



بنك القاهرة عمّان
CairoAmmanBank

Annual Report — 2016 —





His Majesty King Abdullah II bin Al-Hussein



HRH Crown Prince Al-Hussein bin Abdullah II

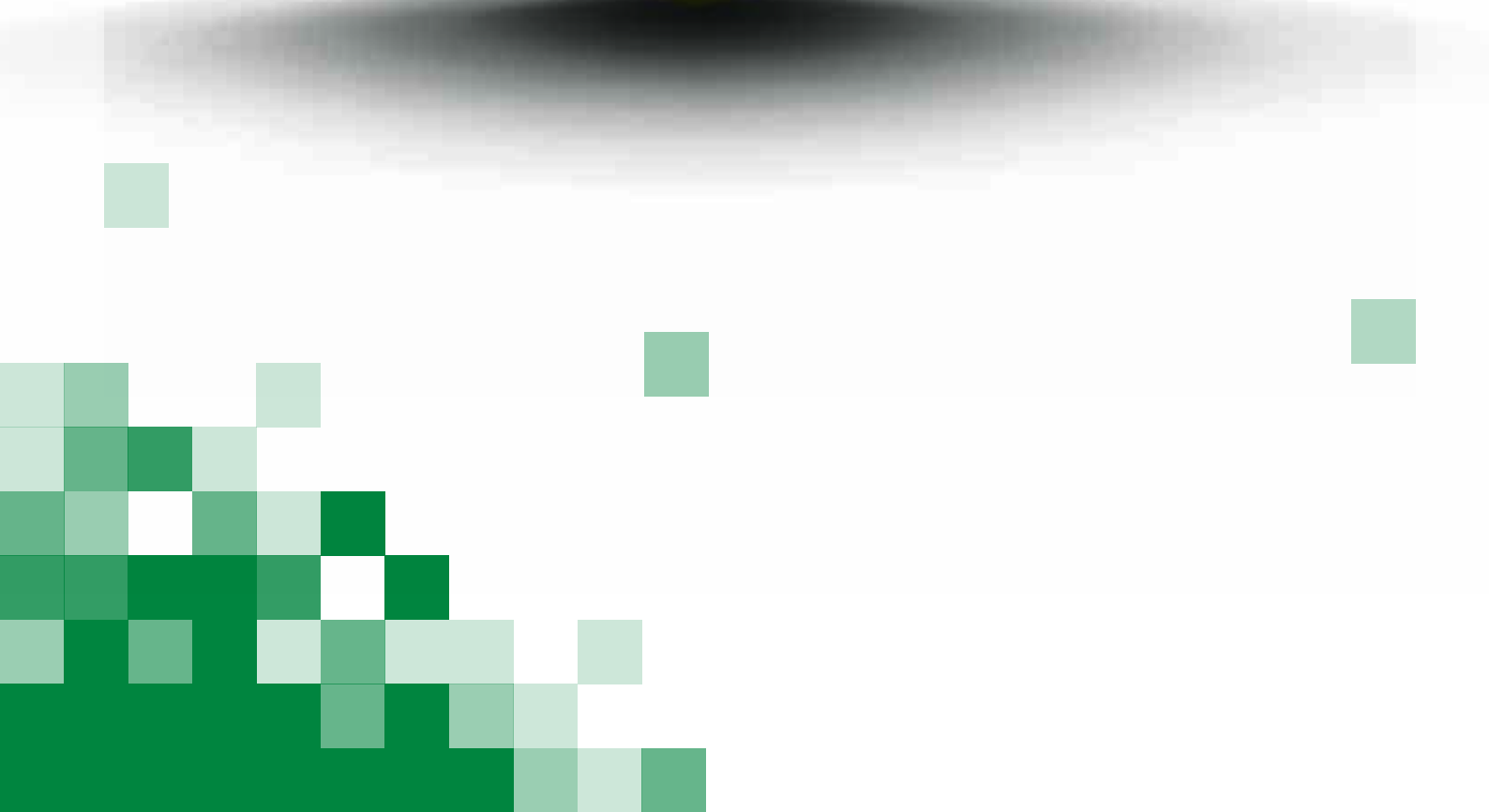
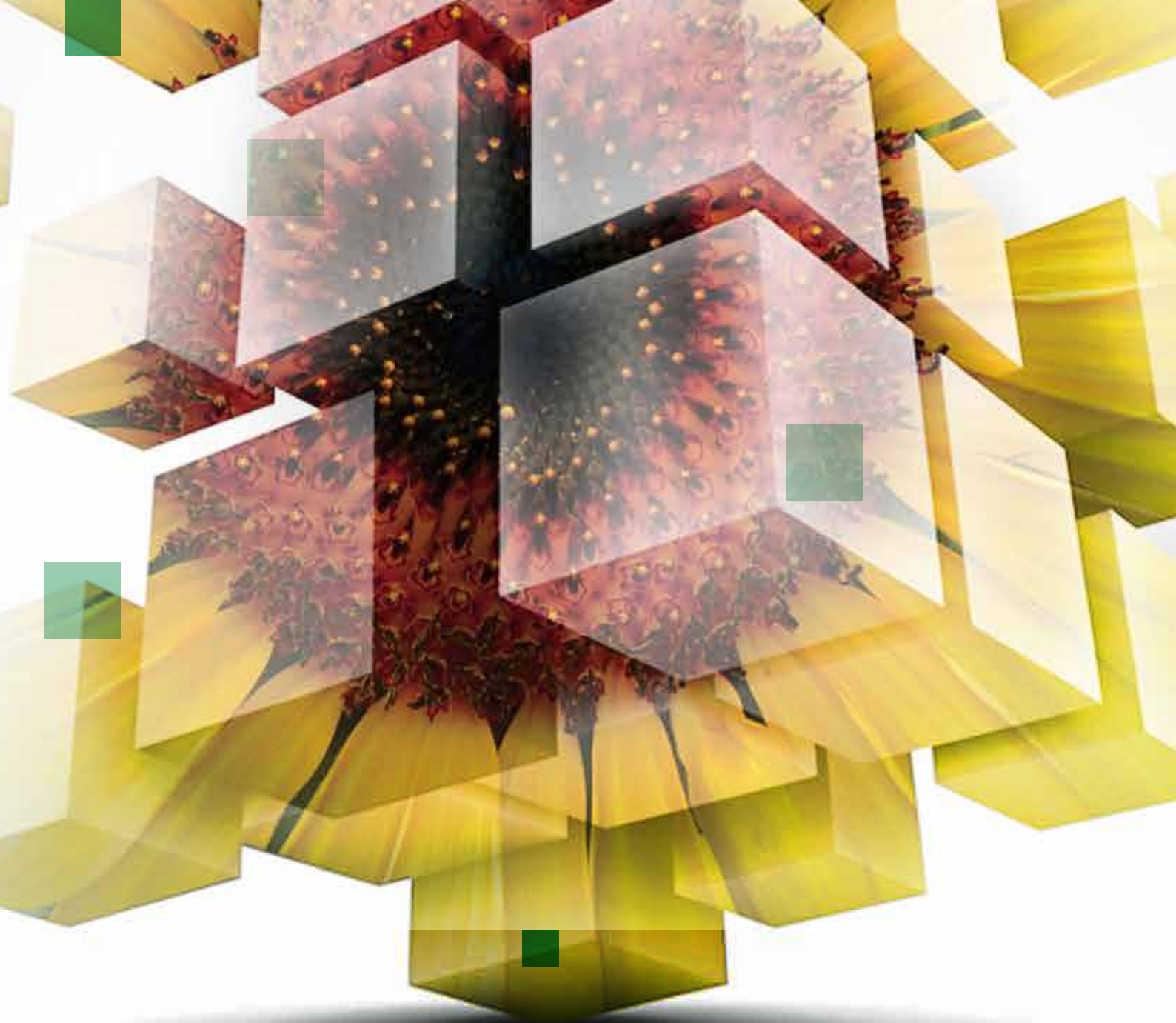


بنك القاهرة عمان
CairoAmmanBank

Together we grow

معاً ننمو





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Chairman

Mr. Yazid Adnan Mustafa Al-Mufti

Vice Chairman

Dr. Farouq Ahmad Hassan Zuaiteer

Members

Mr. Khaled Sabih Taher Al-Masri

Banque Misr, Represented By

Mr. Mohamed Mahmoud Ahmed El-Etrebi

Mr. Yasin Khalil Yasin Al-Talhouni

Arab Supply and Trading Company, Represented By

Mr. Ghassan Ibrahim Fares Akeel

Social Security Corporation, Represented By

Mr. Nidal Fa'eq Mohammad Al-Qubaj
(Until 22nd May, 2016)

Mrs. Rania Mousa Fahid Al-Araj
(Since 22nd May, 2016)

Mr. Sharif Mahdi Hosni Al-Saifi

Mr. Arfan Khalil Kamel Ayass

Mrs. Suha Basil Andraws Ennab

Mr. Tarek Mufleh Moh'd Akel

Mr. Hassan Ali Hussein Abu Al-Ragheb
(Since 17th April, 2016)

Ishraq Investment Company, Represented By

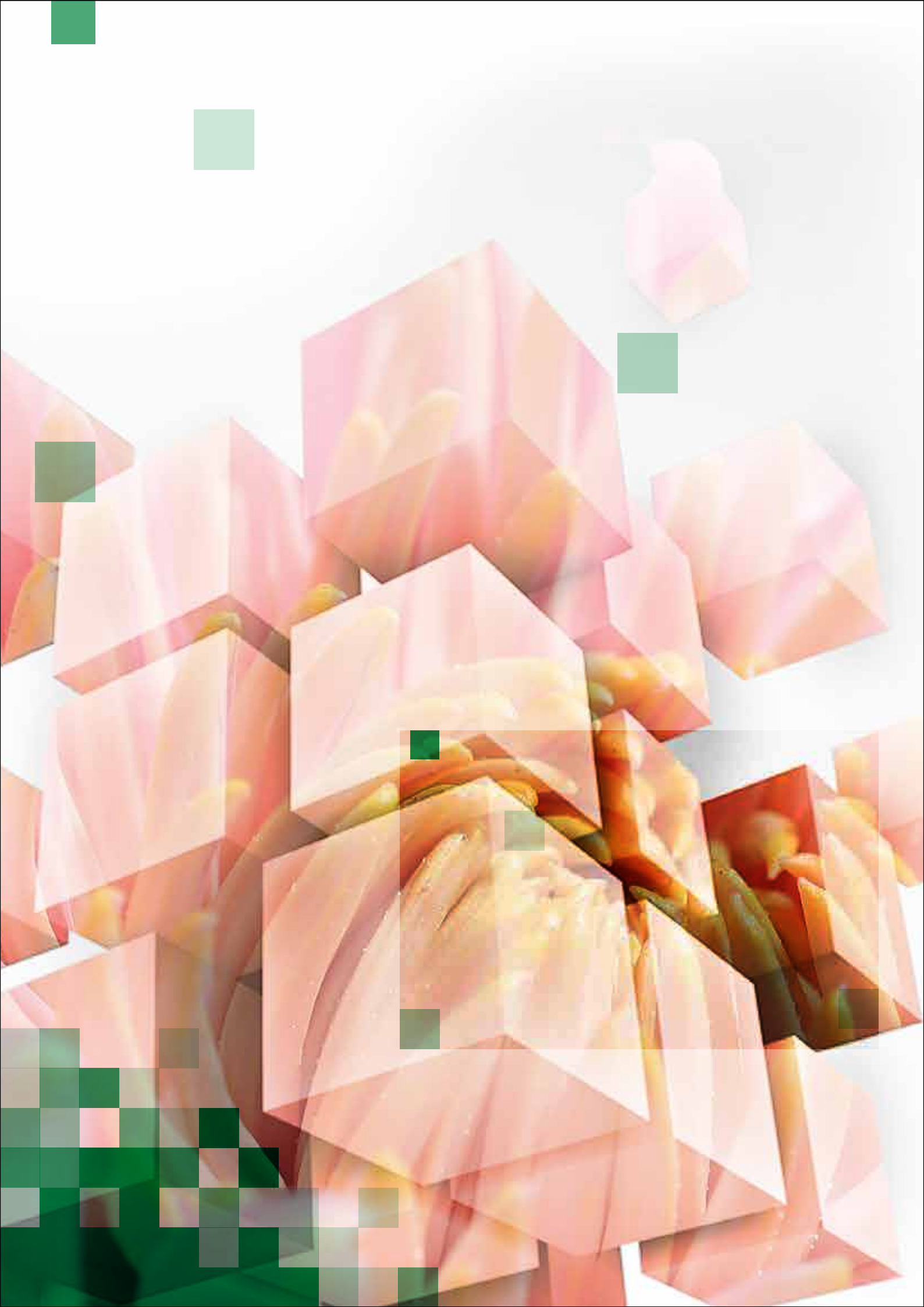
Mr. Hassan Ali Hussein Abu Al-Ragheb
(Until 13th April, 2016)

General Manager

Mr. Kamal Ghareeb Abdul Rahim Al-Bakri

External Auditors

Ernst & Young
Deloitte Middle East



Dear Shareholders,

On behalf of the Board of Directors, it is an honor to present Cairo Amman Bank's 2016 Annual Report, highlighting the most prominent achievements over the past year. During 2016, volatile regional conditions have continued to negatively affect economic performance, with the Jordanian economy registering a modest growth of 2.4%. These conditions have negatively impacted investor confidence as well as the tourism and trade sectors. However, the Central Bank of Jordan's flexible monetary policy has positively affected the revival of cash credit and supported economic growth through a significant decrease in interest rates. Despite the budget deficit shrinking to 4.4% of the GDP, the aggravation of the Syrian refugee crisis and decline in foreign grants have negatively affected the financial ecosystem, as public debt is expected to reach about 95% of the GDP by the end of 2016. However, we expect the Jordanian economy to be positively affected by the bundle of reforms made by the government over the past year. JOD interest rates are also expected to rise, and foreign exchange reserves are expected to remain sufficient and strong enough to support the exchange rate against the U.S. dollar.

Despite the difficult economic conditions, CAB has managed to grow its credit portfolio by 18.5% reaching JOD 1356.3 million, while maintaining its quality. In this respect, the net rate of non-performing credit facilities reached 3.47% of total credit facilities, which is lower than the overall banking sector average in Jordan. CAB reserved allocations covering 95.3% of non-performing facilities. Furthermore, total assets decreased by 1.6% to reach JOD 2491.2 million, and customer deposits stood at JOD 1547.4 million, a drop of 1.4%, compared to the end of 2015. Low JOD interest rates had an impact on last year's results; despite the growth in credit facilities, net interest income decreased by 4.8% to JOD 96.6 million. Moreover, the decline of profits from financial assets from JOD 1.9 million in 2015 to JOD 0.7 million contributed to the decrease in overall income by 2.9% to reach JOD 128.1 million, compared to JOD 131.9 million in 2015. On the other hand, the increase in overall operating expenses, including depreciation allocations, by 9.2% resulted in a net operating profit after income tax of JOD 35.1 million, compared to JOD 41.2 million in 2015, a decrease of 14.9%. On the contrary, CAB achieved a net profit of JOD 3.4 million, resulting from the sale of financial assets at fair value through the Comprehensive Income Statement, which was directly credited to the retained earnings account and was not listed on the income statements.

These results, along with CAB's dividend policy, have contributed to strengthening its capital base. In this respect, total shareholder equity amounted to JOD 326.5 million, an increase of 6.1%, while the Capital Adequacy Ratio (CAR) according to Basel III requirements stood at 16.47%, which is higher than the rates set by the Central Bank of Jordan and the Basel Committee of 12% and 8% respectively. This places CAB within the "well-capitalized" category in terms of credit rating, which will enable it to expand its future business endeavors. It is noteworthy to mention that periodic internal capital assessment and stress testing reveal the strength of CAB's capital base, as well as its ability to withstand any potential losses.

Over the course of the year, CAB continued to play a leading role in providing individuals with banking services and developing its products and programs, in addition to strengthening its network of service outlets, including branches, offices and ATMs across Jordan's various governorates as well as Palestine. CAB has also continued to develop its electronic banking channels, culminating in the bank being awarded the Best Advanced Electronic Payment Innovations Award during the 16th Annual MasterCard Conference. In addition, CAB obtained the Best Prepaid Card Program Award for transforming university cards into multi-use smart cards, as well as the Best Contactless Payment Product Award during the 4th Electronic Payment Conference, organized by Emerging Markets Payments Jordan (EMP) Group. CAB has also increased the scope of its activities within the corporate sector in general as well as SMEs, while benefiting from numerous agreements with a number of entities that provide financing to this sector at competitive medium- and long-term interest rates.

In order to enhance its competitive position and drive expansion outside Jordan, CAB completed all the necessary legal and technical procedures for the establishment of Safa Bank in Palestine, which started its banking activity during the third quarter of 2016. Safa Bank carries out banking, financial and investment activities in accordance with the provisions of the Islamic Shariah, through its headquarters in Ramallah.

Based on the financial results, the Board of Directors has decided that the General Assembly distributes cash dividends to shareholders amounting to 12% of the shares' nominal value, which is equivalent to JOD 21.6 million. This is aimed to strengthen CAB's capital base, allowing it to expand its business and activities and enhance its competitiveness.

In 2017, CAB continues to implement its strategic plans and policies as well as develop its business. Hence, emphasis will be placed on maintaining the credit portfolio quality and high liquidity ratios. CAB will also work on increasing performance efficiency, improving customer service levels, and expanding its network of sales outlets, including branches, offices and ATMs. Moreover, CAB will support local communities as part of its social responsibility endeavors.

In conclusion, I would like to extend my sincere gratitude, on behalf of the Board of Directors, to all shareholders for their loyalty and support, as well as to our valued customers for their continued trust. My appreciation is also extended to all employees for their dedication, commitment and the care they show our customers, as well as to the Central Bank of Jordan for its dedicated efforts and sustained support. We are fully confident in CAB's ability to provide excellent banking services and achieve better results in the coming years.



Yazid Adnan Mustafa Al-Mufti
Chairman of the Board of Directors

Board of Directors' Report



Cairo Amman Bank Awards 2016



Best Prepaid Card Award



**Best Advanced E-Payment
Innovation – Budapest**



**Best Electronic Cardless POS
Payment Method**

Global Economy

Global economic growth remained lackluster in 2016 for numerous reasons which vary by region. Global growth is estimated at about 3.1% for 2016, slightly below 2015 growth levels of 3.2%.

The main culprits include structural adjustments in many countries, geopolitical events such as Brexit, and heightened uncertainty related to the U.S. presidential election, as well as potential policy changes in the U.S. and a number of other major economies.

Against this backdrop, many central banks in the developed world have maintained exceptionally loose monetary policy in an effort to support household consumption and business investment. Throughout developed economies, interest rates are at, or close to, record lows with several experimenting with quantitative easing policies in the hope of stimulating domestic demand.

Meanwhile, the scenario of higher interest rates continues to gain strength in the US. At its last monetary policy meeting of 2016, the Fed announced its decision to raise interest rates, while indicating that it will likely increase rates higher than previously estimated during next year.

Economic activity rebounded strongly in the U.S. after a weak first half of 2016. Economic data have been broadly positive including steady gains in the labor market and a drop in unemployment rate, while personal disposable income and household spending have remained fairly solid throughout 2016, boosted by buoyant consumer confidence. GDP growth is expected to reach 1.6% in 2016.

In Europe, although the latest economic indicators have been resilient, confidence in the Eurozone has continued to be undermined by political risks, the rise of national opt-outs from region-wide policy and the EU's struggle to deal with Brexit. In the common currency area, economic growth has been slow-moving at around 1.7% in 2016.

The UK economy continued to hold up well in the aftermath of its referendum to leave the EU (Brexit), as data confirmed that despite a slight deceleration in GDP growth, economic growth remained robust compared to historic levels at around 2.0% for 2016. Economic activity is performing well as the accommodative stimulus of the Central Bank are keeping consumer and business confidence at reasonable levels. However, the depreciation of the pound, rising inflation and insufficient wage hikes risk eroding household consumption.

Meanwhile, the growth rate in China was a bit stronger than expected, supported by continued loosened liquidity and government intervention. Still, annual growth fell to 6.7%, a pace slower than last year's, which was already the slowest rate seen in 25 years.

In terms of commodity prices, crude oil prices jumped above USD 50 per barrel in the last month of the year after OPEC and non-OPEC countries including Russia sealed a deal to reduce production levels. Moreover, with strong infrastructure and real estate investment in China as well as expectations of fiscal easing in the United States, prices for base metals have also strengthened.

Looking into 2017, geopolitical risks, Brexit negotiations, elections in various European countries and the inauguration of Donald Trump as President of the United States will all contribute to a highly uncertain global context in 2017. Following an expected 3.1% increase in 2016, analysts expect that global economic growth will nevertheless experience moderate improvement in 2017 to 3.4%.

Regional Economy:

Oil Exporters (Gulf Cooperation Council)

Oil prices remain the key driver of the outlook for the Gulf Cooperation Council (GCC), given their high dependence on hydrocarbon budget revenue and exports.

Economic activity in the GCC region is expected to slow this year, as GDP growth falls to 1.8% in 2016 (from 3.3% in 2015). The oil price shock in 2016, had added pressures on the GCC economies, leading to lower growth along with higher debt and unbalanced government finances.

This has led a number of Gulf states to turn to capital markets. In 2016, GCC sovereign borrowers raised \$33 billion on global markets, around 10 times the amount borrowed the previous year according to some analysts.

As the world's largest oil producer, Saudi Arabia has been sharply affected by a collapse in energy prices since 2014 — cutting government spending, raising debt and making plans for the world's largest initial public offering in state-owned Saudi Aramco to help manage the shortfall.

Despite oil prices stabilizing at higher levels, it is expected that economic, fiscal and external challenges will persist in 2017, as GDP growth and energy-related government revenues will remain weak by historical standards. Combined with social pressures, this is likely to keep fiscal deficits elevated in some countries and lead to further rises in government debt, albeit at a slower rate than the previous year.

Oil Importers:

The lower energy price environment has provided further support to the region's gradual external rebalancing and offset subdued tourism, foreign direct investment and trade flows and reduced financial transfers from GCC countries. However, persistent domestic and regional security challenges constrain further economic growth.

Reforms of generalized energy subsidies have helped stabilize public debt and preserve macroeconomic stability. However, additional fiscal consolidation is still needed to put public debt firmly on a sustainable path. In some cases, greater exchange rate flexibility would also help reduce vulnerabilities and improve competitiveness.

Growth is expected to be around 3.6% in 2016 and, assuming continued progress in reforms, 4.2% in 2017 (growth was 3.8% in 2015).

Jordan Economy:

The Jordanian economy continued to grow, albeit slowly, supported by a decline in oil prices and accommodative monetary policy. Real GDP growth is expected to reach 2.4% in 2016, but economic performance remains below potential, as regional conflict constrains investor sentiment, tourism and exports, while the Syrian refugees continue to add strains on the economy and public finances.

Meanwhile, average annual inflation remained in negative territory throughout 2016, but has trended upwards in the last couple of months, ending the year at -0.8%. On the other hand, core inflation - which strips out the effect of volatile prices such as food and energy - reached 3% at the end of 2016. Unemployment remains high and is rising at around 15.8% during the third quarter of 2016.

External balances faced some pressures as intensified regional conflicts have affected exports, tourism, and investor sentiment, while the GCC's fiscal strains led to a drop in workers' remittances and foreign grants. Against this backdrop the current account remained at a deficit of around 9% of GDP and FX reserves fell by around \$1.3 billion in 2016.

However, the exchange rate peg remains a strong anchor for the economy and FX reserves remain at comfortable levels, covering around 7 months of imports.

In terms of the country's fiscal balances, low global oil prices and a shift to liquefied natural gas seem to have improved NEPCO's financial outlook, as it approaches a balanced budget. This has helped to reign in the government's budget as the gross fiscal deficit is expected to narrow to around 4.4% of GDP in 2016 (down from 6.7% in 2015).

Nevertheless, the strain from the Syrian refugee crisis and the drop in foreign grants have taken a toll on public finances. Public debt is expected to end the year at around 95% of GDP, with the government turning to external sources of funding, with an issuance of a USD 1 billion Eurobond towards the end of the year.

The central bank continued with its accommodative monetary policy, as interest rates have declined to low levels, helping to revive credit and support growth. However, the Central Bank of Jordan (CBJ) hiked interest rates on most of its benchmark instrument in December by 0.25%, following the U.S. Federal Reserve's decision to hike rates by 0.25%.

The increase in the interest rates by CBJ indicates that the central bank will likely follow future interest rate hikes by Federal Reserve. Accordingly we expect that interest rates will increase in 2017, as rates already began to rise towards the end of the previous year.

Looking forward, this could lead to new challenges to economic growth in 2017, still, economic performance is expected to improve in 2017 with growth of around 3% of GDP.

Growth will likely benefit from the economic reform package adopted in 2016 that provided startup and SME financing as well as export guarantee programs, the joint investment agreement signed with Saudi Arabia, and a relaxation of the EU's rules of origin for specific Jordanian exports. Nevertheless, a worsening of the regional conflict or the GCC economic outlook could exacerbate pressures on the economy, increasing downside risks.

Meanwhile, the government is expected to continue its gradual and steady fiscal consolidation efforts under the new IMF program. Led by reforms to the tax exemptions framework and income tax, the measures are expected to stabilize and reduce public debt and finances.

Foreign reserve levels are expected to remain sufficiently robust to support the exchange rate peg against the US dollar.

Financial Indicators and Ratios

(Amount in thousands (JDs); except share price)	2016	2015	Variance
Major balance sheet items			
Total assets	2,491,183	2,532,062	(1.61%)
Credit facilities, net	1,356,279	1,144,240	18.53%
Customers deposits	1,547,446	1,570,016	(1.44%)
Total equity	326,472	307,578	6.14%
Results of operations			
Net interest & commission income	116,724	121,764	(4.14%)
Income from operating activities (excluding investment income)	130,620	133,305	(2.01%)
Gross income	128,129	131,939	(2.89%)
Net income before income tax	49,924	60,287	(17.19%)
Net income after income tax	35,056	41,168	(14.85%)
Earning per share (JD)	0,195	0,229	(14.85%)
Financial ratios			
Return of average assets	1.40%	1.69%	
Return of average equity	11.06%	13.74%	
Net interest & commission income to average assets ratio	4.65%	4.98%	
Capital adequacy ratio	16.47	15.79%	
Credit facilities to customers' deposit ratio	87.65%	72.9%	
Non-performing loans ratio	3.47%	3.94%	
Non-performing loans coverage ratio	95.30%	96.55%	

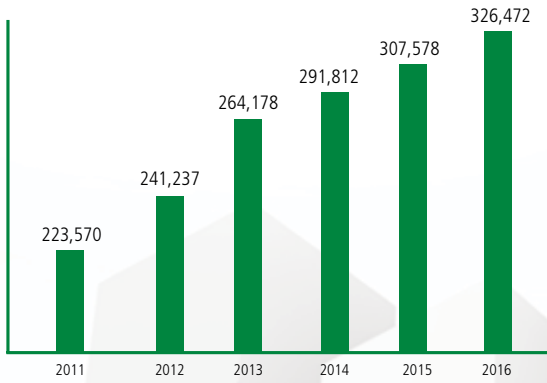
Financial Indicators for the Previous 5 Years

(Amount in thousands (JDs); except share price)	2011	2012	2013	2014	2015	2016
Net income before tax	36,267	35,286	40,796	44,533	41,168	35,056
Dividends paid	17,000	17,000	17,000	16,250	16,000	21,600*
Bonus shares distributed	-	-	25,000	35,000	20,000	-
Total equity	223,241	241,237	264,178	291,812	307,578	326,472
Outstanding shares	100,000	100,000	100,000	125,000	160,000	180,000
Market price per share (JD)	2.77	2.75	2.78	2.78	2.55	1.85

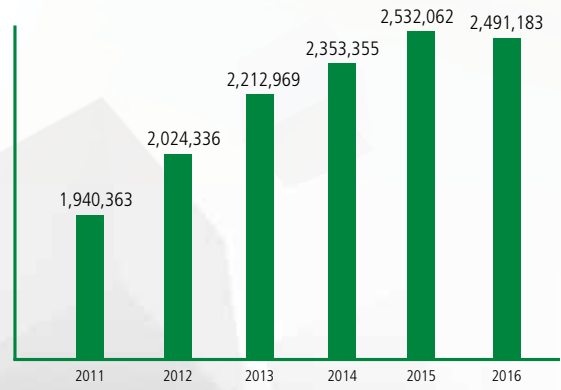
* Amounts represent the board's recommendations to the General Assembly for 2016

Amounts in thousands (JD)

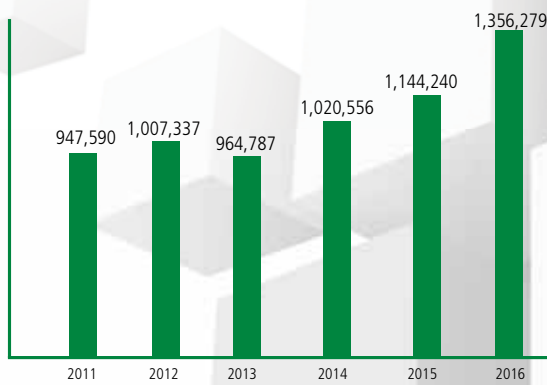
Shareholders' Equity



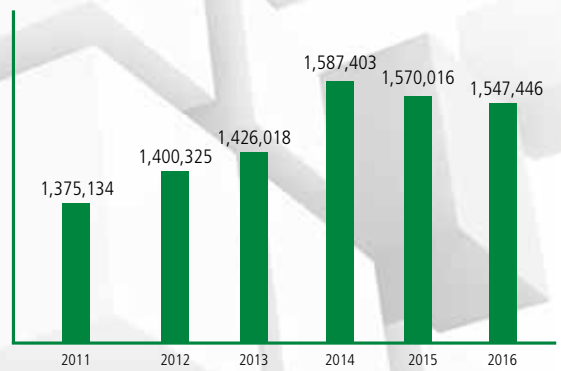
Total Assets



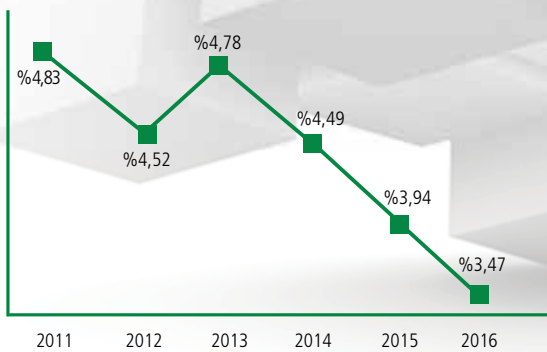
Credit Facilities, net



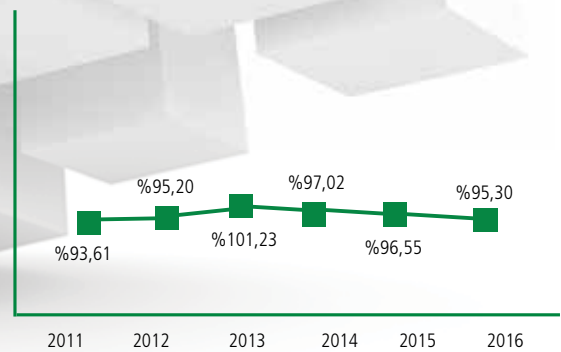
Customers' Deposits



Non-Performing Loans Ratio



Provision Coverage



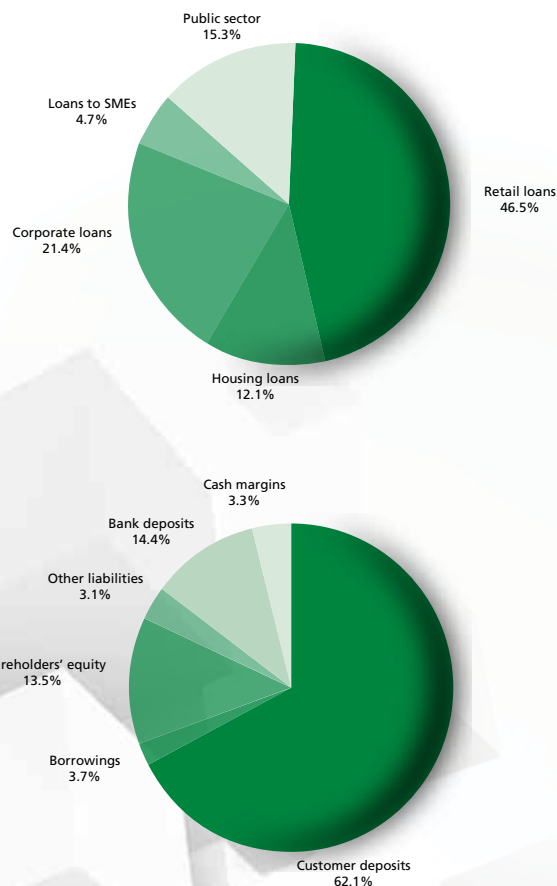
Financial Position

Total assets amounted to JOD 2491.2 million, a decrease of JOD 40.9 million, or 1.6%, as of the end of the previous year. The gross credit facilities portfolio increased by JOD 213.9 million, or 17.8%, to stand at JOD 1414.7 million. In this respect, CAB maintained the quality of its credit facilities portfolio: Net non-performing facilities accounted for 3.47% of total facilities, compared to 3.94% for the previous year, and the net credit facilities portfolio increased by 18.5%, to reach JOD 1356.3 million, compared to JOD 1144.2 million in 2015. CAB also maintains, in accordance with the instructions of the Central Bank of Jordan and International Financial Reporting Standards, adequate provision for non-performing loans, amounting to JOD 47.7 million. Hence, the coverage ratio of net non-performing facilities stands at 95.3%.

Furthermore, Cairo Amman Bank investment balance in stocks and bonds amounted to JOD 407 million, compared to JOD 419.1 million during 2015. CAB's main goal is to achieve a balance between employing funds in low risk instruments with the aim of attaining higher returns, while maintaining acceptable liquidity ratios. Meanwhile, balances and deposits in bank branches decreased by 38.8% to reach JOD 407.4 million, compared to JOD 665.6 million during 2015.

Customer deposits amounted to JOD 1547.4 million, compared to JOD 1570 million in 2015, a decrease of 1.4%. In this respect, CAB maintains liquidity ratios in line with international standards and regulatory requirements. This provides reassurance to CAB stakeholders: Credit facilities represent 87.7% of customer deposits, which constitute CAB's main source of funding, representing 62% of total sources of funds.

Total shareholder equity amounted to JOD 326.5 million by the end of 2016, compared to JOD 307.6 million by the end of the previous year, an increase of 6.1%. CAB's dividend policy strengthened the Capital Adequacy Ratio (CAR), which according to Basel (III) requirements reached 16.47% in 2016, compared to 15.79% in 2015 according to Basel (II), exceeding the 12% minimum level set by the Central Bank of Jordan. Furthermore, the core capital for risk-weighted assets reached 15.88%, compared to 15.61% during the previous year, and the leverage ratio stood at 10.4%, placing CAB within the "well-capitalized" category according to the solvency scale.



Analysis of Results of Operations

CAB has continued to achieve excellent financial results that have exceeded the estimated budget of the year. In this respect, profit before tax amounted to JOD 49.9 million, compared to JOD 60.3 million in 2015, registering a 17.2% decrease. Meanwhile, net profit after income tax amounted to JOD 35.1 million, compared to JOD 41.2 million during the previous year, a decrease of 14.9%, bringing the earnings per share to JOD 0.195, compared to JOD 0.229 in 2015. CAB's results have been adversely affected by Safa Bank: CAB's share of losses amounted to around JOD 1.2 million, which were mainly operating expenses resulting from the establishment of Safa Bank, which started operating during the third quarter of 2016.

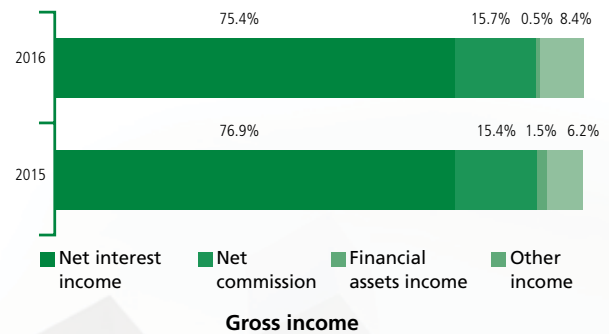
In addition, CAB achieved a net profit of JOD 3.4 million, which resulted from the sale of financial assets at fair value through the comprehensive income statement, which were directly credited to the retained earnings account and were not listed on the income statement.

Operationally, net interest income fell by 4.8%, to stand at JOD 96.6 million, compared to JOD 101.4 million during 2014. Net commission income decreased by 1% to stand at JOD 20.1 million, compared to JOD 20.3 million during the previous year. Meanwhile, CAB's investment profit decreased from JOD 1.9 million to JOD 0.7 million this year. That was mainly due to unrealized valuation losses related to the number of investments carried out at fair value through the income statement, amounting to JOD 2.6 million, compared to JOD 1.2 million in 2015. Meanwhile, other CAB's revenues rose by 30.6%, to stand at JOD 10.7 million. Hence, gross income decreased by 2.9%, to reach JOD 128.1 million, compared to JOD 131.9 million during 2015. CAB's operating income, resulting from interests and commissions, has continued to represent the largest component of gross income, comprising 91.1%, compared to 92.3% in 2015.

