



بنك القاهرة عمان  
CairoAmmanBank

# Annual Report 2015





**His Majesty King Abdullah The Second**







**His Royal Highness Hussein Abdullah, Crown Prince**





بنك القاهرة عمّان  
CairoAmmanBank

Together we grow

معاً ننمو





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Mr. Yazid Adnan Mustafa Al-Mufti

Chairman

Dr. Farouq Ahmad Hassan Zuaier

Vice Chairman

Mr. Khaled Sabih Taher Al-Masri

Banque Misr, Represented By

Mr. Mohamed Mahmoud Ahmed El-Etrebi  
(Since 12th April, 2015)  
Mr. Ahmad Mohyee Aldeen Abu Al-Ezz  
(Until 12th April, 2015)

Mr. Yasin Khalil Yasin Al-Talhouni

Arab Supply and Trading Company, Represented By

Mr. Ghassan Ibrahim Fares Akeel

Ishraq Investment Company, Represented By

Mr. Hassan Ali Hussein Abu Al-Ragheb

Social Security Corporation, Represented By

Mr. Nidal Fa'eq Mohammad Al-Qubaj

Mr. Sharif Mahdi Hosni Al-Saifi

Mr. Arfan Khalil Kamel Ayass  
(Since 12th Feb, 2015)

Mrs. Suha Basil Andraws Ennab  
(Since 12th Feb, 2015)

Mr. Tarek Mufleh Moh'd Akeel

Misr Investment Company, Represented By  
(Until 12th April, 2015)

Mrs. Sohir Sayed Mahmoud Ibrahim

Al-Massira Investment Company, Represented By  
(Until 12th Feb, 2015)

Mr. Arfan Khalil Kamel Ayass

Mr. Nashat Taher Nashat Al-Masri  
(Until 12th Feb, 2015)

Mr. Kamal Ghareeb Abdul Rahim Al-Bakri

General Manager

Ernst & Young  
(Member of Ernst & Young Global)

External Auditors



Dear Shareholders,

It is with great pleasure and pride that I present to you, on behalf of the members of the Board of Directors, Cairo Amman Bank's Annual Report for the year 2015 with a keen view to highlight the most prominent achievements made over the past year.

During 2015, Jordan's economic performance witnessed significant variations and disparities. The aggravation and negative impact of the region's geopolitical circumstances on a number of economic sectors, such as trade and tourism, resulted in a decline in the economic growth rate, standing at 2.5% compared to 3.3% during the previous year. Furthermore, the current decrease in foreign grants and increase in refugees' expenses have accentuated the pressure on the government's budget, resulting in a more significant deficit level. Noting that the decline in oil prices succeeded in reducing the deficit in independent governmental units' budgets. The fiscal and monetary policies and the drop in oil prices have been able to maintain Jordan's high foreign currency reserves, which had a positive impact on retaining domestic liquidity ratios and increasing the depositors and investors' confidence in the national economy. Hence, we expect that the impact, resulting from these challenges, on the national economy will persist during 2016.



Cairo Amman Bank continued its efforts to achieve significant growth rates, while maintaining the quality of its credit portfolio. Total Assets grew by 7.6%, to reach JOD 2532.1 million while net credit facilities increased by 12.1% to stand at JOD 1144.2 million. This growth was coupled with an improvement of the quality of credit portfolio. In this respect, the percentage of non-performing credit facilities remained below the overall banking sector's average, amounting to 3.94%, compared to 4.49% during the previous year. Noting that the Bank maintains provisions that cover 96.6% of non-performing facilities. Meanwhile, customer deposit stood at JOD 1570 million, a decline of 1.1% compared to the end of 2014. It should be mentioned that the decline in JOD interest rate affected the Bank's results during that year, despite the increase in credit facilities, net interest income decreased by 2% to reach JOD 101.4 million. The decline in financial assets' profits from JOD 3.8 million in 2014 to JOD 1.9 million in 2015 impacted the decline in gross income by 3.4%, amounting to JOD 131.9 million, compared to JOD 136.6 million in 2014. The Bank managed to offset part of this decline by reducing total expenses, including impairment allocations, by 3.5% to achieve a profit before tax of JOD 60.3 million, compared to JOD 62.5 million in 2014. Adding to this, the amendment of the Income Tax Law, and increasing banks' taxes rate from 30% to 35% affected the Bank's net profit, to become JOD 41.2 million, a decrease of 7.6% compared to the previous year. It is noteworthy that the Bank's returns are considered among the highest in the Jordanian banking sector. Returns on average assets and average equity were 1.69% and 13.74%, respectively.

These results, along with the Bank's dividends distribution policy, contributed to strengthening its capital base. Total shareholders' equity amounted to JOD 307.6 million, an increase of 5.4%, while capital adequacy ratio stood at 15.8%, a percentage higher than those set by the Central Bank of Jordan and the Basel Committee, amounting to 12% and 8% respectively. This has placed the Bank within the "well-capitalized" category, which will enable it to expand its future business endeavors and remain in line with Basel III requirements. It is noteworthy that periodic internal capital assessment and stress testing accentuate the strength of the Bank's capital base, as well as its ability to withstand any potential losses.

During the same year, the Bank continued to play a lead role in providing banking services to individuals, and continued to develop products and programs in addition to promoting its network of branches, offices and ATMs scattered across Jordan's governorates and Palestine in addition to the electronic banking channels, such as Internet and mobile banking. The Bank also increased its activities in the corporate sector, mainly the small and medium-sized enterprises while benefiting from numerous agreements it has with a number of local and international agencies that provide funding to this sector at competitive interest rates for medium and long terms.

With a keen view to enhance the Bank's competitive standing and expansion outside Jordan, the Bahrain branch launched its operations in order to attract and provide banking services to the Jordanian community employed in the Gulf region. The Bank also obtained a license for establishing an Islamic bank in Palestine and is currently finalizing all legal and technical requirements to launch its operations during the second half of 2016.



Based on financial results, the Board of Directors recommended that the General Assembly distributes cash dividends of 10% of the shares' nominal value, amounting to JOD 16 million, as well as 12.5% of bonus shares to increase paid in capital to JOD 180 million. This recommendation will strengthen the capital base, enabling the Bank to further expand its business, as well as expand its activities and enhance its competitiveness.

In 2016, the Bank will continue to implement its strategic plans and policies in developing its business. Hence, emphasis will be placed on maintaining the quality of the credit portfolio and high liquidity ratios. In an effort to improve customer service, the Bank will work on increasing the performance efficiency and network of sales outlets, including branches, offices and ATMs. The support of the local community will be at the forefront of the Bank's social responsibility.

In conclusion, I would like to extend my sincere gratitude, on behalf of the Board of Directors, to all shareholders for their ongoing loyalty and support, as well as valued customers for their continued trust. My appreciation is also extended to all employees for their dedication, commitment and hard work, as well as to the Central Bank of Jordan for its sincere and dedicated efforts and lasting support. We are fully confident that we will continue joining efforts in order to provide excellent banking services and achieve the best results throughout the coming years.

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





**Board of  
Directors'  
Report**

## First: The Local Economy

The Jordanian economy experienced a marked slowdown during 2015, to reach a growth rate of 2.5%, compared to 3.3% in the previous year, affected by deepening of the political and social unrest in the region. This has reflected negatively on the trade and tourism sectors, which form Jordan's key economic pillars. Meanwhile, inflation rates witnessed a significant decline, compared to 2014 pushing rates in deflationary territory. Hence, the decline in the consumer basket prices reached 0.9% in 2015, compared to a growth of 2.8% during the previous year.

At the monetary level, the Central Bank of Jordan's foreign-exchange reserves maintained their high levels, amounting to USD 13.9 billion in December 2015, covering more than seven months of the country's imports bill. Moreover, JOD deposits continued to rise along with a gradual increase in USD deposits, indicating continued confidence in the local currency. Because of previous developments, and in an effort to stimulate growth and reduce the burden of borrowing on the government, individuals and companies; the Central Bank of Jordan reformed its monetary policy framework and adopted an expansionary monetary strategy in which they decreased the JOD main interest rate by 50 basis points in 2015.

In terms of fiscal policy, the strain on public infrastructure from the influx of Syrian refugees coupled with the shortfall in foreign grants leading to an increase in the fiscal deficit and missing 2015 budget targets, despite a drop in expenses.

The central government budget witnessed a deficit of around JOD 915 million or 3.4% of GDP in 2015 (according to government re-estimates), for compared to a deficit of JOD 585 million or 2.3% of GDP in 2014.

As for the independent public entities' budgets, of which the National Electric Power Company's budget constitutes the most significant part, fiscal deficit has seen a significant drop in 2015. Hence, the decline in oil prices reduced the public entities' deficit to JOD 890 million or 3.31% of GDP, compared to JOD 1.5 billion or 5.8% of GDP in 2014. Moreover, according to the latest estimates of the International Monetary Fund (IMF), the National Electric Power Company is close to achieving a balanced budget due to the drop in world oil prices and the launch of the Aqaba liquefied natural gas (LNG) terminal, which contributed to the increase in the volume of liquefied gas used to generate electricity.

In regards to the public debt composition, the government has continued to rely mainly on foreign borrowing in 2015 through the issuance of US government guaranteed Eurobonds at a value of USD 1.5 billion, and on Eurobonds worth of USD 500 million, not guaranteed by the US government. Nevertheless, domestic debt increased more than the estimated debt budgeted in 2015 where it amounted to JOD 1 billion as of November.

With respect to Jordan's trade balance, and driven by a decline in world oil prices the gap between exports and imports shrank by 14.3% during the first eleven months of 2015, compared to the same period of the previous year. Whereby Jordan's oil bill decreased by 41.4% during the same period.

Meanwhile, the year 2015 witnessed the approval and adoption of a set of laws at the economic level, of which the most important is the Income Tax Law that included the increase of taxes on a number of key economic sectors, such as the banking sector (from 30% to 35%), as well as individuals and other sectors.

## Expectations for 2016

The drop in oil prices and continued geopolitical tensions in the region will likely lead to a drop in foreign grants committed from GCC countries and will affect investor sentiment leading to lower foreign investments. These headwinds will weigh on the economic recovery despite low oil price environment which will help to reduce Jordan's oil bill and increase consumers' purchasing power.

According to the latest IMF statistics, it is expected that the Jordanian economy will grow by at least 3% during 2016, and that inflation rates will remain within acceptable levels because of stable domestic demand. This would give the Central Bank of Jordan extra room to maneuver interest rates and other monetary instruments to stimulate economic growth.

