity in Excess of 5%**

Statement	Nationality	No. of Shares 2007	Percentage 2007	No. of Shares 2006	Percentage 2006
Mr. Tawfiq Shaker Fakhouri	Jordanian	25,136,852	25.1%	22,777,372	26.5%
Al Ekbal Jordanian Co.	Jordanian	15,243,367	15.2%	11,038,176	12.8%
Mr. Qasem Abdul Irsheid	Spanish	9,023,437	9.0%	5,921,317	6.9%

**5- The Competitive Position of the Bank and its Market Share:**

Mentioned within the activities and achievements of the Bank in 2007 (page 15).

**6- Extent of Dependence on Specific Suppliers or Key Clients (Locally or Abroad) If that Represents 10 % or More:**

There is no dependence on specific suppliers or key clients (whether locally or abroad) who represent 10% or more of the Bank's total purchases and/or sales.

**7- Government Protection or Privileges that the Bank Enjoys as well as its Products or Services According to Laws and Regulations or Else:**

- The Bank does not enjoy any governmental protection, or any other privileges, neither does any of its products or services, as per the Laws and Regulations.
- The Bank did not accommodate any patents, or concession rights.

**8- Decisions Made by the Government, International Organizations or Else, which Affect the Bank's Operations, Products or Competitiveness:**

- There are no decisions by the government or international organizations or any other entity that would have material effect on the operations of the Bank, its products or its competitive capabilities.
- The Bank adheres to all laws, regulations, instructions and international standards that have any relation to its business.
- The International Quality Standards do not apply to the Bank.

**9- A: Organizational Structure:**

Organizational structure of Bank of Jordan was mentioned in the last page of the Annual Report. As for the organizational structure of subsidiaries (Excel Company), it was mentioned in page (95) item (b/2) in the information about subsidiaries.

**B: The Number of Employees, the Categories of their Qualifications and the Rehabilitation and Training Programs were Mentioned within the Activities and Accomplishments of the Bank. Here below are the Employees' Qualification Categories in 2007:**

Academic Qualification	Number of Employees/ Bank of Jordan	Number of Employees/Excel for Financial Investments Co.
PhD	1	-
Master's	93	2
High Diploma	10	-
Bachelor	831	7
Diploma	334	1
Secondary School Certificate	146	1
Below Secondary School Certificate	222	-
<b>Total</b>	<b>1637</b>	<b>11</b>

**C: Details of 2007 Training Programs are as Follows:**

Description	Number of Courses	Beneficiaries from Training Courses
Internal Courses (Organized by the Bank's Training Department)	321	7550
External Courses	242	596
<b>Total</b>	<b>563</b>	<b>8146</b>

## Details of Scopes of Training Courses are as Follows:

Subject	Number of Courses	Beneficiaries from Training Courses
Comprehensive Banking Training	132	2722
Banking	87	1697
Compliance and Risk Management	32	156
Administrative	10	46
Vocational Certificates	44	87
Credits	45	657
Marketing and Selling Skills	70	1850
Financial and Audit	20	20
Computer	30	77
Legal	5	16
Investment	9	11
Languages	17	27
Others	62	780
<b>Total</b>	<b>563</b>	<b>8146</b>

### 10- Description of Risks

Mentioned within the activities and achievements of the Bank (page19). The risks comprise the following:

- Credit Risk:

Credit risk arises from the probable inability or/and lack of desire of the borrower or third party to fulfill its obligations at the specified time. These risks include on-balance sheet risks such as loans and bonds and off-balance sheet risks such as guarantees and/or documentary credits causing financial losses to the Bank.

- Operating Risk:

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

- Compliance Risk:

These represent the risks that arise from the probability that the Bank may not comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws and code of ethics issued by the international and local regulatory authorities including the Bank's internal policies.

- Liquidity Risk:

Liquidity risk represents the Bank's inability to make available necessary financing to meet its obligations on their maturity dates.