Gross expenditure, on the other hand, including allocations for the impairment of credit facilities and other allocations, increased by 9.2%, to stand at JOD 78.2 million, whereby employee expenditures increased by 2.2%, along with other operating expenses by JOD 2.5 million or 10.8% due to the increase in CAB's operational activities. Hence, the allocations for the impairment of credit facilities accounted to JOD 3.2 million, compared to JOD 2.8 million during 2015, representing the amount that was deducted during the same year to enhance allocations for the impairment of non-performing credit facilities.

Dividend Distribution

The board of directors has recommended to the general assembly to distribute cash dividends to shareholders at a rate of 12%.



Retail Banking

CAB strives to continue playing a leading role in providing individuals with the best banking products and solutions, maintain a large share of the market and expand its customer base, which are the cornerstones of the CAB strategy. In 2016, CAB developed a number of banking products and services, through an ongoing review of existing personal loans products, in accordance with the current economic situation and evolving customer needs and requirements to achieve CAB's operational objectives. This has resulted in a growth rate of 7.4% in the personal loan banking portfolio.

Within the same framework, CAB has also reviewed housing loans programs, with a view to enhance their competitiveness and serve a wider segment of customers. The CAB growth rate in housing facilities was 7.3%.

Over the course of the year, CAB focused on developing different types of card products, through the introduction of a discount program and a rewards program. This program aims at encouraging customers to use their various cards more often (including credit cards, debit cards, and prepaid cards). The discount program provides special discounts instantly from some of the Kingdom's finest retail shops and restaurants, whereas with the rewards program, customers earn points for every local, international, or online purchase made using any of their CAB cards. They redeem their earned points through a special electronic platform (rewards.cab.jo) offering premium products. In addition, CAB has further developed its credit card credit line policy to include larger segments of customers, to serve existing customers and to attract potential new ones.



In order to finalize CAB's project to replace university cards with multi-use smart cards, CAB has cooperated with a number of new universities, such as the Jordan University of Science and Technology, Al-Bayt University, Hashemite University and Al-Hussein Bin Talal University, bringing the total number of universities involved in the project to seven. This pilot project aims to fulfill current technological needs and requirements, since university cards are no longer used to allow students to enter and exit their university, but have become a tool to access many student services, such as paying university fees, receiving grants and stipends, purchasing through POS and online, as well as many other advantages. This project is part of CAB's efforts to implement the financial inclusion strategy, as well as expand the customer base of various financial institutions and improve their service levels. During the 16th Annual MasterCard Conference, CAB received the Best Advanced Electronic Payment Innovations Award. CAB also obtained the Best Prepaid Card Program Award for transforming university cards into multi-use smart cards, as well as the Best Contactless Payment Product Award during the 4th Electronic Payment Conference, organized by Emerging Markets Payments (EMP) Group in Amman, titled "Moving towards a Cashless Jordan".





CAB has also introduced the JoMoPay mobile payment service, allowing banking and non-banking customers to conduct transfers between individuals and make purchases by simply linking their mobile number to e-wallets.

Furthermore, CAB has continued to encourage its customers to pay bills electronically, through eFAWATEER.com. Not only can this system be used through branches and online banking, but also using this service to a range of other banking services available via ATM.

CAB continues to provide banking services in cooperation with a number of economic sectors, and benefit from the bank's technological development and geographical spread. In this respect, CAB cooperates with the Military Credit Fund (MCF) to provide cards and ATM services. During the past year, CAB also participated in a promotional campaign to motivate MCF employees to use their cards at POS. CAB also cooperated with international organizations to distribute cash assistance to refugees using iris-recognition technology. Hence, beneficiaries can receive assistance from either branches or ATMs equipped with iris-recognition cameras. This improves the level of services provided and ensures that assistance is channeled to its intended recipients, in addition to using ATM cards for the same purpose.

Corporate Banking Products and Services

Despite the challenges faced by a number of economic sectors this year, CAB continued to address its customers' needs as part of its credit policy that balances between the reduction of credit risks and the achievement of satisfactory returns. In this respect, CAB succeeded in expanding its customer base of small and medium-sized enterprises (SMEs), as well as benefiting from the agreements with a number of entities to ensure medium and long-term financing at low interest rates. CAB also maintained the performance of its existing facilities portfolio, with respect to allocation impairment and the reduction of defaulting rates.

Furthermore, CAB has continued to adopt the Central Bank of Jordan's Medium-Term Advance Payments Program, which grants necessary loans to the industry, energy, tourism, agriculture, and IT sectors. Loans were also granted by a virtue of agreements concluded with the International Bank for Reconstruction and Development (IBRD), the Arab Fund for Economic and Social Development (AFESD), and the European Bank for Reconstruction and Development (EBRD).

Moreover, CAB has continued to benefit from programs and agreements conducted with both the Jordan Loan Guarantee Corporation (JLGC) and the Jordan Loan Guarantee Facility (JLGF), in terms of increasing the number and volume of guaranteed loans thus enabling customers to obtain credit facilities if they do not own sufficient in-kind collateral.

CAB's efforts exerted in this respect have resulted in the achievement of a 36.6% growth in its corporate facilities portfolio.



The CRIF Jordan Credit Information Service Agreement

Treasury and Development of Sources of Funds

CAB has succeeded in managing its assets and liabilities efficiently and effectively, ensuring proper quality of these assets while improving returns, diversifying funding sources, maintaining adequate liquidity ratios, thus enhancing CAB's profitability and maintenance of acceptable risk ratios. Throughout the year, CAB focused on attracting relatively low-cost savings deposits, launching a special savings program which included a variety of rewards, helping the bank fulfill its intended objective.

CABFX

At the level of customer services, CAB has continued to develop its range of products and provide various online investment services, through the CABFX online trading platform, and E-private Banking, an investment portfolio management platform.

CABEPB

CAB also sought to strengthen its relations with correspondent banks, as well as build new ones in spite of the difficult regional conditions witnessed in light of continued changes imposed by regulatory authorities. CAB has also maintained sustainable banking relations with banks and financial institutions inside and outside Jordan in several areas including commercial finance and bank transfers. This has contributed to improving the services provided to customers.

Financial Leasing

CAB offers an integrated range of financial leasing services that accommodate customer business activity and cash flow across economic sectors through Tamallak Leasing Company. The company seeks to raise the level of interest in services provided to assist target segments in meeting their financing needs through the concept of financial leasing and its economic benefits, even though Tamallak Leasing Company is a newly established company, it has succeeded in achieving growth rates which has exceeded expectations.

Investment Services

CAB offers, through its investment subsidiaries – Awraq Investment in Jordan and Al-Watanieh Securities Co. in Palestine – local, regional and international brokerage services, as well as asset management services that involve managing customer investment portfolios, as well as establishing and managing multi-purpose investment funds, providing financial and investment consultation services, and conducting relevant research and studies.

Branches Network and Distribution Channels

In an effort to achieve corporate identity objectives and develop geographical expansion plans to attract new customer categories, CAB inaugurated a new branch in Um Uthaina, Amman and opened an office in Jerash, and a student office in the Jordan University of Science and Technology. Furthermore, the Zarqa headquarters were renovated and transferred to a more convenient location, situated directly on the main street for easier customer access. This brings the total number of branches and offices to 108, of which 21 are located in Palestine and 1 in the Kingdom of Bahrain. Over the course of the year, CAB renovated 3 branches in Jordan in line with its corporate identity objectives. Moreover, CAB is pleased to serve its customers through its network of 256 ATMs, scattered across both of Jordan and Palestine, with 10 new machines added the previous year.

CAB also launched the customer service center and phone banking system services in order to improve the quality of banking services provided to customers, meet their needs, respond to their inquiries and facilitate their access to services in a fast and highly efficient manner. Furthermore, CAB launched the mobile banking services as well.



Zarqa Branch



Um Uthaina Branch



Sweileh Branch



Jordan University of Science and Technology Branch

Overseas Expansion

In line with CAB's policy to expand overseas and penetrate new markets, all legal and technical establishment procedures of the Safa Bank in Palestine were completed, and the bank started operating in the third quarter of 2016, conducting banking, finance and investment activities out of its headquarters in Ramallah, in accordance with the provisions of Islamic Shariah. Safa Bank's capital is worth USD 75 million, of which CAB owns 79%.

Safa Bank seeks to meet the Palestinian market's needs for Islamic banking services and products, and endeavors to acquire a market share of the Palestinian banking sector through its expansion plan as well as through offering new and competitive programs and products.

Information Technology

CAB has continued to develop its technical systems, through the investment in infrastructure, systems for business continuity, information security and protection, and comprehensive banking systems, as well as electronic channels. CAB aims to provide advanced and effective technologies in accordance with international practices, standards and specifications, in order to enable various banking units to provide advanced and competitive banking services in a sophisticated and secure electronic environment.

Furthermore, an alternative information center was established in accordance with the highest international standards, to serve as an interim alternative and a support to the main information center, which is linked through high-speed optical fiber cables and two different CAB-owned switches specifically designed for this purpose. This is intended to ensure the continuity and availability of service, as well as to reduce threats to the main information center's activities. For optimal system performance and speed, CAB installed high-performance high-volume information storage systems in both the main and alternative information centers. The alternative information center provides a second real-time version of available data stored on the main information center's storage units.

To support business continuity plans, CAB provides uninterrupted round-the-clock service, reduced database licensing-related expenses as well as improve their performance by internal textile technology-operated Oracle systems that have been installed within both the main and alternative information centers. All Oracle databases are to be migrated from their traditional servers to exadata systems and their alignment with their new environment will be ensured (Oracle Database Consolidation).

CAB has also completed the installation and operation of the main banking system on top-class servers of high processing power. This has contributed to decreasing the number of hours in the end-of-day cycle and improving the system's overall performance and speed. In addition, the main banking system databases have been successfully transferred to advanced databases, resulting in the automatic availability of the main banking system within the alternative information center. Thus, data is updated simultaneously within both the main and alternative information centers, and online backup versions are quickly created and retrieved.

In terms of information security and for the second consecutive year, CAB obtained the Payment Card Industry Data Security Standard (PCI-DSS) Certification, stating that CAB relevant systems have been assessed and found to be compatible with applicable standards. Cairo Amman Bank is the first bank in Jordan to reach such a milestone achievement for the second year in a row, which reflects the volume of investments made in information security systems. This highlights the importance CAB grants to the security and confidentiality of customer information vis-à-vis relevant regulatory authorities, such as the Central Bank of Jordan, or other strategic partners and service providers, such as MasterCard, which increases customer confidence in CAB's ability to provide an advanced and secure electronic environment.

With respect to banking systems and in line with the Central Bank of Jordan's requirements, the first phase of the automated clearing house system has been implemented, aimed at facilitating and accelerating the mechanism of implementing credit and debit transfers of small and numerous amounts between system members and their respective customers, in a secure manner through the SWIFT global network. In coordination with the Central Bank of Jordan, the requirements of the second phase of the implementation process will be determined, to carry out those transfers through a Virtual Private Network (VPN) and turning the SWIFT network into a backup network in the future.

Within the same context, the second phase of the total instant payment system has been implemented, for settling large highly important payment orders between system members and their respective customers in an individual, instantaneous, permanent, irrevocable and secure manner using the SWIFT network. The system's operational mechanism will soon be checked through VPN in coordination with the Central Bank of Jordan.

Furthermore, the bounced cheques system has been applied across all CAB branches, as well as the custody and clearing department, in order to facilitate the management of bounced cheques, and ensure the accuracy and speed of reporting and settlement processes between CAB and the Central Bank of Jordan.

In line with the Central Bank of Jordan's requirements, a new e-system has been introduced in order to ensure the settlement of government public debt department securities and open-market operations within the treasury department, ensuring a safe and effective alternative to paper correspondence.

Human Resources and Training

Recruitment Policy

CAB strives to attract and recruit qualified employees who uphold and espouse its values and aspirations. CAB's policy gives current employees the priority in filling available vacancies. This has had a significant impact on retention rates and improved job satisfaction levels by providing interesting career development opportunities. CAB also continues to attract new qualified talents from outside the bank to foster a healthy sense of competition that reflects positively on job performance.

CAB has also developed an orientation and training program, providing newly-recruited employees with 80 hours of theoretical and practical training on their specific job requirements, banking sector specifications in general, and the CAB banking culture and environment in particular.

This year, CAB participated in several job fairs, national employment campaigns and awareness campaigns for employing individuals with special needs. This has increased our opportunities to attract and recruit the best qualified candidates, and improve overall employee performance, productivity and equality.

Remuneration Policy

In line with the Central Bank of Jordan's corporate governance code, CAB has developed and adopted a remuneration policy based on the principles of fairness and transparency.

The remuneration policy aims to build objective, fair and transparent foundations and criteria for the financial remuneration of the senior executive management body and employees. This has enabled CAB to attract, develop and retain highly-skilled employees, in addition to motivating them to improve their performance and fulfill CAB's objectives and aspirations.

The remuneration policy links between CAB profitability and performance and the extent to which strategic objectives were achieved. The policy also includes various performance standards and criteria for both employees and departments.

There is a total of 2,187 employees working at CAB and its subsidiaries, categorized in accordance with the following qualifications:

	CAIRO AMMAN BANK	SAFA Bank	AWRAQ Investments	Al-Watanieh Securities	Tamallak Leasing	Total
Ph.D	1	-	-	-	-	1
Masters	76	7	3	2	2	90
Bachelor	1,420	41	24	13	4	1,502
Diploma	290	6	2	-	1	299
High School or less	279	6	3	4	3	295
Total	2,066	60	32	19	10	2,187

Training Courses

495 training courses and workshops were held in 2016, attended by 6,585 participants. CAB helped finance universities and associate degree studies for 17 employees and children of employees. The HR department at CAB also provided practical training to 297 university student in banking operations.

Training programs conducted by CAB and its subsidiaries, covered the following areas:

Training Field	No. of Courses	No. of Participants
Information Technology & Security	29	80
Electronic Services	10	50
Trade Finance & Foreign Operations	33	220
Management & Behavior	58	463
Finance & Accounting	37	184
Credit Facilities	47	334
Internal Audit	2	4
Risk Management	37	200
Risk, Compliance & AML	69	650
Treasury & Investment	13	44
Legal	20	106
Marketing, Sales & Customer Service	21	468
Comprehensive Banking Diploma & Banking Courses	3	11
Organizational Excellence	2	12
Human Resources	8	21
Workshops & Conferences	84	3,491
Foreign Languages	5	50
Public Health & Safety	9	135
Basic Banking Information	7	61
Real Estate Affairs	1	1
Total	495	6,585

Competitive Standing

CAB has strengthened its standing as one of the leading banks in Jordan, bolstered by its achievements during the current and previous years. Hence, CAB's market share of total deposits and credit facilities in Jordan amounted to 3.3% and 4.8% respectively, and 6.4% and 5.9% respectively in Palestine.

International credit rating agencies rank CAB's credit rating as follows:

	Financial Strength	Foreign Currency (Short and Long Term)	Outlook
Moody's	b1	B2/NP	Stable
Capital Intelligence	BBB-	BB-/B	Stable

Subsidiary Companies

The following is an overview of CAB subsidiary companies.



Safa Bank was established in Palestine in 2016 as a public shareholding company. It launched its operational activities on 22/9/2016, as a banking institution operating in accordance with the provisions of the Islamic Shariah in its Ramallah branch. CAB owns 79% of the bank's capital amounting to USD 75 million.

Safa Bank seeks to meet the Palestinian market's needs for Islamic banking services and products, as well as carry out financing and investment activities, and develop tools to attract funds and savings in order to enhance participation in productive investment in a Shariah-compliant manner.



Al Watanieh for Financial Services Company "Awraq Investment" was established in the Hashemite Kingdom of Jordan in 1992 as a limited liability company. CAB owns 100% of its paid-up capital amounting to JOD 5 million. The company provides local, regional and international brokerage services, as well as asset management and investment portfolio management services. The company also establishes and manages investment funds and provides financial and investment consulting services. CAB has commissioned the company to manage its investment portfolio in bonds, turning it into CAB's investment arm.



Al-Watanieh Securities Co. was established in Ramallah, Palestine in 1995, as a limited liability company. The company has been a broker at the Palestine Stock Exchange upon its establishment. Currently, it has offices in both Gaza and Nablus. CAB owns 100% of its paid-up capital, totaling JOD 1.5 million.



Tamallak Leasing was established in the Hashemite Kingdom of Jordan on 12/11/2013, as a limited liability company, to act as a CAB leasing arm and conduct all types of financial leasing services. CAB owns 100% of its capital, amounting to JOD 1 million.

Tamallak Leasing offers an integrated range of financial leasing services, in line with the nature of the leasee's activities and cash flows across economic sectors. It also seeks to increase interest in services provided in the aim to target markets and help them meet their financing needs; through promoting the concept of financial leasing and its numerous economic and financial benefits.

CAB plays an important role in community service supporting numerous programs. Subsequently, it has built fruitful business relationships with a number of local community institutions, enabling them to serve Jordanian citizens and consolidating the notion of CSR within the society.

CAB has therefore increased its CSR involvement through various activities, events and services that support creativity in business, culture and the arts. This involvement includes a number of areas and sectors of activities, such as the health sector, through financial support granted to the King Hussein Cancer Center (KHCC) in order to organize a special summer camp for KHCC children. CAB has continued to support many charitable organizations operating within the Kingdom, that serve different purposes, such as the Charity Clothing Bank's initiative, launched by the Jordan Hashemite Charity Organization (JHCO) in 2013, as well as the Ruwwad for Development project, and numerous other charity programs.

In addition, CAB has continued to promote the education sector, through providing support to Jordanian universities, scientific and cultural associations, as well as INJAZ. It has also helped support the financial culture awareness project run by the Central Bank of Jordan.

Within the same context, CAB also offers numerous scholarships, enabling students to enroll in Jordanian universities and associate degree programs, in addition to allocating a number of these scholarships to employees and children of employees. Furthermore, CAB provides on-the-job training opportunities to university, college and school students, enabling them to meet their graduation requirements.

Over the course of the year, CAB supported a number of sports teams as part of its ongoing investment in future leaders and generations.

Moreover, CAB's support for culture and art is manifested by the fact that it is the only bank to have inaugurated a one-of-a-kind art gallery, which acts as a national, Arab and global incubator for artists and young emerging talents. The gallery showcases beautiful paintings reflecting social and cultural heritage, by young artists who compete for annual awards. In 2016, CAB organized a number of art exhibitions to showcase the work of a fine selection of Jordanian and Arab artists, and held the second edition of the Cairo Amman Bank International Art Symposium, with the participation of twenty Arab, foreign and Jordanian artists. It also organized an art exhibition that held the paintings of twenty-eight children with special needs and others fighting cancer, in addition to an exhibition comprised of a collection of paintings of twenty Arab, foreign and Jordanian artists who exhibited their work during the Ayla International Art Symposium.

During the past year, CAB provided financial support to many artistic and cultural events, including the Friends of Jordan Festivals, and many others.

CAB participated in the World Humanitarian Summit as a part of its commitment to support humanitarian issues in the region and around the world. The World Humanitarian Summit was attended by influential world leaders and international organizations to discuss the international community's action plan to mitigate human suffering by preparing for and responding to crises. CAB's contribution came through employing its expertise and network of ATMs to create an efficient and reliable delivery system for cash assistance to the refugees in Jordan, in cooperation with the United Nations High Commission for Refugees (UNHCR). This delivery system was complimented with the launch of the Eye Cloud project, a state-of-the-art technology that further facilitated the process of delivering the financial aid.



Inauguration of an exhibition for children with special needs



Support for the KHCC summer camp



World Humanitarian Summit



Cairo Amman Bank Children's Painting Competition

Furthermore, CAB was keen to support and adopt the Central Bank of Jordan's Financial Inclusion Strategy making financial services available to various segments of society. This endeavor has had significant impact on sustainable economic growth and development, and was translated through the development of a number of banking services such as the transformation of university cards into multi-use smart cards.

CAB played a major role in developing a number of dedicated programs and concluding agreements with a keen view to extend credit facilities to SMEs, such as financing interest-free renewable energy loans and supporting the youth and women's sectors.

Donations and Sponsorship

Overall donations and event sponsorships provided by CAB during 2016 amounted to JOD 759,000 divided between the following sectors:

	JOD Thousand
Health sector	55
Social services	159
Education sector	382
Culture and arts sector	36
National institutions	116
Other	11

CAB will seek to maintain the achievements made during previous years, while taking into account anticipated local, regional and international economic circumstances. In conclusion to that, CAB will continuously monitor economic performance developments, in order to measure their impact on the bank's operational activities, and take the necessary measures to maintain shareholder and customer funds. CAB will also work on improving the efficiency of its banking services, as well as expanding its customer base, while maintaining the quality of its credit facilities portfolio and working to achieve financial inclusion objectives.

The following are key items of CAB's plan for 2017:

1. Maintain a comfortable capital adequacy ratio and a "well-capitalized" rating in accordance with Central Bank of Jordan requirements and in a manner that allows CAB to continue expanding its business.
2. Maintain adequate liquidity levels to support CAB operations by increasing various types of customer deposits, while focusing on savings deposits through continuing to offer cash and in-kind reward programs.
3. Strengthen CAB's position among leading banks through the expansion of cross-selling and the development of programs specifically designed to meet the needs of different customer segments, while focusing on all types of card services including Jordanian university smart cards.
4. Maintain the quality of the credit portfolio through the calculated expansion of credit facilities provided, including benefiting from low-cost sources of financing provided by Central Bank of Jordan and various international agencies. Strive to settle and collect non-performing facilities in order to decrease the percentage of non-performing facilities, while working on increasing the allocations coverage ratio.
5. Continue to apply a strategic plan for developing IT programs that support CAB operations.
6. Increase performance efficiency and control expenditures, while improving the level of services provided to customers.
7. Increase the POS network by opening three new branches in the targeted areas in Jordan and developing E-banking services by increasing the number of ATM machines and ensuring their optimal distribution.
8. Continue to renovate CAB branches in line with corporate identity requirements including renovating 8 branches in both Jordan and Palestine.
9. Develop CAB employee competences and skills by applying the annual training plan, and develop a comprehensive program to assess institutional performance.
10. Continue to support local communities through CSR programs.

CAB has a comprehensive set of banking risk management policies. These policies play a crucial role in identifying and assigning the different roles to all concerned parties in charge of their implementation, namely the board of directors and its committees, including the risk management committee, the investment and real estate committee, the audit committee and the corporate governance and compliance committee, as well as the executive management and affiliated committees such as the assets–liabilities management committee (ALCO), the procedures development committee, the insurance committee, the public safety committee, the internal control systems development committee, and the credit facilities committees, in addition to other specialized divisions, such as the risk management division, the compliance and AML division and the internal audit division.

All CAB divisions and branches are responsible for identifying and managing any operational risks and abiding by relevant applicable internal controls and monitoring their effectiveness, in accordance with CAB's adopted internal control system.

Therefore, CAB's risk management process includes the identification, measurement, assessment and management of financial and non-financial risks which might negatively impact CAB's performance, reputation, or objectives to ensure an optimal equilibrium between undertaken risks and achieved returns.

The CAB Risk Management Division's general framework is set in accordance with dedicated principles and methodologies, in line with CAB's size, concentration and nature of its operations, as well as instructions by competent regulatory authorities and international best practices, including the following:

- **Responsibilities of the board of directors:**

- Approve the Risk Management Division's policies, strategies and general framework, including the limits of acceptable risk levels.
- Ensure the existence of an effective stress-testing framework, and approve any related hypotheses.
- Approve CAB policies.

- **Responsibilities of the Board of Directors Risk Management Committee:**

- Conduct a periodic review of the CAB Risk Management Division's policies, strategies and procedures, including the limits of acceptable risk levels.
- Develop an internal capital adequacy assessment process, as well as analyze current and future capital requirements, in line with CAB's risk management structure and strategic objectives, and take appropriate actions.
- Ensure the availability of adequate systems to assess the different types of risk CAB may face and link these risks to required capital.

- **Responsibilities of the Risk Management Division:**

- Submit reports to the Risk Management Committee.
- Monitor the abidance of various CAB divisions by acceptable risk limits, to ensure that they fall within appropriate risk tolerance and risk appetite levels.
- Analyze all types of risks and develop measurement and control methodologies for each type of risk.
- Apply all CAB risk assessment systems and develop relevant work procedures.
- Manage and apply the Internal Capital Adequacy Assessment Process (ICAAP) in an adequate and comprehensive manner, in line with CAB's risk structure.
- Implement stress-testing as part of the methodology approved by the Board of Directors.

Overall, CAB is exposed to the following key risks:

Credit Risk

Credit risk involves risks that may arise from one party's non-compliance or failure to fulfill its obligations towards CAB, resulting in potential losses.

CAB manages its credit risks through developing and updating different policies aimed at identifying and tackling all aspects of credit provision and maintenance processes, in addition to setting upper limits for credit facilities granted to customers, as well as determining overall credit facilities provided to each sector and geographical location.

Furthermore, CAB adopts different methodologies to mitigate potential risks, which include but are not limited to setting acceptable collaterals and conditions. CAB takes care not to link collateral value and customer business activities. Moreover, CAB has an insurance policy covering certain portfolios and additional allocations as one of its risk mitigation tools.

In this respect, CAB has several regulatory departments to ensure credit monitoring and follow-up, as well as report any early warning signs for follow-up and remediation purposes.

CAB is currently in the process of applying a customer rating system, aimed at developing a customer risk measurement process, and calculating credit allocations in accordance with the IFRS9 International Financial Reporting Standard.

Market Risk

Market risk involves risks resulting from fair value or cash fluctuation of financial instruments, due to the change in market prices, such as interest rates, as well as foreign exchange and stock prices. Such risks are monitored in accordance with specific policies and procedures by specialized committees and divisions.

Market risks are also measured and monitored using various tools, such as sensitivity analysis, stress testing, and stop-loss limits.

Liquidity Risk

This risk involves CAB's inability to provide sufficient financing to fulfill its obligations on their maturity dates, or to finance its own activities without incurring high costs or losses.

In order to mitigate such risk, CAB's board of directors and the Assets – Liabilities Management Committee are in charge of managing liquidity risk through diversifying sources of financing and preventing their concentration. They are also in charge of setting liquidity contingency plans to ensure the availability of liquidity in emergency cases.

Operational Risk

This is the risk of loss arising from inadequacy or failure of internal procedures, employees, internal systems or from external events.

Hence, the internal control process constitutes one of the most important tools to manage such risks. In this respect, CAB's executive management places high importance on the ongoing development of control measures across all activities and operations. An operational risk policy has been adopted in order to cover all departments as well as local and regional branches and subsidiaries.

In this respect, CAB continuously strives to update and develop its business continuity plans to continue serving customers during emergency situations.

Compliance Risk

Compliance risk involves potential legal penalties, financial loss or damaged reputation arising from the non-compliance of CAB's internal policies with laws, regulations, instructions, codes of conduct, standards and adequate banking practices, issued by domestic and international regulatory authorities.

CAB recognizes the importance of the role that monitoring plays in achieving and maintaining compliance, hence, CAB has issued an anti-money laundering policy, approved by the board of directors, to be a central part in monitoring CAB's compliance with the laws, regulations and instructions issued by regulatory authorities, and to also assure the best practices and banking standards. This is also done through special programs and strict risk-free work procedures.

Furthermore, CAB has purchased an automated monitoring system to monitor its compliance as well as that of its external branches. The system includes a comprehensive database of laws and regulations governing and regulating CAB's activities, which is constantly updated in accordance with the recent regulatory and official developments. The system is being activated in phases to increase the division's efficiency and effectiveness in managing non-compliance risks.

With respect to anti-money laundering efforts, CAB has adopted policies and operating procedures, which have been approved by the board of directors, in accordance with the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Act No. 46 of 2007, as amended, as well as AML/CFT Instruction No. 51 of 2010, issued by the Central Bank of Jordan, and international best practices in this regard. This is intended to mitigate risks involved, identify procedures for financial operations and implement due diligence measures in an effort to identify existing and potential customers, as well as their legal and personal status and ultimate beneficiary. This also ensures ongoing follow-up of customer banking transactions and operations throughout their business dealings with CAB.

In 2016, CAB implemented the following compliance and anti-money laundering actions:

1. Update the AML/CFT policy based on the most important domestic and international developments, in an effort to ensure alignment with the best banking practices issued in this respect, including the 40 Financial Action Task Force (FATF) recommendations.
2. Update and adopt the compliance monitoring policy in line with the most important official regulatory developments that have taken place in the banking environment, as well as the international best practices adopted in this respect.
3. Study and include FATF reports on anti-money laundering, countering financing of terrorism, assess risk and control measures within AML/CFT-related policies and procedures, as well as develop dedicated control systems to reduce associated risks.
4. Start developing banking systems in line with the requirements of CAB's goAML financial analysis and warning system in accordance with the action plan adopted by the AML/CFT Unit.
5. Introduce monitoring and control procedures for all new banking products and services, especially for electronic or remote services, as well as safety deposit boxes and prepaid card services, in order to prevent their use in money-laundering or terrorism funding activities.
6. Train all new CAB employees through special AML/CFT workshops focusing on both practical and theoretical aspects, in accordance with their respective job titles, tasks, responsibilities and roles.
7. Train all CAB employees in compliance requirements through special practical and theoretical compliance workshops, in order to raise their efficiency and expertise in this field.
8. Compliance liaison officers have been formally appointed in all CAB divisions and departments, serving as a link between them and the compliance department and implementing compliance requirements.
9. Compliance managers have conducted a number of field visits to subsidiaries and branches, in order to raise the efficiency of their compliance departments.
10. A total of 364 complaints were received by the consumer complaints unit and submitted to the senior management. They have been classified in accordance with CBJ requirements, duly processed in line with relevant procedures, laws and instructions, the results were then communicated to the customers who submitted the complaints.

CAB is committed to promoting and developing corporate governance based on the principles of justice, transparency, accountability and responsibility. This is intended to strengthen the confidence of depositors, shareholders, and other stakeholders in CAB's activities and operations, and ensure its adherence to established policies and limits. CAB is also committed to applying the highest standards of professional performance, in line with the best international practices and instructions of the Central Bank of Jordan and relevant regulatory authorities, operating within countries in which CAB is located. Thus the board of directors has decided to adopt the Corporate Governance Code issued by the Central Bank of Jordan.

The presence of an effective, professional and independent board of directors constitutes one of the most important requirements of good corporate governance practices. In this respect, the board's primary role is to supervise all CAB and executive management activities, as well as ensure their alignment with the requirements of the Central Bank of Jordan and other regulatory authorities to protect the interests of shareholders, depositors, and any other stakeholders.

The board of directors is composed of twelve members who were elected for a period of four years by the general assembly during the meeting held on April 22, 2014. The board members have a range of skills and expertise which contribute to the board's effectiveness and efficiency. All board members are non-executive members.

The board of directors created a number of specialized committees, each with its own objectives and powers, working in parallel to achieve CAB objectives. These committees are as follows:

The Corporate Governance and Compliance Committee

The Corporate Governance and Compliance Committee consists of three members, including the chairman, along with other two independent members, as follows:

Mr. Tarek Mufleh Mohamed Akel, Chairman.
Mr. Hassan Ali Hussein Abu Al-Ragheb, Vice Chairman.
Mr. Yazid Adnan Mustafa Al-Mufti, Member.

The Committee's responsibilities include the following main tasks:

- Guide and oversee the preparation of the corporate governance code and monitor its implementation.
- Review the corporate governance code every three years and/or whenever deemed necessary, in addition to making appropriate recommendations to the board of directors to approve potential amendments as needed.
- Review the AML/CFT policy and any other policies falling within the scope of the committee's work, annually and/or whenever deemed necessary, as well as referring to the board of directors to approve the potential amendments needed.
- Discuss and review the AML/CFT division's reports, and issue any necessary recommendations to the board of directors.
- Review and approve plans, programs and mechanisms related to the committee's scope of work.
- Review and approve AML/CFT and the International Penalties Guidelines Manual.
- Monitor and follow up on the application and effectiveness of the monitoring system for compliance and anti-money laundering.
- Discuss special cases that conflict compliance and AML division's recommendations with executive management. In case the conflict persists, it should be submitted to the board of directors to address the situation properly and make a decision accordingly.
- Ensure that the compliance and AML division adheres the appropriate expertise and resources to be able to carry out tasks and fulfill responsibilities to the fullest.
- Review the committee's charter every three years and/or whenever deemed necessary, as well as submitting any amendments to the board of directors for approval.
- Submit a semi-annual report to the board of directors on the effectiveness of the compliance and AML division's activities.
- Assess the head of compliance and AML division, as well as discuss and approve employee assessment results.
- Carry out any other matters decided by the board of directors.

The corporate governance and compliance committee meets at least three times a year. Its charter includes its right to obtain any information, reports, or statements from executive management, as well as calling any bank managers to attend its meetings.

The Audit Committee

The Audit Committee consists of three members including the chairman, and they must be a majority of independent members, as follows:

Mr. Arfan Khalil Kamel Ayass, Chairman.

Mrs. Soha Basil Andraws Ennab, Vice Chairman.

Mr. Ghassan Ibrahim Fares Akeel, Member.

The committee's responsibilities include the following main tasks:

- Review the scope, results and adequacy of CAB's internal and external audit procedures, as well as accounting issues bearing significant impact on financial statements.
- Verify and review the adequacy and effectiveness of internal control systems, approved by the board of directors, as well as ensure that the appointed internal and external auditors review them at least once a year.
- Review financial statements prior to their submission to the board of directors, in cooperation with executive management and the external auditor. Conduct any necessary recommendations in this respect to ensure the accuracy and transparency of financial statements and the compliance with financial reporting standards and instructions issued by regulatory authorities.
- Submit recommendations to the board of directors in a timely manner and/or the termination of service and remuneration of the external auditor, and any other related contractual terms, during the ordinary general assembly meeting, as well as pre-approve any activity assigned to the external auditor outside the scope of auditing tasks, and assess its potential impact on the auditor's independence.
- Ensure the regular rotation of the external auditor between different audit offices, in accordance with the corporate governance code issued by the Central Bank of Jordan.
- Ensure the independence and objectivity of the internal auditor, without having any executive tasks. The internal audit division has the right to access all records and information, as well as contact any employee, in order to perform its tasks and write reports without any external interference.
- Submit a recommendation to the board of directors to appoint/accept the resignation of the head of the internal audit division and assess performance.
- Submit a recommendation to the board of directors on matters pertaining to internal audit procedures as required, as well as review the internal audit charter for approval and adoption by the board of directors.
- Review the internal audit division's risk-based annual plan, in addition to any other internal audit-related action plans to be adopted once their comprehensiveness is confirmed in terms of scope, results and adequacy. Ensure that there are no determinants on the internal audit scope of work.
- Review and inform the board of directors of any crucial observations made with respect to internal audit reports and correction measures taken by the executive management.
- Review inspection reports issued by the Central Bank of Jordan, the Palestine Monetary Authority, the external auditor, and other regulatory authorities, as well as the board of directors' feedback and actions taken in this regard.
- Review, monitor and report all concerned party transactions to the board of directors. Ensure the adoption of adequate and effective policies and procedures to address and disclose conflict of interests, including ensuring that financial operations and contracting for various projects have been fulfilled in accordance with the approved policies.

The Audit Committee meets up with the chairman at least once every three months or whenever needed, based on the board of directors' decisions. The committee also conducts meetings when the external auditors or head of internal audit division requests so.

The Audit Committee meets with the external auditor, the head of the internal audit division, and the head of the compliance and AML division at least once a year, without the presence of any of executive senior management members.

The Risk Management Committee

The risk management committee consists of five members, including two independent members, as follows:

Mr. Yazid Adnan Mustafa Al-Mufti, Chairman.
Mr. Mohammed Mahmoud El-Etreby, Vice Chairman.
Mr. Tarek Mufleh Mohamed Akel, Member.
Mrs. Soha Basil Andraws Ennab, Member.
Mrs. Rania Mousa Fahad Al-Aaraj, Member.

The committee's responsibilities include the following main tasks:

- Review the risk management scope of application annually, as well as ensuring its inclusion of subsidiary and sister companies, regional branches and any risks that CAB may be exposed to.
- Oversee the development of the risk management strategy and review it periodically, for approval by the board of directors.
- Submit semi-annual reports to the board of directors, including crucial information and developments affecting CAB's risk management, as well as identify any risks that have exceeded acceptable risk limits.
- Adopt risk management methodologies that include risk identification, cover all CAB activities and divisions, and report the results of the application of these methodologies to the board of directors.
- Supervise the development of risk management policies, review them annually and ensure their comprehensiveness.
- Submit a recommendation to the board of directors to appoint a head of the risk management division, accept his resignation, or terminate his services.
- Ensure that appropriate expertise and resources are available within the risk management division, allowing it to carry out all of its responsibilities.
- Review the committee's charter every three years and/or whenever deemed necessary, and submit any potential amendments to the board of directors for approval.
- Carry out any other matters decided by the board of directors.

The risk management committee meets periodically, at the invitation of its chairman, or - in the event of his absence - its vice chairman, at least four times a year or as needed. The general manager, the deputy general manager for credit and treasury services, the deputy general manager for banking products and services, the deputy general manager/regional manager of Palestine branches, and the head of the risk management division are entitled to attend the committee's meetings.