Hence, it is not expected that the Central Bank of Jordan will increase interest rates, at least during the first half of 2016,





even if the US Federal Reserve Bank continued to raise USD interest rates due to the acceptable spread that already exists between both currencies which will protect the Local currency from dollarization.

Meanwhile, despite the expected government dependence on domestic borrowing in 2016, the abundant liquidity in the market will contribute to ensure the relative stability of interest rates on medium and long term Treasury bonds. However, a gradual increase may commence during the second half of the year.

Among the most prominent challenges that are expected to deplete Jordan's economic budget is the Syrian refugees' crisis. Whereby, the country might incur costs, estimated by USD 2.4 billion during 2016 and amounting up to USD 7.1 billion by the end of 2018.

## Second: The Global Economy

During 2015, the global economy continued its weak performance to witness a slowdown in economic growth rates compared to 2014. The IMF estimated that the global economy grew at a rate of 3.1%, compared to 3.3% in 2014, and it is possible that the recovery will occur at a slower pace than previously envisioned. This muted performance came even as central banks adopted quantitative easing policies through expanding liquidity, oil prices fell again and inflation rates were moderate.

Economic trends seemed to vary significantly among major economies across the world. Developed economies grew, while emerging and developing economies shrank due to the decline in commodity prices and tight financial conditions. The year was characterized by the continued decline in oil prices, the possibility of U.S. interest rate hikes and the increased volatility in the financial markets due to the fears of a China slowdown – where economic growth declined from 7.3% in 2014 to 6.9% in 2015, hitting the lowest growth rates in 24 years.

The global spillover from China's reduced rate of growth, through its diminished imports and lower demand for commodities, have been much larger than anticipated, which ultimately led to a drastic volatility in global stock markets. The Chinese government issued assurances on China's economic ability to manage such slowdown, which resulted mainly from continuing with its rebalancing of economic activity away from investment and manufacturing and toward consumption and services.

In the United States, the economic recovery remained solid, achieving an expected growth rate of 2.5%, compared to 2.4% in 2014 and a drop in unemployment rate to 5%. Given strong economic data and robust growth in US jobs, the US Federal Reserve Bank decided to raise USD interest rates in December 2015 for the first time in nearly ten years, indicating its firm belief that the US economy has succeeded in overcoming the 2007-2008 crisis. Hence, it is expected that the US Federal Reserve Bank will continue to gradually increase the USD interest rates throughout 2016. However, a potential slowdown in economic growth and disappointing inflation data may delay the adoption of tight monetary policies.

Meanwhile, the Eurozone economy has witnessed gradual growth during 2015, to reach 1.9%, compared to 0.9% in 2014. This was due to the improvement of purchasing power, decline in oil prices and support of local consumption through the adoption of the expansionary monetary policy. The alarming decline in inflation rates – pushing the Eurozone to the brink of deflation – constituted the main reason behind the European Central Bank's decision to take expansionary monetary measures during 2015. Said measures included the reduction of EUR interest rates down to reach negative interest rates on deposits, the provision of low-interest loans to European banks, and the purchase of asset-backed securities and bonds. Despite all measures, the inflation rates did not increase during 2015, which will likely pressure the European Central Bank to take further expansionary monetary measures in 2016.

Within the same framework, oil prices have dropped as a result of a lower-than-expected demand on oil and slowing economic growth in China. This coupled with the increase in oil supply resulting from accelerated US production and OPEC's oil production maintenance.

As for 2016, the continued drop in oil prices and expectations of a further slowdown in China will likely lead to increased stock market volatility throughout the year. Global growth is expected to remain subdued, inflationary pressures weak, as geopolitical issues continue to take center stage.



### Third: The Regional Economies

#### Oil-Exporting Countries

Global oil prices dropped by about 65.1% since December 2014, which contributed to incurring exports losses to GCC countries of around USD 300 billion or 21% of GCC GDP.

Additionally, political conflict intensification coupled with the decline in oil prices leading to a fall in economic growth and a heightened risk environment across the region. Recent global financial markets' fluctuations have only aggravated the situation, with many governments resorting to depleting foreign currency reserves and utilizing financing option where available.

Economic growth is expected to have slowed to 1.8% in 2015, compared to 2.6% in 2014.

All countries have witnessed a fiscal and current account balance deficit, which indicates that their economic systems heavily rely on oil revenues. Moreover, the decline in oil prices played a key role in adopting important economic reforms. In this respect, many regional countries began to suppress their fiscal spending in the form of reducing energy subsidies, which may contribute to the reduction of the effect of oil price shocks.

#### Oil-Importing Countries

With respect to oil-importing countries, the drop in oil prices had a positive effect where it manifested itself in decreasing the energy import bill, the government budget deficits and the production costs, and led to an increase in disposable income. However, it also contributed to a decline in remittances from oil-exporting countries, decrease in inflation rates and reduction of sales tax revenues.

Additionally, the regional conflicts' fallout, including the increased number of refugees, are impeding the economic recovery process and therefore, increasing pressure on government expenditure.

Nevertheless, economic growth in oil-importing countries started to recover in the wake of rising confidence – owing to progress with recent reform, improvement in foreign demand and the continued decline in oil prices. In 2015, growth rates is expected to have reached 3.9%, up from 2.9% in 2014.



## Financial Indicators and Ratios

(Amount in thousands (JDs); except share price)	2015	2014	Variance
<b>Major balance sheet items</b>			
Total assets	2,532,062	2,353,355	7.6%
Credit facilities, net	1,144,240	1,020,556	12.1%
Customers deposits	1,570,016	1,587,403	(1.1%)
Total equity	307,935	291,812	5.4%
<b>Results of operations</b>			
Net interest & commission income	121,764	124,890	(2.5%)
Income from operating activities (excluding investment income)	133,305	136,026	(2.0%)
Gross income	131,939	136,631	(3.4%)
Net income before income tax	60,287	62,464	(3.5%)
Net income after income tax	41,168	44,533	(7.6%)
Earning per share (JD)	0/257	0/278	(7.6%)
<b>Financial ratios</b>			
Return of average assets	1.69%	1.95%	
Return of average equity	13.74%	16.02%	
Net interest & commission income to average assets ratio	4.98%	5.47%	
Capital adequacy ratio	15.79%	14.95%	
Credit facilities to customers' deposit ratio	72.9%	64.29%	
Non-performing loans ratio	3.94%	4.49%	
Non-performing loans coverage ratio	96.55%	97.04%	

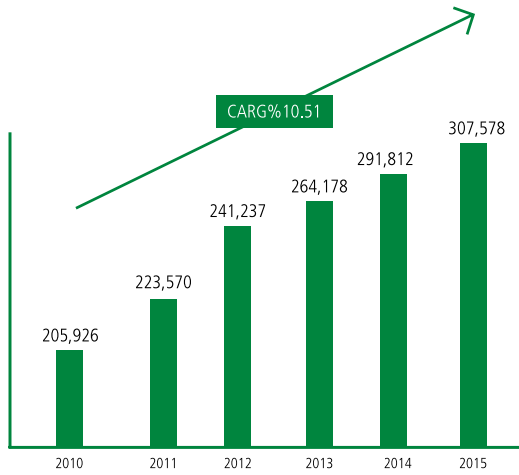
## Financial Indicators for the Previous 5 Years

(Amount in thousands (JDs); except share price)	2010	2011	2012	2013	2014	2015
Net income before tax	34,749	36,267	35,286	40,796	44,533	41,168
Dividends paid	15,000	17,000	17,000	17,000	16,250	16,000*
Bonus shares distributed	-	-	-	25,000	35,000	20,000*
Total equity	205,926	223,241	241,237	264,178	291,812	307,578
Outstanding shares	100,000	100,000	100,000	100,000	125,000	160,000
Market price per share (JD)	3.18	2.77	2.75	2.78	2.87	2.55

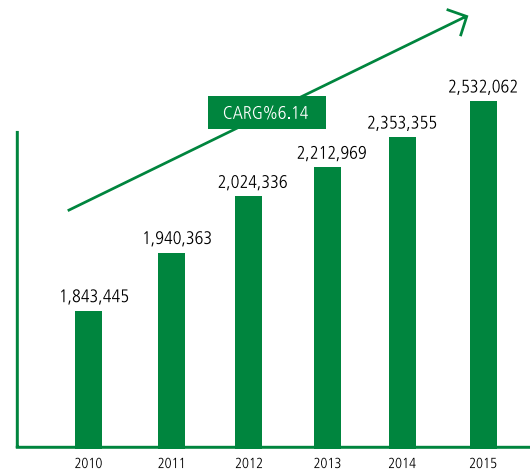
\* Amounts represent the Board's recommendation to the General Assembly for 2015

Amounts in thousands (JD)