- Market Risks:

Market risks: The risks of the positions on and off the Bank's Balance Sheet to exposure to losses as a result of price fluctuation 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 the markets/fluctuations in interest rates/fluctuations in the prices of financial instruments and futures selling and buying/foreign currency fluctuations/gaps in the maturities of assets and liabilities and re-pricing/acquisition positions not covered.

- Interest Rate Risks:

Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period.

- Foreign Currencies Risk:

Foreign currencies risks are the risks arising from the changes in the values of financial instruments as a result of the fluctuations in the prices of foreign currencies. Moreover, the Bank's investment policy includes a set of controls that limits this type of risk.

- Share Prices Risks:

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

#### 11- Activities and Achievements of the Bank in 2007:

Mentioned in the report of the Board of Directors under a separate and independent section (page 14), supported by figures and description of the important events witnessed by the Bank in 2007.

#### 12- The Financial Impact of Non-Recurring Operations During 2007, which will not be Included in the Bank's Major Activities:

There is no impact of non-recurring operations during the fiscal year 2007, which will not be included in the Bank's major activities.

#### 13- Time Sequence of Realized Profits or Losses, Distributed Dividends, Net Shareholders' Equity and the Closing Price of Shares, 2003-2007:

Financial Indicators for the Last Five Years (2003-2007)					In JD Thousand	
Financial Year	Shareholders' Equity	Net Profit Before Tax	Distributed Cash Dividends		Distribution of Bonus Shares	Closing Price of Share (JD)
			Amount	%		
2003	64,567	11,281	3,650	10%	8,290	4.22
2004	80,152	19,582	-	-	11,210	5.6
2005	121,557	31,188	-	-	20,000	6.31
2006	140,379	35,901	6,880	8%	14,000	3.02
2007	161,206	39,668	15,000	15%	-	2.95

2003	Bonus shares were distributed at a rate of 13% of the capital on 9/6/2004. Bonus shares were distributed at a rate of 8.59% of the capital on 5/8/2004.
2004	Bonus shares were distributed at a rate of 25.028% of the capital on 15/3/2005. The Bank's capital was raised by JD 10 million at a rate of 17.858% of the capital through private placement on 20/4/2005.
2005	Bonus shares were distributed at a rate of 30.3% of the capital on 21/3/2006.
2006	Bonus shares were distributed at a rate of 16.279% of the capital on 21/3/2007.

#### 14- Analysis of the Bank's Financial Position and Business Results for the Year 2007:

Mentioned in the report of the Board of Directors under a separate and independent section (page 24). Here below are the most important financial ratios:

No.	Percentage	2007	2006
1	Return on Average Shareholders' Equity	16.2%	19.5%
2	Return on Capital	24.38%	25.6%
3	Return on Average Assets	1.7%	2.0%
4	Profitability per Employee	JD 14,896	JD 16,633
5	Interest Income/Average Assets	6.49%	6.36%
6	Interest Expense/Average Assets	2.58%	2.09%
7	Interest Margin/Average Assets	3.91%	4.27%
8	Non-Performing Loans/Total Credit Facilities	9.8%	5%

### 15- Vital Future Developments and the Bank's Plan

The future developments, the Bank's projects and its strategic plans and the expectations of the Board of Directors of the Bank's 2008 business results were all mentioned within the Bank of Jordan's future schemes listed in a separate and independent section (page 33).

### 16- Remuneration of Auditors

Bank of Jordan auditors' remunerations amounted to JD 94,186, and Excel Company auditing remunerations amounted to JD 5,220.