Investment and Real Estate Committee

The Investment and Real Estate Committee consists of four members, as follows:

Dr. Farouq Ahmad Hassan Zuaier, Chairman.
Mr. Khaled Sabih Taher Al-Masri, Vice Chairman.
Mr. Yassin Khalil Mohammed Al-Talhouni, Member.
Mr. Sharif Mahdi Hosni Al-Saifi, Member.

The committee's responsibilities include the following main tasks:

- Supervise the development and review of CAB's investment and real estate policies, refer them to the board of directors for approval.
- Study recommendations made concerning new investment opportunities to make a suitable decision in accordance with adopted policies.
- Oversee the management of investment portfolios, as well as making appropriate decisions that maximize profits and reduce losses.

- Appoint approved real estate appraisers, in accordance with the executive management's recommendations.
- Study and approve recommendations to sell repossessed properties.
- Study recommendations made regarding the disposal of repossessed properties for the purposes of managing CAB's activities, and submitting relevant recommendations to the board of directors for approval.
- Submit a semi-annual report to the board of directors on the committee's work and activities.
- Review the committee's charter every three years and/or whenever deemed necessary, and submit any proposed amendments to the board of directors for approval.
- Study any subject presented by the board of directors, and providing relevant recommendations accordingly.

The investment and real estate committee meets whenever deemed necessary, at the invitation of its chairman, or - in the event of their absence - of its vice chairman.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members, including the chairman and two independent members, as follows:

Mrs. Soha Basil Andraws Ennab, Chairman.
Mr. Hassan Ali Hussein Abu Al-Al-Ragheb, Vice Chairman.
Mr. Khaled Sabih Taher Al-Masri, Member.

The committee's responsibilities include the following main tasks:

- Identify and nominate individuals who are eligible to join the board of directors before the general assembly, taking into account their capabilities and qualifications.
- Prepare the nomination and suitability policy and procedures related to the board of directors, general manager, senior executive management, and main employees, in line with applicable corporate governance requirements.
- Assess the prospective board members' level of independence, and evaluate it with the conditions set in the approved Nomination and Suitability policy, ensuring the member's ongoing and continuous conformity to the minimum requirements.
- Provide board members with requisite information and background on certain important topics upon request, and ensure that they are constantly aware of the latest banking-related updates.
- Develop a policy/system to assess the performance of the board of directors, as well as its members and committees to be submitted to the board for approval.
- Follow up on filling out the approved assessment forms to evaluate the board of directors, its members and committees, review them and determine the final assessment and corrective plans to improve performance, and report results to the board of directors and the Central Bank of Jordan.
- Develop a policy to assess the performance of the general manager, senior executive management, and main CAB employees, and refer to board for approval.
- Develop a remuneration policy for board members and CAB employees to recommend it to the board.
- Enable the board of directors to determine the salaries, bonuses and other privileges of the general manager, senior executive management and top management.

The nomination and remuneration committee meets whenever deemed necessary, at the invitation of its chairman, or - in the event of their absence - of its vice chairman.

The Strategies Committee

The Strategies Committee consists of four members, as follows:

Mr. Yazid Adnan Mustafa Al-Mufti, Chairman.
Mr. Ghassan Ibrahim Akeel, Vice Chairman.
Mrs. Soha Basil Andraws Ennab, Member.
Mr. Tarek Mufleh Mohamed Akel, Member.

The committee's responsibilities include the following main tasks:

- Determine strategic objectives in coordination with the executive management, to be adopted by the board of directors.
- Ensure the development of strategic and operational plans, and the inclusion of strategic objectives.
- Follow up on the achievements of the strategic objectives through tracking key performance indicators.
- Submit a semi-annual report to the board of directors on the committee's work and activities.
- Review the committee's charter every three years and/or whenever deemed necessary, as well as submit any potential amendments to the board of directors for approval.
- Study any subject, presented to the committee by the board of directors, deemed necessary to discuss or provide relevant recommendations.

The Strategies Committee meets whenever deemed necessary, at the invitation of its chairman, or - in the event of their absence - of its vice chairman.

The IT Governance Committee

The IT Governance Committee consists of three members, as follows:

Mr. Khaled Sabih Taher Al-Masri, Chairman.
Mr. Tarek Mufleh Mohamed Akel, Vice Chairman.
Mrs. Rania Mousa Fahid Al-Aaraj, Member.

The committee's responsibilities include the following main tasks:

- Adopt strategic IT objectives and appropriate organizational structures to ensure the achievement and fulfillment of CAB's strategic objectives as well as obtain the best added-value from IT-related resources investments and projects. Use the necessary tools and standards to monitor and verify the extent to which this is being achieved.
- Adopt a general framework for the management and control of IT resources and projects, in line with the accepted international best practices.
- Ensure the development and availability of a general framework to manage IT-related risks, in line with CAB's overall risk management framework, which takes into account and responds to all IT governance processes.
- Adopt IT resources and projects budget in line with CAB's strategic objectives.
- General supervision of IT projects and processes to ensure their adequacy and effective contribution to the achievement of CAB's requirements and activities.
- Review IT audit reports and take necessary actions to address potential deviations.

The following table shows the number meetings held by the board of directors and its committees, as well as those attended by each member during the year:

Total Meetings Held during 2016	Board of Directors	Audit Committee	Corporate Governance and Compliance Committee	Nomination and Remuneration Committee	Risk Committee	Investment and Real Estate Committee	Strategies Committee
	6	7	2	7	4	2	2
Mr. Yazid Adnan Mustafa Al-Mufti	6(6)		2(2)		4(4)		2(2)
Dr. Farouq Ahmad Hassan Zuaier	6(6)			5(5)		2(2)	
Mr. Khaled Sabih Taher Al-Masri	6(6)			6(7)		2(2)	
Mr. Mohamed Mahmoud Ahmed El-Etrabi	5(6)				3(4)		
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	2(6)			3(5)			
Mr. Arfan Khalil Kamel Ayass	6(6)	7(7)					
Mr. Ghassan Ibrahim Fares Akeel	5(6)	6(7)					2(2)
Mr. Hassan Ali Hussein Abu Al-Ragheb	5(6)		1(2)	4(4)			
Mrs. Rania Mousa Fahid Al-Araj	3(3)				2(2)		
Mr. Shareef Mahdi Hosni Al-Seifi	6(6)		1(1)	3(3)		2(2)	
Mrs. Suha Basil Andraws Ennab	6(6)	7(7)		7(7)	3(4)		2(2)
Mr. Tarek Mufleh Moh'd Akel	6(6)		2(2)		4(4)		1(2)
Mr. Nedal Fa'eq Mohammad Al-Qubaj	3(3)				1(1)		

Figures in brackets represent the number of sessions/meetings conducted by the BOD for the period mentioned.

Board of Directors as of December 31, 2015

Yazid Adnan Mustafa Al-Mufti

Chairman of the Board

Type of Membership:	Non-executive, non-independent
Member Since:	30/9/1990
Date of Birth:	27/3/1953
Academic Qualifications:	Bachelor in Business Administration
Professional Experience:	Chairman of the board since 7/10/2012 General Manager of Cairo Amman Bank from 1989 until October 2004. Experience in banking through his work at Citibank. Board member of Zara Investment (Holding) Company, Palestine Development and Investment Company (PADICO), Middle East Insurance Company and Eqbal Investment Company
Board Memberships:	

Dr. Farouq Ahmad Hassan Zuaiter

Vice Chairman

Type of Membership:	Non-executive, non-independent
Member Since:	29/6/2002
Date of Birth:	29/5/1936
Academic Qualifications:	Ph. D in Accounting, Economics and Statistics Masters in Business Administration Bachelor in Accounting & Trade
Professional Experience:	Former CEO of Palestine Development and Investment Company (PADICO) Financial and administrative experience through working as Deputy CEO of Trust Co., Deputy General Manager and Projects Manager in Al- Sahel Development and Investment Company (Kuwait) Economic Expert in the Kuwait Fund for Arab Economic Development and Financial Expert in the Arab Fund for Economic and Social Development (Kuwait) Former assistant professor in DePaul University and University of Chicago Deputy Chairman of Najah University Board of Trustees- Nablus Chairman of Hisham Hijawi College of Technology – Nablus Chairman of Palestine Stock Exchange
Board Memberships:	Board member of Palestine Telecommunication Company Vegetable Oil Industries Company and VTel Holding

Khaled Sabih Taher Al-Masri

Type of Membership:	Non-executive, non-independent
Member Since:	1995
Date of Birth:	19/2/1966
Academic Qualifications:	Masters in Business Administration Bachelor in Computer Engineering
Professional Experience:	Chairman of Astra Group Chairman of Cairo Amman Bank from July 1999 to October 7, 2012 Chief Executive Officer of Cairo Amman Bank from October 2004 until 31/12/2007
Board Memberships:	Chairman of Ayla Oasis Development Company, Chairman of Jordan Himmeh Mineral Company, Board member of Zara Investment (Holding) Company, and Jordan Hotel and Tourism Company.

Mr. Mohamed Mahmoud Ahmed El-Etrebi

Type of Membership:	Non-executive, non-independent
Member Since:	22/4/2015
Date of Birth:	1/1/1955
Academic Qualifications:	Bachelor in Trade
Professional Experience:	Chairman of Banque Misr since 2015 Banking experience for more than 30 years holding the following posts: <ul style="list-style-type: none">• Managing Director and Chief Executive Officer of Egypt Gulf Bank from January 2013 until December 2014• Chairman of the Egyptian Arab Land Bank from 2011 until 2013• Chief Executive Officer of Arab Investment Bank from 2009 until 2011• Worked in leadership positions at the International Egyptian Bank• Worked in Arab African International Bank, Tadhamon Bank and International Credit Bank
Board Memberships:	Chairman of Banque Misr Liban Member of the board of Federation of Egyptian Banks, Egyptian Mortgage Refinance Company and Egyptian General Company for Tourism and Hotels

Yasin Khalil Mohamad Yasin Al-Talhouni

Type of Membership:	Non-executive, non-independent
Member Since:	1998
Date of Birth:	8/5/1973
Academic Qualifications:	Bachelor in Economics
Professional Experience:	Businessman
Board Memberships:	Board member of Zara Investment (Holding) Company, Jordan Hotel and Tourism Company, Jordanian Electric Power Company and Jordan Tourism Development Project.

Arfan Khalil Kamel Ayass

Type of Membership:	Non-executive, independent
Member Since:	3/11/2011
Date of Birth:	23/11/1942
Academic Qualifications:	Masters in Accounting Bachelor in Accounting Certified Public Accountant (CPA)
Professional Experience:	Chairman and General Manager of Blair (Lebanon) Professor at the Hariri Canadian University. Experience in public accounting for more than 30 years in Lebanon and Saudi Arabia ended as a partner at Ernst & Young.
Board Memberships:	Member of the board of First National Bank (Lebanon). Member of the board of Banque de Crédit National (Lebanon) Member of the Audit Committee of the International Monetary Fund (IMF).

Ghassan Ibrahim Fares Akeel

Type of Membership:	Non-executive, non-independent
Member Since:	29/6/2002
Date of Birth:	2/5/1968
Academic Qualifications:	Masters in Management Bachelor in Accounting Certified Public Accountant (CPA)
Professional Experience:	General Manager of Astra Group – Saudi Arabia Experience in auditing through his work as an audit manager in one of the major audit firms
Board Memberships:	Board member of Astra Industrial Group, VTel Holding Company, Arabia Cooperative Insurance Company and National Aviation Ground Support Company.

Hassan Ali Hussein Abu Al-Ragheb

Type of Membership:	Non-executive, non-independent
Member Since:	12/6/2014
Date of Birth:	24/5/1973
Academic Qualifications:	Bachelor in Business Administration
Professional Experience:	Businessman General Manager of Yarmouk Insurance Company since 1/8/2009
Board Memberships:	Chairman of the board of Directors of Spectrum Global Investment Inc. Board member of Yarmouk Insurance Company, Arab Steel Manufacturing Company, Al Ishraq Trading Investment Co., Vice-President of the Jordan Insurance Federation

Sharif Mahdi Hosni Al-Saifi

Type of Membership:	Non-executive, independent
Member Since:	28/03/2010
Date of Birth:	06/06/1972
Academic Qualifications:	Masters in Marine Environmental Protection Bachelor of Science in Foreign Affairs
Professional Experience:	Deputy General Manager / Partner in Masar United Contracting Co. Former CEO of United Garment Manufacturing Co. Project Manager of Aqaba Marine Park Operations Manager at Masar United Contracting Co.
Board Memberships:	Board member of Masar United Contracting company , VTEL Holding and South Coast Hotels Company.

Suha Basil Andraws Ennab

Type of Membership:	Non-executive, independent
Member Since:	12/2/2015
Date of Birth:	4/2/1960
Academic Qualifications:	Bachelor in Business Administration
Professional Experience:	Financial and management consultant at Perfect Consulting Company since 9/2007 Banking experience for over than 26 years holding the following posts: <ul style="list-style-type: none">• Deputy General Manager of Societe Generale Bank Jordan from 9/2003 until 5/2007• Assistant General Manager of Cairo Amman Bank from 9/1992 until 8/2003• Vice-President at Citi Bank of Jordan from 4/1981 until 8/1992.
Board Memberships:	Deputy Chairman "Tanmya" – Microfinance Network, Board member of Euro Arab Insurance Group, Middle East Micro Credit Company, Shurka'a Finance company

Tarek Mufleh Moh'd Akel

Type of Membership:

Non-executive, independent

Member Since:

12/4/2015

Date of Birth:

30/5/1971

Academic Qualifications:

Masters in Business Administration in Finance and Banking

Masters in Economics

Bachelor in International Economics

Professional Experience:

Founder and CEO of AZ Investment Company specialized in the field of investment and financial consulting.

Former CEO of Al Rajhi Bank in Jordan

Manager in Arab Banking Corporation (Bahrain) from 2000 until 2006

Deputy CEO of Arab Banking Corporation (Jordan) in 2006

Financial adviser at Merrill Lynch (Bahrain)

Investment analyst at International Finance Corporation (World Bank)

Board Memberships:

None

Rania Mousa Fahid Al-Araj

Type of Membership:

Non-executive, Non-independent

Member Since:

22/5/2016

Date of Birth:

30/11/1978

Academic Qualifications:

Masters in Finance and Banking

Bachelor in Finance and Banking

Professional Experience:

Head of Treasury Department at Social Security Investment

Fund Trader and portfolio manager at Investment and

Outside Operations Department at the Central Bank of Jordan

Financial analyst at Investment and Outside Operations

Department at the Central Bank of Jordan

Board Memberships:

None

Executive Management as of December 31, 2015

Kamal Ghareeb Abdul Rahim Al-Bakri

General Manager

Appointment Date:

04/01/2003

Date of Birth:

07/06/1969

Academic Qualifications:

Bachelor in Law

Professional Experience:

General Manager of the Bank since January 2008

Experience in banking sector through his work as the Deputy General Manager of Cairo Amman Bank since 12/2005 and previously as the Head of Legal Department and Legal Advisor responsible for credit remedial, documentation and credit control and real estate and engineering departments

Legal Advisor for a number of companies before acting as Deputy General Manager

Chairman of the Board of Jordan Tourist Transport Company (JETT) and Holul Mobile Payments Company

Board member in Zara Investment (Holding) Company, Jordan Insurance Company

Board member in National Payment Counsel and the Institute of Banking Studies

Khaled Mahmoud Abdullah Qasim

Deputy General Manager for Operations and Support Services

Appointment Date:

05/10/2008

Date of Birth:

22/02/1963

Academic Qualifications:

Masters in Business Administration – International Trade

Bachelor in Finance

Holder of a CIB certificate from the Chartered Banker Institute

Professional Experience:

Experience in the banking sector through his work in Bank Al Jazira, Arab Bank, Cairo Amman Bank, Jordan Ahli Bank, Bank of Jordan and National Bank of Kuwait

Rana Sami Jadallah Sunna

Deputy General Manager for Credit and Treasury Services

Appointment Date:

15/08/1995

Date of Birth:

12/08/1966

Academic Qualifications:

Masters in Business Administration

Bachelor in Accounting

Professional Experience:

Deputy General Manager for Credit and Treasury Services since 10/2014

Deputy General Manager for Banking Operations since 12/2009

Banking experience in the risk management field through her work as Head of the Risk Management Division since 1/2008 and previously as Risk Management Department Manager in Cairo Amman Bank since 1998

Head of local facilities department at the Central Bank of Jordan

Board member in the Jordan Mortgage Refinance Company

Nizar Tayseer Saleh Mohammed

Deputy General Manager for Banking Products and Services

Appointment Date: 11/4/2004
 Date of Birth: 11/8/1972
 Academic Qualifications: Bachelor in Accounting
 Chartered Financial Analyst (CFA)
 Certified Public Accountant (CPA, JCPA)
 Professional Experience: Deputy General Manager for Banking Products and Services since 10/2014
 Head of Finance since 4/2004 and Head of Risk Management Department from 2/2010 to 12/2012
 Experience in auditing through his work as an audit manager in major auditing firm.
 Board member of Daman Investments Co. and Jordan Vegetable Oil Industries Co.

Reem Younis Mohammad Eses

Head of Treasury

Appointment Date: 01/03/1990
 Date of Birth: 18/05/1964
 Academic Qualifications: Masters in Economics
 Bachelor in Economics
 Professional Experience: Head of Treasury since 10/2008
 Banking experience through her work as manager of the Treasury Department at the Bank since 1990
 Economic researcher at the Royal Scientific Society since 1997.

Jan Shawkat Mahmoud Yadaj Zakaria

Head of Operations

Appointment Date: 20/10/1990
 Date of Birth: 20/02/1968
 Academic Qualifications: Bachelor in English Literature
 Professional Experience: Head of Operations since 12/2013
 Head of Business Procedures and Operations Support and Development since 9/2009.
 Banking experience since 1990 in the field of operations, branches and business procedures.

Yousef Abdul Fatah Suleiman Abu Al-Haija

Head of Risk Management

Appointment Date: 01/08/2005
Date of Birth: 01/01/1976
Academic Qualifications: Bachelor in Public Administration
Professional Experience: Head of Risk Management since 12/2012
Manager of the Operational Risk Department since 3/2008
Banking experience in the field of operations and risk management
Financial experience through his work as a Finance Manager for two years.

Antone Vector Antone Sabella

Head of Compliance and AML

Appointment Date: 16/10/2005
Date of Birth: 2/12/1977
Academic Qualifications: Bachelor in Accounting
Holds CAMS, CCO, Dip (Fin. Crime) certificates
Professional Experience: Head of Compliance and AML since 10/2013
Manager of the AML Department from 2009 to 7/2013 and previously manager of the Compliance Department since 2005
Experience in auditing through his work at a major auditing firm.

Margaret Muheeb Issa Makhamreh

Head of Internal Audit

Appointment Date: 27/07/2004
Date of Birth: 04/09/1977
Academic Qualifications: Bachelor in Business Administration
Professional Experience: Head of Internal Audit since 1/2014
Manager of Audit Department since 5/2012
Banking experience through her work in project management in the Bank and in the Arab Banking Corporation.

Fuad Younes Abdel Lateef Saleh

Head of Finance

Appointment Date: 11/04/1992
Date of Birth: 08/01/1960
Academic Qualifications: Bachelor in Accounting
Professional Experience: Head of Finance since 4/2015
Manager of the Central Accounting Department since 4/1992
Experience in accounting in the Income and Sales Tax Department from 1985 to 1992

Directors' Shareholdings

	Nationality	2016	2015
Mr. Yazid Adnan Mustafa Al-Mufti	Jordanian	2,044	1,817
Relatives	-	-	-
Dr. Farouq Ahmad Hassan Zuaiteer	Jordanian	168,799	181,222
Nihad Qamar Elias Akkawi (Wife)	Jordanian	182,763	166,901
Mr. Khaled Sabih Taher Al-Masri	Jordanian	8,000	8,000
Relatives	-	-	-
Banque Misr	Egyptian	19,399,644	17,244,128
Mr. Mohamed Mahmoud Ahmed El-Etrebi	-	-	-
Relatives	-	-	-
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	Jordanian	7,208,954	7,935,679
Relatives	-	-	-
Mr. Arfan Khalil Kamel Ayass	Lebanese	1,440	1,280
Relatives	-	-	-
Arab Investment and Trade Company	Jordanian	3,671,035	3,263,143
Mr. Ghassan Ibrahim Fares Akeel	Jordanian	38,700	34,400
Dima Jamal Zuhdi Hamed (Wife)	Jordanian	6,325	5,623
Ibrahim Ghassan Ibrahim Akeel (Son)	Jordanian	6,357	5,651
Omar Ghassan Ibrahim Akeel (Son)	Jordanian	6,357	5,651
Mr. Hassan Ali Hussein Abu Al-Ragheb	Jordanian	48,375	37,800
Relatives	-	-	-
Social Security Corporation	Jordanian	12,875,934	9,965,347
Ms. Rania Mousa Fahid Al-Araj	Jordanian	-	-
Mr. Sharif Mahdi Hosni Al-Saifi	Jordanian	401,483	356,874
Taimour Sharif Mahdi Al-Saifi (Son)	Jordanian	105,482	93,762
Kayan Sharif Mahdi Al-Saifi (Son)	Jordanian	108,363	96,323
Mrs. Suha Basil Andraws Ennab	Jordanian	1,440	1,280
Relatives	-	-	-
Mr. Tarek Mufleh Moh'd Akel	Jordanian	1,440	1,280
Relatives	-	-	-

No contributions made for companies owned by members of the BOD and their relatives
Board of Directors membership is 4 years and ends by April 2018

Executives, Informed Employees, and Relatives Shareholdings

Name	Position	Nationality	2016		2015	
			Personal	Relatives	Personal	Relatives
Mr. Kamal Ghareeb Abdul Rahim Al-Bakri	General Manager	Jordanian	-	-	-	-
Mr. Khaled Mahmoud Abdullah Qasim	Deputy GM for Operations and Support Services	Jordanian	-	-	-	-
Mrs. Rana Sami Jadallah Sunna	Deputy GM for Credit & Treasury Services	Jordanian	7,200	-	6,400	-
Mr. Nizar Tayseer Saleh Mohammed	Deputy GM for Banking Services & Products	Jordanian	-	-	-	-
Mrs. Reem Younis Mohammad Eses	Head of Treasury	Jordanian	-	-	-	-
Miss Jan Shawkat Mahmoud Yadaj Zakaria	Head of Operations	Jordanian	-	-	-	-
Ms. Yousef Abdul Fatah Suleiman Abu Al-Haija	Head of Risk Mangement	Jordanian	-	-	-	-
Mr. Antone Vector Antone Sabella	Head of Compliance and Anti Money Laundering	Jordanian	-	-	-	-
Mrs. Margaret Muheeb Issa Makhmreh	Head of Internal Audit	Jordanian	-	-	-	-
Mr. Fuad Younes Abdel Lateef Saleh	Head of Finance	Jordanian	-	-	-	-

No contributions made for companies owned by members of the BOD and their relatives

Shareholders with 1% or more ownership

Name	2016		2015		Ultimate Beneficiary
	Current	Mortgaged	Current	Mortgaged	
Al-Massira Investment Company	20,498,043	-	18,220,483	-	Sabih Taher Al-Masri Khaled Sabih Al-Masri
Banque Misr	19,399,644	-	17,244,128	-	-
Al-Massira International Company	18,810,000	-	-	-	Sabih Taher Al-Masri Khaled Sabih Al-Masri
Najwa Mohammad Abdul Rahman Madi	-	-	16,720,000	-	Himself
Social Security Corporation	12,875,934	-	9,965,347	-	-
Palestine Telecommunications Company	10,579,280	-	9,403,805	-	-
Sabih Taher Darwish Al-Masri	9,384,652	-	8,341,913	-	Himself
Al Zafer Investment Company	7,707,055	-	6,850,716	-	Hisham Zafer Al-Masri Hanaa Zafer Al-Masri Maha Zafer Al-Masri Raghda Ibrahim Nemr Al-Nabulsi
Yasin Khalil Mohamad Yasin Al-Talhouni	7,208,954	2,397,564	7,935,679	2,333,836	Himself
The Congress Foundation	7,203,866	-	6,403,437	-	-
Hamzah Khalil Mohamad Yasin Al-Talhouni	6,950,000	3,825,000	7,600,000	1,500,000	Himself
Rola Khalil Mohammad Yasin Al-Talhouni	3,743,204	-	3,327,293	-	Herself
Arab Supply and Trading Company	3,671,035	-	3,263,143	-	Sabih Taher Al-Masri
Proudstar Trading Ltd.	2,998,512	-	2,665,344	-	-
Lana Jane Munib Abdul Rahman Madi	2,549,143	2,378,130	2,265,905	2,113,890	Herself
Middle East Insurance Company	2,030,488	-	1,804,879	-	-
Najwa Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,777,774	-	Herself
Abeer Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,777,774	-	Herself
Zeina Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,777,774	-	Herself
Rola Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,777,774	-	Herself
Mary Issa Elias Allusi	1,899,994	-	1,688,884	-	Herself
Total	145,509,784	8,600,667	130,812,052	5,947,726	-

The ownership of Mr. Sabih Al-Masri Group represents 29.5% of the Bank's paid in capital
The ownership of Mr. Yasin Al- Talhouni Group represents 12% of the Bank's paid in capital

Board of Directors & Executive Management Remunerations during 2016

Name	Transportation	Travel	committees Attendance	Salaries and Allowance	Bonus
Board of Directors:					
Mr. Yazid Adnan Mustafa Al-Mufti	18,000	-	-	-	335,000
Dr. Farouq Ahmad Hassan Zuaier	18,000	-	15,738	-	5,000
Mr. Khaled Sabih Taher Al-Masri	18,000	-	11,462	-	5,000
Mr. Mohamed Mahmoud Ahmed El-Etrebi	-	21,389	5,000	-	3,616
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	18,000	-	5,000	-	5,000
Mr. Arfan Khalil Kamel Ayass	-	20,670	15,000	-	5,000
Mr. Ghassan Ibrahim Fares Akeel	-	24,991	10,000	-	5,000
Mr. Hassan Ali Hussein Abu Al-Ragheb	18,000	-	8,538	-	5,000
Social Security Corporation	18,000	-	5,000	-	5,000
Mr. Sharif Mahdi Hosni Al-Saifi	18,000	-	11,585	-	5,000
Mrs. Suha Basil Andraws Ennab	18,000	-	27,077	-	4,425
Mr. Tarek Mufleh Moh'd Akel	18,000	-	17,678	-	3,616
Mrs. Sohir Sayed Mahmoud Ibrahim	-	-	-	-	1,384
Mr. Ahmad Mohyee Aldeen Abu Al-Ezz	-	-	-	-	1,384
Mr. Nashat Taher Nashat Al-Masri	-	-	-	-	575
Executive Management:					
Mr. Kamal Ghareeb Abdul Rahim Al-Bakri	-	-	-	479,154	330,024
Mr. Khaled Mahmoud Abdullah Qasim	-	-	-	237,576	175,000
Mrs. Rana Sami Jadallah Al-Sunna	-	-	-	191,760	65,000
Mr. Nizar Tayseer Saleh Mohammed	-	-	-	186,016	45,000
Mrs. Reem Younis Mohammad Al- Eses	-	-	-	118,240	40,000
Miss Jan Shawkat Mahmoud Yadaj Zakaria	-	-	-	127,536	28,000
Mr. Yousef Abdul fatah Suleiman Abu Al-Haija	-	-	-	68,192	20,500
Mr. Antone Vector Antone Sabella	-	-	-	68,750	18,500
Mrs. Margaret Muheeb Issa Makhamreh	-	-	-	65,888	18,500
Mr. Fuad Younes Abddel lateef Saleh	-	-	-	73,673	17,500
Total	145,990	67,050	132,078	1,616,785	1,148,024

A car and a driver are provided for both the Chairman and the General Manager

The members of the Board of Directors and the Executive Management acknowledge that they do not receive any personal or other related benefits or rewards, other than those mentioned in the above table

- The Bank does not rely on any particular vendors and / or customers that constitute 10% or more of the Bank's purchases and / or revenues.
- The Bank does not enjoy any privilege of governmental protection on any products or activities and did not receive any patents or franchises during 2016.
- Government decisions during 2016 did not have any material effect on the Bank's operations.
- All activities and operations performed during 2016 were of a recurring nature and in line with the Bank's main activities.
- Capital expenditures during 2016 were JD 19,722,173.
- Audit fees for 2016 were JD 220,344 in addition to sales and value added taxes and distributed as follows:

	JD
Cairo Amman Bank	196,020
SAFA Bank	5,672
Awraq Investment	7,700
Al-Watanieh Securities	5,452
Tamallak Leasing	5,500
	220,344

Other consulting fees paid to the external auditors during the year amounted to JD 20,562 in addition to sales tax.

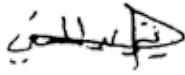
- Awraq Investment manages the Bank's portfolio in bonds and other instrument for an annual fee. The Bank did not have any other contracts, projects and commitments with subsidiary companies, the chairman and members of the board of directors except for regular banking operations that are fully disclosed in note 39 to the financial statement. Those transactions are made in accordance with Central Bank of Jordan regulations.

Statement from the Board of Director and Executive Management

The chairman, general manager and the head of finance acknowledge the accuracy and completeness of the information and financial data provided in the annual report.

Chairman

Yazid Adnan Mustafa Al-Mufti



General Manager

Kamal Ghareeb Abdul Rahim Al-Bakri



Head of Finance

Fuad Younes Abdel lateef Saleh

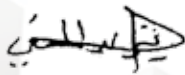


The board of directors affirms that according to its knowledge and beliefs, there are no significant issues, which would affect the sustainability of the Bank's operations during the next fiscal year of 2017.

The board of directors also acknowledges its responsibility for the preparation of the financial statements for the year 2016 noting that the Bank maintains an effective internal control structure.

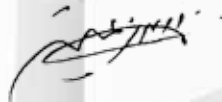
Chairman

Yazid Adnan Mustafa Al-Mufti



Vice Chairman

Dr. Farouq Ahmad Hassan Zuaiter



Khaled Sabih Taher Al-Masri



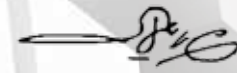
Mohamed Mahmoud Ahmed El-Etrabi



Yasin Khalil Mohamad Yasin Al-Talhouni



Arfan Khalil Kamel Ayass



Ghassan Ibrahim Fares Akeel



Hassan Ali Hussein Abu Al-Ragheb*

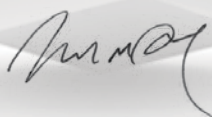
Sharif Mahdi Hosni Al-Saifi



Suha Basil Andraws Ennab



Tarek Mufleh Moh'd Akel

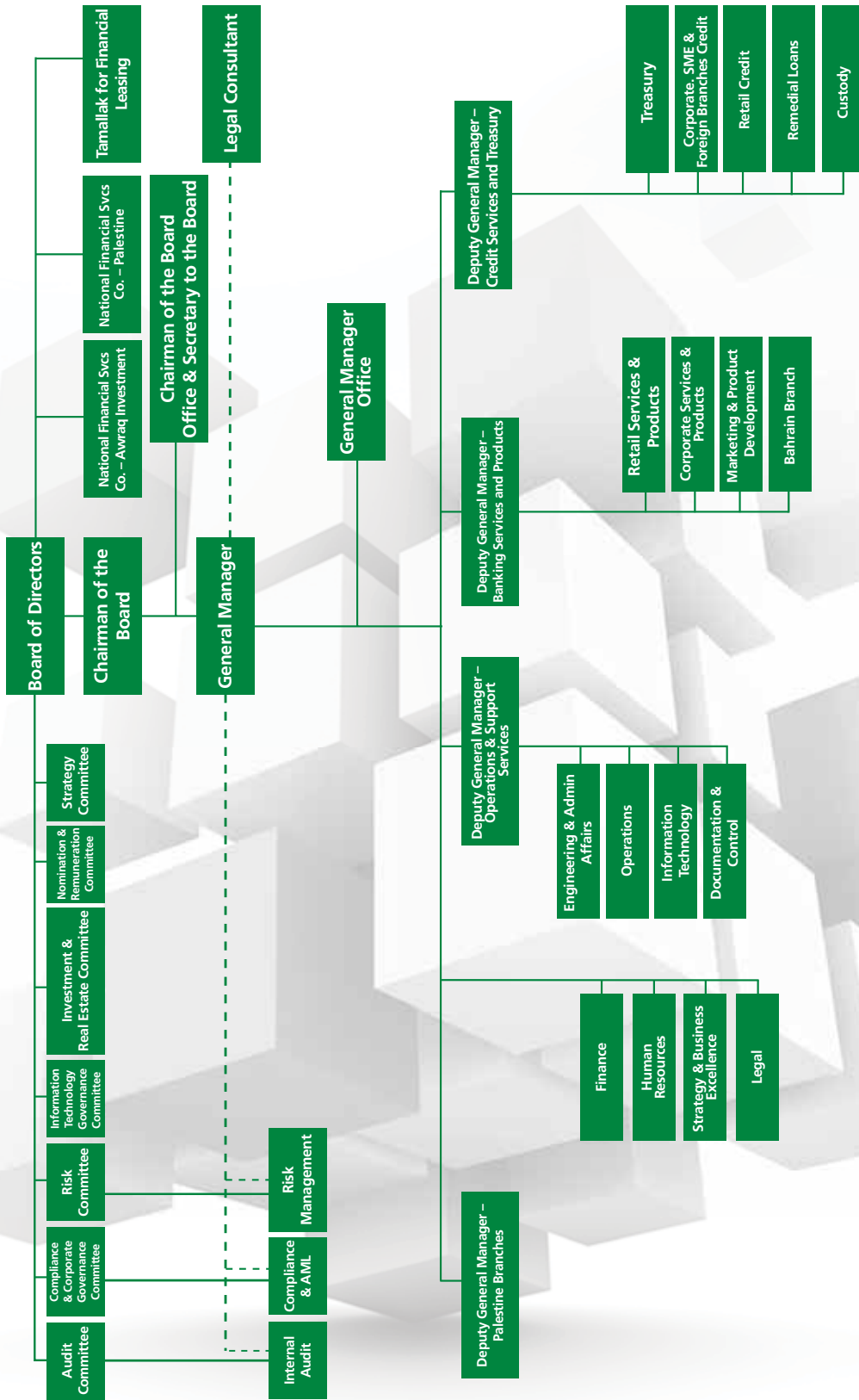


Rania Mousa Fahid Al-Araj

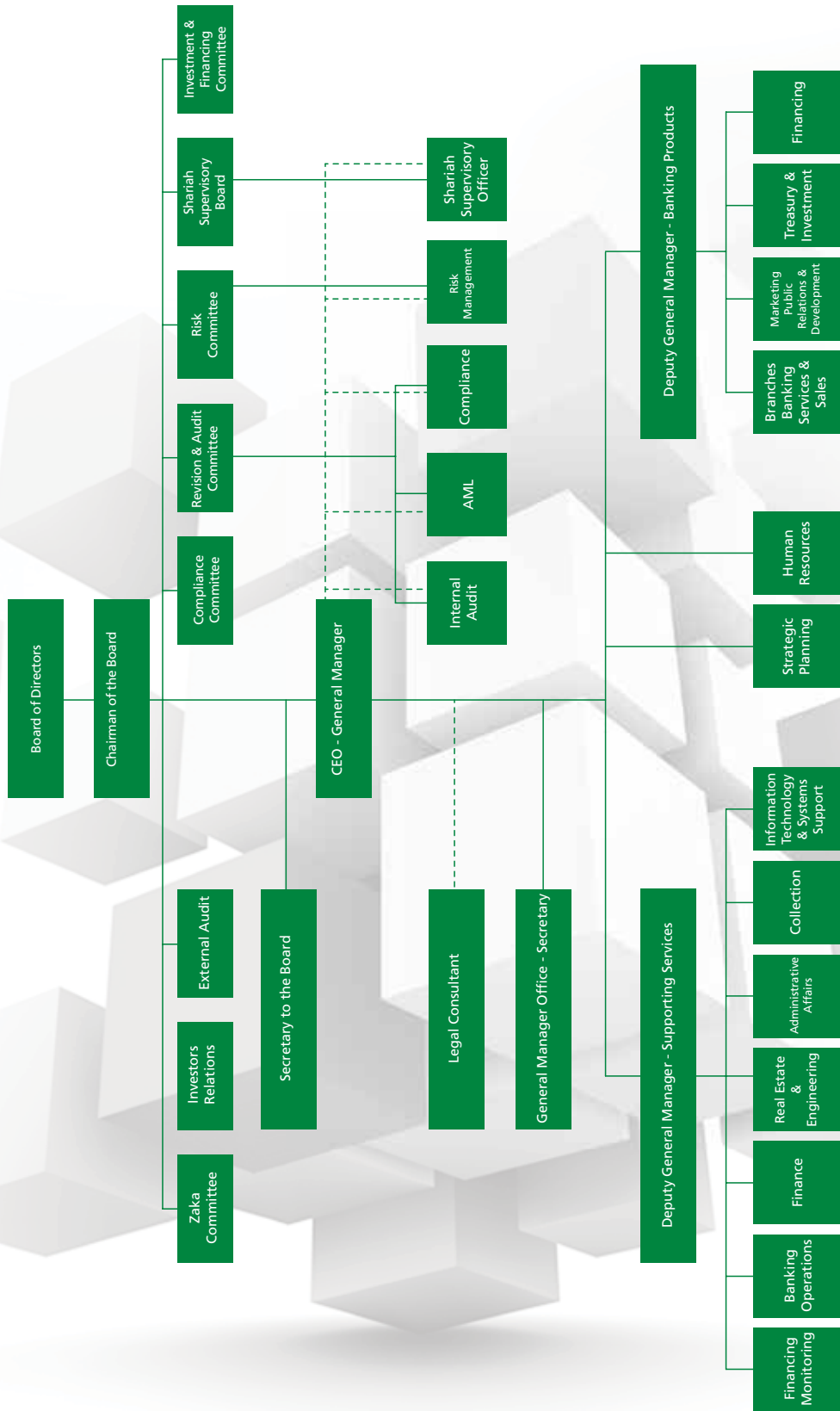


* The signature of the board member does not appear in the annual report as he was travelling abroad at the time of preparing the statements