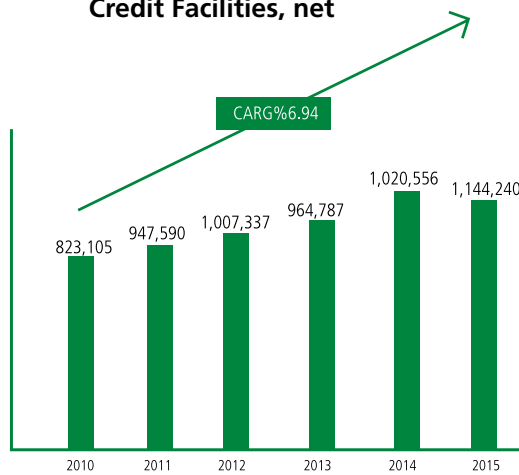
Shareholders' Equity



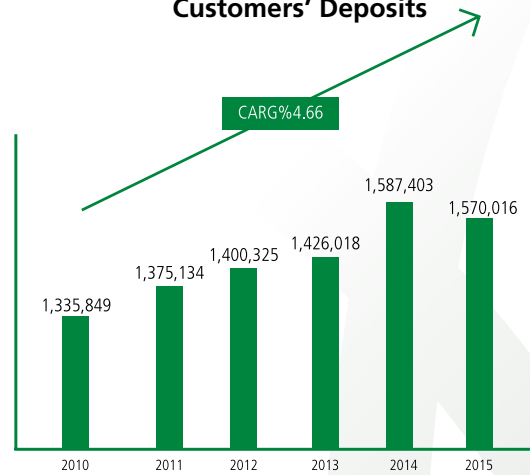
Total Assets



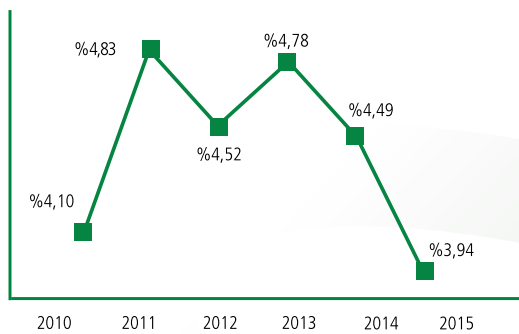
Credit Facilities, net



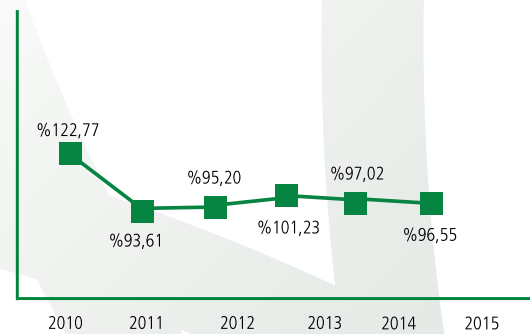
Customers' Deposits



Non-Performing Loans ratio

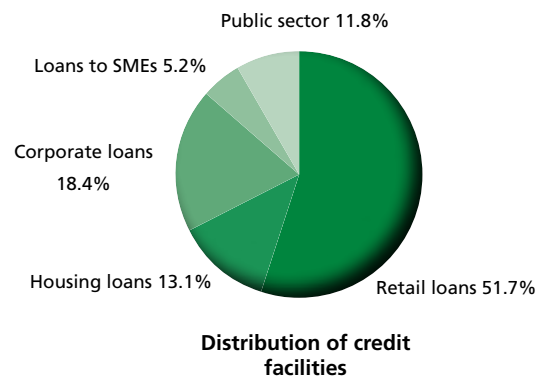


Provision Coverage



## Financial Position

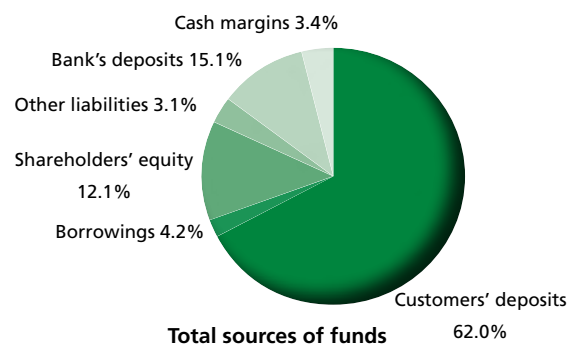
The Bank continued to achieve high growth rates in most of its financial indicators. Total assets reached JOD 2532.1 million, an increase of JOD 178.1 million compared to previous year representing a growth rate of 7.6%. Gross credit facilities portfolio increased by JOD 122.6 million to reach JOD 1200.8 million, an increase of 11.4%. Despite the economic circumstances, the Bank succeeded in improving the quality of its credit facilities portfolio. In this respect, non-performing net facilities stands at 3.94% of gross facilities, compared to 4.49% during the past year. Meanwhile, net credit facilities portfolio reached JOD 1144.2 million, compared to JOD 1020.6 million during 2014, an increase of 12.1%. The Bank also maintained adequate provision for non-performing loans, amounting up to JOD 46.3 million, and preserved enough provision against the decline in non-performing credit facilities according to the Central Bank of Jordan's instructions and international Financial Reporting Standards (IFRS) as relevant coverage ratio now stands at (96.6%).



Cairo Amman Bank investment balance in stocks and bonds amounted to JOD 419.1 million, compared to JOD 466.4 million during 2014. This decline was mainly due to the decrease in investment in treasury bills and government bonds. The Bank main investment strategy emanates from creating a balance in allocating funds in low risk instruments with the aim of achieving higher returns while maintaining acceptable liquidity ratios. Balances and deposits in bank's increased by 16%, to reach JOD 665.6 million, compared to JOD 573.7 million in 2014.

Furthermore, the Bank sought to diversify sources of funding. Hence, in addition to customers' deposits which represent 62% of total sources of funds, the Bank utilized the low cost Central Bank of Jordan's advances and international financial institutions' loans. This has positively benefited customers. It is noteworthy that customers' deposits reached JOD 1570 million, compared to JOD 1587.4 million in 2014, a decrease of 1.1%. Moreover, the Bank maintained high liquidity ratios in line with international standards and regulatory authorities' requirements which were a source of comfort to all Stakeholders, noting that credit facilities constitute 72.9% of customers' deposits.

Total shareholders' equity amounted to JOD 307.6 million at the end of 2015, compared to JOD 291.8 million during the previous year, an increase of 5.4%. The dividend policy solidified the Capital Adequacy Ratio (CAR), which according to the Basel (II) requirements, reached 15.79% in 2015 compared to 14.95% in 2014, a percentage that has exceeded 12%, the minimum level set by the Central Bank of Jordan. The risk-weighted assets' core capital ratio reached 15.61% compared to 14.73% during the previous year, and the leverage ratio reached 11.8% which places the Bank within the "well-capitalized" category under the solvency scale.





## Analysis of Results of Operations

The Bank managed to continue achieving excellent financial results that have surpassed the estimated budget of the year. Net income before Taxes amounted to JOD 60.3 million, compared to JOD 62.5 million during the previous year, a decrease of 3.5%. Net profit after income tax amounted to JOD 41.2 million, compared to JOD 44.5 million during the previous year with a decrease of 7.6%, bringing earnings per share to JOD 0.257, compared to JOD 0.278 in 2014. The results were affected by applying the new Income Tax Law, which increased banks tax rate from 30% to 35%.

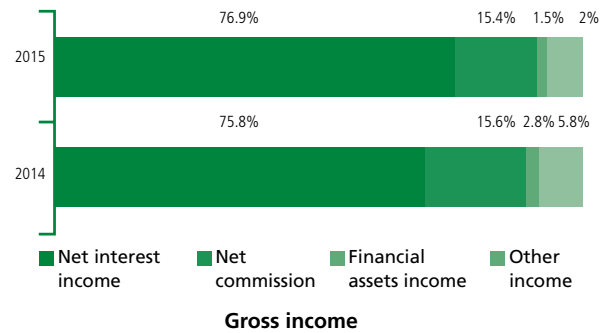
In addition to the above mentioned results, the Bank realized net profit of JOD 313 thousand that resulted from the sale of financial assets at fair value through comprehensive income statement within retained earnings account and has not appeared in the income statement.

Operationally, net interest income fell by 2% to stand at JOD 101.4 million, compared to JOD 103.6 million during 2014. Net commission income decreased by 4.7% to stand at JOD 20.3 million, compared to JOD 21.3 million during the previous year. Investment profit decreased from JOD 3.8 million to JOD 1.9 million during the current year; due to unrealized valuation losses related to a number of the Bank's investments carried out at fair value through the income statement, amounting to JOD 1.2 million, compared to profit of JOD 9 thousand during last year. Meanwhile, other income rose by 4.2% to stand at JOD 8.2 million. Hence, gross income decreased by 3.4% to reach JOD 131.9 million, compared to JOD 136.6 million during 2014. The Bank's operating income from interests and commissions continued to form the largest component of gross income comprising 92.3%, compared to 91.4% in 2014.

Gross expenditure, including provisions against the decline in credit facilities and acquired assets, decreased by 3.4% to stand at JOD 71.7 million, whereby, personnel expenditures increased by 0.6% and other operating expenses increased by JOD 2.5 million or 11.9%, this was mainly due to the increase in the Bank's operational activities. The provisions against the decline in credit facilities accounted to JOD 2.8 million, compared to JOD 5.5 million during 2014.

## Dividends Distribution

The Board of Directors recommended to the General Assembly to distribute 10% of cash dividends to the shareholders, in addition to increasing the paid-in capital to JOD 180 million through distributing 12.5% of bonus shares to shareholders. This recommendation is in line with the Bank's strategy to reinforce its paid-in capital and strengthen its ability to expand the scope of its businesses and activities, as well as increase its competitiveness.



### Retail Banking

With a keen ambition to continue playing a lead role in providing the best banking products and solutions to individuals, the Bank has orchestrated a strategy, which guarantees to maintain this status and expand customers' base in the market. CAB succeeded in developing a number of banking products and services such as new saving plans, and launched new real estate loans that would suit various customers' needs and cover most society's segments. Moreover, the Bank continued to review products related to personal loans and updated them in order to align them with customer's needs under the current and ever evolving economic situation plans.

During the year, the Bank concluded an agreement with MasterCard International Inc., where all customers started using MasterCard debit, credit and prepaid cards that would ensure utmost security and protection. The cardholders are armed with numerous advantages and benefits, given their state of the art design that features the advanced smart chip technology.

The strategy of the Financial Inclusion was at the forefront of the Bank's priorities in 2015. The Goal of expanding and improving the quality banking services to reach all sectors of society was crowned by signing cooperation agreements with each of the University of Jordan, Yarmouk University and Princess Sumaya University for Technology. The innovative idea of transforming students, administrative personnel and faculty members' ID cards to multi-use smart cards that will be utilized as an e-payment card in all online points of sale was created.

The Bank also launched a mobile banking application that would enable customers to benefit from a number of online services through the mobile phone.

As part of numerous mobile banking services provided, the Bank continued to apply and encourage its customers to pay bills electronically, through the "e-FAWATEERcom", a system that can be used through branches or online banking. During 2016, the Bank will add this service to other banking channels, such as ATMs and phone banking applications.

In an effort to take advantage of its technical development and geographical spread, the Bank continued to provide banking services in cooperation with a number of economic sectors. In this respect, the Bank continued to cooperate with the Military Credit Fund (MCF) in order to provide cards and ATMs-related services, and with international organizations to offer cash assistance to refugees using the iris recognition system. Hence, beneficiaries can acquire such assistance from either branches or ATMs, equipped with iris recognition cameras. This would improve the level of services provided, and ensure that assistance is channeled to its intended recipients. ATM cards can also be used for the same purpose.

The Bank still provides its customers with the possibility to benefit from the exclusive agreement with PayPal, enabling them to take advantage of further safe electronic purchase and payment options, as well as open and link PayPal accounts to their credit cards. This would also help traders collect money made from their product sales through their PayPal accounts.