### 17- Statement of Number of Financial Securities Issued by the Bank and Owned by Members of the Board of Directors and their Relatives as well as Executive Senior Management Personnel and Their Relatives as of Dec. 31,2007, with Comparison to the Previous Year 2006:

Name	Status	Nationality	No. of Shares	No. of Shares
			2007	2006
Mr. Shaker Tawfiq Fakhouri	CEO/General Manager	Jordanian	5,591	19,467
Mrs. Suha Faisel Sroor	Wife	Jordanian	-	4,572
Aya Shaker Fakhouri	Daughter	Jordanian	8,572	7,372
Tala Shaker Fakhouri	Daughter	Jordanian	8,572	7,372
Sarah Shaker Fakhouri	Daughter	Jordanian	8,572	7,372
Salma Shaker Fakhouri	Daughter	Jordanian	1,162	-
Mr. Mawloud Abdel-Qader Naghouj	Vice Chairman of the Board of Directors	Jordanian	457,461	393,417
Dr. Abdulla Abdel Hamid El Khatib	Member of the Board of Directors	Jordanian	98,053	127,766
Mrs. Jihad Salim Al-Nabulsi	Wife	Jordanian	15,625	13,438
Dr. Abdel Rahman Samih Toukan	Member of the Board of Directors	Jordanian	64,561	55,523
Al Ekbal Jordanian Co.	Member of the Board of Directors	Jordanian	15,243,367	11,038,176
Mr. Nabih Amro Al Nimer	Representative of the Company	Jordanian	100,000	97,108
Al Lu'Lu'a Trading and Investment Co.	Member of the Board of Directors	Jordanian	119,454	103,731
Dr. Mazen Mohammed Al-Bashir	Representative of the Company	Jordanian	72,674	62,500
Mrs. Farihan Fakhri Al Bargouthi	Wife	Jordanian	27,906	24,000
Arab Gulf Investment and Transport Co.	Member of the Board of Directors	Jordanian	30,641	26,352
Mr. Yahya Zakariya Al-Kadamani	Representative of the Company	Jordanian	660,000	567,000
Mrs. Amaal Amin Al-Turk	Wife	Jordanian	140,000	118,000
H.E. Sa'ad Eddin "Mohammed Juma'h"	Member of the Board of Directors	Jordanian	11,161	9,599
Mrs. Ameera Mahmmud Hassa	Wife	Jordanian	1,043	897
Mr. Walid Tawfiq Fakhouri	Member of the Board of Directors	Jordanian	5,813	5,000
Mrs. Shatha Abdel Majid Al-Dabbas	Wife	Jordanian	203	175
Rakan Walid Fakhouri	Son	Jordanian	8,958	7,704
Mariam Walid Fakhouri	Daughter	Jordanian	20,060	17,252
A'esha Walid Fakhouri	Daughter	Jordanian	2,422	2,083
Al-Yamama for General Investment Co. (Limited Liability)	Member of the Board of Directors	Jordanian	15,227	13,096
H.E. Muhye din Mustafa Al Hussein	Representative of the Company	Jordanian	-	-
Mr. Bader G. Al Zahrani	Member of the Board of Directors	Saudi	5,000	-

Name	Status	Nationality	No. of Shares 2007	No. of Shares 2006
Mr. Mohammed Anwar Hamdan	Deputy General Manager	Jordanian	18,334	15,636
Mr. Nidal Omran Al Mikhi	Assistant General Manager/ Risk Management	Jordanian	-	-
Mr. Nicola Yousef Bahou	Assistant General Manager/ Organization, Banking Operations and Automation Management	Jordanian	10,000	7,471
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager/ Banking Business Development	Jordanian	269,835	227,290
Mr. Mahmoud Ahmad Al Takturi	Regional Manager/Palestine Branches Management	Jordanian	-	-
Mr. Osama Samih Sukkari	Legal Advisor	Jordanian	51,838	44,581
Mrs. Najwa Mohammad Manku	Wife	Jordanian	11,177	9,613
Firas Osama Sukkari	Son	Jordanian	1,366	1,175
Mr. "Mohammed Ali" Mahmood Hawash	Executive Manager/Inspection and Internal Audit Department	Jordanian	-	-
Mr. Saleh Mah'd Jarbou	Executive Manager Financial Dept.	Jordanian	22,917	19,709
Mr. Issam Mahmoud Abu Soud	Executive Manager Retail Credit Risk Dept.	Jordanian	5,100	4,386
Mr. Ziad A. Fatyer	Executive Manager Retail Banking Dept.	Jordanian	13,953	12,000
Mr. Abdelhameed Ameen Al-Saeed	Executive Manager Commercial Business Development Dept.	Jordanian	-	-
Eng. Hasan Saleh "Alhajkhalil"	Executive Manager Engineering and Purchasing Dept.	Jordanian	28,000	27,000
Mr. Hussein Yacoub Kahoush	Executive Manager Human Resources Dept.	Jordanian	90	78
Mr. Samir Yorghaki Mansour	Executive Manager Centralized Trade Services Dept.	Jordanian	34,822	29,947
Dr. Mahdi Fikri Al-Alami	Executive Manager Training Dept.	Jordanian	3,000	41,696