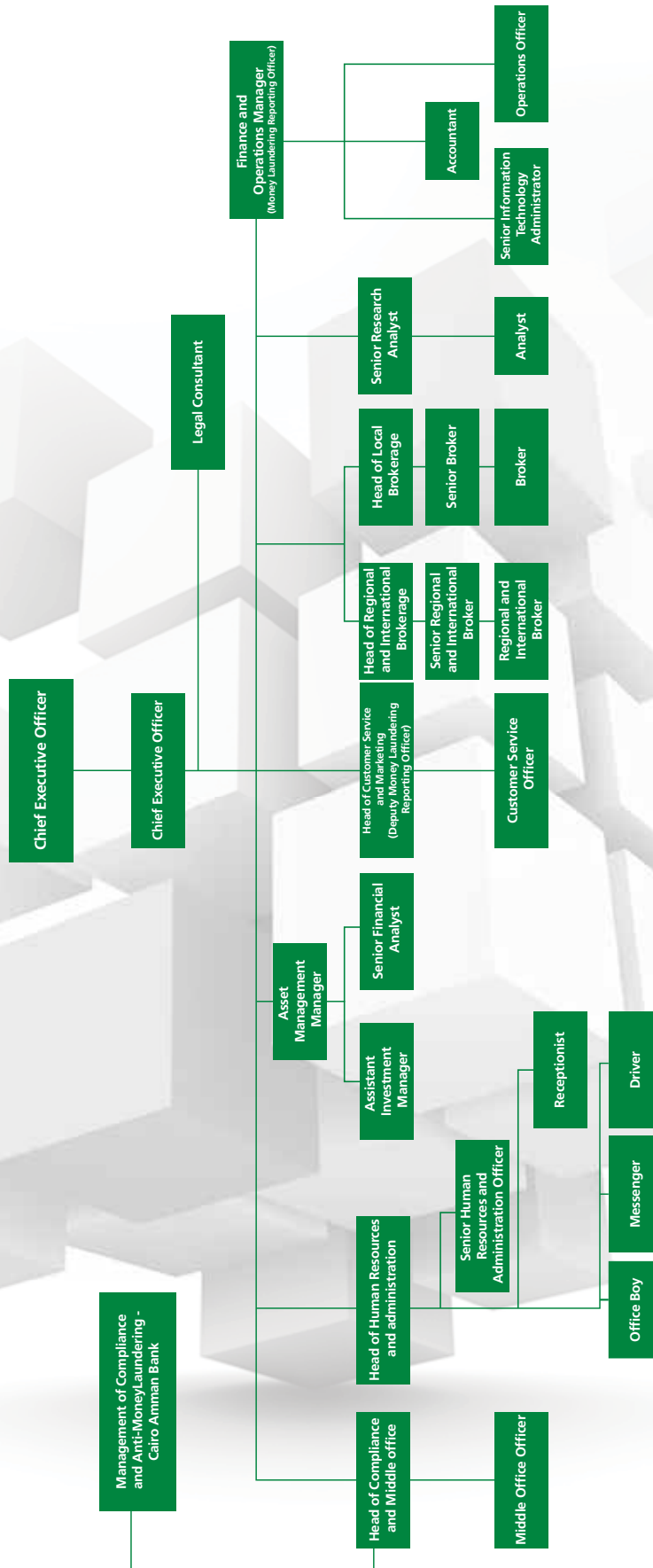
Cairo Amman Bank Organizational Structure



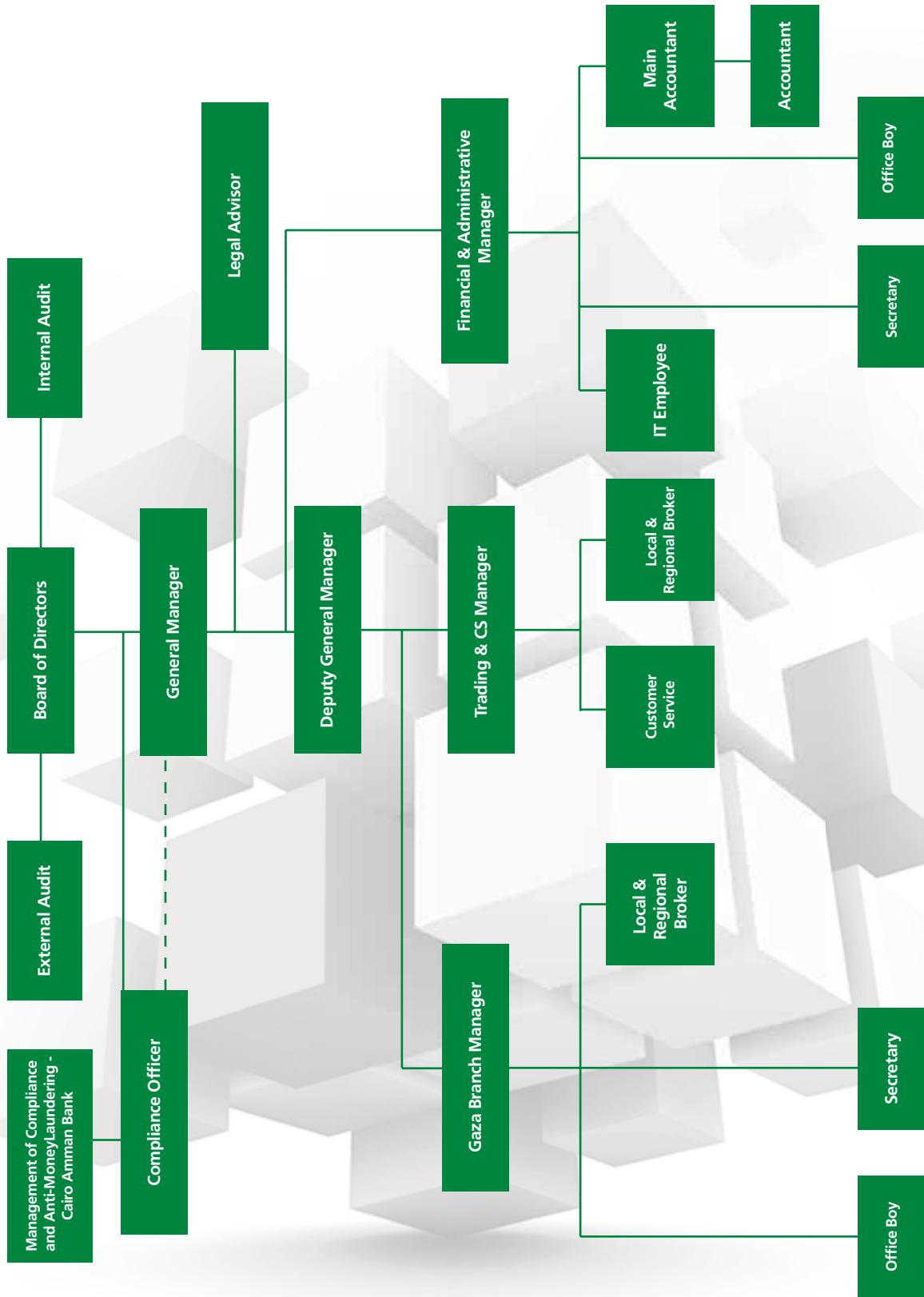
Safa Bank Organizational Structure



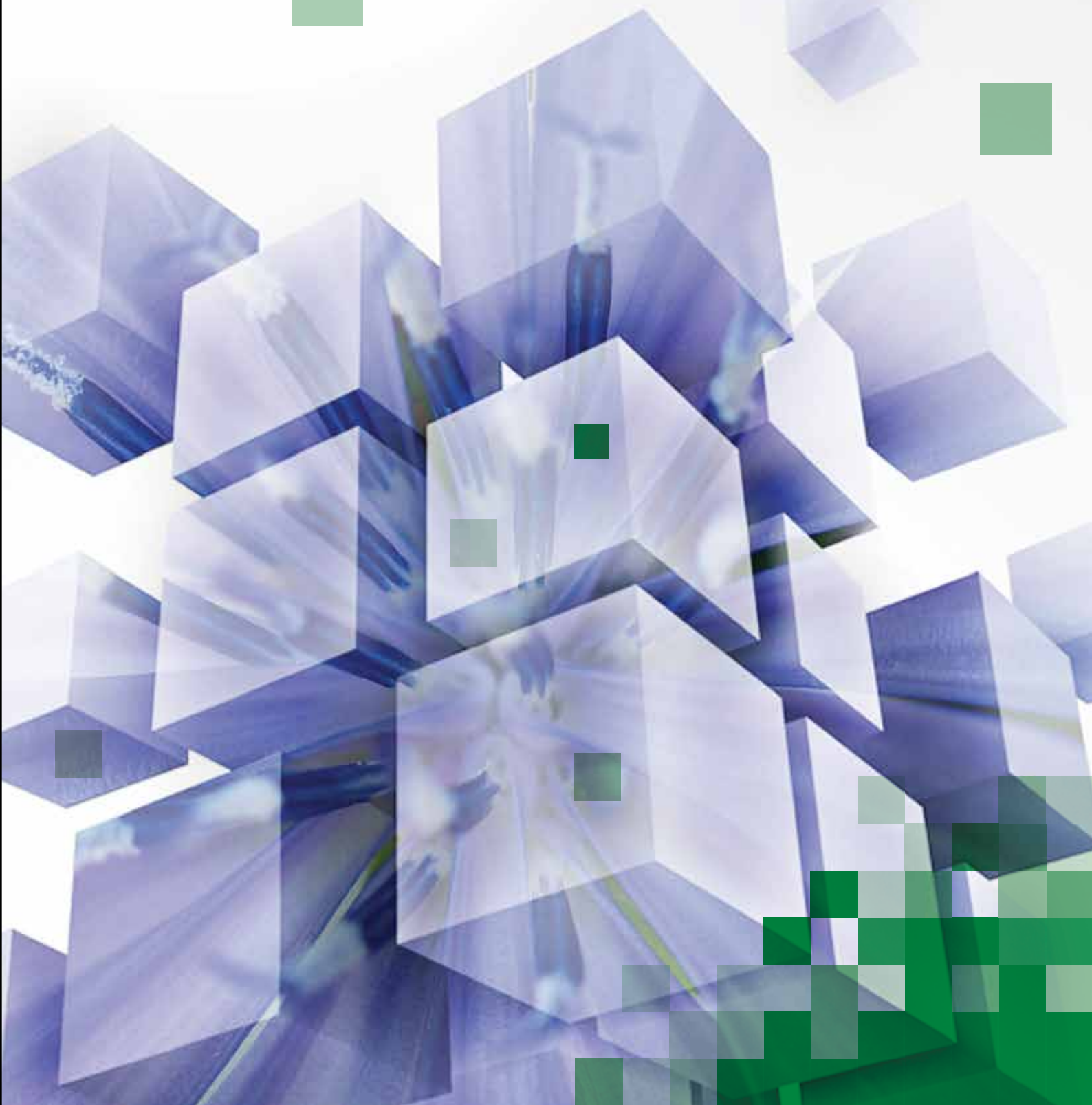
AWRAQ Investment Organizational Structure



Al-Watanieh Securities Company Organizational Structure



Consolidated Financial Statements



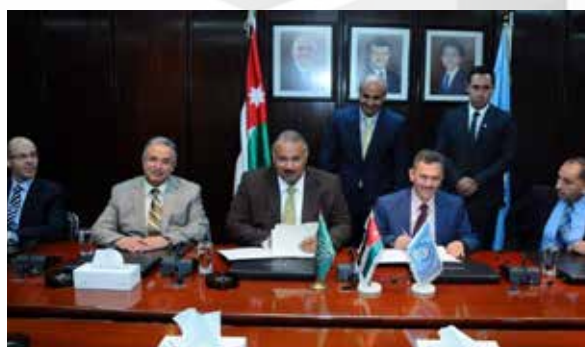
CAB Universities Partnerships 2016



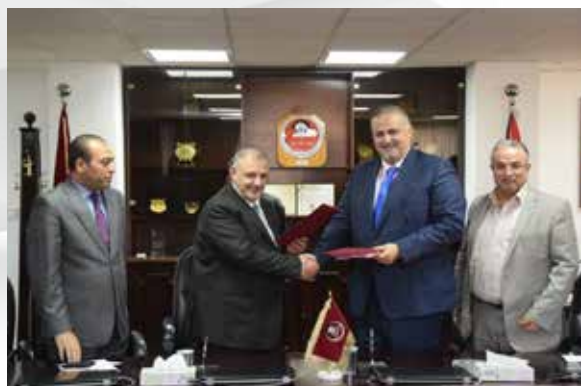
Al-Hussein Bin Talal University Partnership



Al al-Bayt University Partnership



Jordan University of Science and Technology Partnership



Hashemite University Partnership



INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Cairo Amman Bank
Public Shareholding Limited Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Cairo Amman Bank (the Bank) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, consolidated statement of income, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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



Other Matters

-The consolidated financial statements for the year ended 31 December 2015 were audited by Ernst & Young – Jordan as the sole auditor of the Bank for the year 2015. Unqualified opinion was issued on the consolidated financial statements on 11 February 2016. Ernst & Young – Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors for the Bank for the year 2016 in accordance with Central Bank of Jordan regulations for corporate governance.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Impairment of loans and advances to customers

Impairment of loans and advances to customers is one of the most significant matters that impact the reported results of the Group, in addition of being an area that requires a considerable amount of judgment for determining default event and the measurement of impairment loss.

Judgment is applied to the inputs and measurement process of impairment based on the client and portfolio including valuation of collateral, inputs and calculation of specific and collective impairment and determining the default date, and as a result, impairment is calculated from that date. As of 31 December 2016, the gross loans and advances amounted to JD 1,414,749,409 against which accumulated loan loss provision of JD 47,675,336 were recorded.



How the key audit matter was addressed

Our audit procedures included obtaining the statements for non-performing and watch list credit facilities, samples were selected to test impairment which included collateral valuation and assessing the provision required based on the date of default.

We also selected a sample from the performing loans to determine whether management had identified all impairment events.

Disclosures of impairment of loans and advances are detailed in note 9 and note 2 to the consolidated financial statements.

2. Suspension of interest on non-performing loans

Interest is suspended after 90 days from impairment event (default date) in accordance with Central Bank of Jordan regulations should be suspended.

Judgment is applied as to determining when the default date occurred which affects the amount of interest to be suspended.

How the key audit matter was addressed

Our audit procedures included selecting a sample from the schedules of non-performing loans and interest in suspense, and tested suspended interest including recalculation in accordance with CBJ regulations, and assessing the criteria used by management for determining the impairment event.

Disclosures of interest in suspense are detailed in note 9 to the consolidated financial statements.

3. Valuation of investments in illiquid/ unquoted investments

The Bank holds illiquid/ unquoted investments classified as financial assets at fair value through other comprehensive income disclosed in note 8 associated to the financial statements amounting to JD 12,301,132. The valuation process is a complex area that requires the use of models and forecasting of future cash flows including other factors to determine the fair value of the investments.

The Deloitte logo consists of the word "Deloitte" in a bold, black, sans-serif font, followed by a small green circle.**How the key audit matter was addressed**

Our audit procedures included an assessment of the methodology and the appropriateness of the valuation models and inputs used to value the illiquid investments. As part of these audit procedures, we assessed the reasonableness of key inputs used in the valuation such as the expected cash flows, discount rate by benchmarking them with external data.

Disclosures of financial investments at fair value through other comprehensive income are detailed in note 8 to the consolidated financial statements.

Other information included in the Bank's 2016 annual report.

Other information consists of the information included in The Bank's 2016 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2016 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.





Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.



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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the financial statements and We recommend that the General Assembly of the Shareholders to approve these financial statements.

Amman – Jordan
22 February 2017

Ernst & Young – Jordan

Bishr Baker
Managing Partner

Deloitte & Touche (Middle East) - Jordan

Karim Nabulsi
Managing Partner

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

Cairo Amman Bank

Consolidated Statement of Financial Position as at 31 December 2016

	Notes	2016 JD	2015 JD
Assets			
Cash and balances with Central Banks	4	225,410,667	212,347,289
Balances at banks and financial institutions	5	333,854,252	552,356,037
Deposits at banks and financial institutions	6	73,543,068	113,199,984
Financial assets at fair value through profit or loss	7	25,822,584	28,171,886
Financial assets at fair value through other comprehensive income	8	31,502,293	37,302,031
Direct credit facilities, net	9	1,356,279,148	1,144,240,181
Financial assets at amortized cost, net	10	336,223,295	275,985,687
Financial assets pledged as collateral	11	13,476,000	77,618,957
Property and equipment, net	12	42,335,356	30,489,984
Intangible assets, net	13	10,046,891	10,189,750
Deferred tax assets	20	6,270,359	4,265,762
Other assets	14	36,419,320	45,894,556
Total Assets		2,491,183,233	2,532,062,104
Liabilities And Equity			
Liabilities -			
Banks and financial institutions' deposits	15	358,957,094	382,932,831
Customers' deposits	16	1,547,446,248	1,570,016,124
Margin accounts	17	81,476,847	86,464,640
Borrowed funds	18	92,165,097	107,238,340
Sundry provisions	19	15,000,573	13,569,964
Income tax liabilities	20	20,892,898	23,599,266
Deferred tax liabilities	20	2,049,782	2,149,293
Other liabilities	21	35,884,682	38,513,667
Total Liabilities		2,153,873,221	2,224,484,125
Equity			
BANK'S SHAREHOLDERS' EQUITY			
Paid in capital	22	180,000,000	160,000,000
Statutory reserve	23	65,836,075	60,988,222
General banking risk reserve	23	13,982,002	12,670,000
Cyclical fluctuations reserve	23	6,816,916	5,902,049
Fair value reserve, net	24	(10,347,484)	(6,917,105)
Retained earnings	25	70,184,530	74,934,813
Total Bank's Shareholders' Equity		326,472,039	307,577,979
Non-controlling interests		10,837,973	-
Total Equity		337,310,012	307,577,979
Total Liabilities and Equity		2,491,183,233	2,532,062,104

The accompanying notes from 1 to 50 are an integral part of these financial statements.

Cairo Amman Bank

Consolidated Statement of Income for the Year Ended 31 December 2016

	Notes	2016 JD	2015 JD
Interest income	27	129,264,364	142,609,154
Interest expense	28	<u>32,670,429</u>	<u>41,170,304</u>
Net interest income		96,593,935	101,438,850
Net commission income	29	<u>20,130,410</u>	<u>20,324,769</u>
Net interest and commission income		116,724,345	121,763,619
Income other than interest and commission			
Gain from foreign currencies	30	3,277,281	2,668,578
(Loss) gain from financial assets at fair value through profit or loss	31	(737,941)	643,723
Dividends from financial assets at fair value through other comprehensive income	8,32	1,117,217	1,301,280
Gain from sale of financial assets at amortized cost		275,808	-
Other income	33	<u>7,472,664</u>	<u>5,561,787</u>
Gross profit		<u>128,129,374</u>	<u>131,938,987</u>
Employees' expenses			
Employees' expenses	34	38,854,913	38,031,909
Depreciation and amortization	12,13	8,009,598	6,412,576
Other expenses	35	25,907,777	23,383,737
Impairment loss on direct credit facilities	9	3,213,480	2,756,444
Impairment on repossessed assets		-	16,757
Sundry provisions	19	<u>2,220,049</u>	<u>1,050,165</u>
Total expenses		<u>78,205,817</u>	<u>71,651,588</u>
Profit before tax		49,923,557	60,287,399
Income tax expense	20	<u>15,189,678</u>	<u>19,119,145</u>
Profit for the year		<u>34,733,879</u>	<u>41,168,254</u>
Allocated to:			
Shareholder's Equity		<u>35,056,003</u>	<u>41,168,254</u>
Non-controlling interests		<u>(322,124)</u>	<u>-</u>
Profit for the year		<u>34,733,879</u>	<u>41,168,254</u>
		JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank shareholders)	36	<u>0/195</u>	<u>0/229</u>

The accompanying notes from 1 to 50 are an integral part of these financial statements.

Cairo Amman Bank

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016

	2016	2015
	JD	JD
Profit for the year	34,733,879	41,168,254
Add: Other comprehensive income, which will not be transferred to profit or loss in future periods, net of tax:		
Net movement in fair value reserve	(11,797)	(8,927,263)
Total Comprehensive income for the year	<u>34,722,082</u>	<u>32,240,991</u>
Total Comprehensive income for the year allocated to:		
Bank's shareholders' equity	35,044,206	32,240,991
Non-controlling interests	(322,124)	-
Total Comprehensive income for the year	<u>34,722,082</u>	<u>32,240,991</u>

The accompanying notes from 1 to 50 are an integral part of these financial statements.

Cairo Amman Bank

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016

	RESERVES								Total Equity
	Paid in Capital	Statutory	General Banking Risk	Cyclical	Fair Value Reserve	Retained earnings	Total Shareholders' Equity	Non-controlling interests	
2016	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2016	160,000,000	60,988,222	12,670,000	5,902,049	(6,917,105)	74,934,813	307,577,979	-	307,577,979
Total comprehensive income for the year	-	-	-	-	(11,797)	35,056,003	35,044,206	(322,124)	34,722,082
Dividends paid	-	-	-	-	-	(16,000,000)	(16,000,000)	-	(16,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(3,418,582)	3,418,582	-	-	-
Capital increase	20,000,000	-	-	-	-	(20,000,000)	-	-	-
Capital increase related expenses	-	-	-	-	-	(150,146)	(150,146)	-	(150,146)
Transferred to reserves	-	4,847,853	1,312,002	914,867	-	(7,074,722)	-	-	-
Non-controlling interest from establishing a subsidiary	-	-	-	-	-	-	-	11,160,097	11,160,097
Balance at 31 December 2016	<u>180,000,000</u>	<u>65,836,075</u>	<u>13,982,002</u>	<u>6,816,916</u>	<u>(10,347,484)</u>	<u>70,184,530</u>	<u>326,472,039</u>	<u>10,837,973</u>	<u>337,310,012</u>
2015 -									
Balance at 1 January 2015	125,000,000	54,539,179	12,270,000	5,079,998	2,323,033	92,599,778	291,811,988	-	291,811,988
Total comprehensive income for the year	-	-	-	-	(8,927,263)	41,168,254	32,240,991	-	32,240,991
Dividends paid	-	-	-	-	-	(16,250,000)	(16,250,000)	-	(16,250,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(312,875)	312,875	-	-	-
Capital increase	35,000,000	-	-	-	-	(35,000,000)	-	-	-
Capital increase related expenses	-	-	-	-	-	(225,000)	(225,000)	-	(225,000)
Transferred to reserves	-	6,449,043	400,000	822,051	-	(7,671,094)	-	-	-
Balance at 31 December 2015	<u>160,000,000</u>	<u>60,988,222</u>	<u>12,670,000</u>	<u>5,902,049</u>	<u>(6,917,105)</u>	<u>74,934,813</u>	<u>307,577,979</u>	<u>-</u>	<u>307,577,979</u>

- The general banking risk reserve is restricted from being used without a prior approval from the Central Bank of Jordan.
- On December 31, 2016, the unrealized gains in retained earnings and resulting from the early implementation of IFRS 9 amounted to JD 14,427,912. This amount is not available for distribution.
- Retained earnings balance include deferred tax assets which amounted to JD 6,270,359 and is restricted from use as set by the Central Bank of Jordan.
- The bank cannot use a restricted amount of JD 10,347,484, which represents the negative fair value reserve as per the Central Bank of Jordan and the Jordanian Securities Commission instructions.

The accompanying notes from 1 to 50 are an integral part of these financial statements.

Cairo Amman Bank

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Notes	2016 JD	2015 JD
Operating Activities			
Profit before tax		49,923,557	60,287,399
Adjustments for non - monetary items -			
Depreciation and amortization	12,13	8,009,598	6,412,576
Impairment loss on direct credit facilities	9	3,213,480	2,756,444
Sundry provisions	19	2,220,049	1,050,165
Unrealized loss from financial assets at fair value through profit or loss	31	2,624,780	1,197,008
(Gain) from sale of property and equipment	33	(2,477)	(14,390)
(Gain) from sale of repossessed properties		(150,044)	(333,669)
Impairment on repossessed assets		-	16,757
Effect of exchange rate changes on cash and cash equivalents		(3,067,895)	(2,418,202)
Profit before changes in assets and liabilities		62,771,048	68,954,088
Changes in assets and liabilities -			
Restricted balances with Central Banks		(779,900)	-
Deposits at banks and financial institutions maturing after more than three months		39,656,916	(5,800,000)
Financial assets at fair value through profit or loss		(275,478)	(793,160)
Direct credit facilities		(215,252,447)	(126,440,250)
Other assets		9,625,280	(2,192,171)
Banks and financial institution deposits maturing after more than three months		12,418,180	2,836,000
Customers' deposits		(22,569,876)	(17,386,959)
Margin accounts		(4,987,793)	(663,710)
Sundry provisions paid		(789,440)	(566,304)
Other liabilities		(2,628,985)	(2,045,380)
Net cash flows (used in) operating activities before income tax		(122,812,495)	(84,097,846)
Income tax paid	20	(20,104,075)	(19,727,689)
Net cash flows (used in) operating activities		(142,916,570)	(103,825,535)
Investing Activities			
Purchase of financial assets at fair value through OCI		(1,994,226)	(4,183,752)
Sale of financial assets at fair value through OCI		7,886,088	1,388,325
Sale of property and equipment		12,539	29,110
Purchase of financial assets at amortized cost		(197,807,183)	(145,049,192)
Maturity and sale of financial assets at amortized cost		201,712,532	204,161,708
(Purchase) of property and equipment		(17,100,220)	(6,130,366)
(Purchase) of intangible assets		(2,621,953)	(2,946,321)
Net cash flows (used in) from investing activities		(9,912,423)	47,269,512
Financing Activities			
Dividends paid to shareholders		(16,000,000)	(16,250,000)
Capital increase related expenses		(150,146)	(225,000)
Borrowed funds		53,489,623	76,498,366
Borrowed funds paid		(68,562,866)	(19,661,514)
Non- controlling interest in subsidiary paid in capital		11,160,097	-
Net cash flows (used in) from financing activities		(20,063,292)	40,361,852
Effect of exchange rate changes on cash and cash equivalents		3,067,895	2,418,202
Net (decrease) in cash and cash equivalents		(169,824,390)	(13,775,969)
Cash and cash equivalents, beginning of the year		397,796,995	411,572,964
Cash and cash equivalents, end of the year	37	227,972,605	397,796,995

The accompanying notes from 1 to 50 are an integral part of these financial statements.

Cairo Amman Bank

Notes to the Consolidated Financial Statements 31 December 2016

(1) General Information

Cairo Amman Bank is a public shareholding company registered and incorporated in Jordan in 1960 in accordance with the Ministry of Justice and Companies Law No (12) of 1964. Its head office is in Amman/Jordan.

The bank provides its banking and financial services through its head office located in Amman and through its 88 branches in Jordan, 21 branches in Palestine, 1 branch in Bahrain and its subsidiaries.

The bank is listed on the Amman Stock Exchange.

The financial statements were authorized for issue by the bank's board of directors meeting no. 1/2017 on 9 February 2017. These consolidated financial statements require the general assembly's approval.

(2) Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the bank and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations (IFRICs), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which have been measured at fair value.

The financial statements have been presented in Jordanian Dinars (JD), which is the functional currency of the bank.

Changes in Accounting Policies:

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except for the following:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate financial Statements, which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 first-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment Entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice from the application of the investment entities consolidation exception and clarifies that:

The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the bank's financial position or performance and became effective for annual periods which started from 1 January 2016.

Summary of Significant Accounting Policies:

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the bank and its subsidiaries where the bank holds control over the subsidiaries. The control exists when the bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions income, and expenses between the bank and subsidiaries are eliminated.

The subsidiaries on which the bank holds control are as follow:

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

* Thimar for Investment Services is owned by the subsidiary Al- Watanieh Securities Company.

No consolidation has been made for the financial statements of Cairo Real Estate Company – LL-Jordan, of which the bank owns 100% of the paid-up capital of JD 50,000, due to the fact that on July 31, 2002 all assets and liabilities of the company were transferred to the bank. The bank is in the process of completing legal procedures to liquidate the company.

The financial statements of the subsidiaries are prepared for the same reporting year as the bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the bank.

Subsidiaries are fully consolidated from the date on which control is transferred to the bank. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

If separate financial statements are prepared for the bank, the investments in subsidiaries will be shown at cost in the statement of financial position.

Segmental Reporting

- Business segments represent distinguishable components of the bank that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured in accordance with the requests sent to the chief operating decision maker.
- Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Financial assets at amortized cost:

- Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the asset to collect their contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and interest on the outstanding principal amount.
- Debts instruments meeting these criteria are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective interest rate method, less allowance for impairment. The losses arising from impairment are recognized in the income statement.
- The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.
- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in IFRS 9.
- If these assets are sold before maturity date, gain or loss from sale is recorded in the income statement.

Financial assets at fair value through profit or loss:

- The debt instruments that are not consistent with the business model of financial assets carried at amortized cost or those which the bank chose to classify them at fair value through profit or loss are measured at fair value through profit and loss.
- Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the statement of income at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. When these assets or portion of these assets are sold, the gain or loss arising are recorded in the income statement.
- Dividend and interest income are recorded in the income statement.
- It is not permitted to reclassify assets (to / or) from this category except in certain circumstances determined in IFRS 9.

Financial assets at fair value through other comprehensive income:

- Equity investments that are not held for sale in the near future.
- These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve to retained earnings.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the statement of income.
- It is not permitted to reclassify assets (to / or) from this category except in certain circumstances determined in IFRS 9.

Direct credit facilities

Direct credit facilities are financial assets with fixed and determined payments provided or granted by the bank which do not have any market value in an active market and measured at an amortized cost.

Impairment of direct credit facilities is recognized in the allowance for credit losses when collection of amounts due to the banks are not probable and when events occur after the initial recognition of the facility that have an impact on the estimated future cash flows of the facilities that can be reliably estimated. The impairment is recorded in the income statement.

Interest and commission arising on non-performing facilities is suspended when loans become impaired according to the Central Bank of Jordan's regulations.

Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess allowance of possible loan losses, if any, is transferred to the statement of income, and cash recoveries of loans that were previously written off are credited to the income statement.

Fair value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

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 expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations.

Non-interest bearing long-term financial assets and liabilities using discounted cash flow at an effective interest rate. The premium or discount is recognized in interest income/ expense in the profit or loss statement.

Impairment of financial assets

The bank assesses each balance sheet's date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, the recoverable amount is estimated in order to determine the amount of impairment loss to be recognized in the income statement.

Impairment is determined as follows:

- For assets carried at amortized cost, impairment is based on the difference between the carrying value and the estimated cash flows discounted at the original effective interest method.

Impairment is recognized in the income statement. If in a subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. Depreciation rates used are as follows:

	%
Buildings	2
Equipment and furniture	9-15
Vehicles	15
Computers	20

- The carrying values of property and equipment 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 income statement.
- Useful life for property and equipment is reviewed every year. If expected useful life is different from the previous one, the difference is recorded in the current and subsequent periods as a change in the accounting estimate.
- Elimination at the property and equipment happens when the asset is disposed of there is no future benefits for using it.

Provisions

Provisions are recognized when the bank has a present obligation (legal or constructive) the date where the financials arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service indemnity

Provision for end of service indemnity is established by the bank to face any legal or contractual obligations at the end of employees' services and is calculated based on the service terms as of the financial statements date.

Income tax

- Tax expense comprises current tax and deferred taxes.
- Current tax is based on taxable profits, which may differ from accounting profits published in the income statement. Accounting profits may include non-taxable profits or non-deductible expenses which may be exempted in the current or subsequent financial years or accumulated losses that are acceptable as tax deductions or items that are non-taxable or not-deductible for tax purposes.
- Tax is calculated based on tax rates and laws that are applicable in the countries of operation.
- Deferred tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the balance sheet date.
- The bank calculates the deferred tax in accordance with IAS12.

Fiduciary assets

Assets held in a fiduciary capacity are not recognized as assets of the bank. Allowances for impairment are recorded for capital guaranteed portfolios that are managed on behalf of clients. Fees and commissions received for administering such assets are recognized in the income statement.

Offsetting

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

Derivatives and hedge accounting

For hedge accounting purposes, derivative instruments are fair valued and hedges are classified as follows:

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of the bank's recognized assets or liabilities that is attributable to a particular risk.

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as adjustment to the carrying value of the hedged item and is also recognized in the income statement.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in the bank's actual and expected cash flows which is attributable to a particular risk associated with a recognized asset or liability.

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, and is subsequently transferred to the income statement in the period in which the hedged cash flows affect income.

Hedge of net investments in foreign operations

Hedges of net investments in a foreign operation are accounted for by measuring the fair value of the hedging instrument. The effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized directly in equity is transferred to the income statement.

- For hedges which become ineffective, gains or losses resulting from the change in fair value of the hedge instrument is recognized directly in the income statement.

Derivative financial instruments held for trading

Derivative financial instruments such as foreign currency forward and future deals, interest rate forward and future deals, swaps, foreign currency options and others are recorded at fair value in the balance sheet. Fair value is determined by reference to current market prices. In case such prices were not available, the method of valuation is stated. Changes in fair value are transferred to the income statement.

Repurchase and resale agreements

- Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the bank's financial statements within the pledged financial assets as collateral due to the bank's continuing exposure to the risks and rewards of these assets, using the same accounting policies.
- The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest method.
- Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the bank's financial statements as assets since the bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between the purchase and resale price is recognized in the income statement over the agreement term using the effective interest method.

Pledged financial assets as collateral

These are the financial assets that are pledged for other parties as collateral for a specific contractual period, both parties don't have the right to sell or re-pledge the asset unless they both agree that these financial assets continue to be valued using the same accounting policies and classification.

Revenue and expense recognition

- Interest income is recorded using the effective interest method except for fees and interest on non-performing facilities, on which interest is transferred to the interest in suspense account and not recognized in the income statement.

Expenses are recognized on an accrual basis.

- Commission income is recognized upon the rendering of services. Dividend income is recognized when the right to receive payment is established.

Trade date accounting

Sale or purchase of financial assets is recognized at the trade date, i.e. the date that the bank commits to purchase or sell the asset.

Assets repossessed by the bank against non-performing loans

Assets repossessed by the bank through calling upon collateral are shown in the balance sheet under "Other assets" at the lower of their carrying value or fair value. Assets are revalued at the balance sheet date on an individual basis and losses from impairment are transferred directly to the income statement, while revaluation gains are not recognized as income. Reversal of previous impairment losses shall not result in a carrying value that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Intangible assets

- Intangible assets acquired through a business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.
- Intangible assets are classified on the basis of their useful life as definite and indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.
- Internally generated intangible assets are not capitalized and are expensed in the income statement.
- Indications of impairment of intangible assets are reviewed and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.
- Intangible assets include computer software and programmers. These intangibles are amortized evenly over their estimated useful economic life of 5 years.

Foreign currencies

- Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.
- Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the balance sheet date as issued by Central Bank of Jordan. Any gains or losses are taken to the income statement.
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
- Exchange differences for non-monetary assets and liabilities in foreign currencies (such as equity instruments) are recorded as part of the change in fair value at the date of the transaction.

- Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the balance sheet date as issued by Central Bank of Jordan. Any gains or losses are taken to the income statement.
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
- Exchange differences for non-monetary assets and liabilities in foreign currencies (such as equity instruments) are recorded as part of the change in fair value.
- Upon the consolidation of the financial statements at the reporting date, the assets and liabilities of foreign subsidiaries and overseas branches are translated into the bank's presentation currency at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is transferred to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand and cash balances with banks and financial institutions that mature within three months, less banks and financial institutions deposits that mature within three months and restricted balances.

(3) Use of Estimates

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

Allowance for credit losses: The bank reviews and provides for its loan portfolios according to the Central Bank of Jordan regulations and IFRS.