### Corporate Banking Products and Services

Despite the challenges that deterred the performance of a number of economic sectors this year, the Bank continued to address the needs of its customers, in line with its respective credit policy that would ensure balance between the reduction of credit risks and achievement of satisfactory returns. In 2015, the Bank succeeded in expanding its customers' base, comprising small and medium-sized enterprises (SMEs), as well as in benefiting from the agreements that were concluded with a number of entities and agencies in order to ensure medium and long-term funding at low interest rates. This has been accompanied by maintaining performance of the existing facilities portfolio in specific with respect to the reduction of dues, default rates and commitment to Central Bank of Jordan instructions.

The Bank continued to utilize Central Bank of Jordan medium-term advance payments program that extends loans to industry, energy, tourism, agriculture, and information technology sectors. In addition, loans were attained from the European Bank for Reconstruction and Development (EBRD), and the Central Bank of Jordan to be extended to the MSME customers who met the Program's grant criteria. Moreover, the Bank continued to benefit from the agreement concluded

with the "Agence Française de Development" (French Development Agency - AFD) and received technical assistance to fund sustainable and renewable energy projects and investments.

In an effort to expand its reach to governorate, support the youth and empower women, the Bank arranged to negotiate a number of loan guarantees programs which contributed to increase the number of new loans granted to the marginalized segments of society.

### Treasury and Development of Sources of Funds

The Bank succeeded in managing its assets and liabilities efficiently and effectively, ensuring proper quality of different assets, as well as improving returns, diversifying sources of funds, and maintaining adequate liquidity ratios all in line with the strategy to enhance profitability and remain within acceptable risk ratios levels.

At the services level, the Bank continued to develop its products and provide various online investment services through the CABFX online trading platform and E-Private Banking, an investment portfolio management platform.

During 2015, the Bank sought to strengthen its relations with correspondent banks, as well as build new ones in spite of the difficult conditions in the region in the wake of continued changes imposed by regulatory authorities. The Bank also maintained and sustained its banking relations with financial banks and institutions inside and outside Jordan in several areas of expertise, including commercial finance and bank transfers, which has contributed to the improvement of the quality of services provided to customers.

### Financial Leasing

Through Tamallak Leasing Company, the Bank offers an integrated range of financial leasing services that accommodates customers' business activity and cash flows. The Company seeks to raise the level of awareness in the services provided to assist target segments meet their financing needs and benefit economically. Even though Tamallak Leasing Company is a newly established company, it has succeeded in achieving growth rates that have exceeded expectations.

### Investment Services

The Bank 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 includes managing customers' investment portfolios, establishing and managing multi-purpose investment funds, providing financial and investment consultation services, and offering extensive relevant research and studies.

### Branches Network and Distribution Channels

In an effort to achieve corporate identity objectives and geographical spread plans so as to attract new customers, the Bank inaugurated two new branches in Abdoun and Al-Rabiah in Amman, bringing the total number of branches and offices to 107, of which 21 are located in Palestine and 1 in the Kingdom of Bahrain, in addition to other marketing consultancy centers. In addition, the Bank renovated two branches in Jordan.

The Bank also serves its customers through a network of 246 ATMs in Jordan and Palestine, adding 8 new ATMs during the year. As part of its endeavor to serve refugees in overcrowded areas, the Bank founded an ATM office in the city of Al-Mafraq, enabling beneficiaries to receive cash assistance easily.



Al-Mafraq ATM office



Al-Rabiah branch



Abdoun branch

CAB also established a customer service center and phone banking systems 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, the Bank launched mobile banking applications and services.



During the same year, the Bank's social media accounts on Facebook and Twitter witnessed a great deal of activity, enabling customers to have fast access to relevant information and communicate directly with the Bank. Hence, any questions or inquiries were answered quickly through these channels, the Bank also succeeded in launching a new Instagram account during 2015.

The Outlets providing Western Union services, including the Bank's branches and other sub-agents achieved an increase in the number and value of money transfers by 10% and 6.23%, respectively. Moreover, 6 new customer service centers have been established across main Jordanian cities

### Overseas Expansion

In line with the Bank's policy to expand and enter into new markets, the Bahrain branch started its operations during the first quarter of 2015 with an aim to provide banking services to the Jordanian community scattered in the GCC region.

During the same year, the Bank obtained a license to establish an Islamic bank in Palestine, and is currently completing all legal and technical procedures that are expected to be finalized during the second half of 2016, paving the way for "Safa Bank" to start operating.

### Information Technology

With a keen view to keep pace with the developments achieved by the Bank during previous years, and in line with the developments and innovation in information technology arena, the Bank continued to support and develop its technical systems through investing in IT infrastructure, business continuity systems, information security and protection systems, banking electronic channels and comprehensive banking services.

In the same context, the Bank completed the implementation of the cloud computing system to include the e-mail systems, and thus providing easy, continuous access to all users. Palestine branches succeed in implementing a disaster recovery system in an alternative location, which will assure the continuation, and functioning of banking systems under all circumstances.

To ensure a highly efficient banking operation a dedicated system that ensures servers load distribution has been activated.

In terms of information security, and to comply with Visa and MasterCard's requirements, the Bank fulfilled the necessary requirements to obtain the Payment Card Industry Data Security Standard (PCI DSS) certification specific to plastic card information security as the first bank in Jordan. This enticed the development of a number of dedicated systems to fulfill that purpose. They included a number of networking systems that are intended to manage different locations by using latest networking and communication means and encryption of information sent through the network. Other information security systems were developed in order to encrypt databases that contain plastic cards' numbers, along with intrusion prevention systems and firewalls at different levels. This is in addition to other dedicated systems that would ensure information security management, as well as secure access to the Bank's network resources through the World Wide Web (WWW) and Virtual Private Network (VPN), as well as two-step verification of users' identity, ensuring secure access to the network. In Palestine, the Bank received the ISO 27001 certification because of the development of effective information security management system and framework in accordance with international specifications and standards. Hence, it is noteworthy to mention that the Bank was also the first bank in Palestine to receive such certification.

The Bank succeeded in completing the implementation process of the new T24 banking system in all Jordan, Palestine and Bahrain branches. A new loan management system interfaced with T24 was also successfully operated enabling the Bank to introduce new products that would meet all customers' needs and requirements.

In line with Central Bank of Jordan's requirements and instructions, the Bank succeeded in implementing the Straight-Through Processing (STP) system between local banks, the Purpose Code and the new Real-Time Gross Settlement (RTGS) systems.

### Human Resources and Training

#### Recruitment Policy

The Bank is keen to attract and recruit qualified employees who would respect and adhere to its values and goals. The Bank's career development policy adopted to grant existing employees the priority to fill vacancies has had a significant impact on employees' retention and improved job satisfaction levels.



The Bank also continued to recruit and attract new talents in an effort to raise the level of competition among its employees, which reflected positively on job performance.

The Bank has participated in several job fairs, national recruitment campaigns and special needs awareness employment campaigns. This has contributed to increasing the chances of attracting and recruiting qualified candidates and best talents, and thus improving the employees' overall performance and productivity.

The Bank also continued to perform workload studies in an effort to identify the actual needs of human resources, thus ensuring work efficiency and effectiveness, as well as aiding in proper manpower budgeting.

The total number of employees of the Bank and its subsidiaries is 2203, categorized according to the following qualifications.

	CAIRO AMMAN BANK	AWRAQ Investments	Al-Watanieh Securities	Tamallak Leasing	Total
PH.D	1	-	-	-	1
Masters	78	4	2	2	86
Higher Diploma	3	-	-	-	3
Bachelor	1,426	19	11	4	1,460
Diploma	302	2	-	1	305
High School or less	339	3	4	2	348
Total	2,149	28	17	9	2,203

During 2015, the Bank participated in national campaigns organized by the Jordanian Ministry of Labor, and held a practical training program entitled "Training for Excellence" all in an effort to draw a blue print for employees' career path through practical on the job training on all aspects of banking functions such as treasury, risk, compliance and anti-money laundering.

#### Training Courses

During 2015, 463 training courses and workshops have been held and attended by 4098 participants. In this respect, the Bank financed university and middle college studies for 36 employees and employees' children. As part of its internship programs for students, CAB managed to train 367 university students.

Training programs held by CAB and its subsidiaries covered the following areas of expertise.

Training Field	No. of Courses	No. of Participants
Information Technology & Security	46	423
Trade Finance & Foreign Operations	21	103
Management & Behavior	115	1285
Finance & Accounting	22	57
Credit Facilities	84	936
Internal Audit	3	6
Risk, Compliance & AML	69	475
Treasury & Investment	19	52
Legal	31	170
Marketing, Sales & Customer Service	15	129
Comprehensive Banking Diploma & Banking Courses	19	56
Real Estate Affairs	1	1
Insurance	2	20
Workshops & Conferences	12	356
Public health and safety	1	29
Total	463	4098



**Remuneration Policy**

In line with the corporate governance instructions issued by the Central Bank of Jordan, a dedicated policy has been developed and adopted by the Bank with a view to provide employees with financial remuneration, based on basic principles of fairness and transparency in this respect.

Hence, the Remuneration Policy aims at laying an objective, fair and transparent foundations and criteria for providing senior executive management and employees with financial remuneration. This will enable the Bank to attract, develop, retain and motivate highly skilled employees to improve their performance, in addition to encourage and motivate employees to participate in fulfilling the Bank's objectives and aspirations.

It is noteworthy that the Remuneration Policy emphasizes in its generality on the achievement of the Bank's strategic goals where profitability and performance are some of its pillars to name a few. KPI's for all spectrum of the organization will be set and monitored closely and thus the evaluation process will be systemized and more efficient.

**The Bank's Competitiveness**

The Bank succeeded in strengthening its position as one of the leading banks in Jordan, bolstered by its achievements made during the current and previous years. Hence, the Bank's market share of total deposits and credit facilities in Jordan amounted to 3.5% and 4.5% respectively, and 6.6% and 5.3% in Palestine, respectively.