**- Companies Possessed by the Chairmen and Members of the Board, and the Executive Managers and their Relatives:**

None.

## 18- The Benefits and Remunerations of the Chairman of the Board, Members of the Board and the Executive Managers

Benefits and Remunerations Enjoyed by the Chairman and Members of the Board of Directors for the Year 2007

Name	Status	Annual Salaries	Transport Allowance	Remunerations	Total
Mr. Tawfiq Shaker Fakhouri	Chairman of the Board of Directors until 31/7/2007	80,000	-	2,917	82,917
Mr. Shaker Tawfiq Fakhouri	CEO/General Manager	168,366	10,500	5,000	183,866
Mr. Mawloud Abdel-Qader Naghouj	Vice Chairman	-	18,000	5,000	23,000
Dr. Abdulla Abdel Hamid El Khatib	Member of the Board of Directors	-	18,000	5,000	23,000
Dr. Abdel Rahman Samih Toukan	Member of the Board of Directors	-	18,000	5,000	23,000
Mr. Nabih Amro Al Nimer	Member of the Board of Directors	-	18,000	5,000	23,000
Dr. Mazen Mohammed Al-Bashir	Member of the Board of Directors	-	18,000	5,000	23,000
Mr. Yahya Zakariya Al Kadamani	Member of the Board of Directors	-	7,000	5,000	12,000
H.E. Sa'ad Eddin "Mohammed Juma'h"	Member of the Board of Directors	-	18,000	5,000	23,000
Mr. Walid Tawfiq Fakhouri	Member of the Board of Directors	-	9,300	5,000	14,300
H.E. Muhye din Mustafa Al Hussein	Member of the Board of Directors from 15/2/2007	-	9,300	4,375	13,675
Mr. Bader G. Al Zahrani	Member of the Board of Directors from 3/11/2007	-	6,000	833	6,833
<b>Total</b>		<b>248,366</b>	<b>150,100</b>	<b>53,125</b>	<b>451,591</b>