- Impairment losses on the valuation of possessed real estate properties are determined based on appraisal reports prepared by certified appraisers and reviewed periodically.
- The income tax provision is calculated based on the applications of relevant laws.
- Management periodically reevaluates the useful life's of tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement.
- Legal provisions are provided for lawsuits raised against the bank based on the bank's legal advisors' opinion.
- The management determines the fair value of the financial instruments to determine a value that reflects market expectations considering the market conditions, any risks or expected returns in the valuation.
- For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. 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 expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

(4) Cash and Balances with Central Banks

The details of this item are as follows:

	2016 JD	2015 JD
Cash on hand	64,247,739	49,033,909
Balances at Central Banks:		
Current and demand accounts	71,243,366	70,600,676
Time and notice deposits	8,224,400	7,444,500
Statutory cash reserve	81,695,162	85,268,204
	<u>225,410,667</u>	<u>212,347,289</u>

- In addition to the statutory cash reserve held at Central Banks, restricted balances amounted to JD 8,224,400 as of 31 December 2016 (2015: JD 7,444,500)
- There are no balances that mature in a period more than three months.

(5) Balances at Banks and Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2016 JD	2015 JD	2016 JD	2015 JD	2016 JD	2015 JD
Current and demand accounts	896,556	5,419,061	36,907,332	42,985,054	37,803,888	48,404,115
Deposits maturing within 3 months or less	<u>249,267,615</u>	<u>439,165,804</u>	<u>46,782,749</u>	<u>64,786,118</u>	<u>296,050,364</u>	<u>503,951,922</u>
Total	<u>250,164,171</u>	<u>444,584,865</u>	<u>83,690,081</u>	<u>107,771,172</u>	<u>333,854,252</u>	<u>552,356,037</u>

- Non interest bearing balances at banks and financial institutions amounted to JD 37,803,888 as of 31 December 2016 (2015: JD 48,404,115).
- There are no restricted balances as of 31 December 2016 and 2015.

(6) Deposits at Banks and Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2016 JD	2015 JD	2016 JD	2015 JD	2016 JD	2015 JD
Deposit maturing within						
More than 3 to 6 months	12,500,000	100,000,000	-	-	12,500,000	100,000,000
More than 6 to 9 months	24,199,984	13,199,984	-	-	24,199,984	13,199,984
More than 9 to 12 months	-	-	14,180,000	-	14,180,000	-
More than 12 months	<u>14,833,000</u>	<u>-</u>	<u>7,830,084</u>	<u>-</u>	<u>22,663,084</u>	<u>-</u>
Total	<u>51,532,984</u>	<u>113,199,984</u>	<u>22,010,084</u>	<u>-</u>	<u>73,543,068</u>	<u>113,199,984</u>

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

(7) Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

	2016 JD	2015 JD
Quoted Equities	23,963,344	26,113,577
Funds	1,859,240	2,058,309
Total	<u>25,822,584</u>	<u>28,171,886</u>

(8) Financial Assets at Fair Value Through Other Comprehensive Income

The details of this item are as follows:

	2016 JD	2015 JD
Quoted Investments		
Quoted Equities	19,201,161	24,742,107
Total quoted investments	<u>19,201,161</u>	<u>24,742,107</u>
Unquoted Investments		
Unquoted Equities	12,301,132	12,559,924
Total unquoted investments	<u>12,301,132</u>	<u>12,559,924</u>
Total	<u>31,502,293</u>	<u>37,302,031</u>

Realized gains transferred to retained earnings as a result of the sale of financial assets at fair value through other comprehensive income during 2016 amounted to JD 3,418,582 (2015: JD 312,875).

Dividends from financial assets at fair value through other comprehensive income during 2016 amounted to JD 1,117,217 (2015: JD 1,301,280).

Dividends from financial assets at fair value through other comprehensive income sold during the year amounted to JD 314,000.

(9) Direct Credit Facilities

The details of this item are as follows:

	2016	2015
	JD	JD
Consumer lending		
Overdrafts	8,221,354	5,472,818
Loans and bills *	632,917,856	587,520,113
Credit cards	10,070,530	10,363,103
Others	6,109,762	8,645,632
Residential mortgages	171,512,514	159,881,758
Corporate lending		
Overdrafts	99,378,606	62,972,852
Loans and bills *	203,901,684	163,612,105
Small and medium enterprises lending "SMEs"		
Overdrafts	13,755,261	14,853,464
Loans and bills *	52,266,535	45,831,463
Lending to governmental sectors	<u>216,615,307</u>	<u>141,653,211</u>
Total	<u>1,414,749,409</u>	<u>1,200,806,519</u>
Less: Suspended interest	(10,794,925)	(10,266,892)
Less: Allowance for impairment losses	(47,675,336)	(46,299,446)
Direct credit facilities, net	<u>1,356,279,148</u>	<u>1,144,240,181</u>

* Net of interest and commissions received in advance amounting to JD 5,251,444 as of 31 December 2016 (2015: JD 5,271,107).

- At 31 December 2016, non-performing credit facilities amounted to JD 59,328,905 (2015: JD 57,133,741), representing 4.19% (2015: 4.76%) of gross direct credit facilities granted.
- At 31 December 2016, non-performing credit facilities, net of suspended interest, amounted to JD 48,701,464 (2015: JD 46,890,635), representing 3.44% (2015: 3.94%) of gross direct credit facilities granted after excluding the suspended interest.
- At 31 December 2016, credit facilities granted to the Government of Jordan amounted to JD 102,143,212 (2015: JD 50,100,512), representing 7.22% (2015: 4.17%) of gross direct credit facilities granted.
- At 31 December 2016, credit facilities granted to the public sector in Palestine amounted to JD 55,232,268 (2015: JD 57,360,297), representing 3.9% (2015: 4.78%) of gross direct credit facilities granted.
- The borrowed funds from the CBJ for SMEs loans were re-lent on an average interest rate of 7% and the loan repayment to the CBJ will start after 5 years from granting day.
- The borrowed funds from the CBJ for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 4.25%.

Allowance for Impairment Losses:

A reconciliation of the allowance for impairment losses for direct credit facilities by class is as follows:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
2016 -					
At 1 January 2016	31,121,763	2,154,700	5,863,690	7,159,293	46,299,446
Charge for the year	237,801	(162,510)	3,031,382	106,807	3,213,480
Amounts written off	(1,833,783)	-	-	(27,872)	(1,861,655)
Revaluation difference	18,125	-	3,129	2,811	24,065
At 31 December 2016	<u>29,543,906</u>	<u>1,992,190</u>	<u>8,898,201</u>	<u>7,241,039</u>	<u>47,675,336</u>
Specific impairment on Individual customers:					
Non - performing	23,291,318	1,952,761	8,605,678	7,205,336	41,055,093
Watch list	893,378	39,429	292,523	35,703	1,261,033
Collective impairment on portfolio	<u>5,359,210</u>	-	-	-	<u>5,359,210</u>
At 31 December 2016	<u>29,543,906</u>	<u>1,992,190</u>	<u>8,898,201</u>	<u>7,241,039</u>	<u>47,675,336</u>
2015 -					
At 1 January 2015	30,729,682	991,186	8,753,242	6,876,226	47,350,336
Charge for the year	2,574,284	1,163,514	(1,284,425)	303,071	2,756,444
Amounts written off	(2,163,136)	-	(1,601,822)	(16,953)	(3,781,911)
Revaluation difference	(19,067)	-	(3,305)	(3,051)	(25,423)
At 31 December 2015	<u>31,121,763</u>	<u>2,154,700</u>	<u>5,863,690</u>	<u>7,159,293</u>	<u>46,299,446</u>
Specific impairment on Individual loans:					
Non - performing	24,499,596	2,138,193	5,836,560	7,130,614	39,604,963
Watch list	951,956	16,507	27,130	28,679	1,024,272
Collective impairment on portfolio	<u>5,670,211</u>	-	-	-	<u>5,670,211</u>
At 31 December 2015	<u>31,121,763</u>	<u>2,154,700</u>	<u>5,863,690</u>	<u>7,159,293</u>	<u>46,299,446</u>

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 7,122,651 as at 31 December 2016 (2015: JD 7,624,780).

Suspended Interest:

A reconciliation of suspended interest on direct credit facilities by class is as follows:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
2016-					
At 1 January 2016	1,080,088	38,470	7,383,838	1,764,496	10,266,892
Add: Suspended interest during the year	512,577	62,542	97,105	232,875	905,099
Less: Amount transferred to income on recovery	(84,208)	-	(194,691)	(56,559)	(335,458)
Less: Amounts written off	<u>(95,359)</u>	<u>-</u>	<u>46,739</u>	<u>7,012</u>	<u>(41,608)</u>
At 31 December 2016	<u>1,413,098</u>	<u>101,012</u>	<u>7,332,991</u>	<u>1,947,824</u>	<u>10,794,925</u>
2015 -					
At 1 January 2015	1,315,396	8,295	7,361,348	1,515,784	10,200,823
Add: Suspended interest during the year	168,393	30,175	173,124	289,618	661,310
Less: Amount transferred to income on recovery	(360,520)	-	(53,932)	(11,632)	(426,084)
Less: Amounts written off	<u>(43,181)</u>	<u>-</u>	<u>(96,702)</u>	<u>(29,274)</u>	<u>(169,157)</u>
At 31 December 2015	<u>1,080,088</u>	<u>38,470</u>	<u>7,383,838</u>	<u>1,764,496</u>	<u>10,266,892</u>

(10) Financial Assets at Amortized Cost, Net

	2016 JD	2015 JD
Quoted Investments		
Treasury bills	1,630,068	2,513,658
Corporate debt securities	<u>17,559,550</u>	<u>13,329,635</u>
Total quoted investments	<u>19,189,618</u>	<u>15,843,293</u>
Unquoted Investments		
Treasury bills	12,887,124	-
Government treasury bonds	260,373,453	251,274,012
Governmental debt securities	2,603,250	2,695,418
Corporate debt securities	41,311,650	6,311,650
Other debt securities	-	3,114
Less: impairment losses	<u>(141,800)</u>	<u>(141,800)</u>
Total unquoted investments	<u>317,033,677</u>	<u>260,142,394</u>
Total financial assets at amortized cost	<u>336,223,295</u>	<u>275,985,687</u>
Analysis of bonds and treasury bills		
Fixed rate	335,337,045	275,099,437
Floating rate	<u>886,250</u>	<u>886,250</u>
Total	<u>336,223,295</u>	<u>275,985,687</u>

The movement on the impairment losses is as follows:

	2016 JD	2015 JD
Beginning balance	141,800	141,800
Additions	-	-
Ending balance	<u>141,800</u>	<u>141,800</u>

(11) Financial Assets Pledged as Collateral

	2016		2015	
	Financial assets pledged as collateral JD	Related financial liabilities JD	Financial assets pledged as collateral JD	Related financial liabilities JD
Financial asset at amortized cost	<u>13,476,000</u>	<u>13,476,000</u>	<u>77,618,957</u>	<u>68,208,366</u>

These bonds were collateralized against the borrowed funds obtained from the Central Bank of Jordan for financing industrial loans from the CBJ and SMEs credit.

(12) Property and Equipment

The details of this item are as follows:

2016	Lands JD	Buildings JD	Furniture & Fixtures JD	Vehicles JD	Computers JD	Projects In Progress JD	Total JD
Cost:							
At 1 January 2016	1,274,879	13,876,480	39,074,808	1,487,748	26,849,918	889,408	83,453,241
Additions	-	9,158,427	3,199,438	199,000	3,160,208	1,383,147	17,100,220
Transferred	-	-	354,792	-	199,068	(553,860)	-
Disposals	-	-	(265,056)	-	(426,041)	-	(691,097)
At 31 December 2016	<u>1,274,879</u>	<u>23,034,907</u>	<u>42,363,982</u>	<u>1,686,748</u>	<u>29,783,153</u>	<u>1,718,695</u>	<u>99,862,364</u>
Accumulated depreciation:							
At 1 January 2016	-	3,666,510	27,068,839	945,809	21,282,099	-	52,963,257
Depreciation charge during the year	-	338,269	2,581,423	167,718	2,157,376	-	5,244,786
Disposals	-	-	(255,788)	-	(425,247)	-	(681,035)
At 31 December 2016	-	<u>4,004,779</u>	<u>29,394,474</u>	<u>1,113,527</u>	<u>23,014,228</u>	-	<u>57,527,008</u>
Net book value At 31 December 2016	<u>1,274,879</u>	<u>19,030,128</u>	<u>12,969,508</u>	<u>573,221</u>	<u>6,768,925</u>	<u>1,718,695</u>	<u>42,335,356</u>
2015 -							
Cost:							
At 1 January 2015	1,274,879	13,876,480	37,135,321	1,233,398	23,664,935	753,169	77,938,182
Additions	-	-	2,105,012	287,030	2,848,916	889,408	6,130,366
Transferred	-	-	370,657	-	382,512	(753,169)	-
Disposals	-	-	(536,182)	(32,680)	(46,445)	-	(615,307)
At 31 December 2015	<u>1,274,879</u>	<u>13,876,480</u>	<u>39,074,808</u>	<u>1,487,748</u>	<u>26,849,918</u>	<u>889,408</u>	<u>83,453,241</u>
Accumulated depreciation:							
At 1 January 2015	-	3,388,980	25,323,264	837,541	19,502,772	-	49,052,557
Depreciation charge during the year	-	277,530	2,271,249	140,946	1,821,562	-	4,511,287
Disposals	-	-	(525,674)	(32,678)	(42,235)	-	(600,587)
At 31 December 2015	-	<u>3,666,510</u>	<u>27,068,839</u>	<u>945,809</u>	<u>21,282,099</u>	-	<u>52,963,257</u>
Net book value At 31 December 2015	<u>1,274,879</u>	<u>10,209,970</u>	<u>12,005,969</u>	<u>541,939</u>	<u>5,567,819</u>	<u>889,408</u>	<u>30,489,984</u>

Fully depreciated property and equipment amounted to JD 36,398,525 as of 31 December 2016 (2015: JD 33,409,391) and are still being used by the Bank.

The estimated cost to complete projects under construction amounted to JD 3,599,638 as of 31 December 2016 (2015: JD 181,832).

(13) Intangible Assets, Net

The details of this item are as follows:

	Computer softwares 2016 JD	2015 JD
Cost:		
At 1 January	10,189,750	9,144,718
Additions	2,621,953	2,946,321
Amortisation during the year	<u>(2,764,812)</u>	<u>(1,901,289)</u>
At 31 December	<u>10,046,891</u>	<u>10,189,750</u>

(14) Other Assets

The details of this item are as follows:

	2016 JD	2015 JD
Accrued income	10,803,301	21,196,794
Prepaid expenses	7,237,323	6,796,580
Assets obtained by the Bank by calling on collateral*	11,849,384	10,274,263
Accounts receivable - net	807,028	551,563
Clearing checks	2,683,260	4,645,171
Settlement guarantee fund	25,000	25,000
Trading settlement account	144,486	-
Refundable deposits	499,820	241,643
Deposits at Visa International	1,765,431	1,212,390
Others	<u>604,287</u>	<u>951,152</u>
Total	<u>36,419,320</u>	<u>45,894,556</u>

Movement on assets obtained by the Bank by calling on collateral during the year is as follows:

	2016 JD	2015 JD
At 1 January	10,274,263	10,089,921
Additions	1,869,802	601,199
Disposals	<u>(294,681)</u>	<u>(400,100)</u>
Impairment on repossessed assets	-	<u>(16,757)</u>
At 31 December	<u>11,849,384</u>	<u>10,274,263</u>

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

(15) Banks and Financial Institutions Deposits

The details of this item are as follows:

	Inside Jordan		Outside Jordan		Total	
	2016 JD	2015 JD	2016 JD	2015 JD	2016 JD	2015 JD
Current and demand accounts	18,413,140	8,789,697	8,676,899	3,743,217	27,090,039	12,532,914
Time deposits	<u>157,563,734</u>	<u>224,990,250</u>	<u>174,303,321</u>	<u>145,409,667</u>	<u>331,867,055</u>	<u>370,399,917</u>
At 31 December	<u>175,976,874</u>	<u>233,779,947</u>	<u>182,980,220</u>	<u>149,152,884</u>	<u>358,957,094</u>	<u>382,932,831</u>

(16) Customers' Deposits

	Consumer	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD
2016 -					
Current and demand accounts	251,480,965	122,303,996	35,000,081	65,378,681	474,163,723
Saving accounts	386,621,967	1,538,676	2,828,631	25,797	391,015,071
Time and notice deposits	<u>297,920,365</u>	<u>106,399,338</u>	<u>20,034,467</u>	<u>257,913,284</u>	<u>682,267,454</u>
Total	<u>936,023,297</u>	<u>230,242,010</u>	<u>57,863,179</u>	<u>323,317,762</u>	<u>1,547,446,248</u>
2015 -					
Current and demand accounts	240,365,162	116,610,661	37,298,599	64,150,629	458,425,051
Saving accounts	359,566,836	6,071,316	3,205,441	15	368,843,608
Time and notice deposits	<u>301,553,266</u>	<u>134,260,293</u>	<u>10,238,514</u>	<u>296,695,392</u>	<u>742,747,465</u>
Total	<u>901,485,264</u>	<u>256,942,270</u>	<u>50,742,554</u>	<u>360,846,036</u>	<u>1,570,016,124</u>

- Governmental and public sectors deposits amounted to JD 323,317,762 as of 31 December 2016 (2015: JD 360,846,036) representing 20.89% (2015: 22.98%) of total customers' deposits.
- Non-interest bearing deposits amounted to JD 661,471,137 as of 31 December 2016 (2015: JD 625,400,173) representing 42.75% (2015: 39.83%) of total deposits.
- Dormant accounts amounted to JD 38,624,515 as of 31 December 2016 (2015: JD 35,072,016).
- Restricted deposits amounted Nil as of 31 December 2016 and 2015.

(17) Margin Accounts

	2016 JD	2015 JD
Margins on direct credit facilities	61,513,288	64,071,693
Margins on indirect credit facilities	13,294,341	14,328,060
Deposits against brokerage margin accounts	3,645,205	4,900,211
Others	<u>3,024,013</u>	<u>3,164,676</u>
Total	<u>81,476,847</u>	<u>86,464,640</u>

(18) Borrowed Funds

The details of this item are as follows:

	Amount JD	No. of instalments		Payable Every	Maturity Date	Collaterals	Interest rate %
		Total	Outstanding				
31 December 2016							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%- 4.895%
Amounts borrowed from French Development Agency	3,013,250	20	17	Semi-annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan*	9,500,000	10	10	Semi-annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan**	19,389,623	71	71	At maturity/ per loan	2017-2022	Treasury Bills	1%- 2.5%
Amounts borrowed from Central Bank of Jordan*	2,400,000	14	14	Semi-annually	2028	None	2.5
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	14	14	Semi-annually	2020	None	1.75%- 3.25%
Amounts borrowed from Central Bank of Jordan**	4,100,000	20	20	Semi-annually	2031	None	2.39%
Jordan Loan Guarantee	30,000,000	20	20	At maturity/ per loan	2019	None	4.4%
Amounts borrowed from International Financial Markets	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>92,165,097</u>						

	Amount JD	No. of instalments		Payable Every	Maturity Date	Collaterals	Interest rate %
		Total	Outstanding				
31 December 2015							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.145%-4.895%
Amounts borrowed from French Development Agency	3,367,750	20	19	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	50,000,000	1	1	At maturity	2016	Treasury Bills	2.5%
Amounts borrowed from Central Bank of Jordan	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	2,400,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	14	14	Semi- annually	2020	None	1.75%-3.25%
Amounts borrowed from Central Bank of Jordan	18,208,366	22	22	At maturity / per loan	2016	Treasury Bills	2%-2.75%
Amounts borrowed from Financial Markets International	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>107,238,340</u>						

* The borrowed funds from the CBJ for SMEs loans were re-lent on an average interest rate of 7% and the loan repayment to the CBJ will start after 5 years from the day granted.

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

(19) Sundry Provisions

	Balance at 1 January	Provided during the year	Utilised during the year	Released to revenue	Balance at 31 December
	JD	JD	JD	JD	JD
2016 -					
Provision for lawsuits against the Bank	5,496,016	-	(34,585)	(1,039,500)	4,421,931
Provision for end of service indemnity	8,010,905	1,180,549	(754,855)	-	8,436,599
Other contingent liabilities	63,043	2,079,000	-	-	2,142,043
Total	13,569,964	3,259,549	(789,440)	(1,039,500)	15,000,573
2015 -					
Provision for lawsuits against the Bank	5,511,669	-	(15,653)	-	5,496,016
Provision for end of service indemnity	7,511,391	1,050,165	(550,651)	-	8,010,905
Other contingent liabilities	63,043	-	-	-	63,043
Total	13,086,103	1,050,165	(566,304)	-	13,569,964

(20) Income Tax**A) Income Tax Liabilities**

The movements on the income tax provision were as follows:

	2016	2015
	JD	JD
At January 1	23,599,266	23,808,580
Income tax paid	(20,104,075)	(19,727,689)
Income tax payable	15,559,626	19,356,487
Income tax on realized gain from sale of investment*	1,838,081	161,888
At December 31	20,892,898	23,599,266

* This item resulted from the income tax on gains from sale of financial assets at fair value through other comprehensive income which, in accordance to IFRS 9, is not permitted to be included in the profit or loss statements instead recognized directly through retained earnings within the total equity.

Income tax appearing in the income statement represents the following:

	2016	2015
	JD	JD
Income tax for the year	15,559,626	19,356,487
Amortization of deferred tax liabilities	-	(473,253)
Deferred tax assets	(369,948)	235,911
Income tax charge for the year	15,189,678	19,119,145

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rate on foreign branches and subsidiaries range between 0%-31% (income tax rate for banks in Palestine is 15% plus VAT of 16%)
- The Bank reached a final settlement with the Income and Sales Tax Department for the year ended 31 December 2014 for the branches in Jordan. The Income and Sales Tax Department has not reviewed the accounts for the year 2015 up to the date of these consolidated financial statement.

- A final settlement was reached with the tax authorities for Palestine branches for the year ended 31 December 2014. The Income and Sales Tax Department has not reviewed the accounts for the year 2015 up to the date of these consolidated financial statement.
- Al-Watanieh Financial Services Company reached a final settlement with the Income and Sales Tax Department up to the year 2009. The Income and Sales Tax Department had reviewed 2010 and 2011 records. The company had appealed against the assessment at the Income Tax court of appeals. A decision has been made in favour of Al Watanieh Company. The Income and Sales Tax Department had reviewed 2012, 2013 and 2014 records.
- The Company has appealed against the assessment at the Income Tax court of appeals and no court decision has been made till this date. The Income and Sales Tax Department did not review the 2015 records up to the date of these consolidated financial statement.
- Al-Watanieh Securities Company – Palestine reached a final settlement with the income tax department for the year 2015.
- Tamallak for leasing company financial statements has reached a final settlement with the income tax Department for the year 2014. The Income and Sales Tax Department has not reviewed the accounts for the year 2015, up to the date of these consolidated financial statement.
- Cairo Real Estate Investments Company reached a final settlement with the Income and Sales Tax Department up to the year 2013.
- In the opinion of the bank's management, income tax provisions as of 31 December 2016 are sufficient to face any future tax liabilities.

B) Deferred Tax Assets and Liabilities

The movement on temporary differences giving rise to deferred tax assets and liabilities are:

	2016					
	Balance at January 1 JD	Released during the year JD	Additions during the year JD	Balance at 31 December JD	Deferred Tax JD	2015 JD
Deferred tax assets						
Allowance for impairment losses	3,955,474	(21,583)	407,387	4,341,278	1,519,447	1,384,415
Interest in suspense	-	-	-	-	-	-
Non-deductible expenses resulting from temporary differences	628,310	(368,310)	-	260,000	91,000	219,909
Sundry provisions	48,885	-	1,039,500	1,088,385	380,935	17,110
Impairment on repossessed assets	2,750,000	-	-	2,750,000	962,500	962,500
Unrealized Losses – financial assets at FVTOCI	<u>11,137,985</u>	<u>(423,488)</u>	<u>5,090,308</u>	<u>15,804,805</u>	<u>3,316,477</u>	<u>1,681,828</u>
	<u>18,520,654</u>	<u>(813,381)</u>	<u>6,537,195</u>	<u>24,244,468</u>	<u>6,270,359</u>	<u>4,265,762</u>
Deferred tax liabilities						
Unrealized Gain – financial assets at FVTOCI	3,178,845	(570,034)	72,316	2,681,127	540,283	639,794
Unrealized gain – financial assets at FVTPL (early IFRS 9 implementation)	5,665,008	-	-	5,665,008	567,027	567,027
Difference in depreciation rates	<u>2,692,778</u>	<u>-</u>	<u>-</u>	<u>2,692,778</u>	<u>942,472</u>	<u>942,472</u>
	<u>11,536,631</u>	<u>(570,034)</u>	<u>72,316</u>	<u>11,038,913</u>	<u>2,049,782</u>	<u>2,149,293</u>

The movement on deferred tax assets and liabilities accounts is as follows:

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
At 1 January	4,265,762	2,149,293	3,035,727	2,808,494
Additions	2,151,556	14,644	2,172,788	994,074
Released	(146,959)	(114,155)	(942,753)	(1,653,275)
At 31 December	<u>6,270,359</u>	<u>2,049,782</u>	<u>4,265,762</u>	<u>2,149,293</u>

C) A reconciliation between tax expense and the accounting profit is as follows:

	2016	2015
	JD	JD
Accounting profit	49,923,557	60,287,399
Non-taxable profit	(7,775,733)	(14,566,849)
Non-deductible expenses	5,806,073	6,083,720
Taxable profit	47,953,897	51,804,270
Effective rate of income tax	30.4%	31.7%

- Deferred tax is calculated using the tax rates that are expected to be applied in the year when the deferred tax asset will be realized or the deferred tax liability will be settled in the related country. The bank used a tax rate of 35% and 10% to measure the deferred tax assets, and liabilities on foreign investments in Jordan, based on the Income Tax Law no.34 of 2014 which is effective from 1 January 2015. The bank uses a tax rate of 20% for the deferred tax assets and liabilities for the branches in Palestine.

(21) Other Liabilities

	2016	2015
	JD	JD
Accrued interest	4,246,466	3,642,517
Accrued income	1,023,780	264,719
Accounts payable	2,898,141	6,721,287
Accrued expenses	6,616,674	7,607,054
Temporary deposits	13,880,874	11,503,501
Checks and withdrawals	4,420,043	5,067,536
Settlement guarantee fund	-	1,062,434
Others	<u>2,798,704</u>	<u>2,644,619</u>
	<u>35,884,682</u>	<u>38,513,667</u>

(22) Paid in Capital

The authorized and paid in capital amounted to JD 180,000,000 divided into 180,000,000 shares at a par value of JD 1 per share. (2015: capital amounted to JD 160,000,000 divided into 160,000,000 shares).

The general assembly decided in its ordinary meeting held on 12 April 2016 distributing 10% of paid in capital as cash dividends to shareholders, and the general assembly decided in its extra ordinary meeting held on the same date to increase the capital to JD 180,000,000 by capitalizing an amount of JD 20,000,000 from the retained earnings and to distribute the increase as 12.5% stock dividends to the shareholders.

(23) Reserves

Statutory Reserve

As required by the law, 10% of the profit before tax is transferred to the statutory reserve. This reserve is not available for distribution to shareholders.

General banking risk reserve

This reserve is appropriated from retained earnings in compliance with the regulations of the Central Bank of Jordan and Palestine Monetary Authority.

Cyclical reserve

This balance represents 15% of the net profit for Palestine branches transferred to the cyclical reserve yearly, in which it does not exceed 20% of the paid-in capital for Palestine branches according to Palestine Monetary Authority regulations.

The use of the following reserves is restricted by law:

Description	Amount JD	Restriction Law
Statutory reserve	65,836,075	Banks and companies Laws
General banking risk reserve	13,982,002	Central Bank of Jordan regulations and Palestine Monetary Authority regulations
Cyclical reserve	6,816,916	Palestine Monetary Authority regulations

(24) Fair Value Reserve, Net

The movement is as follows:

	2016 JD	2015 JD
Beginning balance	(6,917,105)	2,323,033
Unrealized (loss)	(194,219)	(10,579,157)
(Gain) from sale financial assets at fair value through other comprehensive income	(3,418,582)	(312,875)
Deferred tax assets	82,911	1,465,946
Deferred tax liability	99,511	185,948
Ending balance	<u>(10,347,484)</u>	<u>(6,917,105)</u>

- The fair value reserve is presented net of deferred tax assets of JD 3,316,477 and net of deferred tax liabilities of JD 540,283.

(25) Retained Earnings

	2016 JD	2015 JD
Beginning balance	74,934,813	92,599,778
Shareholders profit for the year	35,056,003	41,168,254
Transferred to statutory reserve	(4,847,853)	(6,449,043)
Transferred to general banking risk reserve	(1,312,002)	(400,000)
Transferred to cyclical reserve	(914,867)	(822,051)
Stock dividends	(20,000,000)	(35,000,000)
Cash dividends	(16,000,000)	(16,250,000)
Capital increase related expenses	(150,146)	(225,000)
Net gain from sale of financial assets at fair value through other comprehensive income	<u>3,418,582</u>	<u>312,875</u>
Ending balance	<u>70,184,530</u>	<u>74,934,813</u>

Retained earnings balance include unrealized gains amounting to JD 14,427,912 resulted from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Jordan Securities Commission instructions, except for the amounts realized through the sale of the financial assets.

Retained earnings include deferred tax assets amounted to JD 6,270,359 as of 31 December 2016 which is not available for distribution in accordance with the Central Bank of Jordan instructions. (2015: amount of JD 4,265,762).

The amount JD 10,347,484 represents negative change in fair value reserve through other comprehensive income restricted from use as per the Central Bank of Jordan and the Securities Commission instructions.

(26) Proposed Dividends

The board of directors proposed the distribution of dividends to its shareholders of JD 21,600,000 equivalent to 12%.

(27) Interest Income

	2016	2015
	JD	JD
Consumer lending		
Overdrafts	1,550,596	1,249,067
Loans and bills	58,225,406	58,811,453
Credit cards	2,266,963	2,356,471
Others	297,989	326,747
Residential mortgages	10,951,681	9,854,284
Corporate lending		
Overdrafts	5,432,764	4,340,316
Loans and bills	10,105,792	7,412,870
Small and medium enterprises lending		
Overdrafts	1,154,221	1,439,373
Loans and bills	3,007,363	3,220,537
Public and governmental sectors	8,958,122	7,484,427
Balances at Central Banks	353,813	160,163
Balances and deposits at banks and financial institutions	12,931,638	21,120,447
Financial assets at amortized cost	<u>14,028,016</u>	<u>24,832,999</u>
Total	<u>129,264,364</u>	<u>142,609,154</u>

(28) Interest Expense

	2016	2015
	JD	JD
Banks and financial institution deposits	4,936,732	5,266,902
Customers' deposits:		
Current and demand accounts	883,402	1,045,241
Saving accounts	1,389,080	1,628,340
Time and notice placements	18,817,866	26,321,371
Margin accounts	1,303,764	1,453,904
Borrowed funds	1,972,522	2,265,201
Deposit guarantee fees	<u>3,367,063</u>	<u>3,189,345</u>
Total	<u>32,670,429</u>	<u>41,170,304</u>

(29) Net Commission

	2016	2015
	JD	JD
Direct credit facilities commission	6,520,470	6,005,797
Indirect credit facilities commission	1,614,188	2,556,020
Other commissions	12,006,470	11,773,364
Less: commission expense	<u>(10,718)</u>	<u>(10,412)</u>
Total Net Commission	<u>20,130,410</u>	<u>20,324,769</u>

(30) Gain From Foreign Currencies

	2016	2015
	JD	JD
Trading in foreign currencies	209,386	250,376
Revaluation of foreign currencies	3,067,895	2,418,202
Total	<u>3,277,281</u>	<u>2,668,578</u>

(31) (Loss) Gain From Financial Assets at Fair Value Through Profit or Loss

	Realized (loss) gain	Unrealized (loss)	Cash dividends	Total
	JD	JD	JD	JD
2016 -				
Equities	(146,034)	(2,425,711)	2,028,769	(542,976)
Bonds	4,104	-	-	4,104
Funds	-	<u>(199,069)</u>	-	<u>(199,069)</u>
Total	<u>(141,930)</u>	<u>(2,624,780)</u>	<u>2,028,769</u>	<u>(737,941)</u>
2015 -				
Equities	(183,734)	(721,706)	2,009,487	1,104,047
Bonds	14,978	-	-	14,978
Funds	-	<u>(475,302)</u>	-	<u>(475,302)</u>
Total	<u>(168,756)</u>	<u>(1,197,008)</u>	<u>2,009,487</u>	<u>643,723</u>

(32) Dividends From Financial Assets at Fair Value Through Other Comprehensive Income

	2016	2015
	JD	JD
Dividend income	<u>1,117,217</u>	<u>1,301,280</u>

(33) Other Income

	2016	2015
	JD	JD
Suspended interest transferred to revenue	335,458	426,084
Safety deposit, box rental income	108,409	86,472
Revenues from selling check books	106,239	107,529
Collections of debts previously written off	1,123,593	801,565
Income from ATM and credit cards	4,687,531	3,106,900
Gain from sale of property and equipment	2,477	14,390
Gain from sale of assets repossessed by the Bank	150,044	333,669
Rent revenue	2,770	2,301
Brokerage commission	780,977	466,919
Others	175,166	215,958
Total	7,472,664	5,561,787

(34) Employees' Expenses

	2016	2015
	JD	JD
Salaries and benefits	32,535,492	32,303,527
Bank's contribution to social security	2,571,716	2,421,650
Bank's contribution to savings fund	472,800	467,883
End of service indemnity	634,850	176,887
Medical expenses	2,180,599	2,211,224
Training and research	313,656	336,392
Employees' uniforms	67,527	110,077
Others	78,273	4,269
Total	38,854,913	38,031,909

(35) Other Expenses

	2016 JD	2015 JD
Rent	3,615,314	3,829,561
Cleaning and maintenance	1,758,198	1,517,699
Water, heat and electricity	2,438,632	2,363,718
License and governmental fees	1,446,194	1,094,986
Printings and stationery	706,287	700,034
Donations	651,657	740,763
Insurance expenses	1,039,204	840,438
Subscriptions	938,459	875,953
Telephone and telex	478,087	423,462
Legal fees and expenses	459,329	461,787
Professional fees	1,044,751	973,019
Mail and money transfer	446,863	330,102
Advertising expense	2,553,791	2,003,083
Credit cards expenses	1,338,216	770,114
Board of directors expenses	733,128	640,050
Information systems expenses and compensation	4,517,987	4,146,522
Travel and transportation	852,068	972,338
Consultation expenses	206,699	133,198
Other expenses	682,913	566,910
Total	25,907,777	23,383,737

(36) Earnings Per Share

	2016 JD	2015 JD
Profit for the year (JD)	35,056,003	41,168,254
Weighted average number of shares (share)*	180,000,000	180,000,000
	Fils / JD	Fils / JD
Basic and diluted earnings per share	0/195	0/229

* The weighted average number of shares as of 31 December 2015 was adjusted to 180 million from 160 million as the capital increase resulted from capitalizing retained earnings.

(37) Cash and Cash Equivalents

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

	2016 JD	2015 JD
Cash and balances with Central Banks maturing within 3 months	225,410,667	212,347,289
Add: Balances at banks and financial institutions' maturing within 3 months	333,854,252	552,356,037
Less: Banks and financial institutions' deposits maturing within 3 months	323,067,914	359,461,831
Restricted cash balances	<u>8,224,400</u>	<u>7,444,500</u>
	<u>227,972,605</u>	<u>397,796,995</u>

(38) Derivative Financial Instruments

The derivative financial instruments details are shown in the table below:

	Positive fair value JD	Negative fair value JD	Total notional amount JD	Within 3 months JD	Par value maturity		
					3 – 12 months JD	1 – 3 years JD	More than 3 years JD
2016 -							
Interest rate swap	-	-	182,173	182,173	-	-	-
2015 -							
Interest rate swap	-	-	<u>241,257</u>	-	-	<u>241,257</u>	-

The notional amount (par value) indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

(39) Related Party Transactions

The accompanying consolidated financial statements of the Bank include the following subsidiaries:

Company name	Ownership %	Paid in capital	
		2016 JD	2015 JD
Al-Watanieh Financial Services Co.	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,600,000	1,600,000
Tamallak for Financial Leasing	100	1,000,000	1,000,000
Safa Bank	79	53,175,000	-
Thimar for Investment Services*	100	70,900	-

* Thimar for Investment Services is owned by the subsidiary Al- Watanieh Securities Company.

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

The following related party transactions took place during the year:

	Board of Directors and relatives JD	Executive management JD	Others* JD	2016 JD	2015 JD
Balance sheet items:					
Direct credit facilities	53,739,386	5,420,759	19,410,925	78,571,070	66,558,080
Deposits at the Bank	22,639,351	2,726,978	12,057,530	37,423,859	28,339,749
Margin accounts	35,641,659	-	180,807	35,822,466	35,826,275
Off balance sheet items:					
Indirect credit facilities	2,314,980	-	523,521	2,838,501	3,397,452
Income statements items:					
Interest and commission income	2,188,141	252,913	2,032,140	4,473,194	3,712,893
Interest and commission expense	1,299,795	62,744	151,304	1,513,843	1,493,802

* Others include the rest of bank employees and their relatives up to the third degree.

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

Salaries, wages and bonuses of executive management amounted to JD 2,374,809 for the year 2016 (2015: JD 2,258,102).