International rating agencies has affirmed CAB's credit rating as follows:

	Financial Strength	Foreign Currency ( Short and Long term)	Outlook
Moody's	B1	NP/B2	Stable
Capital Intelligence	BBB-	BB-/B	Stable

## Profile of Subsidiary Companies

### Al-Watanieh for Financial Services Company "Awraq Investment"



Al Watanieh for Financial Services Company "Awraq Investment" was established in the Hashemite Kingdom of Jordan during 1992 as a limited liability company. The Bank owns 100% of its paid-up capital of JD 5 million. The Company's operations include the provision of local, regional and international brokerage services, assets management, and investment funds management. The Bank commissioned the Company to manage its investment portfolio in bonds. The company has therefore become the investment arm of the Bank.

### Al-Watanieh Securities Company



Al-Watanieh Securities Company was established in Ramallah, Palestine in 1995, as a limited liability company. It acts as a broker at the Palestine Stock Exchange. Currently, it has offices in both Gaza and Nablus. The Bank owns 100% of its paid-up capital totaling JD 1.5 million.

### Tamallak Leasing Company



Tamallak Leasing Company was established in the Hashemite Kingdom of Jordan during 2013, as a limited liability company, to conduct all financial leasing activities. The Bank owns 100% of its capital of JD 1 million.

During 2015, the Bank developed programs and partnerships with the local community in an effort to assist in promoting the concept of sustained comprehensive development. In this respect, the Bank has built a fruitful, business relationship with local community institutions with the aim of empowering them to cement the concept of citizenship to the communities they have a reach to. The year 2015 witnessed an escalation in its events and activities; in its adoption of talents and talented in business art and culture.

In continuation of support to health sector; the Bank has been, adamant to provide the King Hussein Cancer Center (KHCC) with the required financial support, and to seek and sponsor other health associations through participation in related events and activities.

The Bank continues to join all efforts to serve the local community through supporting numerous charitable organizations operating within Jordan with the aim to support various society's segments. These organizations include the Jordanian Hashemite Fund for Human Development (JOHUD); the Charity Clothing Bank initiative that was launched by the Jordan Hashemite Charity Organization (JHCO) in 2013, the Ruwwad project, and many other charities.

In addition, the Bank continued to provide educational support to the community through Al-Aman Fund for the Future of Orphans and INJAZ. Also, contributing and supporting the initiative of spreading financial awareness by the Central Bank of Jordan, as well as supporting the Muath Al-Kasasbeh Scholarship Fund that was launched by the Associations of Banks in Jordan in cooperation with the Ministry of Higher Education & Scientific Research. The Bank also offers a number of scholarships for enrollment in Jordanian universities and middle colleges, a number of which is allocated to employees and employees' children. The Bank also provided on the job training opportunities to university, colleges and schools' students to meet their graduation requirements.

As part of the efforts exerted to develop future leaders and generations, the Bank supported a number of sports teams, such as school basketball and football teams in Jordan and Palestine. The Bank also contributed to the restoration and renovation of sports facilities located in some villages in Palestine.

Moreover, the Bank's support for culture and art is manifested through the inauguration of a one-of-a-kind art gallery that is considered as a national incubator for artists and young talents; where beautiful paintings reflecting social and cultural heritage are exhibited. Young talents compete annually to win awards that are judged by a panel of well-known panel of artists.

In 2015, the Gallery organized a number of art exhibitions to showcase the art work of a fine selection of Jordanian and Arab artists. It also held the first edition of the International Art Symposium under the auspices of Her Royal Highness Princess Wijdan Al-Hashemi and in the participation of twenty Arab and foreign artists, along with a fine selection of Jordanian artists under the slogan "Contemporary Art from East to West". For the sixth consecutive year, the Gallery invited children from all over Jordan to participate in the annual CAB Children's Paintings Competition.

During the same year, the Bank financially supported many art and cultural events, such as the Friends of Jordan Festivals, Jerash Festival, Royal Society of Fine Arts, Human Rights Film Festival, as well as a number of other cultural events.

The Bank was keen to launch initiatives to support and adopt the Central Bank of Jordan's Financial Inclusion Strategy, and avail financial services to various society's segments. The importance of this endeavor emanates from its effect on the sustainable economic growth and development. One initiative was to provide multi use smart university ID cards which serves as a Student ID. Another initiative was the cooperation with international aid organizations to assure the cash aid to reach all beneficiary through cards and IRIS recognition. The Banik has also developed programs to extend credit facilities to small and medium-sized enterprises with an emphasis on governorates to support women, youth and new projects.



**King Hussein Cancer Center  
(KHCC) – Summer Camp**



**Charity Clothing Bank**



**6th Edition of Children's Paintings  
Competition**



## Donations and Sponsorship

The overall donations and sponsorships provided by the Bank during 2015 amounted up to JOD 877 thousand divided between the following sectors.

	Thousand Dinars
Health sector	63
Social services	188
Education sector	390
Athletic sector	10
Cultural and artistic sector	118
National institutions	100
Other	8

The Bank will seek to maintain the achievements accomplished during 2015, while taking into account anticipated local, regional and international economic circumstances. In this respect, forecasts indicate that the Jordanian economy will continue to grow slowly, while JOD interest rates will remain at low levels due to the abundant liquidity in the economy and the satisfaction of the policy makers of the acceptable amount of foreign reserves, which indicates no imminent shift in monetary policy.

In this respect, the Bank will continuously monitor the local and international economic developments in order to take the necessary measures that would assure preservation of shareholders and depositors' funds. The Bank will work on improving the efficiency of its banking services and expanding the customers' base, while maintaining the quality of credit facilities portfolio. Financial inclusion will be at the forefront of the Bank's attention in 2016.

### **The completion of the establishment and operation of the Islamic Bank in Palestine is also a main priority for 2016**

**The following are the 2016 most important plan items:**

1. Maintain a high ratio of capital adequacy and a "well capitalized" rating according to the requirements set by the Central Bank of Jordan and in a manner that allows the Bank to continue expanding its business.
2. Continue working on implementing corporate governance and Basel II committee requirements with respect to the second pillar "Supervisory Review", as well as prepare to fulfill the Basel III committee requirements.
3. Maintain high liquidity levels to support the Bank's business by increasing various types of client deposits, while focusing on savings deposits and developing cash and in-kind award programs.
4. Strengthen the Bank's position among those providing banking services to individuals, through the expansion of cross selling and development of programs designed to meet the needs of different customer segments. While focusing on the services provided by smart cards.
5. Maintain the quality of the credit portfolio through expanding facilities provided, including benefiting from low-cost sources of funding provided by the Central Bank of Jordan and other international authorities, as well as exerting continued efforts to settle and collect non-performing facilities to decrease the percentage of non-performing facilities, while working on increasing the allocations coverage ratio.
6. Continue to apply the strategic plan for developing IT programs that help to enhance the Bank's operations.
7. Work on increasing performance efficiency and control expenditures while maintaining a high level of services provided to customers
8. Increase the points of sale network by opening three new branches in a number of target areas in Jordan, and by developing electronic banking services by means of increasing the number of ATM machines and guaranteeing their optimal distribution.
9. Continue to remodel the Bank's branches to keep them aligned with the corporate identity requirements by renovating 4 branches in Jordan and Palestine.
10. Develop the competences and skills of Bank employees by applying the annual training plan, and work on developing a comprehensive program for institutional performance
11. Continue to contribute to the support of local communities as part of the Bank's social responsibility.

Cairo Amman Bank manages all its various risks through a comprehensive policy which identifies and manages risks. This policy plays a crucial role in assigning different roles for all concerned parties responsible for implementing such a policy, mainly the Board of Directors, Risk Committee, Investment Committee, Audit Committee and Compliance Committee as well as the executive management and committees formed there by such as: Assets – Liabilities Management Committee (ALCO), Procedures Development Committee, and credit facilities committees. Specialized divisions such as Risk Management division, Compliance and AML division and Internal Audit division support all decision making processes. Moreover, every unit or employee in the Bank is held responsible for managing all the risks falling under his/her responsibilities and should observe appropriate internal controls and monitor its effectiveness in accordance with internal control system in the Bank.

The risk management process in the Bank includes the identification, measurement, evaluation and management of risks, be it financial or non-financial, which might have negative impact on Bank performance and reputation or on its objectives to ensure achieving the optimal equilibrium between risk undertaken and return achieved.

The general framework for risk management in the Bank is set in accordance with principals and methodologies that are in line with the size, concentration and the nature of its operations as well instructions of the regulatory authorities taking into consideration international best practices in this regard, including the following:

- The responsibility of the Board of Directors for risk management. The Risk Committee periodically review the policies, strategies and risk management procedures of the Bank, including the degree of acceptable risk limits.
- The responsibility of the Board of Directors represented by the Risk Committee in the development process of internal assessment of capital and analyzing current and future capital requirements in line with the structure of the Bank's risk and strategic objectives. In addition to its responsibility in ensuring the existence of an adequate system to evaluate the types of risk faced by the Bank and connect these risks to the required capital.
- The responsibility of the Board of Directors in approving the Bank's policies prepared by the executive management.
- The Risk Management Division, an independent department, prepares and sends its reports to the Risk Committee. However, for daily operations, the Division reports to the General Manager and is responsible to analyze all risks in addition to develop methodologies for measurement and control of each type of risk and reporting risks.
- The Risk Management Division is also responsible for the application and management of the internal capital adequacy assessment (ICAAP) methodology in an adequate and comprehensive manner that complies with the risk structure of the Bank.
- The Internal Audit Department provides independent confirmation of the business units' adherence to policies and procedures, and the effectiveness of the risk management framework of the Bank.

The Bank continues to adopt and implement the general framework of risk management for all kinds of risks facing the bank. Thus, adopting objectives pertaining to Bank capital commensurate with the internal control environment, strategic business plan, size and complexities of the Bank, structure, nature and levels of risks the Bank exposed thereof. In addition, the Bank adopts stress testing to measure its ability to face risk exposures in extreme situations by scenario analysis which would identify such events and the probable changes that might occur in the market that might affect negatively on the Bank's preventive performance measures are placed on which adequate procedures are identified and updated to overcome and manage these potential changes.

**Accordingly, the bank is exposed to the following key risks:**

### Credit Risk

It is the risk caused by the default or failure of one party on his obligations toward the bank which incur losses. The bank manages credit risks through establishing and developing different policies that identify and deal with all aspect of granting and maintaining credit in addition to setting upper credit limits granted to customers and to the totality of credit facilities granted to each sector and geographical location. Moreover, the bank continuously evaluates the creditworthiness of customers and accepting appropriate collateral.