## Benefits and Remunerations Enjoyed by the Executive Managers for the Year 2007

Name	Status	Annual Salaries	Remunerations	Total
Mr. Mohammed Anwar Hamdan	Deputy General Manager	123,640	32,950	156,590
Mr. Nidal Omran Al Mikhi	Assistant General Manager/ Risk Management	114,370	30,450	144,820
Mr. Nicola Yousef Bahou	Assistant General Manager/ Organization, Banking Operations and Automation Management	114,205	30,450	144,655
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager/ Banking Business Development	76,546	24,220	100,766
Mr. Mahmoud Ahmad Al Tkruri	Regional Manager/Palestine Branches Management	44,942	-	44,942
Mr. Osama Samih Sukkari	Legal Advisor	67,405	13,500	80,905
Mr. "Mohammed Ali" Mahmood Hawwash	Executive Manager Inspection and Internal Audit Department	19,302	-	19,302
Mr. Saleh Mah'd Jarbou	Executive Manager Financial Dept.	47,035	5,250	52,285
Mr. Issam Mahmoud Abu Soud	Executive Manager Retail Credit Risk Dept.	49,402	5,600	55,002
Mr. Ziad A. Fatyer	Executive Manager Retail Banking Dept.	67,600	4,500	72,100
Mr. Abdelhameed Ameen Al-Saeed	Executive Manager Commercial Business Development Dept.	43,150	-	43,150
Eng. Hasan Saleh "Alhajkhalil"	Executive Manager Engineering and Purchasing Dept.	38,440	5,100	43,540
Mr. Hussein Yacoub Kahoush	Executive Manager Human Resources Dept.	48,049	8,100	56,149
Mr. Samir Yorghaki Mansour	Executive Manager Centralized Trade Services Dept.	41,770	2,800	44,570
Dr. Mahdi Fikri Al Alami	Executive Manager Training Dept.	30,000	3,300	33,300
Mrs. Amal Tawfiq Fakhouri	Executive Manager/Al Gardens Branch until 31/5/2007	13,482	8,831	22,313
Mr. Mohammed D. Abu Zayyad	Executive Manager/ Inspection and Internal Audit Dept. until 30/8/2007	31,053	10,450	41,503
<b>Total</b>		<b>970,391</b>	<b>185,501</b>	<b>1,155,892</b>



## 19- Donations, Grants and Serving the Local Community

Donations and Grants provided by the Bank to protect the environment and serve the local community amounted to JD 425,980, as follows:

Party/Sphere of Donation	Amount JD
Vote for Petra Campaign	102,544
Supporting Ramadan Iftar	87,000
Supporting the Royal Scientific Society	50,000
Supporting the Jordanian Hashemite Fund for Human Development	33,975
Supporting the White Beds Society	22,500
Supporting King Hussein Cancer Foundation	15,000
Supporting Sports Activities	42,655
Grants and Support for Charitable Societies and Activities	30,936
Supporting Education	14,621
Grants and Support for Governmental Bodies	9,199
Supporting Environmental Activities	8,700
Supporting Culture and Arts	2,300
Miscellaneous	6,550
<b>Total</b>	<b>425,980</b>

## 20 - Contracts, Projects and Commitments Signed between the Bank and its Subsidiaries, Affiliates, Chairman, Members of the Board, or the General Manager and any Employee in the Bank or their Relatives:

Excel for Financial Investments Private Shareholding Company Limited (Tafawwaq) is a subsidiary of the Bank, which operates through buying and selling securities for the interest of the Bank's portfolio in Amman Stock Exchange, as per the decisions and resolutions issued by the Investment Committee assigned in the Bank, according to the commissions the company receives for each buy or sell transaction.

Other than that, there are no other contracts concluded between the Bank and its subsidiaries, affiliates, Chairman, Members of the Board or the General Manager and any employee in the Bank or their relatives, except for usual banking transactions, which were disclosed in illustration No. (38) on financial statements, using the commercial rates of interest and commissions. Also, all credit facilities granted to stakeholders are performing with no provisions.

## **21- Bank's Contribution in Protecting the Environment and Serving the Local Community:**

### **Bank's Contribution in Protecting the Environment:**

Bank of Jordan did not save any effort in supporting environmental activities, by supporting the parties concerned with the environment, such as supporting The Jordanian Society for Desertification control and Badia Development, supporting the Anti-Smoking Campaign organized by Jordan University for Science and Technology, in addition to recycling trash paper through companies that undertake such process, to produce raw material used for manufacturing sanitary paper.

### **Bank's Contribution in Serving the Local Community:**

Bank of Jordan kept on supporting various social, cultural, health and charitable activities. This is considered as means to interact with different classes and categories of the society. The Bank's major achievements in this regard included: supporting the Amman Fund, organizing Vote for Petra Campaign by providing one million votes through SMS, organizing Iftars throughout the Holy Month of Ramadan, providing training opportunities in the Bank for more than 300 college and university students in 2007 and the composing of BOJ Karting Race Team.

Mentioned in detail within the Bank's activities and achievements (Page 14).