(40) Fair Value Hierarchy of Financial Instruments

Financial instruments include cash balances, deposits at central banks and financial institutions, direct credit facilities, financial assets at FVTOCI, financial assets at FVTPL, financial assets at amortized cost, other financial assets, customers' deposits, banks' deposits, cash margins, borrowed funds and other financial liabilities.

There are no material differences between the carrying values and fair values of the financial assets, and liabilities as of 31 December 2016 and 2015.

The bank uses the following hierarchy for determining and disclosing the fair value of financial instruments the by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value which are not based on observable market data.

The table below shows the fair value of financial instruments analysis according to the hierarchy mentioned above:

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
2016 -				
Financial assets at fair value through profit or loss	25,822,584	-	-	25,822,584
Financial assets at fair value through other comprehensive income	19,201,161	-	12,301,132	31,502,293
Total	45,023,745	-	12,301,132	57,324,877
2015 -				
Financial assets at fair value through profit or loss	28,171,886	-	-	28,171,886
Financial assets at fair value through other comprehensive income	24,742,107	-	12,559,924	37,302,031
Total	52,913,993	-	12,559,924	65,473,917

(41) Fair Value of Financial Assets and Liabilities which are not shown at Fair Value in the Financial Statements

	2016		2015	
	Book value JD	Fair value JD	Book value JD	Fair value JD
Financial assets at amortized cost	336,223,295	336,223,295	275,985,687	275,985,687
Financial assets pledged as collateral	13,476,000	13,476,000	77,618,957	77,618,957
Direct credit facilities	1,356,279,148	1,356,279,148	1,144,240,181	1,144,240,181
Banks and financial institutions' deposits	358,957,094	358,957,094	382,932,831	382,932,831
Customers' deposits	1,547,446,248	1,547,446,248	1,570,016,124	1,570,016,124
Margin accounts	81,476,847	81,476,847	86,464,640	86,464,640
Borrowed funds	92,165,097	92,165,097	107,238,340	107,238,340

(42) Risk Management

The bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the board of directors and subcommittees such as the Risk Committee, the Investment Committee and Audit and Compliance Management Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit Committees and other specialized departments such as the Risk Management Department, Anti Money Laundry and Compliance Department and the Audit Department.

Furthermore, all of the bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

The process of managing the risks within Cairo Amman Bank's activities include the identification, measurement, assessment and monitoring of financial and non-financial risks which could negatively affect the bank's performance and reputation or its goals ensuring that the bank achieves optimum yield in return for the risks taken.

The general framework of risk management at the bank is in line with the size, complexity and nature of its operations, and in harmony with local regulations as well as taking into account the best international practices in this regard.

The bank's set of principles include the following:

1. The board of directors' responsibility for risk management. The risk committee of the board of directors does a periodic review of policies, strategies and risk management procedures of the bank, including setting acceptable risk limits.
2. The responsibility of the board of directors, represented by the Risk Committee in the development of the internal assessment of capital and analysis of current and future requirements for capital and as appropriate with the structure of the bank's risk and strategic goals and taking action on particular in addition to its responsibility in ensuring a good system to evaluate the types of risks faced by the bank and the development of the system to link these risks with the level of capital required to cover.
3. The responsibility of the board of directors to approve the policies developed by the executive management.
4. The risk management department, which is independent of other bank's operations, reports to the Risk Committee on risk issues. For daily operations it is linked with the general manager, and analyses all the risks including credit, market, liquidity and operational risk in addition to the development of measurement methodologies and controls for each type of risk as needed.
5. The risk management department also manages the process of the Internal Evaluation Capital Adequacy ICAAP by using the comprehensive manner which is appropriate within their risk profile it also implements Basel requirements.
6. The internal audit department provides independent confirmation of the compliance of the working units with the policies and procedures set to manage risks and their efficiency.
7. Managing risks is considered the responsibility of each unit and every employee of the bank, in relation to those risks which are within their functions..

The bank is exposed at least to the following risk categories:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Compliance Risk

Credit Risks

Credit risk is the risk that may result from a lack of commitment or the inability of the other party of the financial instrument to fulfil its obligations to the bank, leading to a financial loss. The bank manages its credit risk through the design and development of various policies that identify and address all aspects of granting and maintenance of credit in addition to determining the limits of credit facilities granted to clients and/or related groups as well as diversifying total credit facilities across sectors and geographical regions. The bank also works continuously to evaluate the credit worthiness of customers, in addition to having appropriate collaterals.

The general framework for credit risk management includes:

Credit Policies:

The bank manages its credit risk through the annual policies set by the board of Directors including credit ceilings and various credit conditions, which are renewed annually, according to several changing factors and the results of the analysis, and studies. These policies define maximum credit limits given to any customer and / or group of related customers in addition to the distribution of credit according to geographical regions and different economic sectors. The bank considers the diversification of portfolios as an important risk mitigation factor.

Customer Rating:

Customer credit risk rating is performed internally; customers are rated according to their credit worthiness and ability to pay, in addition to assessing the quality of the facilities granted to clients, in terms of account activity and regularity of payment of principal and interest. The collaterals are classified according to type and percentage coverage of risk. Moreover the bank periodically monitors the portfolios and their diversification, according to several classifications.

Mitigation Methodologies:

The bank follows different procedures to mitigate risks, including determining the acceptable types of collaterals and their conditions, whereby good collaterals that can be liquidated at a reasonable time and value are accepted by the bank taking into consideration that the value of the collateral is not related to the business of the customer. Moreover, the bank requires insurance policies on certain properties as a means of mitigating risks. The values of the collaterals are monitored on a regular basis and in the event of decrease in its value, additional collaterals are required.

Credit Granting:

The bank adopts the principle of segregation of functions in line with best practices in this regard, clarifying the roles and responsibilities between each of the different credit functions (sales, credit approvals, credit administration, credit operations), to ensure a strong control over credit granting operations.

Credit decisions are checked against the credit policies and authority limits, all documentations and contracts are reviewed before executing the credit.

Maintenance and follow-up of credit

The performance of the credit portfolio is continuously monitored to make sure it is within the acceptable risk limits and economic sector limits which identified by the bank to identify any increasing risk levels.

The bank continuously monitors its performing portfolios to identify any need for additional provisions.

There are specialized and independent departments responsible for managing irregular credit facilities and handle the task of their administration and collection.

1) Credit risk after net of allowances for impairment and suspended interest and before the effect of mitigation and collaterals:

The table below shows the maximum exposure to credit risk through the use of collateral agreements:

	2016 JD	2015 JD
Statement of financial position		
Cash and balances at Central Banks	161,162,928	163,313,380
Balances at banks and financial institutions	333,854,252	552,356,037
Deposits at banks and financial institutions	73,543,068	113,199,984
Direct credit facilities:		
Consumer lending	626,362,498	579,799,815
Residential mortgages	169,419,312	157,688,588
Large corporations	287,049,098	213,337,429
Small and medium enterprises	56,832,933	51,761,138
Lending to governmental sectors	216,615,307	141,653,211
Financial assets held at amortized cost, net	336,223,295	275,985,687
Financial assets pledged as collateral	13,476,000	77,618,957
Other assets	16,228,506	27,630,918
Total	<u>2,290,767,197</u>	<u>2,354,345,144</u>
Contingent liabilities		
Letters of credit	32,092,230	44,504,481
Acceptances	1,563,898	8,022,412
Letters of guarantee	45,738,730	47,510,071
Irrevocable commitments to extend credit	92,169,757	128,103,103
Total	<u>171,564,615</u>	<u>228,140,067</u>
	<u>2,462,331,812</u>	<u>2,582,485,211</u>

The table above represents the minimum credit risk for the bank as at 31 December 2016 and 2015 without taking the collaterals or effect of mitigation into consideration.

The exposure mentioned above for the balance sheet items is based on the balance shown in the statement of financial position.

There are several types of collaterals against loans and credit facilities which are as follows:

- Real estate properties.
- Financial instruments (equities and bonds).
- Bank guarantees.
- Cash collateral.
- Government guarantees.

2) The distribution of credit exposures in accordance with their risk classification is as follows:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Governmental and public sectors JD	Financial Institutions JD	Total JD
2016 -							
Low risk	3,283,357	647,434	45,448,547	4,412,505	543,664,772	-	597,456,615
Acceptable risk	622,120,733	163,731,001	236,189,486	48,792,463	130,934,007	466,567,507	1,668,335,197
Maturing:**							
Up to 30 days	916,852	320,533	2,472,795	1,103,900	-	-	4,814,080
From 31 to 60 days	120,745	13,158	2,252,690	34,203	-	-	2,420,796
Watch list	6,736,893	3,288,188	12,049,354	2,042,306	-	-	24,116,741
Non performing:							
Substandard	3,090,080	677,102	-	171,531	-	-	3,938,713
Doubtful	5,454,347	759,383	773,140	1,596,817	-	-	8,583,687
Loss	18,689,070	2,751,282	15,277,500	10,088,653	-	-	46,806,505
Total	659,374,480	171,854,390	309,738,027	67,104,275	674,598,779	466,567,507	2,349,237,458
Less: Suspended interest	1,413,098	101,012	7,332,991	1,947,824	-	-	10,794,925
Less: provision for impairment losses	29,543,906	1,992,190	8,898,201	7,241,039	-	-	47,675,336
Net	628,417,476	169,761,188	293,506,835	57,915,412	674,598,779	466,567,507	2,290,767,197
2015 -							
Low risk	4,152,067	341,359	43,825,340	2,723,576	545,991,071	-	597,033,413
Acceptable risk	581,279,778	153,485,091	174,602,148	44,572,215	100,017,622	692,621,741	1,746,578,595
Maturing:**							
Up to 30 days	945,292	151,244	813,385	739,752	-	-	2,649,673
From 31 to 60 days	191,102	34,037	2,259,139	70,282	-	-	2,554,560
Watch list	7,274,578	1,100,485	411,046	1,379,624	-	-	10,165,733
Non performing:							
Substandard	4,029,597	275,341	101,863	3,099,088	-	-	7,505,889
Doubtful	4,119,883	524,101	-	1,821	-	-	4,645,805
Loss	22,068,716	1,952,240	10,370,213	10,590,878	-	-	44,982,047
Total	622,924,619	157,678,617	229,310,610	62,367,202	646,008,693	692,621,741	2,410,911,482
Less: Suspended interest	1,080,088	38,470	7,383,838	1,764,496	-	-	10,266,892
Less: provision for impairment losses	31,121,763	2,154,700	5,863,690	7,159,293	-	-	46,299,446
Net	590,722,768	155,485,447	216,063,082	53,443,413	646,008,693	692,621,741	2,354,345,144

* Include exposures to credit facilities, balances and deposit at banks and financial institutions, bonds and treasury bills and any assets with credit exposures.

** Total balance of facilities becomes due if one of the instalment or interest is due and the overdraft account becomes due if it exceeds the limit.

Distribution of collaterals against credit facilities measured at fair value:

	Consumer	Residential	Corporate	SMEs	Governmental and public sectors	Total
	JD	mortgages JD	JD	JD	JD	JD
2016						
Low risk	3,283,357	647,434	45,804,436	4,412,505	-	54,147,732
Acceptable risk	36,860,393	165,958,357	72,163,887	20,301,778	-	295,284,415
Watch list	355,898	2,945,082	8,589,713	1,416,230	-	13,306,923
Non performing:						
Substandard	75,135	660,752	-	1,225,375	-	1,961,262
Doubtful	145,402	807,809	-	297,985	-	1,251,196
Loss	135,350	2,535,477	3,518,758	8,169,350	-	14,358,935
Total	40,855,535	173,554,911	130,076,794	35,823,223	-	380,310,463
Comprising of:						
Cash margin	3,283,357	647,434	45,804,436	4,412,505	-	54,147,732
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	9,997,741	172,844,302	61,221,584	23,585,608	-	267,649,235
Loans guarantee corporation	5,870,923	-	351,246	982,463	-	7,204,632
Traded equities	6,875,787	-	4,982,763	2,708,684	-	14,567,234
Vehicles and machinery	14,827,727	63,175	17,645,865	4,133,963	-	36,670,730
Total	40,855,535	173,554,911	130,076,794	35,823,223	-	380,310,463
2015 -						
Low risk	4,152,067	341,359	43,825,340	2,723,576	5,509,805	56,552,147
Acceptable risk	92,562,669	115,866,609	29,497,859	32,450,417	-	270,377,554
Watch list	686	1,095,220	-	752,073	-	1,847,979
Non performing:						
Substandard	-	272,297	101,863	1,191,220	-	1,565,380
Doubtful	-	414,227	-	-	-	414,227
Loss	4,939,371	1,556,290	5,860,924	5,084,384	-	17,440,969
Total	101,654,793	119,546,002	79,285,986	42,201,670	5,509,805	348,198,256
Comprising of:						
Cash margin	4,152,067	341,359	43,825,340	2,723,576	5,509,805	56,552,147
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	67,307,987	119,204,643	28,816,786	32,130,982	-	247,460,398
Loans guarantee corporation	1,670,737	-	338,986	732,853	-	2,742,576
Traded equities	13,547,922	-	5,412,656	1,335,224	-	20,295,802
Vehicles and machinery	14,976,080	-	821,318	5,279,035	-	21,076,433
Total	101,654,793	119,546,002	79,285,986	42,201,670	5,509,805	348,198,256

Rescheduled Debts:

Rescheduled debts are debts which have been previously classified as non-performing credit facilities, then excluded from the non-performing credit facilities as a result of a rescheduling process, and then classified as watch list. Rescheduled debts totalled to JD 5,840,549 as of 31 December 2016 compared to JD 9,737,452 as of 31 December 2015.

The balances of the rescheduled debts include the loans classified under watch list or converted to performing.

Restructured Debts:

Restructuring process refers to re-organizing the credit facilities' standing in respect of adjusting premiums, extending the life of the credit facilities, postponing some premiums or extending the grace period etc, and then classifying such facilities as watch list. Restructured debts totalled to JD 12,980,534 as of 31 December 2016 compared to JD 1,504,414 as of 31 December 2015.

3) Bonds and Treasury Bills:

The table below shows the classifications of bonds and treasury bills and their gradings according to external rating agencies:

Risk Rating Class	External rating agency	Included in financial assets at amortized cost and financial assets pledged as collaterals JD
Baa1	Moody's	356,875
BAA3	Moody's	678,437
Ba1	Moody's	359,038
Non - rated		57,335,050
Governmental		290,969,895
Total		349,699,295

4) The bank's financial assets, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

	Inside Jordan	Other Middle Eastern countries	Europe	Asia	Americas	Other	Total
2016	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	107,574,190	53,588,738	-	-	-	-	161,162,928
Balances at banks and financial institutions	250,164,171	59,229,647	20,835,160	795,717	2,829,557	-	333,854,252
Deposits at banks and financial institutions	51,532,984	22,010,084	-	-	-	-	73,543,068
Direct credit facilities:							
Consumer lending	545,823,115	80,539,383	-	-	-	-	626,362,498
Residential mortgages	133,984,315	35,434,997	-	-	-	-	169,419,312
Large corporations	218,210,631	68,838,467	-	-	-	-	287,049,098
Small and medium enterprises	43,091,547	13,741,386	-	-	-	-	56,832,933
Lending to governmental and public sectors	161,383,039	55,232,268	-	-	-	-	216,615,307
Bonds and treasury bills within:							
Financial assets at amortized cost	316,060,495	19,127,488	1,035,312	-	-	-	336,223,295
Financial assets pledged as collateral	13,476,000	-	-	-	-	-	13,476,000
Other assets	<u>9,201,079</u>	<u>4,996,096</u>	<u>1,970,737</u>	<u>16,086</u>	<u>44,508</u>	<u>-</u>	<u>16,228,506</u>
Total 2016	<u>1,850,501,566</u>	<u>412,738,554</u>	<u>23,841,209</u>	<u>811,803</u>	<u>2,874,065</u>	<u>-</u>	<u>2,290,767,197</u>
Total 2015	<u>1,954,249,208</u>	<u>365,723,873</u>	<u>10,946,213</u>	<u>1,923,853</u>	<u>21,501,997</u>	<u>-</u>	<u>2,354,345,144</u>

5) An industry sector analysis of the bank's financial assets, before and after taking into account collateral held or other credit enhancements, is as follows:

	Financial JD	Industrial JD	Commercial JD	Real estate* JD	Agriculture JD	Trading JD	Consumer JD	Public and governmental JD	Total JD
2016 -									
Balances at Central Banks	-	-	-	-	-	-	-	161,162,928	161,162,928
Balances at banks and financial institutions	333,854,252	-	-	-	-	-	-	-	333,854,252
Deposits at banks and financial institutions	73,543,068	-	-	-	-	-	-	-	73,543,068
Direct credit facilities	13,830,457	30,623,546	234,896,382	226,195,227	6,527,731	5,062,871	622,527,627	216,615,307	1,356,279,148
Bonds and treasury bills within:									
Financial assets at amortized cost	41,318,912	-	17,410,488	-	-	-	-	277,493,895	336,223,295
Financial assets pledged as collateral	-	-	-	-	-	-	-	13,476,000	13,476,000
Other assets	4,020,818	349,308	3,549,252	341,876	61,625	-	2,054,978	5,850,649	16,228,506
Total 2016	466,567,507	30,972,854	255,856,122	226,537,103	6,589,356	5,062,871	624,582,605	674,598,779	2,290,767,197
Total 2015	692,621,741	32,783,514	203,187,698	187,125,959	3,735,531	7,394,461	581,487,547	646,008,693	2,354,345,144

* Real estate sector includes loans granted to corporates and mortgage loans.

Development of credit risk measurement and managing credit risk

Continuous review on best practices in managing credit risk specially in measuring risks and estimating the required capital in accordance with the central bank of Jordan instructions and the application of Basel III.

Market risk

Is the risk resulting from fluctuations in the fair value or cash flows of financial instruments caused by the change in market prices such as interest rates, exchange rates and equity prices. Market risk arises due to the existence of open positions in interest rates, currencies and equity investments. Such risks are controlled in accordance to a specific set of policies and procedures and through specialized committees and related departments. Market risk includes interest rates risk, foreign exchange risks and the risk of change in equity prices.

Market risk is measured and controlled through several methods, including sensitivity analysis and stress testing in addition to stoploss limits.

Interest rate risk

Interest rate risk results from the possible impact of changes in interest rates on the profits of the bank or the value of financial instruments, the bank is exposed to interest rate risk due to repricing mismatches between its interest rate sensitive assets and liabilities according to the different maturities and repricing terms. The bank manages these risks through the continuous review of interest rates on its assets and liabilities in the course of its risk management strategy.

The ALM committee reviews the sensitivity gaps of interest rates during its regular meetings and studies its effect on the bank profitability in the light of any expected changes in market interest rates.

Interest rate risk management

The bank seeks to obtain long-term financing to fund long-term investments at fixed rates whenever possible. Furthermore, the bank uses hedging instruments such as interest rate swaps to reduce any negative effects.

The following table demonstrates the sensitivity analysis of interest rates:

Currency	Increase in interest rate	Sensitivity of net interest income (profit or loss)	Change (decrease) in interest rate	Sensitivity of net interest income (profit or loss)
	Basis points	JD	Basis points	JD
2016				
USD	100	(707,188)	100	707,188
EURO	100	(396,882)	100	396,882
GBP	100	(15,789)	100	15,789
YEN	100	(7,583)	100	7,583
Other Currency	100	180,780	100	(180,780)
2015				
USD	100	(334,288)	(100)	334,288
EURO	100	(230,964)	(100)	230,964
GBP	100	(54,370)	(100)	54,370
YEN	100	(7,363)	(100)	7,363
Other Currency	100	(215,281)	(100)	215,281

Interest rate re-pricing gap

	Less than 1 month JD	1 – 3 months JD	3 – 6 months JD	6 – 12 months JD	1 – 3 years JD	More than 3 years JD	Non- interest bearing JD	Total JD
Assets								
Cash and balances at Central Banks	8,224,400	-	-	-	-	-	217,186,267	225,410,667
Balances at banks and financial institutions	204,705,366	91,344,998	-	-	-	-	37,803,888	333,854,252
Deposits at banks and financial institutions	-	-	12,500,000	38,380,088	22,662,980	-	-	73,543,068
Financial assets at fair value through profit or loss	-	-	-	-	-	-	25,822,584	25,822,584
Direct credit facilities	628,650,099	195,485,494	295,269,061	69,052,786	76,953,681	90,868,027	-	1,356,279,148
Financial assets at fair value through OCI	-	-	-	-	-	-	31,502,293	31,502,293
Financial assets at amortized cost	121,416,161	173,916	9,998,653	15,517,849	113,333,603	75,783,113	-	336,223,295
Financial assets pledged as collateral	-	-	-	-	9,133,000	4,343,000	-	13,476,000
Property and equipment	-	-	-	-	-	-	42,335,356	42,335,356
Intangible assets	-	-	-	-	-	-	10,046,891	10,046,891
Other assets	-	-	-	-	-	-	36,419,320	36,419,320
Deferred tax assets	-	-	-	-	-	-	6,270,359	6,270,359
Total Assets	962,996,026	287,004,408	317,767,714	122,950,723	222,083,264	170,994,140	407,386,958	2,491,183,233
Liabilities								
Banks and financial institution deposits	251,252,835	34,725,040	10,000,000	10,000,000	25,889,180	-	27,090,039	358,957,094
Customers' deposits	485,829,987	205,200,936	91,203,557	49,714,117	54,026,514	-	661,471,137	1,547,446,248
Margin accounts	4,411,404	3,782,221	5,754,870	9,063,086	17,353,687	25,520,946	15,590,633	81,476,847

	Less than 1 month JD	1 – 3 months JD	3 – 6 months JD	6 – 12 months JD	1 – 3 years JD	More than 3 years JD	Non- interest bearing JD	Total JD
Borrowed funds	1,123,057	13,251,140	967,962	1,321,477	39,844,556	35,656,905	-	92,165,097
Sundry provisions	-	-	-	-	-	-	15,000,573	15,000,573
Income tax liabilities	-	-	-	-	-	-	20,892,898	20,892,898
Deferred tax liabilities	-	-	-	-	-	-	2,049,782	2,049,782
Other liabilities	-	-	-	-	-	-	35,884,682	35,884,682
Total Liabilities	742,617,283	256,959,337	107,926,389	70,098,680	137,113,937	61,177,851	777,979,744	2,153,873,221
Interest rate sensitivity gap	<u>220,378,743</u>	<u>30,045,071</u>	<u>209,841,325</u>	<u>52,852,043</u>	<u>84,969,327</u>	<u>109,816,289</u>	<u>(370,592,786)</u>	<u>337,310,012</u>
2015 -								
Total Assets	1,225,174,578	410,191,643	158,638,002	109,981,172	174,489,166	93,966,670	359,620,873	2,532,062,104
Total Liabilities	1,025,355,111	168,115,198	89,291,385	68,704,736	84,069,056	53,678,518	735,270,121	2,224,484,125
Interest rate sensitivity gap	<u>199,819,467</u>	<u>242,076,445</u>	<u>69,346,617</u>	<u>41,276,436</u>	<u>90,420,110</u>	<u>40,288,152</u>	<u>(375,649,248)</u>	<u>307,577,979</u>

Currency Risk:

Foreign currency risk is the risk of change in value of financial instruments due to the change in the foreign currency prices. The Bank's functional currency is the Jordanian Dinar. The board of directors identifies the set of currencies in which it is acceptable to take positions in and the limits of these positions for each currency. Foreign currencies positions are monitored on a daily basis to make sure that the bank will not exceed those acceptable levels.

The table below indicated the currencies to which the bank had significant exposure at 31 December 2015. The analysis calculates the effect of a reasonably possible movement of the currency rate against the JD, with all other variables held constant on the income statement and equity:

	2016			2015		
	Increase in exchange rate	Effect on profit or loss	Sensitivity on equity	Increase in exchange rate	Effect on profit or loss	Sensitivity on equity
	%	JD	JD	%	JD	JD
EURO	1+	(2,154)	-	1+	1,119	-
GBP	1+	(1,263)	-	1+	598	-
YEN	1+	-	-	1+	2	-
Other Currency	1+	208,252	-	1+	7,932	-

The effect on negative change in interest price is equal to the change shown above with changing the sign.

Concentration in foreign currency risk:

	US Dollar	Sterling	Japanese	Euro	Other	Total
2016	JD	Pound	Yen	JD	JD	JD
	JD	JD	JD	JD	JD	JD
Assets						
Cash and balances at Central Banks	38,195,025	319,308	61	43,524,596	37,427,033	119,466,023
Balances at banks and financial institutions	86,037,919	10,281,897	761,714	5,111,111	29,564,186	131,756,827
Deposits at banks and financial institutions	23,379,984	-	-	14,833,000	-	38,212,984
Financial assets at fair value through profit or loss	2,011,135	-	-	-	72,906	2,084,041
Direct credit facilities	159,924,861	-	-	16,095	124,426,274	284,367,230
Financial assets at fair value through other comprehensive income	1,024,219	-	-	29,614	10,395,000	11,448,833
Financial assets at amortized cost	62,974,047	-	-	-	905,125	63,879,172
Intangible Assets	516,295	-	-	-	-	516,295
Property and equipment, net	5,384,198	-	-	-	199,718	5,583,916
Other assets	<u>3,884,234</u>	<u>3,632</u>	<u>-</u>	<u>24,673</u>	<u>1,800,456</u>	<u>5,712,995</u>
Total Assets	<u>383,331,917</u>	<u>10,604,837</u>	<u>761,775</u>	<u>63,539,089</u>	<u>204,790,698</u>	<u>663,028,316</u>
Liabilities						
Banks and financial institution deposits	166,940,495	4,842,416	-	39,855,097	20,121,664	231,759,672
Customers' deposits	243,580,920	5,765,846	761,818	20,234,414	168,610,243	438,953,241
Margin accounts	11,161,163	24,020	-	3,947,532	2,043,329	17,176,044
Borrowed funds	19,685,474	-	-	-	-	19,685,474
Income tax liability	(104,432)	-	-	-	-	(104,432)
Other liabilities	<u>12,815,976</u>	<u>98,893</u>	<u>-</u>	<u>180,982</u>	<u>(7,310,797)</u>	<u>5,785,054</u>
Total Liabilities	<u>454,079,596</u>	<u>10,731,175</u>	<u>761,818</u>	<u>64,218,025</u>	<u>183,464,439</u>	<u>713,255,053</u>
Net concentration in the statement of financial position	<u>(70,747,679)</u>	<u>(126,338)</u>	<u>(43)</u>	<u>(678,936)</u>	<u>21,326,259</u>	<u>(50,226,737)</u>
Contingent liabilities	36,113,931	61,807	451,403	11,585,036	9,167,739	57,379,916
2015 -						
Total Assets	<u>321,900,790</u>	<u>7,695,958</u>	<u>1,870,615</u>	<u>26,079,682</u>	<u>169,967,819</u>	<u>527,514,864</u>
Total Liabilities	<u>362,335,287</u>	<u>7,751,803</u>	<u>736,282</u>	<u>56,127,517</u>	<u>149,532,867</u>	<u>576,483,756</u>
Net concentration in the statement of financial position	<u>(40,434,497)</u>	<u>(55,845)</u>	<u>1,134,333</u>	<u>(30,047,835)</u>	<u>20,434,952</u>	<u>(48,968,892)</u>
Contingent liabilities	<u>53,962,560</u>	<u>582,106</u>	<u>37,062</u>	<u>20,770,320</u>	<u>10,670,757</u>	<u>86,022,805</u>

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the levels of equity indices and the value of individual stocks. The bank manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Bank's investments are quoted on Amman Stock Exchange and the Palestine Securities Exchange.

The effect on income statement and equity due to a reasonably possible change in prices, with all other variables held constant, is as follows:

Market Indices	2016			2015		
	Change in equity price	Effect on profit or loss	Effect on equity	Change in equity price	Effect on profit or loss	Effect on equity
	%	JD	JD	%	JD	JD
Amman Stock Exchange	5+	49,197	454,158	5+	3,348	618,780
Palestine Securities Exchange	5+	725,988	209,633	5+	793,349	288,875
New York Stock Exchange	5+	-	-	5+	3,648	-
Others Markets	5+	91,641	-	5+	121,021	-

In case of negative change in index the effect will be the same with a change in the sign.

Liquidity Risk

Liquidity risk is the risk that the bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances, without incurring high costs or loss, the bank adopts the following principles for the management of liquidity risk.

Diversification of funding sources

Bank's management seeks to diversify sources of funding and prevent the concentration in the funding sources. The bank also borrows from institutions and local and foreign banks which would provide sources of funding at appropriate costs and maturities.

The bank had also established a liquidity contingency plan, which provides the basic framework for the management of liquidity. This includes defining an effective mechanism to manage liquidity during times of crisis, within reasonable costs and preserving the rights of depositors, borrowers, and shareholders.

The liquidity contingency plan is regularly reviewed and updated by the ALCO.

Analyzing and monitoring the maturities of assets and liabilities

The bank studies the liquidity of its assets and liabilities and monitors the major liquidity ratios as well as any changes that occur on them on a daily basis, The bank, seeks through the ALCO committee to match between the maturities of its assets and liabilities and control the liquidity gaps within the limits defined in the bank's policies.

Measure and manage market risk according to the standard requirements of Basel II and Basel III

Based on best practices in managing market risk and liquidity risk, the bank is pursuing a policy to manage these risks as approved by the board of directors and by relying on several methodologies and techniques and models to measure and assess and monitor these risks on an ongoing basis, In addition to estimating the required capital for market risk and other applications with the instructions of the Central Bank of Jordan and the standard for the application of Basel II.

The bank takes into account the implementation the best practices and techniques which applied by Basel III.

The bank maintains statutory cash reserve with the Central Banks amounting to JD 81,695,162.

1) The table below summarises the maturity profile of the bank's financial liabilities at 31 December based on contractual undiscounted repayment obligations:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	No Fixed maturity	Total
2016	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institution deposits	278,629,748	34,845,628	10,069,453	17,658,425	18,985,872	-	-	360,189,126
Customers' deposits	738,013,085	319,160,951	185,065,725	123,715,483	185,485,426	-	-	1,551,440,670
Margin accounts	5,165,773	4,480,352	6,879,380	11,604,553	22,177,742	33,582,205	-	83,890,005
Borrowed funds	1,123,564	13,293,278	971,795	1,321,964	43,742,117	54,769,047	-	115,221,765
Sundry provisions	483,106	631,852	535,593	1,961,615	7,923,149	3,465,258	-	15,000,573
Income tax liabilities	3,650,000	-	8,200,000	7,058,900	1,983,998	-	-	20,892,898
Deferred tax liabilities	-	-	-	-	537,702	-	1,512,080	2,049,782
Other liabilities	<u>18,130,473</u>	<u>7,355,336</u>	<u>4,631,532</u>	<u>2,639,576</u>	<u>1,416,092</u>	<u>1,249,065</u>	<u>462,608</u>	<u>35,884,682</u>
Total Liabilities	<u>1,045,195,749</u>	<u>379,767,397</u>	<u>216,353,478</u>	<u>165,960,516</u>	<u>282,252,098</u>	<u>93,065,575</u>	<u>1,974,688</u>	<u>2,184,569,501</u>
Total Assets	<u>962,996,026</u>	<u>287,004,096</u>	<u>317,767,247</u>	<u>122,950,100</u>	<u>222,083,264</u>	<u>170,994,140</u>	<u>407,386,968</u>	<u>2,491,181,841</u>
2015 -								
Liabilities								
Banks and financial institution deposits	320,502,087	39,606,030	13,593,586	10,182,000	-	-	-	383,883,703
Customers' deposits	903,486,320	229,539,992	153,198,307	104,067,851	184,174,091	-	-	1,574,466,561
Margin accounts	4,253,679	7,107,776	9,204,235	12,325,371	22,259,798	33,795,241	-	88,946,100
Borrowed funds	50,209,508	481,177	2,874,624	14,383,496	10,586,675	41,399,799	-	119,935,279
Sundry provisions	663,572	491,458	466,002	1,055,107	7,040,971	3,852,854	-	13,569,964
Income tax liabilities	3,000,000	-	12,884,199	1,300,000	2,964,356	3,450,711	-	23,599,266
Deferred tax liabilities	-	-	-	-	635,967	-	1,513,326	2,149,293
Other liabilities	<u>22,837,104</u>	<u>3,524,542</u>	<u>2,114,428</u>	<u>3,839,547</u>	<u>3,482,779</u>	<u>2,254,193</u>	<u>461,074</u>	<u>38,513,667</u>
Total Liabilities	<u>1,304,952,270</u>	<u>280,750,975</u>	<u>194,335,381</u>	<u>147,153,372</u>	<u>231,144,637</u>	<u>84,752,798</u>	<u>1,974,400</u>	<u>2,245,063,833</u>
Total Assets	<u>1,220,395,892</u>	<u>410,191,643</u>	<u>158,638,002</u>	<u>109,981,172</u>	<u>174,489,166</u>	<u>93,966,670</u>	<u>364,399,559</u>	<u>2,532,062,104</u>

2) The table below summarizes the maturities of financial derivatives as of the date of the financial statements:

Financial assets/liabilities that are settled net:

	Less than 1 month JD	1 – 3 months JD	6 – 12 months JD	1 – 3 years JD	3 or more years JD	Total JD
2016 -						
Interest rate swap	-	182,173	-	-	-	182,173
	-	182,173	-	-	-	182,173
2015 -						
Interest rate swap	-	-	-	241,257	-	241,257
	-	-	-	241,257	-	241,257

3) Contingent liabilities

	Less than 1 year JD	1 – 5 years JD	5 years or more JD	Total JD
2016 -				
Acceptances and letters of credit	33,656,128	-	-	33,656,128
Letters of guarantee	45,738,730	-	-	45,738,730
Irrevocable commitments to extend credit	92,169,757	-	-	92,169,757
Total	171,564,615	-	-	171,564,615
2015 -				
Acceptances and letters of credit	52,426,839	100,054	-	52,526,893
Letters of guarantee	45,476,415	2,033,656	-	47,510,071
Irrevocable commitments to extend credit	128,103,103	-	-	128,103,103
Total	226,006,357	2,133,710	-	228,140,067

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The general framework for the operational risk management is as follows:

Managing operational risk is the responsibility of all employees in the bank through the proper application of internal policies and procedures that would curb these risks and exposures that arise during daily operations.

Due to the constant change in the environment of work as a result of the willingness of the bank management to keep pace with technology and new banking products and services, the bank has adopted and implemented several procedures to help the different departments by identifying, measuring, following-up and controlling operating risks that arise from the introduction of new products and services.

Implementing operational risk measurement techniques that aim at identifying risks to the Bank and evaluating them in terms of the magnitude of the impact and frequency of occurrence, in order to take appropriate action that would mitigate these risks through the implementation of the Control and Self Assessment System (CRSA), as well as data collection and review of actual and potential losses resulting from operations.

Compliance Risk

Pursuant to CBJ's instruction and in line with the international directions and updates as well as Basel's regulations, with the aim to ensure compliance of the bank and its internal policies and procedures with all applicable laws, regulations, international banking standards and best practices as well as safe banking practices disseminated by local and international regulatory and supervisory competent authorities, this compliance and AML/CFT policy is issued with the approval of the board of directors in addition to the internal AML/CFT manual. In addition, the Compliance and AML/CFT Division was restructured to consist of two departments; Compliance Department and AML/CFT Department to monitor the bank's compliance with applicable laws and regulations and best practices issued by regulatory competent authorities through well devised monitoring programs and internal procedures oriented toward a risk based approach.

The main objectives of the compliance department are as follows:

- Identify, assess and manage compliance risks.
- Prepare and make available applicable laws and regulation files governing the nature and scope of work of all relevant divisions and departments on the bank intranet and update these regularly to stay current with legal and regulatory updates; support and assist executive management to manage compliance risks.
- Advise and assist the bank's management with all laws and regulations in relation to compliance.
- Monitor compliance risks through regulatory databases, which contain all laws and regulations issued by regulatory and competent authorities and which is updated and amended regularly in accordance with the latest regulatory updates that should be adhered to.
- Review and assess all preexisting and new banking products and services as well as internal policies and procedures to ensure that they are in strict compliance with the applicable laws and regulations.
- Submit reports directly to the compliance committee, formed by the board of directors, regarding the scope and level of compliance the bank and its international branches and subsidiaries.
- Advise and assist the bank's executive management for compliance risk management.

With regards to anti-money laundering, an independent AML Department was formed and restructured within the Compliance and AML/CFT Division. The division recruited highly qualified and trained staff along with the automated AML/CFT systems and software solutions to perform its work in accordance with policies and procedures approved by the board of directors and in accordance with Anti-Money Laundering Law No.46 of 2007 and its amendments, together with AML/CFT instructions issued by Central Bank of Jordan and international best practice in this regard to lessen and mitigate the risks involved with those transactions; the aim of which is to identify the procedures applicable and appropriate to financial transactions and to apply due diligence measures to identify preexisting and potential customers and to understand their legal and personal capacity and status and the ultimate beneficial owner and the ongoing monitoring and reviewing of such transactions during the period of the banking relationship.