The Bank manages credit risk in its portfolio through different conditions and limits provided for in the credit policies approved by the board of directors. These policies in general include clear ratios to maximum credit limits granted to

any customer and/or any group of related customers in addition to distributing credit to different geographical locations and to various businesses and economic sectors. Projected credit budgets take into consideration various limits provided for in the credit policies.

The Bank adopts different methodologies to mitigate or lessen risks which include for example but not limited to setting the acceptable collaterals and its conditions taking into consideration the fact that there should be no correlation between collateral value and customer activities. Moreover, the Bank adheres to the policy of insuring certain portfolios and additional provisioning as one of the risk mitigation techniques.

Accordingly, there are different departments within the Bank assigned with credit monitoring and following up as well as reporting any early warning signs aimed at following up and remediation.

### Market Risk

It is the risk that results from fair value or cash fluctuation of the financial instruments as a result of movement of market prices such as interest rate, foreign exchange and stock prices. Market risk exists as a result of open positions in interest rate and currency prices as well as investment in stock. Such prices are monitored in accordance with predetermined policies and procedures and through specialized committees and concerned departments or units.

Market risks are measured and monitored through various tools such as sensitivity analysis and stress testing as well as stop loss limits.

### Liquidity Risk

The risk that results from the inability of the Bank to provide the adequate financing to carry out its obligations on maturity dates, or to finance its own activities without having to incur heavy expenses and costs or losses. To prevent and mitigate such risk, Bank management and asset-liability management committee manage liquidity risk through using different sources of financing and ensuring there are no concentration in sources of financing. Moreover, plans are adopted for the provision of liquidity in emergency cases through a liquidity contingency plan.

### Operational Risk

It is the risk of loss as a result of inadequate or failure of internal procedures, employees, internal control system or external events.

Whereby the internal control process is one of the most important tools used in managing such kind of risk, Bank executive management has given premium and considerable attention to ongoing development of the control environment on all bank activities and operations. Thus, an operational risk policy has been approved to cover all bank's departments, units, foreign branches and subsidiaries.

The Bank continuously updates and develops business continuity plans to be appropriate and to ensure the continuity of all Bank activities and processes to serve customers in emergency events.

### Compliance Risk

Compliance risk is the risk of legal penalties, financial losses or damages to reputation as a result of non-compliance of the Bank and its internal policies with laws, regulations, instructions, codes of conduct, standards and correct banking practices issued by domestic and international governing bodies.

The Bank issued a compliance and anti-money laundering policy approved by the Board of Directors as a means to monitor the Bank's compliance with the laws, regulations and instructions issued by the regulatory authorities, best practices and industry standards through programs and working procedures that are based on the principle of Risk Based Approach. The Bank classified all laws and regulations that govern its activities within a database on the Bank intranet that is updated regularly with all legal and regulatory developments to help the executive management manage its compliance risk, in addition to monitoring the risk of non-compliance through a database that includes all laws and regulations issued by local and international regulatory and official authorities. This database belongs to the Bank and is updated according to regulatory and legislative developments that must be complied with.

In this respect, The Bank launched and equipped a FATCA Implementation Unit and a Customer Complaints Unit within the Compliance Monitoring Department with trained and qualified human resources. Hence, the FATCA Implementation Unit is keen to put FATCA into practice through the development of relevant regulatory programs and operating procedures in line with international guidelines and best practices adopted in this regard. It also follows up on and monitors the implementation of these policies and procedures by respective branches and concerned entities in an effort to protect CAB from non-compliance risks. Given CAB's commitment to the Foreign Account Tax Compliance Act – FATCA – the first report, containing US account holders' tax-related information, was submitted to the Internal Revenue Service (IRS) during the first quarter of 2015. Hence, IRS has confirmed the accuracy, validity and completeness of reports submitted by CAB, as well as subsidiaries and foreign branches.

Whereas, the Customer Complaints Unit has been launched to implement the requirements of the Central Bank of Jordan, adopt the best practices in this respect, as well as serve as an exclusive entity in charge of receiving and addressing all customers' complaints in a professional, proper manner that would ensure customers' loyalty and satisfaction with banking services provided. Furthermore, quarterly reports have been prepared and submitted to the Executive Management and Central Bank of Jordan. Such reports included the identification, analysis and classification of customers' complaints. Hence, the total number of complaints was estimated at 336 complaints received by the Customer Complaints Unit and submitted to the Executive Management during 2015. They included interest rates, commissions, fees, e-services, credit cards, money orders, and professional conduct-related information.

Furthermore, it is noteworthy to mention that the Compliance Monitoring Department adopts and implements a comprehensive and continuous training program to train all Bank employees on compliance control requirements, in an effort to protect the Bank from non-compliance risks, contribute to the dissemination and improvement of the compliance culture, and improve the efficiency and skills of the employees in this respect.

With respect to anti-money laundering initiatives, the Bank has adopted respective 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 Central Bank of Jordan, and international best practice in this respect, in order to mitigate risks involved. This is intended to identify financial operations' applicable procedures, implement due diligence measures in an effort to identify existing and potential customers as well as their legal and personal status and ultimate beneficiary, and ensure ongoing follow-up of banking transactions and operations while maintaining their business relations with the Bank.

### **During 2015, the Bank was keen to:**

1. Update the AML/CFT policy in line with the most important local and international developments that have taken place, in an effort to ensure alignment with the best banking practices issued in this respect, including the forty Financial Action Task Force (FATF) recommendations.
2. Keep up to date with the ongoing developments in the area of international sanctions and dedicate specialized systems and policies to protect CAB from the risks associated with non-compliance
3. Develop and update an automated system to combat money laundering and financing of terrorism, as well as other internal control systems in line with all new banking products and services-related policies and procedures, namely electronic and online services, in order to prevent the use of these products and services in money laundering and financing of terrorism.
4. Channel all Anti-Money Laundering Department's efforts towards the implementation of terrorism financing-related monitoring operations and mitigation of respective risks associated thereto, given current local and international situations. This could be carried out through the development and submission of regulatory reports and studies, as well as assessment and reflection of the best international publications on financing of terrorism on internal operating procedures.
5. Train all new employees, through the organization of dedicated practical and theoretical workshops to combat money laundering and financing of terrorism, in accordance with their positions, tasks, responsibilities and roles within the Bank.



The Bank gives a great deal of importance to proper corporate governance practices based on the principles of transparency and responsibility. The Bank follows sound professional practices that are in compliance with the Central Bank of Jordan's regulations, as well as the regulatory requirements of other countries in which it operates. Accordingly, the Board of Directors approved a corporate governance code that complies with Central Bank of Jordan's newly issued Corporate Governance Regulations.

The presence of an effective, professional and independent Board of Directors is one of the most important requirements of sound corporate governance practices. The board's primary role is to protect and enhance the shareholders' long-term value through the establishment of strategic direction and monitoring achieving the goals by the executive management.

The Bank's Board of Directors is composed of twelve members that were elected for a period of four years by the General Assembly during its meeting held on April 22, 2014. The members of the board have a range of skills and experiences that increases the effectiveness of the board. All members of the board are non-executive members.

To assist it in the carrying out of its duties, the Board of Directors have established several specialized committees, each has its own roles and duties:

### Corporate Governance Committee

The Corporate Governance Committee consists of the Chairman of the Board of Directors and two non-executive Board members, as follows:

Mr. Yazid Adnan Mustafa Al-Mufti, Chairman.

Mr. Tarek Mufleh Moh'd Akel, Vice Chairman.

Mr. Sharif Mahdi Hosni Al-Saifi, Member.

The duties of the Committee include directing the preparation and the implementation of the Bank's Corporate Governance Code. It also perform contentious review of the code and recommends to the Board of Directors any updates or additions that would enhance the effectiveness of the board.

### Audit Committee

The Audit Committee consists of three non-executive members, as follows:

Mr. Arfan Khalil Kamel Ayass, Chairman.

Mrs. Soha Basil Andraws Ennab, Vice Chairman.

Mr. Ghassan Ibrahim Fares Akeel, Member.

#### The duties of the Committee include:

- Reviewing the financial statements before being presented to the Board of Directors, in addition to meeting with external auditors and making necessary recommendations
- Supervising internal audit activities, including reviewing the annual internal audit plan, and the internal audit reports.
- Recommending to the Board of Directors with the accounting policies and practices of the Bank as well as reviewing all accounting issues that have a significant effect on the financial statements.
- Reviewing the Bank's internal controls and its adequacy through the reports of the internal audit department and the external auditors.
- Recommending to the Board of Directors the appointment or the removal, the remuneration and other contractual terms of the external auditors, in addition to assessing the objectivity of the external auditors, including the consideration of any other non-audit work performed by the external auditors.

The Audit Committee meets on a regular basis every three months, and meets with the Head of Internal Audit's Department as well as the external auditors at least one time during the year without the presence of members of the executive management.

## Risk Management Committee

The Risk Management Committee consists of the Chairman of the Board of Directors and four non-executive Board members, as follows:

- Mr. Yazid Adnan Mustafa Al-Mufti, Chairman.
- Mr. Mohammed Mahmoud Ahmed El-Etreby, Vice Chairman.
- Mr. Nedal Fa'eq Mohammed Al-Qubaj, Member.
- Mr. Tarek Mufleh Moh'd Akel, Member.
- Mrs. Soha Basil Andraws Ennab, Member.

### The main duties of the Committee include:

- Reviewing Risk Management strategy before being approved by the Board, and assessing its effectiveness on a continuous basis
- Ensuring the existence of policies and framework of risk management function, and reviewing it on a regular basis, and amending it when necessary.
- Overseeing the Head of Risk Management and the annual plan of the division activities.
- Ensuring that risk management functions have adequate expertise and resources to fulfill its responsibilities.
- Reviewing assumptions used in risk measurement models.
- Overseeing the development of the risks database.
- Reviewing stress tests on credit, liquidity, market and operational risks and approving contingency planning.
- Reviewing the reports of the risk management division
- Monitoring the Bank's preparation and implementation of Basel committee requirements with respect to risk management and measurement issues.
- Receiving regular reports from the assets liabilities committee
- Ensuring the existence of a business continuity plan and that it is being tested on a regular basis.

The Risk Management Committee meets at least four times a year, and submits its reports to the Board of Directors. Any of the Executive Management members is invited to attend any of its meetings as often as necessary.