#### **C- 2007 Annual Financial Statements**

The Bank's 2007 annual financial statements, audited by the Bank's auditors (Deloitte and Touche) and compared with the previous year 2006, were stated in the second part of the report (Page 37).

#### **D- Report of Bank's Auditors**

The report of Bank's auditors (Deloitte and Touche), indicating that auditing procedures of the annual financial statements were carried out in accordance with international auditing standards, appeared at the beginning of the 2007 annual financial statements (Page 36).

#### **E- Acknowledgments**

As per Paragraph (E)/Article (4) of the disclosure and accounting standards instructions issued by the Board of Commissioners of the securities commission.

- The Board of Directors of Bank of Jordan concedes that to the best of its knowledge and belief there are no essential matters that may affect the continuity of the Bank's operations during the financial year 2008.
- The Board of Directors of Bank of Jordan concedes its responsibility for the preparations of the 2007 financial statements and that the Bank operates an effective control system.
- The Chairman of the Board of Directors/General Manager and the Financial Manager acknowledge that the information and data mentioned in the 2007 Annual Report of Bank of Jordan are correct, accurate and complete.

## Jordan Network

### Head Office/Al-Shmeisani

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

Phone: 5696277 Fax: 5696291 P.O.Box: 2140 Amman 11181 Jordan

## Amman Area Branches

### Main Branch/Al-Shmeisani

Phone: 5696329 Fax: 5696092 P.O.Box: 941133 Amman 11194 Jordan

### Amman Branch

Phone: 4624348 Fax: 4657431 P.O.Box: 890 Amman 11118 Jordan

### Wadi Saqra Office

Phone: 4614631 Fax: 4614632 P.O.Box: 911036 Amman 11191 Jordan

### Commercial Market Branch

Phone: 4617003 Fax: 4624498 P.O.Box: 7486 Amman 11118 Jordan

### Al-Mahatta Branch

Phone: 4655707 Fax: 4651728 P.O.Box: 4045 Amman 11131 Jordan

### Yarmouk Street/Al-Nasser Office

Phone: 4910037 Fax: 4910038 P.O.Box: 426137 Amman 11140 Jordan

### First Circle Branch

Phone: 4625131 Fax: 4653914 P.O.Box: 3080 Amman 11181 Jordan

### Third Circle Branch

Phone: 4616528 Fax: 4656632 P.O.Box: 815471 Amman 11180 Jordan

### Amman Le Royal Hotel Office

Phone: 4680025 Fax: 4680028 P.O.Box: 815471 Amman 11180 Jordan

### Jabal Al-Hussein Branch

Phone: 4640327 Fax: 4653403 P.O.Box: 8032 Amman 11121 Jordan

### Gardens Branch

Phone: 5688391 Fax: 5688416 P.O.Box: 961049 Amman 11196 Jordan

### Al-Madina Al-Monawara Street Office

Phone: 5513953 Fax: 5514938 P.O.Box: 5412 Amman 11953 Jordan

### Jabal Al-Weibdeh Branch

Phone: 4646980 Fax: 4615605 P.O.Box: 910726 Amman 11191 Jordan

### Tareq Branch

Phone: 5053898 Fax: 5053908 P.O.Box: 222 Amman 11947 Jordan

### Marka Branch

Phone: 4893581 Fax: 4894341 P.O.Box: 15150 Amman 11134 Jordan