The main objectives of the AML Department are as follows:

- Ensure the bank's compliance with all AML/CFT policies and procedures as approved by the competent authority within the bank.
- Ensure the bank's compliance with all applicable laws and regulations issued by competent authorities.
- Prohibit and protect the bank's reputation and image from any allegation of involvement with money laundering and terrorist financing.
- Prohibit the use of banking products and services in money laundering and terrorist financing transactions.
- Participate in national and international efforts and initiatives relevant to anti-money laundering and combating terrorism financing.
- Protect the bank and its employees from being exposed to AML/CFT risks which might lead to material financial losses or regulatory, legal, administrative, civil and criminal sanctions and liability.

(43) Segment Information**A. Information on the bank's segment**

For management purposes the bank is organized into three major business segments in accordance with the reports sent to the chief operating decision maker:

- Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities.
- Corporate banking: Principally handling loans, other credit facilities, deposit and current accounts for corporate and institutional customers.
- Treasury: Principally providing money market, trading and treasury services, as well as the management of the bank's funding operations by the use of treasury bills, government securities, placements and acceptances with other banks, through treasury and wholesale banking.

Following is the bank's segment information:

	Retail Banking JD	Corporate Banking JD	Treasury JD	Other JD	Total	
					2016 JD	2015 JD
Total revenues	<u>94,513,644</u>	<u>31,998,183</u>	<u>31,748,790</u>	<u>2,539,186</u>	<u>160,799,803</u>	<u>173,109,291</u>
Impairment loss on credit facilities	75,291	3,138,189	-	-	3,213,480	2,756,444
Impairment on repossessed assets	-	-	-	-	-	<u>16,757</u>
Segmental results	<u>79,381,962</u>	<u>18,431,392</u>	<u>24,563,354</u>	<u>2,539,186</u>	<u>124,915,894</u>	<u>129,165,786</u>
Unallocated expenses					74,992,337	68,878,387
Profit before tax					49,923,557	60,287,399
Income tax					15,189,678	19,119,145
Net profit					34,733,879	41,168,254
Other information						
Segmental assets	<u>795,784,921</u>	<u>560,497,338</u>	<u>1,046,102,519</u>	<u>88,798,455</u>	<u>2,491,183,233</u>	<u>2,532,062,104</u>
Segmental liabilities	<u>859,218,198</u>	<u>614,396,014</u>	<u>608,480,856</u>	<u>71,778,153</u>	<u>2,153,873,221</u>	<u>2,224,484,125</u>
Capital expenditure					19,722,173	9,076,687
Depreciation and amortisation					8,009,598	6,412,576

Geographical Information

The following table shows the distribution of the bank's profit assets and capital expenditure by geographical segment. The bank operates in Jordan and Palestine.

Below is the distribution of the revenues, assets and capital expenditures as per the geographical information:

	Inside Jordan		Outside Jordan		Total	
	2016 JD	2015 JD	2016 JD	2015 JD	2016 JD	2015 JD
Total revenue	132,519,713	153,503,372	28,280,090	19,605,919	160,799,803	173,109,291
Total assets	1,951,854,991	1,902,241,316	539,328,242	629,820,788	2,491,183,233	2,532,062,104
Capital expenditure	8,445,796	7,562,367	11,276,377	1,514,320	19,722,173	9,076,687

(44) Capital Management

The bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011. In addition, the regulation requires a minimum leverage ratio of 4%.

The bank, since its inception, has always maintained an adequate capital adequacy ratio that exceeds the minimum required by the Central Bank of Jordan of 12% (8% as per BIS rules/ratios).

The bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from previous years.

Description of what is considered capital

Regulatory capital consists of Tier 1 capital, which comprises of share capital, share premium, reserves and retained earnings including current year profit, less accrued dividends. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Jordan. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt, preference shares and revaluation reserves. The third component of capital is Tier 3 which is used against market risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated in addition to investments in the capital of insurance companies. Also, excess over 10% of the bank's capital if invested in an individual company investee.

The Central Bank of Jordan issued instructions regarding capital adequacy in accordance with Basel III and canceled the instructions of regulatory capital adequacy according to Basel II.

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to Basel committee decision. Below is the capital adequacy as per Basel III:

	2016 JD
Ordinary Share Rights	
Paid in capital	180,000,000
Retained earnings after subtracting the expected accumulated distributions	48,584,530
Change in fair value reserve	(10,347,484)
Statutory reserve	65,836,075
Other reserves approved by the Central Bank	6,816,916
Minority rights allowed to be recognized	697,391
Total ordinary share capital	<u>291,587,428</u>
Regulatory Adjustments (Capital deductible)	
Intangible assets	10,046,891
Deferred tax assets that should be deducted	5,461,073
Net ordinary shareholders' equity	<u>276,079,464</u>
Additional capital	
Minority rights allowed to be recognized	
Net primary capital (Tier I)	
Tier II Capital	
General banking risk reserve	13,982,002
Minority interest	139,478
Tier II Capital	<u>14,121,480</u>
Adjustment (deducted from capital)	
Unconsolidated investments in subsidiaries	-
Net Tier II	<u>14,121,480</u>
Regulatory capital	<u>290,200,944</u>
Total risk weighted assets	1,761,586,241
Capital adequacy (%)	16,47%
Capital adequacy (primary capital) (%)	15,67%
Subordinated capital (%)	0.80%

The following table shows capital adequacy for 2015 as per Basel II:

	2015 JD
Primary capital:	
Paid in capital	160,000,000
Statutory reserve	60,988,222
Cyclical reserve	5,902,049
Retained earnings	46,733,699
Less:	
Investment in banks and financial companies*	10,243,826
Assets obtained by the Bank by calling on collateral more than four years	-
Intangible assets	10,189,750
Total Primary capital	<u>253,190,394</u>
Additional capital	
Fair value reserve	468,829
General banking risk reserve	12,670,000
Less:	
Investment in banks and financial companies*	10,243,826
Total additional capital	<u>2,895,003</u>
Total regulatory capital	<u>256,085,397</u>
Total risk weighted assets	1,622,106,901
Capital adequacy (regulatory capital) (%)	15.79
Capital adequacy (primary capital) (%)	15.61

* According to Basel II regulations, 50% of the value of the investments in banks and subsidiaries is eliminated from the total primary capital and 50% from regulatory capital.

(45) Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

2016	Within 1 year JD	More than 1 year JD	Total JD
Assets			
Cash and balances at Central Banks	225,410,667	-	225,410,667
Balances at banks and financial institutions	333,854,252	-	333,854,252
Deposits at banks and financial institutions	50,880,088	22,662,980	73,543,068
Financial assets at fair value through profit or loss	25,822,584	-	25,822,584
Financial assets at fair value through other comprehensive income	-	31,502,293	31,502,293
Direct credit facilities	374,052,291	982,226,857	1,356,279,148
Financial assets at amortized cost	147,106,579	189,116,716	336,223,295
Financial assets pledged as collateral	-	13,476,000	13,476,000
Property and equipment	3,654,090	38,681,266	42,335,356
Intangible assets	6,199,434	3,847,457	10,046,891
Deferred tax assets	700,000	5,570,359	6,270,359
Other assets	<u>15,957,892</u>	<u>20,461,428</u>	<u>36,419,320</u>
Total Assets	<u>1,183,637,877</u>	<u>1,307,545,356</u>	<u>2,491,183,233</u>
Liabilities			
Banks and financial institution deposits	340,484,414	18,472,680	358,957,094
Customers' deposits	1,347,977,807	199,468,441	1,547,446,248
Margin accounts	27,916,900	53,559,947	81,476,847
Borrowed funds	16,663,636	75,501,461	92,165,097
Sundry provisions	3,612,166	11,388,407	15,000,573
Income tax liabilities	18,908,900	1,983,998	20,892,898
Deferred tax liabilities	1,512,080	537,702	2,049,782
Other liabilities	<u>33,219,525</u>	<u>2,665,157</u>	<u>35,884,682</u>
Total Liabilities	<u>1,790,295,428</u>	<u>363,577,793</u>	<u>2,153,873,221</u>
Net Assets	<u>(606,657,551)</u>	<u>943,967,563</u>	<u>337,310,012</u>

2015	Within 1 year JD	More than 1 year JD	Total JD
Assets			
Cash and balances at Central Banks	212,347,289	-	212,347,289
Balances at banks and financial institutions	552,356,037	-	552,356,037
Deposits at banks and financial institutions	113,199,984	-	113,199,984
Financial assets at fair value through profit or loss	28,171,886	-	28,171,886
Financial assets at fair value through other comprehensive income	-	37,302,031	37,302,031
Direct credit facilities	307,561,125	836,679,056	1,144,240,181
Financial assets at amortized cost	178,653,183	97,332,504	275,985,687
Financial assets pledged as collateral	24,875,511	52,743,446	77,618,957
Property and equipment	3,131,081	27,358,903	30,489,984
Intangible assets	5,507,710	4,682,040	10,189,750
Deferred tax assets	300,000	3,965,762	4,265,762
Other assets	27,958,482	17,936,074	45,894,556
Total Assets	1,454,062,288	1,077,999,816	2,532,062,104
Liabilities			
Banks and financial institution deposits	382,932,831	-	382,932,831
Customers' deposits	1,387,564,969	182,451,155	1,570,016,124
Margin accounts	32,642,968	53,821,672	86,464,640
Borrowed funds	67,697,295	39,541,045	107,238,340
Sundry provisions	2,676,139	10,893,825	13,569,964
Income tax liabilities	17,184,199	6,415,067	23,599,266
Deferred tax liabilities	1,513,326	635,967	2,149,293
Other liabilities	32,776,695	5,736,972	38,513,667
Total Liabilities	1,924,988,422	299,495,703	2,224,484,125
Net Assets	(470,926,134)	778,504,113	307,577,979

(46) Fiduciary Accounts

Fiduciary accounts amounted to JD 1,360,696 as of 31 December 2016 (2015: JD 7,659,585). Such assets or liabilities are not included in the Bank's statement of financial position.

(47) Contingent Liabilities and Commitments

The total outstanding commitments and contingent liabilities are as follows:

	2016	2015
	JD	JD
Letters of credit:		
Received	100,571,034	143,248,725
Issued	32,092,230	44,504,481
Acceptances	1,563,898	8,022,412
Letters of guarantee:		
Payments	16,285,995	15,113,408
Performance	18,015,063	19,736,500
Other	11,437,672	12,660,163
Irrevocable commitments to extend credit	<u>92,169,757</u>	<u>128,103,103</u>
	<u>272,135,649</u>	<u>371,388,792</u>

The contractual commitments of the bank are as follows:

	2016	2015
	JD	JD
Contracts to purchase property and equipment	<u>3,599,638</u>	<u>181,832</u>

* Annual rent of the Bank's main building and the branches amounted to JD 3,615,314 as of 31 December 2016 (2015: JD 3,829,561).

(48) Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 43,857,724 as of 31 December 2016 (31 December 2015: JD 44,023,331). In the opinion of the Bank's management and law consultant, provisions for these lawsuits are sufficient. Provision for possible legal obligations amounted to JD 4,421,931 as of 31 December 2016 (2015: JD 5,496,016).

In the opinion of the bank's management and legal counsel, the bank maintains adequate provisions against the lawsuits.

(49) New and Amended International Financial Reporting Standards

New and amended financial standards have been issued until 31 December 2016 however it is not mandatory until now and the bank did not adopt it yet.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 “Financial Instruments” with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement”. The bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IFRS 16 Leases

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB’s Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

(50) Comparative Figures

Some of 2015 balances were reclassified to correspond with those of 2016 presentation. The reclassification has no effect on the loss and equity of the year 2015.

The background features a complex 3D abstract design. It consists of numerous blue, semi-transparent cubes and hexagons arranged in a cluster that resembles a stylized flower or a molecular structure. A central yellow and white spherical element is visible within the blue shapes. Scattered throughout the white background are several small, solid green squares of varying sizes. At the bottom left, there is a larger, more intricate pattern of green squares in various shades, creating a pixelated or mosaic-like effect.

Corporate Governance Manual

Some of CAB Partnerships in 2016



UNHCR Partnership



Ministry of Finance Partnership



Military Credit Fund Partnership

1- Introduction

1.1 Background

1.1.1 On April 20th 2014, Cairo Amman Bank, adopted the corporate governance manual related to the bank that was published on both the bank's website and the annual report, which enables shareholders and stakeholders to review and know more about the bank's commitments towards applying the corporate governance manual. In accordance with the instructions issued by the Central Bank of Jordan in 2016 to meet the best practices in this field, recently the functions, responsibilities and duties of the board of directors, committees and executive management have been defined, taking into account the protection of shareholders' rights, as well as stakeholders' dictating the nature of the relations among them.

1.2 Corporate Governance

1.2.1 Corporate Governance is defined, as per CBJ instructions, as the system that directs the bank and by which the bank is managed. This system is to define the bank's goals and realize them, manage the bank's operations in a secure manner, protect the depositors' interests, maintain responsibility towards the shareholders and the other stakeholders and ensure that the bank complies with the applicable legislation and the in-house policies.

1.2.2 The Central Bank of Jordan has issued in September 30, 2014 a set of instructions and regulations in relation to corporate governance (58/2014). The instructions consists of major articles, including the following:

1. Preparing and publishing the Corporate Governance Manual.
2. BOD composition, meetings, roles, and responsibilities.
3. Authorities and accountability.
4. BOD committees.
5. Suitability of BOD and Executive Management.
6. Managers' performance evaluation.
7. Managers' remuneration.
8. Conflict of interest.
9. Internal and external audit.
10. Risk management.
11. Compliance.
12. Stakeholders' rights.
13. Disclosure and transparency.

1.3 Purpose

1.3.1 This Corporate Governance Manual (the "Manual") aims to document the corporate governance framework of the Bank to achieve the higher standards of corporate governance based on leading practices and applicable regulations. This Manual deals with the manner in which the corporate governance framework of the Bank is directed and controlled, and also to ensure adherence and compliance with the Central Bank of Jordan corporate governance instructions. Accordingly, this Manual deals with the following:

1.3.2 The Bank's Organizational Chart.

1.3.3 The roles and responsibilities of the BOD, the executive management, and the employees.

1.3.4 The roles of the Board Committees (that are required to be established by the CBJ corporate governance instructions), and these would be: the Audit Committee, the Risk Management Committee, the Nomination & Remuneration Committee, the Corporate Governance Committee and any other Committee formed by the Board.

1.3.5 The delegation of the BOD's authorities to the General Manager and the Executive Management.

1.3.6 The relationship of the BOD and the Executive Management with the Bank's shareholders, and the means by which shareholders are able to exercise their share-related rights.

1.3.7 The bank's policies and procedures to limit, address, and deal with conflict of interest.

1.3.8 The bank's disclosure obligations, both the continuous disclosure to CBJ and any other supervisory authorities.

1.3.9 The bank's internal control system and the rules regarding the selection of the external auditors, which are designed to maintain the Bank's performance and to ensure that the financial reporting is properly directed and managed.

1.3.10 The bank's general framework regarding risk management and compliance;

1.3.11 General policies regarding the relationship with stakeholders.

1.3.12 The corporate governance framework at the bank is subject to CBJ's regulations and requirements, and any related laws and legislation, and hence the policies in this Manual should be read in conjunction with CBJ's regulations and any updates affecting those regulations.

1.4 Legal Framework

1.4.1 The bank is committed to ensure full compliance and adherence with CBJ's corporate governance instructions, in addition to applying leading best practices, in which CBJ's regulations are not breached.

1.4.2 The bank is committed to comply with the laws and regulations it is subject to in Jordan and other jurisdictions in which it operates.

1.4.3 The instructions of the Central Bank of Jordan shall be applied with respect to the corporate governance. In the event of a conflict with any other instructions, such inconsistency should be clarified and stated, and the approval of the Central Bank of Jordan should be acquired to resolve the issue.

1.5 Definitions

1.5.1 Based on the Central Bank of Jordan instructions number (58/2014), the following are the related definitions:

Abbreviation	Definition
Board	The Bank's Board of Directors
Corporate Governance	The system by which the bank is directed and managed it also aims to define the bank's goals, realize them, manage the bank's operations in a secure manner, protect the depositors' interests, maintain responsibility towards the shareholders and the other stakeholders and ensure that the bank complies with the applicable legislation and internal / local policies.
Executive Member	Member of the Board of Directors that gets paid to participate in the day-to-day operations of the Bank.
Executive Management	The Executive Management team consists of the General Manager or Regional Manager, Deputy General Manager or Deputy Regional Manager, Assistant General Manager or Assistant Regional Manager, Financial Manager, Operations Manager, Risk Manager, Internal Audit Manager, Treasury (Investment) Manager, and Compliance Manager, along with any employee who has executive power equivalent to that of the above mentioned persons and functionally reports to the General Manager.
Independent Member	A member of the board of directors who fulfills the conditions set out in Article 6 (d) of this guide.
Suitability	Availability of specific requirements and qualifications in the members of the Bank's Board of Directors and Executive Management
Stakeholders	Anyone who has an interest in the Bank such as Depositors, Shareholders, Employees, Creditors, or concerned Regulators
Major Shareholder	Any individual / entity that owns, directly or indirectly, 5% or more of the Bank's capital.

2- Organization Chart and Governance Relationships

2.1 Organization Chart

2.1.1 The Board of Directors has to approve the organizational chart that suits the Bank's nature and activities and ensures that there are sufficient organizational regulations to execute the strategy already approved by the board of directors. The organizational chart also depicts Administrative Hierarchy, the Board Committees and the Executive Management. The Board also ensured the following:

- Defining specific goals for each unit.
- Specifying the functional roles and responsibilities for each division and department.
- Specifying the authorities and lines of communication for the different management levels to achieve effective oversight/control and segregation of duties.
- Approving job descriptions, at all positional levels on the organization chart, and specifying the qualifications and experience needed to occupy them.

2.1.2 The Board of Directors ensures that the organization chart constantly includes the following control levels:

- Board of Directors.
- Independent Departments for risk management, compliance and audit that does not perform any daily executive operations.
- Units/employees that do not participate in the daily operations of the Bank (i.e. credit and middle office employees)

2.1.3 On the bank level, the BOD should comply with the following:

- The BOD should approve the strategies and policies of the bank and its group as a whole. BOD should also approve the corporate governance manual on the group level in line with CBJ instructions taking into account the instructions issued by any foreign Central Bank or supervisory authorities the subsidiary is operating in, provided they should not contravene CBJ instructions.
- The BOD should be aware of the Bank's organizational chart especially the complicated structures by understanding the links and relationships between the Bank and the group and the adequacy of the corporate governance as part of the group. In addition, strategies and corporate governance policies should be in line with CBJ instructions and any other applicable instructions. In case of any conflict, a prior approval of CBJ should be obtained.

2.1.4 The following represents the bank organizational chart of in May 2015:

3- Board of Directors

3.1 Roles and Responsibilities

Roles and responsibilities of the Board include:

3.1.1 Approving the corporate governance manual for the bank and its group.

3.1.2 Supervising the Senior Executive Management, tracking its performance, and maintaining the integrity and adequacy of the financial conditions; accordingly the BOD approved comprehensive policies and procedures for monitoring and controlling the bank's performance.

3.1.3 Defining the bank's strategic goals and directing the Executive Management to achieve these goals. The Board should approve both the strategies set by the executive management to achieve the bank's strategic goals, and the business / action plans in line with the strategy

3.1.4 Approving a policy to monitor and review the Executive Management's performance by developing key performance indicators (KPIs) to determine and measure the performance and progress in achieving the organizational goals.

3.1.5 Ensuring the availability of policies, plans and procedures covering all of the bank's activities in line with the related legislation, and ensuring that they are circulated at all managerial levels and periodically reviewed.

3.1.6 Determining the organizational values of the Bank and setting clear lines of responsibility and accountability for all the operations conducted by the Bank, and developing strong culture for all the bank's personnel in relation to ethics and integrity standards.

3.1.7 Ensuring the integrity of all operations including the financial aspect, compliance with CBJ regulations, as well as all applicable regulations, taking into account the stakeholders' interest, and ensuring that the bank is managed within a regulated framework and an efficient control is available on an on-going basis on all activities including outsourced activities.

3.1.8 Appointing the director general, the head of the audit department, the head of risk management, the head of compliance and anti-money laundering department, as well as accepting their resignations or termination of their services based on the recommendations of the designated committee, and also obtaining the approval from the Central Bank of Jordan about resignation or termination of services of any of them. The Central Bank of Jordan has the right to call any person with a managerial position at the bank to verify the reasons for resignation or termination of services.

3.1.9 Approving effective internal control system and undertaking an annual assessment thereof, and ensuring that the structure of such systems is reviewed by the bank's internal and external auditor at least once a year. The BOD should ensure that the annual report contains proofs of the adequacy of these systems.

3.1.10 Ensuring the independence of the external auditors prior and throughout the period of his engagement.

3.1.11 Approving the risk management strategy and monitor its execution, to include the risk appetite and ensure that the bank is not exposed to high risks. The BOD should be aware of the operational work environment and related risks, and ensure availability of adequate tools and infrastructure for risk management that is able to determine, examine and monitor all type of risks the bank is exposed to.

3.1.12 Ensuring that adequate and reliable Management Information Systems (MIS) exist to cover all the bank activities.

3.1.13 Ensuring that the bank's credit policy includes quality assessment of the corporate governance at its corporate clients in particular the public shareholding companies, and whereby the client risks are assessed reflecting the strengths and weaknesses in the area of corporate governance.

3.1.14 Ensuring that the bank adopts proper corporate social initiatives related to environment, health, education, and consider providing finances to SMEs with reasonable rates.

3.1.15 Ensuring that there is a clear segregation between the authorities of the shareholders having a significant interest and the Executive Management with the aim to enhance the corporate governance, and developing proper mechanisms to reduce the effects of shareholders having effective interests by, without limitation, the following:

- No shareholder having an effective interest shall occupy a position in the Senior Executive Management.
- The Senior Executive Management shall derive its authority from the Board of Directors only with the approved delegation of authorities.

3.1.16 Existence of Board Committees does not relieve the board, as a whole, from its responsibilities.

3.1.17 The board has to establish five continuous or permanent committees: the Audit Committee, the Risk Management Committee, the Corporate Governance and Compliance Committee, the Nomination and Remuneration Committee, and the IT Governance Committee. The board also formed other committees: the Strategies Committee, the Investments and Real Estate Committee, all committees must emanate from the board of directors and must act in accordance with their respective business charter so that each charter is adopted and authenticated by the board of directors.

3.1.18 BOD may form other committees to assist it in performing its duties. BOD may delegate some of its authorities and powers to one of more of those committees. However, such delegation does not relieve the BOD members from their responsibilities. BOD may, at any time, cancel such delegated powers and authorities.

3.2 Board Composition

3.2.1 The BOD currently consists of 12 members in accordance with the bank's Articles of Association for a period of Four years.

3.2.2 All BOD members are non-executive including four independent members.

3.2.3 A BOD charter should develop and approve a BOD Charter in line with CBJ corporate governance instructions. Such charter should include the following:

- Accountability limits.
- Roles & Duties.
- Chairman Roles & Responsibilities.
- BOD Secretary Roles & Responsibilities.
- BOD Composition.
- Nomination & Election Terms.
- Meetings and Quorum.
- Authorities.
- Confidentiality, Conflict of Interest and Disclosure.

3.3 Functions and Responsibilities of the Secretary of the Council

3.3.1 Attend all board meetings and maintaining all deliberations, suggestions, objections, reservations, and council voting methods.

3.3.2 Scheduling council meetings in coordination with the president of the council.

3.3.3 Ensuring that all board of directors sign their attendance and decisions taken in meetings.

3.3.4 Monitoring the implementation of the decisions taken by the board of directors and following up on any postponed topics during previous meetings.

3.3.5 Maintain the records and documents of meetings conducted by the board of directors.

3.3.6 Taking necessary measures to ensure that the resolutions and proposals which are to be issued by the council are compliant with the legislations and laws.

3.3.7 Preparing meetings to the general assembly and ensuring the cooperation amongst the committees emanated from the council.

3.3.8 To provide the Central Bank with the expediency reports signed by the members of the council.

3.4 Member Qualifications & Nomination

3.4.1 BOD should approve a nomination and suitability policy for the members of BOD, Executive Management and key management personnel. Such policy should include the criteria, conditions and requirements that should be met by the member nominated and appointed in accordance with CBJ corporate governance instructions and the other applicable legislation.

4- Board Committees

4.1 Board Committees Purposes

4.1.1 Helping to give closer attention to important issues facing the bank in an easy and appropriate manner.

4.1.2 Optimal utilization of the competences and expertise of the BOD members through their participation in the Committees whose business nature is relevant to the members' qualifications.

4.1.3 Facilitating the effective communication between the Bank's departments and BOD through these committees.

4.2 Principles Common to Board Committees

4.2.1 Although each Committee has distinct powers and authorities, there are a number of principles that broadly apply across all of the Committees:

- Membership and formation: Each Committees has a minimum number of members based on the CBJ corporate governance instructions.
- Quorum: The Committee meeting is considered held if attended by the majority of the Committee members including the Committee chairperson or, in case of his/her absence, the deputy.
- Meetings: The Committees shall hold their meetings on a regular basis. However, the minimum number of meetings is based on CBJ corporate governance instructions.
- Minutes of Meetings: Minutes of meetings will be documented by the Secretary of the relevant Committee.
- Voting: Decisions are passed by the majority of members. In case of equal votes, the Committee chairperson shall have the casting vote.
- Powers and Authorities: The Committees will normally exercise their powers and authorities in accordance with their respective Charters.
- Reporting to the Board: Each Committee will report regularly to the Board about their activities and the exercise of their powers.
- Annual Evaluation: The Nomination and Remuneration Committee will evaluate the performance of the Board and the Board Committees and their adherence to their respective Charters on an annual basis.
- Each Committee should review its Charter or Manual every three years or whenever appropriate and present any proposed amendment to BOD for approval.
- All board members are prohibited from being a chairman for more than two of the following committees (corporate governance, compliance, auditing, nomination and remuneration, risk management).

4.3 Board Committees

4.3.1 Audit Committee:

- Subject to the provisions of the applied banking law, the majority of the committee members, including the chairman of the committee, should be independent members and the chairman of the committee should not be the president of the council or the chairman of any other committee emanating from the council.
- All members of the committee must have academic qualifications and appropriate practical expertise in the field of accounting, finance or any similar field related to the nature of banking.
- The board of directors should have the power to obtain any information requested from the executive management as well as have the right to call up any director to attend their meetings as stated in its charter.
- The committee meets up with the external and internal auditors as well as the compliance officer at least once a year, without the presence of any member of the executive management
- The functions of any other committee shall not be incorporated into the functions of this committee
- The committee is responsible for the following:
 - The audit committee is required to rotate the internal audit staff to audit the bank's activities which is carried out every three years maximum.
 - The audit committee must ensure that internal audit staff are not assigned to perform any executive functions.

- The audit committee shall ensure that all activities of the bank are being audited, including those assigned to third parties.
- The board shall verify that the internal audit department is under the direct supervision of the audit committee and that it reports directly to the chairman of the audit committee.
- The audit committee shall evaluate the performance of the internal audit director and staff in addition to determining their compensations.
- Scope, results and adequacy of the internal and external audit on the bank.
- The significant accounting issues affecting the bank's financial statements.
- The internal control systems.
- The committee submits its recommendations to the board with respect to appointment, dismissal and fees of the external auditor and any contractual conditions in addition to the annual assessment of the external auditor's independence.
- The committee reviews and monitors the procedures for the secret reporting of error in the financial reporting or any other issue.

4.3.2 Risk Management Committee:

The committee shall be composed of at least three members of the council, including an independent member noting that it can consist of members from the executive management.

Duties of the Risk Management Committee include:

- Review the risk management framework of the bank.
- Review the risk management strategy.
- Ensure that there is no variation between the actual risks taken by the bank and the risk appetite approved by BOD.
- Stay updated concerning any developments that affect risk management within the Bank, and report such developments to the BOD periodically.
- Provide the appropriate environment to ensure identification of the significant risks and any other activity undertaken by the bank that may expose it to higher risks than the approved risk appetite, and submit regular reports of the same to BOD and following up on addressing such risks.

4.3.3 Nomination & Remuneration Committee:

This committee must consist of at least three members, in which the majority of the members, including the chairman of the committee, should be independent members.

Duties of the Nomination & Remuneration Committee include:

- Nominate the persons qualified for BOD membership taking into account their abilities and qualification.
- Nominate the persons qualified for the Senior Executive Management.
- Ensure that BOD members attend workshops or seminars that address the banking issues in particular the areas of risk management, corporate governance and the most recent developments in the banking industry.
- Ensure the independency of the independent BOD members and review it annually.
- Evaluate the performance of the BOD and the General Manager using impartial criteria.
- Ensure that a well-formulated policy is in place for remunerations of the Bank's Personnel, reviewing it on a regular basis, and implementing it. The committee also provides the recommendations to specify the remunerations and other benefits of the General Manager, the remaining members of the Senior Executive Management, and key management personnel
- Upon request, the committee should provide the Board members with important information and summaries concerning the bank, and ensure that they are constantly updated with any development in the banking business.

4.3.4 Corporate Governance and Compliance Committee

This committee consists of at least three members with the majority of the members being independent and the president of the council.

- The committee coordinates and supervises the preparation, updating and monitoring of the corporate governance guide and submits its recommendations regarding any proposals or amendments to the board of directors.
- Ensuring that the policies, frameworks, programs and tools for compliance management are available, with continuous periodic reviews to ensure their effectiveness as well as modifying them if necessary.
- Discuss compliance reports and anti-money laundering reports.
- Receive and follow up on compliance reports and internal control reports relating to compliance management.

4.3.5 IT Governance Committee:

This committee is composed of at least three members, preferably members with expertise or strategic knowledge in information technology. This committee is responsible for the following:

1. Adopting strategic IT objectives and the appropriate organizational structures including guidance committees at the senior executive management level, in particular (the Information Technology Guidance Committee), to ensure that the bank's strategic objectives are met and that IT resources are adding value to the projects and investments of the bank, In addition, to using the necessary tools and standards to ensure that activities are monitored and objectives are achieved, which includes the use of the IT balanced scorecard system and the return on investment (ROI) in order to measure the effect of its tools in enhancing the financial and operational efficiencies.
2. Adopting the overall framework for managing, controlling and monitoring IT resources and projects which comply with internationally accepted practices, specifically COBIT (Objectives for Information and Related Technology Control), which complies and meets the objectives and requirements of corporate governance and the management of information and technology through the achievement of corporate objectives contained in the above-mentioned instructions in a sustainable manner, and also to achieve IT objectives, covering IT governance processes.
3. Adopt the corporate objectives system contained in Annex 1 of the Instructions of Information Governance and Management, as well as the technology associated with it. The committee should also adopt the information and technology objectives set forth in Annex 2 and consider their input the minimum standard, and describe the sub-objectives required to achieve them.
4. Adopt the RACI chart of the main processes of IT governance set out in Annex 3, as well as its sub-processes in terms of: Entity, entities, people, or parties who are primarily responsible, accountable, consulted, and informed of all operations in the mentioned annex, guided by enabling processes criteria (COBIT 5) in this regard.
5. Ensure that there is a general framework for IT risk management that is aligned and complied with the overall risk management framework of the bank and takes into account all information technology governance processes contained in Annex 3.
6. Adopting a budget of IT resources and projects which corresponds with the bank's strategic objectives
7. Oversee and supervise the operations and resources of IT projects to ensure their adequacy and effective contribution to the bank's business requirements.
8. Review audit reports on information technology and take necessary action to address and rectify deviations.
9. Provide recommendations to the council on actions needed to correct any deviations.

4.3.6 Strategy Committee:

The committee is formed by a decision from the board of directors where the committee is responsible to assist the council by setting strategic objectives and designing the strategy for the executive management and issuing recommendations to the board for approval.

4.3.7 Investment and Real Estate Committee:

The committee is formed by a decision from the board of directors so that the committee assists the board in developing the investment policy of the bank, studying new investment opportunities and approving them in accordance to their authority or providing recommendations to the board for approval.

And the committee is responsible for studying and approving the recommended sales of properties owned by the bank.

5- Suitability, Evaluation and Remunerations

5.1 Criteria selection of board members, senior executive management and key management personnel

5.1.1 Members of the board of directors, senior executive management and key management personnel must have the integrity, experience, qualifications and ability to perform their duties, devote time to the bank's work, and suitably fit the requirements of the position they occupy. Members of the board of directors must provide adequate time to carry out their overall duties.

5.1.2 The Nomination and Remuneration Committee is responsible for ensuring that members of the board of directors, senior executive management and key management personnel meet the required integrity, experience, qualifications and capabilities needed to perform the required functions and responsibilities in accordance with the corporate governance instructions, internal policies and other applicable regulations issued by the Central Bank of Jordan.

The criteria selection of the chairman and members of the board of directors:

1. Age should be over 25 years old.
2. Should not be a member of the board of directors of another bank in Jordan, neither its general manager, regional director nor employee, unless the bank is affiliated with Cairo Amman Bank.
3. Member should not be a lawyer, legal adviser, or baking auditor.
4. Members are required to have at least a bachelor's degree in economics, finance, accounting, business administration or similar fields. The Nomination and Remuneration Committee may consider adding other specialties if accompanied by the experience related to the work of banks.
5. Member should not be an employee of the government or any public institution.
6. Should not be a board of director's member of more than five public shareholding companies in Jordan, whether personally or as a representative.
7. Must have at least five years of experience in banking, finance or similar fields.

Conditions of Board of Directors' Independence:

1. Member should not have been an executive member of the board of directors during the past three years.
2. Members should not have been employed in the bank or any other affiliate institution throughout the past three years.
3. Should not be related in any way to any of the other board members neither a member of the board of directors in affiliate institutions, nor one of the main shareholders of the bank.
4. Should not be related in any way with a member of the senior executive management of the bank, or even other affiliate institutions of the bank.
5. Should not be a partner or an employee of the external auditor of the bank, also should not have been a partner or employee during the past three years, and that he/she is not related to the external auditor.
6. The member should not be a major shareholder, a representative of a major shareholder in the bank, an ally of a major shareholder in the bank, a shareholder by which his/her shares are equivalent to an ally's shares, a major shareholder in one of the banks' subsidiaries, or a major shareholder in the bank's owner group.

7. Has not been a member of the board of directors of the bank or any of its subsidiaries for more than eight consecutive years
8. The member or any company whether a member of the board of directors, an owner, or a major shareholder should not be granted bank credit exceeding 5% of the bank's capital. Moreover, the member must not be a guarantor of credit from the bank of more than the percentage stated.
9. Must have high qualifications or financial or banking experience.

Appropriateness criteria of the general director, members of the senior executive management and key management personnel:

1. Should not to be a member of the board of directors of any other bank within Jordan unless the other bank is an affiliate bank.
2. To be able to devote his/her time to manage the bank's activities.
3. Must have at least a bachelor's degree in economics, finance, accounting, business administration or any similar field related to banking except for key management personnel which must meet the conditions and requirements of the job approved by the bank according to the job description and qualifications
4. Must have experience in banking or related fields for at least five years, whereas the general director or regional manager must have at least 10 years of experience in the banking sector as well as the managerial personnel which must have experience related to the department held no less than 5 years.
5. The Central Bank of Jordan should approve the recruitment of any member of the executive management according to the applicable corporate governance directives.

5.1.3 The Nomination and Remuneration Committee should establish a clear methodology to ensure that board members allocate sufficient time to carry out their required functions, including the extent to which the member is affiliated with other boards/staff/forums.

5.1.4 The approval of recruiting/resignation of any of the senior executive management and top management personnel should be obtained from the board of directors.

5.1.5 The board of directors should adopt the nomination and expediency policy, which is implemented and updated every 3 years or whenever needed, in order to ensure compliance and commitment of the bank with the requirements of the Central Bank and all relevant regulatory authorities' instructions.

5.1.6 The board of directors should adopt a comprehensive career replacement plan that should be continuously updated.

5.2 Performance Evaluation

5.2.1 The BOD shall approve an evaluation framework to evaluate the performance of the BOD and its members on a continuous basis. The framework includes the following:

- Establish objectives and the role of the Board in achieving these objectives.
- Develop key performance indicators (KPIs) to evaluate BOD performance.
- Communication between BOD and shareholders, and periodicity of such communication.
- Frequency of the meetings between the BOD and the Senior Executive Management.
- The BOD member's role in the BOD meetings, in addition to comparing his/her performance with other members' performance. Feedback should be obtained from the respective member to enhance the evaluation process.

5.2.2 Nomination and Remuneration Committee shall evaluate the performance of the BOD, the BOD members and the BOD committees on an annual basis and inform, the CBJ of evaluation results.

5.2.3 The BOD shall evaluate the General Manager performance on an annual basis based on an evaluation system developed by Nomination and Remuneration Committee including key KPIs, where the General Manager Evaluation criteria shall include financial and managerial performance and achieving mid and long-term strategies and plans. The Committee shall inform CBJ of the results.

5.2.4 The BOD adopted an evaluation system to evaluate the performance of the bank's Personnel other than the BOD and the General manager, and shall include the following as a minimum:

- Appropriate weighted average to evaluate compliance with risk management framework and implementation of internal controls and regulatory requirements.
- Total income and profit should not be the only element of performance evaluation, as other elements should be taken into consideration when evaluating including risks related to key operations and customer satisfaction and others where applicable.
- Avoiding abuse of power and conflict of interest.