## Investment and Real Estate Committee

The Investment and Real Estate Committee consists of the Chairman of the Board of Directors and three non-executive Board members, as follows:

- Mr. Yazid Adnan Mustafa Al-Mufti, Chairman.
- Dr. Farouq Ahmad Hassan Zuaiter, Vice Chairman.
- Mr. Khaled Sabih Taher Al-Masri, Member.
- Mr. Hassan Ali Hussein Abu Al-Ragheb, Member.

The Investment and Real Estate Committee is, therefore, in charge of developing and reviewing the Bank's investment policy, as well as studying new investment opportunities. The Committee also reviews and approves recommendation from the management to sell any of the properties where decisions are passed by circulation.

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of five non-executive members, as follows:

- Mr. Sharif Mahdi Hosni Al-Saifi, Chairman.
- Mrs. Soha Basil Andraws Ennab, Vice Chairman.
- Dr. Farouq Ahmad Hassan Zuaiter, Member.
- Mr. Khaled Sabih Taher Al-Masri, Member.
- Mr. Yassin Khalil Mohamed Yassin Al-Talhouni, Member

**The duties of the Committee include:**

- Setting the method to assess the effectiveness of the Board and its Committees
- Making the determination of whether a Director is independent.
- Nominating board appointments to the General Assembly
- Providing background briefing material for Directors as requested, as well as ensuring that they are kept up to date on relevant banking topics.
- Recommending to the Board the remuneration, including monthly salary and other benefits, of the General Manager. The Nominations and Remuneration Committee also reviews the bonuses and other remuneration of other executive management.
- Ensuring that the Bank has a remuneration policy sufficient to attract and retain qualified individuals and is in line with the Bank's peers in the market.

The Nomination and Remuneration Committee meets periodically. Any of the Executive Management members is invited to attend any of its meetings as often as necessary

**Compliance Committee**

The Compliance Committee consists of the Chairman of the Board of Directors and two non-executive Board members, as follows:

- Mr. Yazid Adnan Mustafa Al-Mufti, Chairman.
- Mr. Khaled Sabih Taher Al-Masri, Vice Chairman.
- Mr. Tarek Mufleh Moh'd Akel, Member

**The duties of the Committee include:**

- Reviewing Compliance and Anti-Money Laundering Division strategies before being approved by the Board, and assessing its effectiveness on a continuous basis.
- Ensuring the existence of policies and framework of compliance and Anti-Money Laundering function, and reviewing it on a regular basis.
- Overseeing the Head of Compliance and Anti-Money Laundering and the annual plan of the department activities.
- Ensuring that compliance and Anti-Money Laundering function has adequate expertise and resources to fulfill its responsibilities.
- Reviewing the reports of the compliance and Anti-Money Laundering division.
- Receiving and following up on compliance reports and internal monitoring reports regarding compliance management.

The Compliance Committee meets on a regular basis at least every three months, and the Head of Compliance and Anti-Money Laundering Division is invited to attend its meetings.

**Strategies Committee**

The Strategies Committee consists of the Chairman of the Board of Directors and two non-executive Board members, as follows:

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

The duties of the committee include setting and reviewing the Bank's strategy.

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 2015	Board of Directors	Corporate Governance Committee	Audit Committee	Risk Committee	Investment and Real Estate Committee	Nomination and Remuneration Committee	Compliance Committee	Strategies Committee
	7	2	5	5	4	3	4	2
Mr. Yazid Adnan Mustafa Al-Mufti	7(7)	2(2)		5(5)	4(4)	1(1)	3(3)	2(2)
Dr. Farouq Ahmad Hassan Zuaiter	6(7)				4(4)	1(2)		
Mr. Khaled Sabih Taher Al-Masri	7(7)			1(1)	2(4)	3(3)	1(3)	
Mr. Mohamed Mahmoud Ahmed El-Etrabi	6(6)			4(4)				
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	7(7)					1(2)	0(1)	
Mr. Arfan Khalil Kamel Ayass	7(7)		4(4)				1(1)	
Mr. Ghassan Ibrahim Fares Akeel	7(7)		5(5)					2(2)
Mr. Hassan Ali Hussein Abu Al-Ragheb	7(7)				1(1)			
Mr. Nedal Fa'eq Mohammad Al-Qubaj	7(7)		1(1)	4(4)				
Mr. Shareef Mahdi Hosni Al-Seifi	6(7)	2(2)	3(4)			2(2)		
Mrs. Suha Basil Andraws Ennab	6(6)		1(1)	4(4)		2(2)		2(2)
Mr. Tarek Mufleh Moh'd Akel	5(5)	2(2)		4(4)			3(3)	
Mr. Nashat Taher Nashat Al-Masri	1(1)						1(1)	
Mrs. Sohir Sayed Mahmoud Ibrahim	2(2)			1(1)				
Mr. Ahmad Mohyee Aldeen Abu Al-Ezz (4)	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 memberships:	Board member of Zara Investment (Holding) Company, Palestine Development and Investment Company (PADICO) ,Middle East Insurance Company and Eqbal Investment Company.

### 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, 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"><li>• Managing Director and Chief Executive Officer of Egypt Gulf Bank from January 2013 until December 2014</li><li>• Chairman of the Egyptian Arab Land Bank from 2011 until 2013</li><li>• Chief Executive Officer of Arab Investment Bank from 2009 until 2011</li><li>• Worked in leadership positions at International Egyptian Bank</li><li>• Worked in Arab African International Bank, Tadhamon Bank and International Credit Bank</li></ul>
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:	Master 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:	Master 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

## Nedal Fa'eq Mohammad Al-Qubaj

Type of Membership:	Non-executive, non-independent
Member since:	15/08/2013
Date of birth:	02/07/1980
Academic Qualifications:	Master in Accounting Bachelor in Accounting
Professional Experience:	Acting Head of Risk Management and Strategic Planning Department in the Social Security Investment Fund since 11/2012. Experience in risk management in Social Security Investment Fund for more than 8 years including the Investment Risk Manager. Experience in banking through his work at Arab Bank.
Board memberships:	None

## Sharif Mahdi Hosni Al-Saifi

Type of Membership:	Non-executive, independent
Member since:	28/03/2010
Date of birth:	06/06/1972
Academic Qualifications:	Master 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"> <li>• Deputy General Manager of Societe Generale Bank Jordan from 9/2003 until 5/2007</li> <li>• Assistant General Manager of Cairo Amman Bank from 9/1992 until 8/2003</li> <li>• Vice-President at City Bank of Jordan from 4/1981 until 8/1992.</li> </ul>
Board memberships:	Deputy of 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:	Master in Business Administration in Finance and Banking Master 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





## 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
Professional Experience:	Holder of a CIB certificate from the Chartered Banker Institute 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 a Head of 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 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 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 AML Department from 2009 to 7/2013 and previously  
Manager of 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 Central Accounting Department since 4/1992  
Experience in accounting in the Income & Sales Tax Department from  
1985 to 1992

## Directors' Shareholdings

	Nationality	2015	2014
Mr. Yazid Adnan Mustafa Al-Mufti	Jordanian	1,817	1,420
Kareem Yazid Adnan Al-Mufti (Son)	Jordanian	39	31
Dr. Farouq Ahmad Hassan Zuaiter	Jordanian	181,222	135,972
Nihad Qamar Elias Akkawi (Wife)	Jordanian	166,901	140,392
Mr. Khaled Sabih Taher Al-Masri	Jordanian	8,000	6,250
Relatives	-	-	-
Banque Misr	Egyptian	17,244,128	13,471,975
Mr. Mohamed Mahmoud Ahmed El-Etrebi	Egyptian	-	-
Relatives	-	-	-
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	Jordanian	7,935,679	7,006,935
Relatives	-	-	-
Mr. Arfan Khalil Kamel Ayass	Lebanese	1,280	-
Relatives	-	-	-
Arab Investment and Trade Company	Jordanian	3,263,143	2,549,331
Mr. Ghassan Ibrahim Fares Akeel	Jordanian	34,400	26,875
Dima Jamal Zuhdi Hamed (Wife)	Jordanian	5,623	4,393
Ibrahim Ghassan Ibrahim Akeel (Son)	Jordanian	5,651	4,415
Omar Ghassan Ibrahim Akeel (Son)	Jordanian	5,651	4,415
Ishraq Investment Company	Jordanian	9,818	7,671
Mr. Hassan Ali Hussein Abu Al-Ragheb	Jordanian	-	-
Relatives	-	-	-
Social Security Corporation	Jordanian	9,965,347	7,238,553
Mr. Nedal Fa'eq Mohammad Al-Qubaj	Jordanian	-	-
Relatives	-	-	-
Mr. Sharif Mahdi Hosni Al-Saifi	Jordanian	356,874	278,808
Taimour Sharif Mahdi Al-Saifi (Son)	Jordanian	93,762	48,252
Kayan Sharif Mahdi Al-Saifi (Son)	Jordanian	96,323	50,253
Mrs. Suha Basil Andraws Ennab	Jordanian	1,280	-
Relatives	-	-	-
Mr. Tarek Mufleh Moh'd Akel	Jordanian	1,280	-
Relatives	-	-	-

No contributions made for companies owned by members of the BOD



## Executives, Informed Employees, and Relatives Shareholdings

Name	Position	Nationality	2015		2014	
			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	6,400	-	5,000	-
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 Makhamreh	Head of Internal Audit	Jordanian	-	-	-	-
Mr. Fuad Younes Abdel Lateef Saleh	Acting Head of Finance	Jordanian	-	-	-	-