### Al-Qweismeh Branch

Phone: 4778626 Fax: 4745301 P.O.Box: 38328 Amman 11593 Jordan

### Abu Alanda Branch

Phone: 4164412 Fax: 4162697 P.O.Box: 38328 Amman 11593 Jordan

### Al-Bayader Branch

Phone: 5852009 Fax: 5815391 P.O.Box: 141640 Amman 11814 Jordan

### Industrial Area/Al-Bayader Office

Phone: 5861057 Fax: 5813642 P.O.Box: 141362 Amman 11814 Jordan

### Sweileh Branch

Phone: 5349823 Fax: 5342318 P.O.Box: 84 Amman 11910 Jordan

### Al-Fuheis Office

Phone: 4720832 Fax: 4720831 P.O.Box: 80 Al Fuheis 19153 Jordan

### Abu Nusair Office

Phone: 5237481 Fax: 5249080 P.O.Box: 540549 Amman 11937 Jordan

### Jabal Al-Nuzha Branch

Phone: 4645933 Fax: 4645934 P.O.Box: 211950 Amman 11121 Jordan

### Wadi Al-Seer Branch

Phone: 5814255 Fax: 5816552 P.O.Box: 10 Amman 11810 Jordan

### Ras Al-Ain Branch

Phone: 4748314 Fax: 4786311 P.O.Box: 710289 Amman 11171 Jordan

### Hai Nazzal Office

Phone: 4392693 Fax: 4391242 P.O.Box: 710289 Amman 11171 Jordan

### Marj Al-Hamam Branch

Phone: 5713568 Fax: 5713569 P.O.Box: 739 Amman 11732 Jordan

### Sweifieh Branch

Phone: 5861235 Fax: 5861237 P.O.Box: 851510 Amman 11185 Jordan

### Al-Wehdat Branch

Phone: 4780281 Fax: 4778982 P.O.Box: 16047 Amman 11152 Jordan

### Mecca Street Branch

Phone: 5826647 Fax: 5826649 P.O.Box: 3322 Amman 11821 Jordan

### Khilda Branch

Phone: 5534367 Fax: 5534593 P.O.Box: 3477 Amman 11821 Jordan

### Al-Jubaiha Branch

Phone: 5357189 Fax: 5354739 P.O.Box: 1005 Amman 11941 Jordan

### Jordan University Branch

Phone: 5355975 Fax: 5355974 P.O.Box: 13067 Amman 11942 Jordan

### City Mall Branch

Phone: 5823512 Fax: 5857684 P.O.Box: 691 Amman 11821 Jordan

## Branches and Offices in Central Jordan

### Salt Branch

Phone: 05/3554901 Fax: 05/3554902 P.O.Box: 161 Salt 19110 Jordan

### Zarqa Branch

Phone: 05/3985091 Fax: 05/3984741 P.O.Box: 5572 Zarqa 13111 Jordan

### Faisal Street Office - Zarqa

Phone: 05/3936725 Fax: 05/3936728 P.O.Box: 5760 Zarqa 13111 Jordan

### New Zarqa Office

Phone: 05/3862581 Fax: 05/3862583 P.O.Box: 12256 Zarqa 13112 Jordan

### The Zarqa Free Zone Branch

Phone: 05/3826193 Fax: 05/3826194 P.O.Box: 54 Zarqa 13134 Jordan

### Al-Russeifa Branch

Phone: 05/3746923 Fax: 05/3746913 P.O.Box: 2102 Al-Russeifa 13710 Jordan

### Airport Branch

Phone: 4451155 Fax: 4451156 P.O.Box: 39005 Amman 11104 Jordan

### Al-Geezah Branch

Phone: 4460179 Fax: 4460133 P.O.Box: 140 Amman 16010 Jordan

### Madaba Branch

Phone: 05/3244081 Fax: 05/3244723 P.O.Box: 38 Madaba 17110 Jordan

## Branches and Offices in the North of Jordan

### Irbid Branch

Phone: 02/7242347 Fax: 02/7276760 P.O.Box: 96 Irbid 21110 Jordan

### Al-Hussun Street Office

Phone: 02/7279066 Fax: 02/7270496 P.O.Box: 3762 Irbid 21110 Jordan

### Eidoun Street Office

Phone: 02/7276403 Fax: 02/7276504 P.O.Box: 3779 Irbid 21110 Jordan