5.3 Remuneration General Guidelines

5.3.1 The Bank has independent and impartial policies and procedures for determining compensations for the BOD, Senior Executive Management, and Key Management Personnel members based on the approved evaluation system. Nomination and Remuneration Committee monitors the implementation of this policy.

5.3.2 The purpose of the Financial Remuneration Policy takes into consideration the following:

- Attracting and retaining managers with required quality, skills, experience and provide proper motivation and improve their performance.
- Considers risks, liquidity and profits to ensure that they shall not affect the bank's solvency and reputation.
- The remuneration should not rely only on the current year financial performance but also the medium-and long- term performance (3-5 years).
- Remuneration types should be determined as per the policy and in line with the relevant instructions.
- Represent the bank's goals and strategies.
- Include the ability to postpone a reasonable percentage of the remuneration, where it is determined based on the nature of work, risks and activities.
- Financial remunerations should not be provided to Support Divisions (Risk Management, Audit, Compliance and Anti-money Laundering) based on other results of other divisions they monitor.

6- Delegation of Powers to the Executive Management

6.1 Delegation to the General Manager

6.1.1 The BOD should determine the legal, administrative and financial authorities of the General Manager (GM) and the Executive Management to enable them to conduct the bank's business in an efficient and effective manner, where the GM and executive Management submit their recommendations to the BOD concerning the Authority Matrix including their legal, administrative and financial authorities. The BOD should approve this Authority Matrix.

6.1.2 The BOD should specify the banking transactions that require its approval and avoid any expansion of such authorities in a way that may prejudice the BOD's supervisory role. BOD may not delegate executive authorities including credit granting authority to any sole BOD member even the Chairman. All of this is represented through the Authority Matrix that should be approved by the BOD.

7- Shareholders' Rights

7.1 Shareholder Rights

The bank ensures protection of shareholders' rights in line with CBJ regulations and the requirements of the regulatory authorities, as follows:

7.1.1 Protection of the shareholders' rights related to receiving the shares of dividends available for distribution, attending the general assembly meetings, participation in discussions, voting on general assembly decisions, obtaining regular financial information about the Bank and practicing all rights as stipulated in the governing procedures.

7.1.2 Encouraging effective participation of shareholders in the general assembly meetings and voting, in person or by proxy as per the applicable laws and regulations issued by the regulatory authorities.

7.1.3 Ensure that the bank's annual report and quarterly reports include disclosures that allow current or potential shareholders to view the results of operations and the financial position of the bank.

7.1.4 Ensure that the Shareholders' Relationship Unit is constantly updating the Bank's website, and make sure that the Bank's website do include all the information, data, General Assembly decisions, and reports that are of concern to the shareholders.

7.1.5 The Shareholders' Relationship Unit in the bank is the one responsible to receive the complaints from the investors/shareholders either through directly contacting the investors or through the bank's website.

7.1.6 The Shareholders' Relationship Unit directs the investors' complaints to the Executive Management in order to respond to them. Those responses undergo the supervision and the approval of the Executive Management while taking into consideration the information secrecy.

8- Conflict of Interest and Code of Conduct

8.1 General Policies and Procedures

8.1.1 The BOD must develop and approve policies that govern conflict of interest cases that may arise in the daily operations of the Bank, and disclose such cases.

8.1.2 The BOD should ensure that none of its members has an interest (directly or indirectly) in the business and contracts made for the bank's account. Every BOD member should inform BOD of his personal interest in the business and contracts made for the Bank, and get this documented in the minutes of the BOD meeting. The BOD's member having personal interest in the bank's business and contracts may not attend and vote on the decision in this regard as per the applicable laws.

8.1.3 The BOD validates the Executive Management's compliance with the adopted policies.

8.1.4 The BOD should approve the code of conduct and it should include the following:

- Bank's personnel using insider information for their personal interest.
- Related party detailed rules and procedures.
- Situations that may cause conflict of interest.

8.1.5 The BOD should approve a policy for reporting cases of conflict of interest, and it also gives the employees the freedom to report in a confidential manner any practices or activities that are not allowed or that breaches laws and regulations.

9- Related Party Transactions

9.1 Related Party Transaction General Policies

9.1.1 The BOD should approve policies that govern related party transactions to ensure protection of the bank's rights and avoid conflict of interest.

9.1.2 A related party transaction is any transaction to which the bank is a party, and in which the related party has a direct or indirect personal interest.

9.1.3 The Banking Law No. (28) for the year 2000 and its amendments identify the relevant parties as: Two or more individuals who constitute one banking risk due to: control imbalance between individuals due to one individual owning at least 40% of the capital of the other individual, the exchange of guarantees between the individuals, the repayment of their loans provided from one source, their loan being aimed at one project, or any similar cases. For the purposes of this law, the relevant parties should be considered as one individual.

9.1.4 In accordance with the Central Bank's Credit Concentration Directive No. 9/2001, the related parties are considered to be:

- If any party (the person or the bank) has a direct or indirect significant influence on the other. A bank's subsidiary shall be treated as a related party.
- If the person is a bank employee or has a business interest with any of the bank's employees.
- If the person is a spouse or relative of a bank employee or a relative of a Bank employee till the third degree, or has a personal interest with any of them.

9.1.5 Any entity shall be considered as a related party if it:

- Owns control upon the bank directly or indirectly.
- Is a subsidiary or affiliate entity.
- Is a member in the same group in which the bank is a party.
- Is a member in the bank's BOD or a member in its Executive Management.
- If he/she has a relative relation up to the third degree.

9.1.6 The bank defines a clear mechanism pertaining to its relations with the customers and suppliers while ensuring to treat their information as confidential information.

9.1.7 The bank maintains records for related parties' transactions and subject these transactions to a suitable level of auditing.

9.1.8 Disclosure of related parties' transactions is based on the disclosure requirements as per the International Financial Reporting Standards, the Central Bank of Jordan and any other local regulatory requirements in this regard in Jordan or the countries in which the bank's subsidiaries operate.

9.1.9 The BOD members should put the bank's interest ahead of their personal interests, in all transactions concluded with any company in which he/she has an interest, not to take advantage of any business opportunity to gain personal benefit, avoid the conflict of interest, submit to the board a detailed disclosure of any conflict of interest, if any, and not to attend the meeting in which such topic is discussed. Such disclosure should be documents in the minutes of BOD meeting.

10 Disclosure Requirements

10.1 Disclosure and Transparency

10.1.1 The BOD should approve policies for disclosure of the financial and non-financial information that keep the shareholders and stakeholders updated with the bank's operations and financial results.

10.1.2 The bank's website includes all data and information that should be disclosed as per the applicable disclosure instructions. The BOD and the related committees oversee compliance of the Executive Management with these regulations.

10.1.3 The bank's Disclosure and Transparency Policy includes the following:

- The process of reviewing/auditing the disclosed information for accuracy, validity, and adequacy before publication.
- The process of handling internal information, and ensuring that it is not misused before its disclosure to public.
- The process of preparing compliance reports in connection with the disclosure policy by the responsible staff/parties, and the process to be followed in case of any breach.
- The process to assess and measure the risks that may result from disclosure factors including inaccurate or incomplete or illegal disclosure

10.1.4 The board is responsible for ensuring the integrity, accuracy of the disclosed information, ensuring the adherence to the bank's approved policy, and reviewing and updating the policy regularly.

10.1.5 The annual report must include, at the minimum:

- A provision stating that the Board of Directors is responsible for the accuracy and adequacy of the bank's financial statements and the information contained in that report, the adequacy of the internal control and monitoring systems and the comprehensiveness of the annual reports for all disclosure requirements issued by the regulatory authorities.
- Summary of the bank's organizational structure.
- The responsibilities and functions of the committee are set by the board of directors, as well as any delegated authority given to these committees.
- Information that interests stakeholders, which are set forth in the Corporate Governance Manual of the bank, and which proves the bank's commitment to abide by the guide's content.
- Information about each member of the Board of Directors in terms of qualifications, experience, independency, membership in the committees, the date assigned, the amount contributed to the capital of the bank and any memberships held on the boards of other companies in addition to all forms of loans, bonuses obtained from the bank, and other transactions made between the bank and other members or related parties.
- Information of risk management includes its structure, nature of operations and any developments that were made.
- The number of times the board of directors and its committees meet and the number of times each member has attended.
- Names of the members of the board and the senior executive management that have resigned during the year.
- A summary of the bank's remuneration policy with the disclosure of all forms of bonuses of the board of directors and bonuses in all its forms, which were granted to the executive management the previous year.
- Names of the shareholders that own 1% or more of the bank's capital, specifying the final beneficiary of these contributions or any part thereof, and clarifying whether any of these contributions are wholly or partly mortgaged.
- Statements from all members of the board that the member, during the previous year, has not received any benefits throughout his work in the bank, and did not disclose whether the benefits were tangible or intangible, and whether they were directed personally to him/her or to any parties related to him/her.

11- Internal Control Systems

11.1 Overview

11.1.1 Internal control systems play a key role in ensuring that the BOD and the Executive Management are able to achieve the bank's objectives, safeguard interests of shareholders and other stakeholders, and minimize the key risks such as fraud, unauthorized business activity and misleading financial statements.

11.1.2 The bank adopts internal control systems, while the BOD ensures that the internal and external auditors regularly review the structures of such systems.

11.1.3 The BOD ensures the adoption of internal control systems through a documented policy that covers all banking operations. This policy should be circulated to all administrative levels to be revised on a regular basis to ensure it is up-to-date. Several entities should make sure of the effectiveness of the internal control systems and these are:

11.2 Internal Audit

11.2.1 The Bank has an Internal Audit Division reporting to the Audit Committee.

11.2.2 The board should take all the necessary measures to enhance the effectiveness of the internal audit, increasing significance to the audit, implementing it in the bank and continuously monitoring for further corrections.

11.2.3 The board shall ensure and enhance the independence of the internal auditors, where they should be properly placed into the bank's functional hierarchy ensuring that they are qualified enough to carry out their duties, access all records and information, and contact any employee within the bank in order to perform all tasks required of them as well as preparing their reports without any external interference which abide with the any relevant laws and instructions.

Duties of Internal Audit Function include:

11.2.4 Review the administrative and financial activities, review corporate governance manual, and assess the validity of stress testing in line with the approach approved by BOD.

11.2.5 Ensure availability of adequate internal control systems for the bank and the group.

11.2.6 Ensure compliance with the bank's internal policies, the international standards and the related legislation.

11.2.7 Assess risks as part of the internal audit activity.

11.2.8 Ensure the accuracy of Internal Capital Adequacy Assessment Process (ICAAP).

11.3 External Audit

11.3.1 The BOD nominates an external auditor based on the recommendation of the Audit Committee. The bank's General Assembly passes a resolution of appointment of the external auditor, who must be independent of the bank and its BOD.

11.3.2 The Board of Directors ensures the regular rotation of the external auditors, affiliates or associates, maximum every seven years from the date of election. Upon application, the said period shall start from 2010. The new audit office shall conduct its auditing activities in the first year of rotation jointly with the previous auditors.

11.3.3 The previous external auditor may not be elected before the lapse of at least two years from the date of its last election, other than the joint audit tasks.

11.3.4 The BOD should take the necessary actions to address the weaknesses identified by the external auditor in the internal control system.

Duties of External Audit include:

11.3.5 Inspect all books, records and documents of the Bank at any time and audit the bank's assets and liabilities.

11.3.6 Audit the bank's internal control systems and information security, and issue a detailed report on the weaknesses and the related recommendations of remedy.

11.3.7 Prepare the bank's financial statements and notes to the financial statements and financial position of the bank.

11.3.8 Discuss the independent external auditor's report in the general assembly meeting. The external auditor, being a representative of all shareholders, shall be responsible for accuracy of his report's contents. Each shareholder, during the general assembly meeting, shall have the right to discuss the external auditor's report, and to seek clarification on the matters contained therein.

11.4 Risk Management

11.4.1 The bank has its own risk management department that provides the risk committee and the senior executive management detailed reports.

11.4.2 The board should ensure the independence of the risk management department and ensure the availability of the human resources necessary to carry out the relevant activities in addition to granting them authority so that the department can obtain information from other departments of the bank and cooperate with other committees to carry out their tasks.

11.4.3 The board should ensure that any violations are addressed at acceptable risk levels, including holding the relevant senior executive management accountable for such violations.

11.4.4 The board should adopt the bank's acceptable risk manual

11.4.5 The board should adopt the bank's self-assessment methodology to ensure that the bank's capital adequacy is comprehensive, effective and is able to identify all risks that the bank may face taking into account the bank's strategic plan and capital plan, while periodically reviewing this methodology, verifying its application and ensuring the bank maintains sufficient capital to face all kinds of risks.

11.4.6 Prior to approving any expansion activities of the bank, the board shall take into account the risks involved as well as the capabilities and qualifications of the Risk Management Department staff.

11.4.7 The board should ensure that the risk management department continuously conducts periodic stress testing, plays a major role in adopting the hypotheses and scenarios used, discussing the results of the tests and approve the appropriate actions to be taken based on these results.

11.4.8 The following are the responsibilities of the risk management department:

- Ensuring that the bank operates within acceptable risk limits.
- Conducting continuous stress tests.
- Identify acceptable risk levels, as well as the bank's risk strategy and policy, to be approved by both the board of directors and executive management.
- Ensuring that the bank complies with the accepted and approved risk levels where the risk management committee conducts reports to the board, and handles copies to the senior executive management which contain information on the actual risk system as compared to the acceptable risk document, and address negative deviations.
- Ensuring that there is congruence and cooperation between risk measurement tools and information systems.
- Review the risk management framework of the bank before it is approved by the board.
- Establish and develop methods and tools to identify, supervise, inspect and control all types of risks.
- Research and analyze all the bank potential risks.
- Provide recommendations to the risk committee about the bank's exposure to risks and record exceptions from the risk policy.
- Provide the necessary information about the bank's risks for disclosure purposes.
- Implement the risk management's strategy and develop policies and procedures to manage all types of risks.

11.5 Compliance & Anti-Money Laundering

11.5.1 The bank has an internal Compliance & Anti-money Laundering Division that submits its reports directly to the Compliance Committee and a copy to the General Manager.

11.5.2 The board guarantees the independency of the Compliance & Anti-money Laundering Division and the continuous improvement of their employees through regular trainings.

11.5.3 Compliance & Anti-money Laundering policies and procedures have been incorporated and approved in a separate manual to cover all aspects of compliance to ensure adherence with the applicable laws and regulations as well as international standards.

12- Stakeholders' Rights

12.1 Introduction

12.1.1 Stakeholders are individuals or group that have interest or concern in the bank such as depositors, shareholders, employees, creditors, customers or regulatory authorities.

12.1.2 The BOD is committed to the highest ethical standards concerning its stakeholders, as the bank desires its stakeholders to have strong faith and commitment towards it.

12.2 Shareholders

12.2.1 The bank is committed and act in the best interest of its shareholders through creating sustainable shareholders value and aims to provide prolific financial returns.

12.3 Suppliers & Service Providers

12.3.1 The bank is committed to dealing with suppliers in a transparent, equal and ethical manner, and seeks to build and maintain good relations with Suppliers & Service Providers and ensures the confidentiality of related information.

12.4 Employees

12.4.1 The bank is committed to treating people with dignity and providing equal employment opportunities for all employees, including recruitment, compensation, professional development and career advancement.

12.4.2 The bank believes in, providing safe and healthy working conditions, and respecting human rights.

12.5 Community

12.5.1 The bank is committed to contributing to the overall quality of the community wherever it operates and to use resources responsibly to preserve the environment. The BOD ensures that the bank assists in the charitable and social activities to fulfil its social responsibilities.

12.6 Customers

12.6.1 The bank is committed to treating customers in an equal and transparent manner without any preference to a customer, and ensures that all transactions with customers are made on arm's length basis and in accordance with the relevant laws and regulations.

The bank complies with all the forms and articles presented in the Corporate Governance Manual.

Jordan Securities Commission approved the governance code for public shareholding companies listed in the Amman Stock Market. The code took effect as of 1/1/2009; including mandatory rules formulated on the basis of binding legal provisions of effective legislations. The code states that in the initial stage, implementation of the directive rules must be consistent with the compliance method; otherwise proper justification for non-compliance must be stated.

The bank is committed to the implementation of all mandatory and directive rules embodied in the code with the exception of the following directive rules:

- Members of the Board of Directors are not elected by the general assembly according to accumulative voting system, because that is a right of the shareholders as stated in the Companies' Law.
- The bank is not obligated to exclude from the General Assembly's meeting any new items not listed in the agenda sent to the shareholders, because that is a right of the shareholders under the Companies' Law.
- The background of shareholders wishing to run for the Board of Directors membership is not to be attached to the invitation sent to the shareholders to attend the General Assembly's meeting.
- The bank adheres to the provisions of the Companies' Law as to calling for an extraordinary meeting of the General Assembly to request the resignation of the Board of Directors or one of its members or to request an audit of the bank's operations and records.
- The external auditor may do additional work that serves the bank's interest, provided that it does not constitute a conflict of interest and that it is reported in the annual report.

Bank

■ **Branches & Offices**



CAB Gallery 2016



7x7 Young Artists



CAB International Art Symposium 2



CAB Children's Painting Competition 7

Bank Branches & Offices

Head Office, Arar St.

Number of Employees: 662
Tel.: 06 500 6000
Fax: 06 500 7100
P.O. Box 950661, Amman 11195, Jordan

Branches

Salt Branch

Number of Employees: 15
Tel.: 05 355 0636
Fax: 05 355 6715
P.O. Box 1101, Al Salt 19110, Jordan

Salt, King Abdullah St. Branch

Number of Employees: 11
Tel.: 05 350 0173
Fax: 05 350 0173
P.O. Box 214, Al Balqa' 19328, Jordan

Baqa Branch

Number of Employees: 10
Tel.: 06 472 8190
Fax: 06 472 6810
P.O. Box 1215, Amman, 19381, Jordan

Philadelphia University Branch

Number of Employees: 5
Tel.: 02 637 4604
Fax: 02 637 4605
P.O. Box 1, Jerash 13932, Jordan

Fuheis Branch

Number of Employees: 9
Tel.: 06 537 3061
Fax: 06 537 3064
P.O. Box 180, Fuheis 19152, Jordan

Um Uthaina Branch

Number of Employees: 7
Tel.: 06 553 4371
Fax: 06 553 4290
P.O. Box 17634, Amman 11195, Jordan

Ma'adi Branch

Number of Employees: 10
Tel.: 05 357 0030
Fax: 05 357 1904
P.O. Box 27, Ma'adi 18261, Jordan

Rusaifeh Branch

Number of Employees: 9
Tel.: 05 375 1822
Fax: 05 374 2275
P.O. Box 41, Al Rusaifeh 13710, Jordan

Rusaifeh, Jabal Al Shamali Branch

Number of Employees: 8
Tel.: 05 375 5785
Fax: 05 375 5796
P.O. Box 120225, Rusaifeh, 13712 Jordan

Zarqa Branch

Number of Employees: 13
Tel.: 05 398 2729
Fax: 05 393 1424
P.O. Box 39, Zarqa 13110, Jordan

Zarqa, Army St. Branch

Number of Employees: 12
Tel.: 05 396 8013
Fax: 05 396 8033
P.O. Box 151180, Zarqa 13115, Jordan

Zarqa, Baghdad St. Branch

Number of Employees: 9
Tel.: 05 393 1980
Fax: 05 393 1988
P.O. Box 150746, Zarqa 13115, Jordan

New Zarqa Branch

Number of Employees: 15
Tel.: 05 386 4118
Fax: 05 386 4120
P.O. Box 12291, Zarqa 13112, Jordan

Tafileh Branch

Number of Employees: 10
Tel.: 03 225 0756
Fax: 03 225 0754
P.O. Box 28, Amman 66141, Jordan

Abdoun Branch

Number of Employees: 10
Tel.: 06 592 0131
Fax: 06 592 0141
P.O. Box 851455, Amman 11185, Jordan

Rabieh Branch

Number of Employees: 7
Tel.: 06 552 4216
Fax: 06 552 4267
P.O. Box 17915, Amman 11195, Jordan

Al Madina Al Monawara St. Branch

Number of Employees: 14
Tel.: 06 556 0285
Fax: 06 553 7957
P.O. Box 1301, Amman 11953, Jordan

Jordan University Hospital Branch

Number of Employees: 11
Tel.: 06 551 4072
Fax: 06 533 3248
P.O. Box 13046, Amman 11942, Jordan

Jordan University Branch

Number of Employees: 19
Tel.: 06 534 2225
Fax: 06 5333278
P.O. Box 13146, Amman 11942, Jordan

Abu Nsair Branch

Number of Employees: 10
Tel.: 06 510 5719
Fax: 06 510 5116
P.O. Box 2459, Amman 11941, Jordan

Leaders Center Branch

Number of Employees: 5
Tel.: 06 533 5210
Fax: 06 533 5159
P.O. Box 140350, Amman 11814, Jordan

Sweileh Branch

Number of Employees: 14
Tel.: 06 533 2585
Fax: 06 533 2485
P.O. Box 316, Amman 11910, Jordan

Marka Branch

Number of Employees: 11
Tel.: 06 489 6044
Fax: 06 489 6042
P.O. Box 715, Amman 11118, Jordan

Dahyet Al Yasamin Branch

Number of Employees: 11
 Tel.: 06 420 1748
 Fax: 06 420 1459
 P.O. Box 38971, Amman 11593, Jordan

Wehdat Branch

Number of Employees: 10
 Tel.: 06 477 1173
 Fax: 06 475 3388
 P.O. Box 715, Amman 11118, Jordan

Qweismeh Branch

Number of Employees: 16
 Tel.: 06 477 1333
 Fax: 06 475 1737
 P.O. Box 38971, Amman 11593, Jordan

Al Hurriyah St. Branch

Number of Employees: 9
 Tel.: 06 420 5923
 Fax: 06 420 6962
 P.O. Box 515, Amman 11623, Jordan

Abu Alanda Branch

Number of Employees: 10
 Tel.: 06 416 2857
 Fax: 06 416 4801
 P.O. Box 153, Amman 11592, Jordan

Zara Mall Branch

Number of Employees: 17
 Tel.: 06 500 6220
 Fax: 06 461 8354
 P.O. Box 17868, Amman 11195, Jordan

Jabal Al Hussein Branch

Number of Employees: 12
 Tel.: 06 560 4974
 Fax: 06 560 5632
 P.O. Box 8636, Amman 11121, Jordan

Amman Branch

Number of Employees: 16
 Tel.: 06 465 8428
 Fax: 06 463 9328
 P.O. Box 715, Amman 11118, Jordan

Mahatta Branch

Number of Employees: 11
 Tel.: 06 465 1326
 Fax: 06 465 1991
 P.O. Box 6180, Amman 11118, Jordan

City Mall Branch

Number of Employees: 13
 Tel.: 06 582 0028
 Fax: 06 586 4726
 P.O. Box 715, Amman 11118, Jordan

Sweifieh Branch

Number of Employees: 15
 Tel.: 06 586 5808
 Fax: 06 586 3140
 P.O. Box 715, Amman 11118, Jordan

Aswaq Al Salam Branch

Number of Employees: 9
 Tel.: 06 585 9045
 Fax: 06 585 7631
 P.O. Box 140285, Amman 11814, Jordan

Wadi Saqra Branch

Number of Employees: 17
 Tel.: 06 500 6000
 Fax: 06 500 7124
 P.O. Box 950661, Amman 11195, Jordan

Bayader Branch

Number of Employees: 17
 Tel.: 06 658 5990
 Fax: 06 581 4933
 P.O. Box 140285, Amman 11814, Jordan

Jabal Al Weibdeh Branch

Number of Employees: 10
 Tel.: 06 462 8104
 Fax: 06 463 7438
 P.O. Box 715, Amman 11118, Jordan

Marj Al Hamam Branch

Number of Employees: 11
 Tel.: 06 571 2383
 Fax: 06 571 1895
 P.O. Box 30, Marj Al Hamam 11732, Jordan

Qasr Al Adel Branch

Number of Employees: 8
 Tel.: 06 567 7286
 Fax: 06 567 7287
 P.O. Box 950661, Amman 11195, Jordan

Jabal Amman Branch

Number of Employees: 13
 Tel.: 06 462 5228
 Fax: 06 461 8504
 P.O. Box 2018, Amman 11181, Jordan

Nuzha Branch

Number of Employees: 8
 Tel.: 06 562 6220
 Fax: 06 562 6335
 P.O. Box 8080, Amman 11121, Jordan

Abdali Branch

Number of Employees: 11
 Tel.: 06 565 0853
 Fax: 06 560 2420
 P.O. Box 928507, Amman 11190, Jordan

Shmeisani Branch

Number of Employees: 15
 Tel.: 06 568 5074
 Fax: 06 568 7721
 P.O. Box 962297, Amman 11196, Jordan

Marriott Hotel Branch

Number of Employees: 5
 Tel.: 06 556 0149
 Fax: 06 562 3161
 P.O. Box 715, Amman 11118, Jordan

Tabarbour Branch

Number of Employees: 10
 Tel.: 06 505 4170
 Fax: 06 505 3916
 P.O. Box 273, Amman 11947, Jordan

Hashmi Shamali Branch

Number of Employees: 9
 Tel.: 06 505 5390
 Fax: 06 505 5401
 P.O. Box 231106, Amman 11123, Jordan

Prince Hamza Hospital Branch

Number of Employees: 6
 Tel.: 06 505 5226
 Fax: 06 505 5204
 P.O. Box 1047, Amman 11947, Jordan

Mecca St. Branch

Number of Employees: 9
 Tel.: 06 552 2850
 Fax: 06 552 2852
 P.O. Box 1172, Amman 11821, Jordan

Aqaba, Al Yarmouk St. Branch

Number of Employees: 13
 Tel.: 03 201 5533
 Fax: 03 201 5550
 P.O. Box 1166, Aqaba 77110, Jordan

Aqaba, Al Hammamat Attunisiyyah St. Branch

Number of Employees: 12
Tel.: 03 201 8451
Fax: 03 201 8456
P.O. Box 1177, Aqaba 77110, Jordan

Karak, Thanieh Branch

Number of Employees: 18
Tel.: 03 238 7627
Fax: 03 238 7626
P.O. Box 6, Karak 61151, Jordan

Mu'tah University Branch

Number of Employees: 16
Tel.: 03 723 0182
Fax: 03 723 0181
P.O. Box 88, Mu'tah 61710, Jordan

Ghour Safi Branch

Number of Employees: 9
Tel.: 03 230 0437
Fax: 03 230 0438
P.O. Box 57, Karak, Jordan

Mafrag Branch

Number of Employees: 16
Tel.: 02 623 5516
Fax: 02 623 5518
P.O. Box 1308, Mafrag 25110, Jordan

Ramtha Branch

Number of Employees: 8
Tel.: 02 738 4126
Fax: 02 738 4128
P.O. Box 526, Ramtha 21410, Jordan

Jordan University of Science & Technology Branch

Number of Employees: 16
Tel.: 02 709 5713
Fax: 02 709 5168
P.O. Box 3030, Irbid 22110, Jordan

Omar Mukhtar St. Branch

Number of Employees: 15
Tel.: 02 725 0950
Fax: 02 725 0954
P.O. Box 150002, Irbid 21141, Jordan

Yarmouk University Branch

Number of Employees: 11
Tel.: 02 727 0181
Fax: 02 727 0180
P.O. Box 336, Irbid 21110, Jordan

Irbid Branch

Number of Employees: 18
Tel.: 02 727 3390
Fax: 02 727 9207
P.O. Box 336, Irbid 21110, Jordan

Bani Kananah Branch

Number of Employees: 9
Tel.: 02 758 5191
Fax: 02 758 5211
P.O. Box 109, Irbid 21129, Jordan

Founding King Abdullah Hospital Branch

Number of Employees: 8
Tel.: 02 709 5723
Fax: 02 709 5725
P.O. Box 336, Irbid 21110, Jordan

Hakama Branch

Number of Employees: 11
Tel.: 02 740 8377
Fax: 02 741 2545
P.O. Box 336, Irbid 21110, Jordan

Irbid, King Abdullah Square Branch

Number of Employees: 12
Tel.: 02 724 0071
Fax: 02 724 0069
P.O. Box 2066, Irbid 21110, Jordan

Irbid, Travel Depot Branch

Number of Employees: 12
Tel.: 02 724 9815
Fax: 02 725 0715
P.O. Box 3757, Irbid 21110, Jordan

Jerash Branch

Number of Employees: 12
Tel.: 02 634 1868
Fax: 02 634 1870
P.O. Box 96, Jerash, Jordan

Ajloun Branch

Number of Employees: 9
Tel.: 02 642 2895
Fax: 02 642 2897
P.O. Box 55, Amman 26810, Jordan

German University Branch

Number of Employees: 7
Tel.: 06 425 0525
Fax: 06 425 0545
P.O. Box 440, Madaba 17110, Jordan

Madaba Branch

Number of Employees: 10
Tel.: 05 325 3471
Fax: 05 325 3465
P.O. Box 585, Madaba 17110, Jordan

Al-Hussein University Branch

Number of Employees: 11
Tel.: 03 213 5071
Fax: 03 213 4985
P.O. Box 13, Ma'an 71111, Jordan

Al Al Beit University Branch

Number of Employees: 8
Tel.: 02 623 1856
Fax: 02 623 4655
P.O. Box 130066, Mafrag 25113, Jordan

Pavilion Mall Branch

Number of Employees: 11
Tel.: 06 500 6161
Fax: 06 439 3525
P.O. Box 25110, Amman 1237, Jordan

Mafrag, Prince Hasan St. Branch

Number of Employees: 8
Tel.: 02 623 0555
Fax: 02 623 0556
P.O. Box 25110, Mafrag 1237, Jordan

Offices

Deir Abu Sa'eed Office

Number of Employees: 5
Tel.: 02 652 2190
Fax: 02 652 2195
P.O. Box 55, Irbid 26810, Jordan

Free Zone Office, Zarqa

Number of Employees: 3
Tel.: 05 382 6700
Fax: 05 382 6070
P.O. Box 12291, Al Zarqa 13112, Jordan

Jordan University Students Office

Number of Employees: 4
Tel.: 06 534 2225
Fax: 06 534 1594
P.O. Box 13146, Amman 11942, Jordan

Shoubak Office

Number of Employees: 3
Tel.: 03 216 5476
Fax: 03 216 5477
P.O. Box 13, Ma'an 71111, Jordan

Al Shouneh Al Janoubieh Office

Number of Employees: 3
Tel.: 05 358 1322
Fax: 05 358 1321
P.O. Box 27, Ma'adi, 18261 Jordan

Al Shounah Al Shamalyah Office

Number of Employees: 4
Tel.: 02 658 0816
Fax: 02 658 0818
P.O. Box 3757, Irbid 21110, Jordan

Amman Customs Office

Number of Employees: 3
Tel.: 06 470 5447
Fax: 06 470 5475
P.O. Box 38971, Amman 11593, Jordan

Passenger Terminal Office, Aqaba

Number of Employees: 2
Tel.: 03 201 9117
Fax: 03 201 5550
P.O. Box 1166, Aqaba 77110, Jordan

Cozmo Office

Number of Employees: 5
Tel.: 06 582 1634
Fax: 06 585 3480
P.O. Box 140285, Amman 11814, Jordan

Wadi Mousa Office

Number of Employees: 3
Tel.: 03 215 4975
Fax: 03 215 4974
P.O. Box 13, Ma'an 71111, Jordan

Yarmouk University Students Office

Number of Employees: 9
Tel.: 02 727 0181
Fax: 02 727 0180
P.O. Box 336, Irbid 21110, Jordan

Jordan University Students Office, Aqaba

Number of Employees: 3
Tel.: 03 205 8027
Fax: 03 205 8029
P.O. Box 1177, Aqaba 77110, Jordan

Ma'an Office

Number of Employees: 3
Tel.: 03 213 6590
Fax: 03 213 6594
P.O. Box 13, Ma'an 71111, Jordan

Jerash Office

Number of Employees: 4
Tel.: 02 635 4010
Fax: 02 635 4012
P.O. Box 950661, Jerash 71111, Jordan

Jordan University for Science and Technology Students Office

Number of Employees: 3
Tel.: 02 709 5713
Fax: 02 709 5168
P.O. Box 3030, Amman 22110, Jordan

Marketing and Consulting Centers

Consulting Center – Irbid

Tel.: 02 725 7527
Fax: 02 725 7530
P.O. Box 950661, Amman 11195, Jordan

Consulting Center – Zarqa

Tel.: 05 397 5202
Fax: 05 397 5203
P.O. Box 950661, Amman 11195, Jordan

Palestine Branches

Regional Management

Number of Employees: 245
Tel.: 02 297 7230
Fax: 02 295 2763
P.O. Box 1870, Al Masyoun, Ramallah

Al Masyoun Branch - Ramallah

Number of Employees: 18
Tel.: 02 297 7090
Fax: 02 297 9755
P.O. Box 2419, Ramallah

Nablus Branch

Number of Employees: 29
Tel.: 09 239 3001
Fax: 09 238 1590
P.O. Box 50, City Center, Main Cycle, Nablus

Al Ahliya College Branch - Ramallah

Number of Employees: 19
Tel.: 02 298 3500
Fax: 02 295 5437
P.O. Box 2359, Al Ahliya College St., Ramallah

Al Shallaleh Branch - Hebron

Number of Employees: 6
Tel.: 02 222 9803/4
Fax: 02 222 9327
P.O. Box 662, Old City, Hebron

Haifa Street Branch - Jenin

Number of Employees: 15
Tel.: 04 241 8000
Fax: 04 243 9470
P.O. Box 66, Haifa St., Jenin

Al Irsal Street Branch - Ramallah

Number of Employees: 11
Tel.: 02 294 8100
Fax: 02 295 1433
P.O. Box 4343, Al Bireh, Ramallah

Tulkarem Branch

Number of Employees: 21
Tel.: 09 268 8140
Fax: 09 267 2773
P.O. Box 110, Hospital St., Tulkarem

Bethlehem Branch - Bab al-Zoqaq

Number of Employees: 13
Tel.: 02 275 6900
Fax: 02 274 4974
Bethlehem, Hebron St., P.O. Box 709

Qalqilya Branch

Number of Employees: 13
Tel.: 09 294 1114/5
Fax: 09 294 1119
P.O. Box 43, Next To Municipality, Qalqilya

Jericho Branch

Number of Employees: 10
Tel.: 02 232 3627/9
Fax: 02 232 1982
P.O. Box 55, Ain Al Sultan, Next to the Russian Museum, Jericho

Faisal Street Branch - Nablus

Number of Employees: 16
Tel.: 09 238 3250/1
Fax: 09 238 3256
P.O. Box 1559, Nablus

Wadi Al Tuffah Branch - Hebron

Number of Employees: 14
Tel.: 02 222 5353
Fax: 02 222 5358
P.O. Box 655, Al Manarah Cycle, Hebron

Khan Younes Branch

Number of Employees: 9
Tel.: 08 205 4074
Fax: 08 205 4084
P.O. Box 158, Aljabour Tower, Khanyounes

Al Saraya Branch - Gaza

Number of Employees: 9
Tel.: 08 282 4950/1
Fax: 08 282 4830
P.O. Box 167, Omar Al Mukhtar St., Gaza

Deir Al Balah Branch

Number of Employees: 7
Tel.: 08 253 1220
Fax: 08 253 9947
P.O. Box 6007, Al Shuhada St., Dier Al Balah

Rafah Branch

Number of Employees: 10
Tel.: 08 213 6251
Fax: 08 213 6250
P.O. Box 8205, Abu Baker St., Rafah

Al Rimal Branch - Gaza

Number of Employees: 12
Tel.: 08 282 1077
Fax: 08 282 1088
P.O. Box 5350, Omar Al Mukhtar St., Across the Anonymous Soldier, Gaza

Al Mahd Square Branch - Bethlehem

Number of Employees: 10
Tel.: 02 275 7770
Fax: 02 275 7722
P.O. Box 601, Al Mahd Square, Bethlehem

Ain Sara Branch - Hebron

Number of Employees: 12
Tel.: 02 221 6801
Fax: 02 222 1140
P.O. Box 663, Al Haras St., Hebron

Annajah University Office

Number of Employees: 5
Tel.: 09 234 3550
Fax: 02 297 7167
P.O. Box 499, New Campus, Rafeedia, Nablus

Abu Baker Street Office - Jenin

Number of Employees: 15
Tel.: 04 250 5270
Fax: 04 250 3110
P.O. Box 67, Abu Baker St., Jenin

Kingdom of Bahrain Branch

Number of Employees: 3

Tel.: +973 1 666 1000

Fax: +973 1 666 1001

Manama - Kingdom of Bahrain

P.O. Box 925102, Amman 11110, Jordan

Subsidiaries

Safa Bank

Tel.: +970 2 294 1333

Fax: +970 2 295 7975

P.O. Box 1313, Ramallah, Palestine

Al Watanieh Securities Company

Tel.: +970 2 298 0420

Fax: +970 2 298 7277

P.O. Box 1983, Ramallah, Palestine

Tamallak Leasing Company

Tel.: 06 500 6651

Fax: 06 520 1772

P.O. Box 941715, Amman 11194, Jordan

Al Watanieh for Financial Services Company

Awraq Investments

Tel.: 06 550 3800

Fax: 06 550 3802

P.O. Box 925102, Amman 11110, Jordan