### Souk Al-Bukhariyah Branch

Phone: 02/7246636 Fax: 02/7248772 P.O.Box: 4506 Irbid 21110 Jordan

### Hakama Street Branch

Phone: 02/7402275 Fax: 02/7406375 P.O.Box: 1844 Irbid 21110 Jordan

### Industrial City Office – Irbid

Phone: 02/7409862 Fax: 02/7409864 P.O.Box: 1844 Irbid 21110 Jordan

### Dair Abi Saed Branch

Phone: 02/6521351 Fax: 02/6521350 P.O.Box: 28 Irbid 21710 Jordan

### Ramtha Branch

Phone: 02/7383706 Fax: 02/7381388 P.O.Box: 7 Ramtha 21410 Jordan

### Al-Turrah Office

Phone: 02/7360011 Fax: 02/7360200 P.O.Box: 9 Ramtha 21310 Jordan

### Ajloun Branch

Phone: 02/6420039 Fax: 02/6420841 P.O.Box: 22 Ajloun 26810 Jordan

### Kufranjah Branch

Phone: 02/6454973 Fax: 02/6454053 P.O.Box: 9 Ajloun 26873 Jordan

### Jerash Branch

Phone: 02/6351453 Fax: 02/6351433 P.O.Box: 21 Jerash 26110 Jordan

### Al-Mafraq Branch

Phone: 02/6233317 Fax: 02/6233316 P.O.Box: 40 Mafraq 25110 Jordan

### North Shunah Branch

Phone: 02/6587177 Fax: 02/6587377 P.O.Box: 48 North Ghour 28110 Jordan

### North Azraq Branch

Phone: 05/3834308 Fax: 05/3834307 P.O.Box: 5572 Zarqa 13111 Jordan

## Branches and Offices in the South of Jordan

### Karak Branch

Phone: 03/2351043 Fax: 03/2353451 P.O.Box: 43 Karak 61110 Jordan

### Ma'an Branch

Phone: 03/2132090 Fax: 03/2131855 P.O.Box: 24 Ma'an 71110 Jordan

### Aqaba Branch

Phone: 03/2013118 Fax: 03/2014733 P.O.Box: 57 Aqaba 77110 Jordan

## Exchange Offices

### Jaber Border Office - Travellers

Phone: 02/6254069

### Jaber Border Office - Lading

Phone: 02/6254069

### Ramtha Border - Travellers

Phone: 02/7382425

### Ruweished Office

Phone: 02/6295320

### Umari Office

Phone: 05/3838014

**Aqaba Port - Arrivals/Departures Office**

Phone: 03/2022702

**Aqaba - Eilat Border Office**

Phone: 03/2022845

**Transit Office in Queen Alia Airport**

Phone: 4451559 Fax: 4451156

**Transit/Free Market/Office in Queen Alia Airport**

Phone: 4451574 Fax: 4451156

**Sheikh Hussein Bridge - Departures/Arrivals Office**

Phone: 02/6550473

**King Hussein Bridge - Arrivals Office**

Phone: 05/3581146 Fax: 05/3581147

**King Hussein Bridge - Departures Office**

Phone: 05/3539138 Fax: 05/3581147

## **Palestine Network**

**Regional Management**

Phone: 0097022952702 Fax: 0097022952705 P.O.Box: 1328

**Ramallah Branch**

Phone: 0097022958686 Fax: 0097022958684 P.O.Box: 1829

**Nablus Branch**

Phone: 0097092381120 Fax: 0097092381126 P.O.Box: 107

**Jenin Branch**

Phone: 0097042505403 Fax: 0097042505402 P.O.Box: 183

**Gaza Branch**

Phone: 0097082865281 Fax: 0097082824341 P.O.Box: 528

**Hebron Branch**

Phone: 0097022224351 Fax: 0097022224350 P.O.Box: 494

**Al-Ram Branch**

Phone: 0097022343840 Fax: 0097022343842 P.O.Box: 1328

**Al-Eizaryah Branch**

Phone: 0097022790243 Fax: 0097022790245 P.O.Box: 148

# Organizational Chart/Head Office