## Shareholders with 1% or more ownership

Name	2015		2014		Ultimate Beneficiary
	Current	Mortgaged	Current	Mortgaged	
Al-Massira Investment Company	18,220,483	-	14,234,753	-	Sabih Taher Al-Masri Khaled Sabih Al-Masri
Banque Misr	17,244,128	-	13,471,975	-	-
Najwa Mohammad Abdul Rahman Madi	16,720,000	-	13,062,500	-	Herself
Social Security Corporation	9,965,347	-	7,238,553	-	-
Yasin Khalil Mohamad Yasin Al-Talhouni	7,935,679	2,333,836	7,006,935	1,823,310	Himself
Sabih Taher Darwish Al-Masri	8,341,913	-	6,517,120	-	Himself
Hamzah Khalil Mohamad Yasin Al-Talhouni	7,600,000	1,500,000	6,470,000	-	Himself
Al Zafer Investment Company	6,850,716	-	5,340,837	-	Hisham Zafer Al-Masri Hanaa Zafer Al-Masri Maha Zafer Al-Masri Raghda Ibrahim Nembr Al-Nabulsi
The Congress Foundation	6,403,437	-	4,781,486	-	-
Palestine Telecommunications Company	9,403,805	-	4,515,912	-	-
Palestine Development & Investment Company	-	-	2,833,046	-	-
Rola Khalil Mohammad Yasin Al-Talhouni	3,327,293	-	2,624,048	-	Herself
Arab Supply and Trading Company	3,263,143	-	2,549,331	-	Sabih Taher Al-Masri
Proudstar Trading Ltd.	2,665,344	-	2,082,300	-	-
Lana Jane Munib Abdul Rahman Madi	2,265,905	2,113,890	1,947,358	1,651,479	Herself
Middle East Insurance Company	1,804,879	-	1,410,062	-	-
Najwa Bint Nafez Bin Saleh Mustafa	1,777,774	-	1,388,886	-	Herself
Abeer Bint Nafez Bin Saleh Mustafa	1,777,774	-	1,388,886	-	Herself
Zeina Bint Nafez Bin Saleh Mustafa	1,777,774	-	1,388,886	-	Herself
Rola Bint Nafez Bin Saleh Mustafa	1,777,774	-	1,388,886	-	Herself
Mary Issa Elias Allusi	1,688,884	-	1,319,441	-	Herself
<b>Total</b>	<b>130,812,052</b>	<b>5,947,726</b>	<b>102,961,210</b>	<b>3,474,789</b>	<b>-</b>

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 13,79% of the Bank's paid in capital



## Board of Directors & Executive Management Remunerations during 2015

Name	Transportation	Travel	committees Attendance	Salaries and Allowance	BOD Bonus
<b>Board of Directors:</b>					
Mr. Yazid Adnan Mustafa Al-Mufti	14,749	-	-	-	305,000
Dr. Farouq Ahmad Hassan Zuaiter	15,475	-	5,396	-	5,000
Mr. Khaled Sabih Taher Al-Masri	15,475	-	4,796	-	5,000
Mr. Mohamed Mahmoud Ahmed El-Etrebi	2,539	15,032	3,597	-	-
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	15,475	-	1,799	-	5,000
Mr. Arfan Khalil Kamel Ayass	1,652	17,250	10,791	-	5,000
Mr. Ghassan Ibrahim Fares Akeel	2,857	17,250	7,194	-	5,000
Mr. Hassan Ali Hussein Abu Al-Ragheb	15,475	-	1,799	-	2,708
Social Security Corporation	15,475	-	3,597	-	5,000
Mr. Sharif Mahdi Hosni Al-Saifi	15,475	-	16,187	-	5,000
Mrs. Suha Basil Andraws Ennab	14,425	-	11,691	-	-
Mr. Tarek Mufleh Moh'd Akel	12,950	-	10,791	-	-
Mrs. Sohir Sayed Mahmoud Ibrahim	938	4,585	-	-	5,000
Mr. Ahmad Mohyee Aldeen Abu Al-Ezz	1,982	2,304	-	-	-
Mr. Nashat Taher Nashat Al-Masri	1,050	-	-	-	5,000
Mr. Mohammad Kamal Al-Deen Barakat	-	-	-	-	5,000
Mr. Ibrahim Hussein Mohammad Abu Al-Ragheb	-	-	-	-	2,292
<b>Executive Management:</b>					
Mr. Kamal Ghareeb Abdul Rahim Al-Bakri	-	-	-	447,856	361,046
Mr. Khaled Mahmoud Abdullah Qasim	-	-	-	228,424	84,500
Mrs. Rana Sami Jadallah Al-Sunna	-	-	-	185,280	75,000
Mr. Nizar Tayseer Saleh Mohammed	-	-	-	179,744	56,000
Mrs. Reem Younis Mohammad Al- Eses	-	-	-	114,240	47,000
Miss Jan Shawkat Mahmoud Yadaj Zakaria	-	-	-	122,384	31,000
Mr. Yousef Abdul fatah Suleiman Abu Al-Haija	-	-	-	65,888	18,500
Mr. Antone Vector Antone Sabella	-	-	-	66,400	16,000
Mrs. Margaret Muheeb Issa Makhamreh	-	-	-	63,664	16,000
Mr. Fuad Younes Abddel lateef Saleh	-	-	-	68,476	10,700
<b>Total</b>	<b>145,990</b>	<b>56,421</b>	<b>77,638</b>	<b>1,542,536</b>	<b>1,075,746</b>

- 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 2014
- Government decisions during 2014 did not have any material effect on the Bank’s operations.
- All activities and operations performed during 2014 were of a recurring nature and in line with the Bank’s main activities.
- Capital expenditures during 2015 were JD 9,076,687
- Audit fees for 2015 were JD 190,743 in addition to sales and value added taxes and distributed as follows:

	JD
Cairo Amman Bank	171,180
Awraq Investment	9,500
Al-Watanieh Securities	4,963
Tamallak Leasing	<u>5,000</u>
	<u>190.643</u>

Other consulting fees paid to the external auditors during the year amounted to JD 24,953 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, Chairman and members of the Board of Directors except for regular banking operations that are fully disclosed in note 38 to the financial statement. Those transactions are made in accordance with Central Bank of Jordan regulations

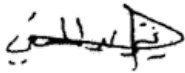


## Statement from the Board of Director and Executive Management

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



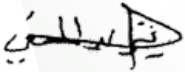
The Board of Directors affirms that according to its knowledge and beliefs, there are no significant issues, which would affect the sustainability of the Bank's operations during the next fiscal year of 2015.

The Board of Directors also acknowledges its responsibility for the preparation of the financial statements for the year 2014 noting that the Bank maintains an effective internal control structure.

The member of the Board of Directors affirms that he/ she did not receive (personally or through any related party) any benefits during 2014 from the Bank that are not disclosed, whether financial or in-kind.

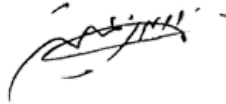
Chairman

Yazid Adnan Mustafa Al-Mufti



Vice Chairman

Dr. Farouq Ahmad Hassan Zuaiter



Khaled Sabih Taher Al-Masri

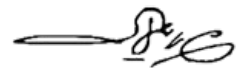


Mohamed Mahmoud Ahmed El-Etrabi

Yasin Khalil Mohamad Yasin Al-Talhouni



Arfan Khalil Kamel Ayass



Ghassan Ibrahim Fares Akeel



Hassan Ali Hussein Abu Al-Ragheb



Nedal Fa'eq Mohammad Al-Qubaj




Sharif Mahdi Hosni Al-Saifi



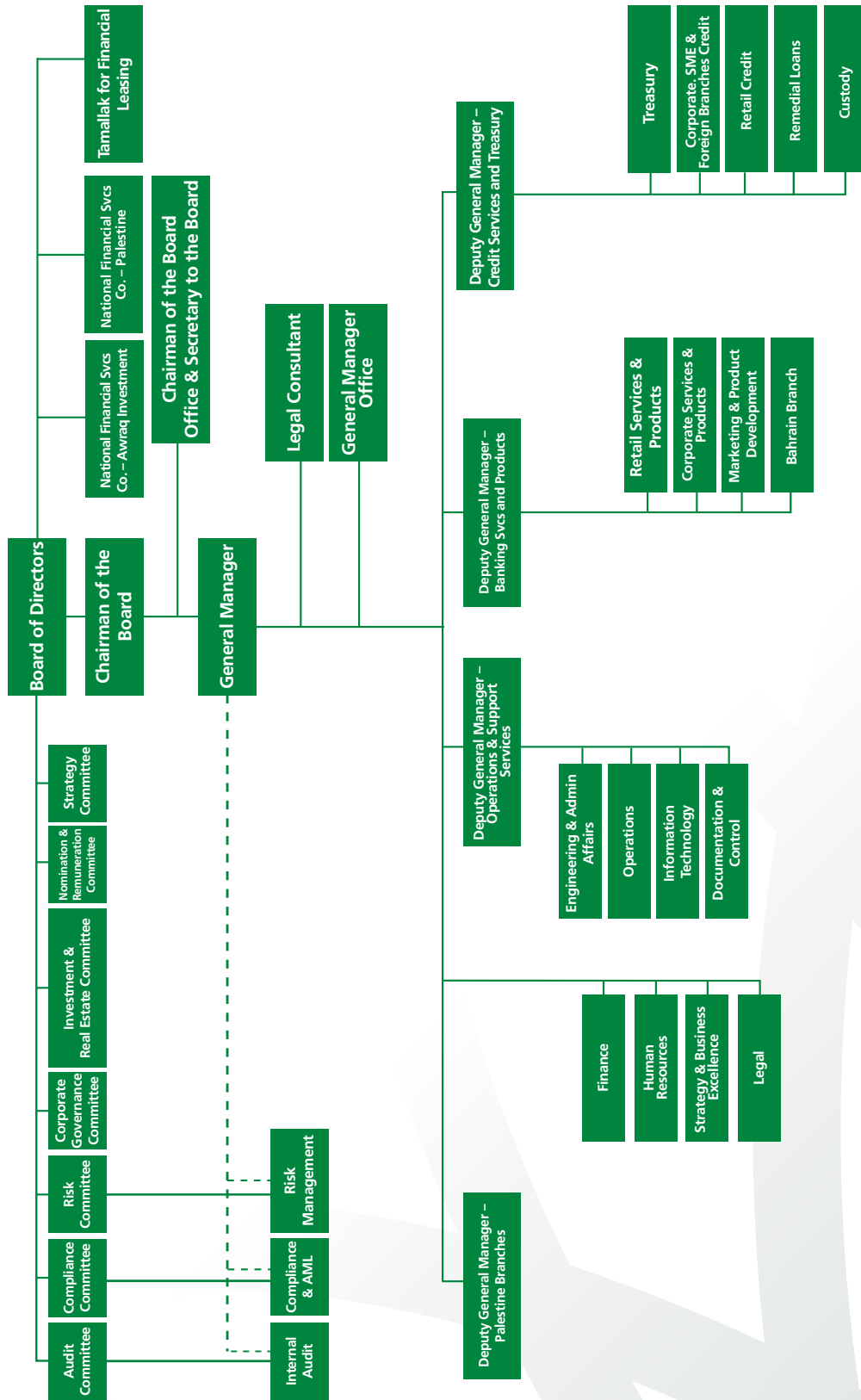
Suha Basil Andraws Ennab



Tarek Mufleh Moh'd Akel

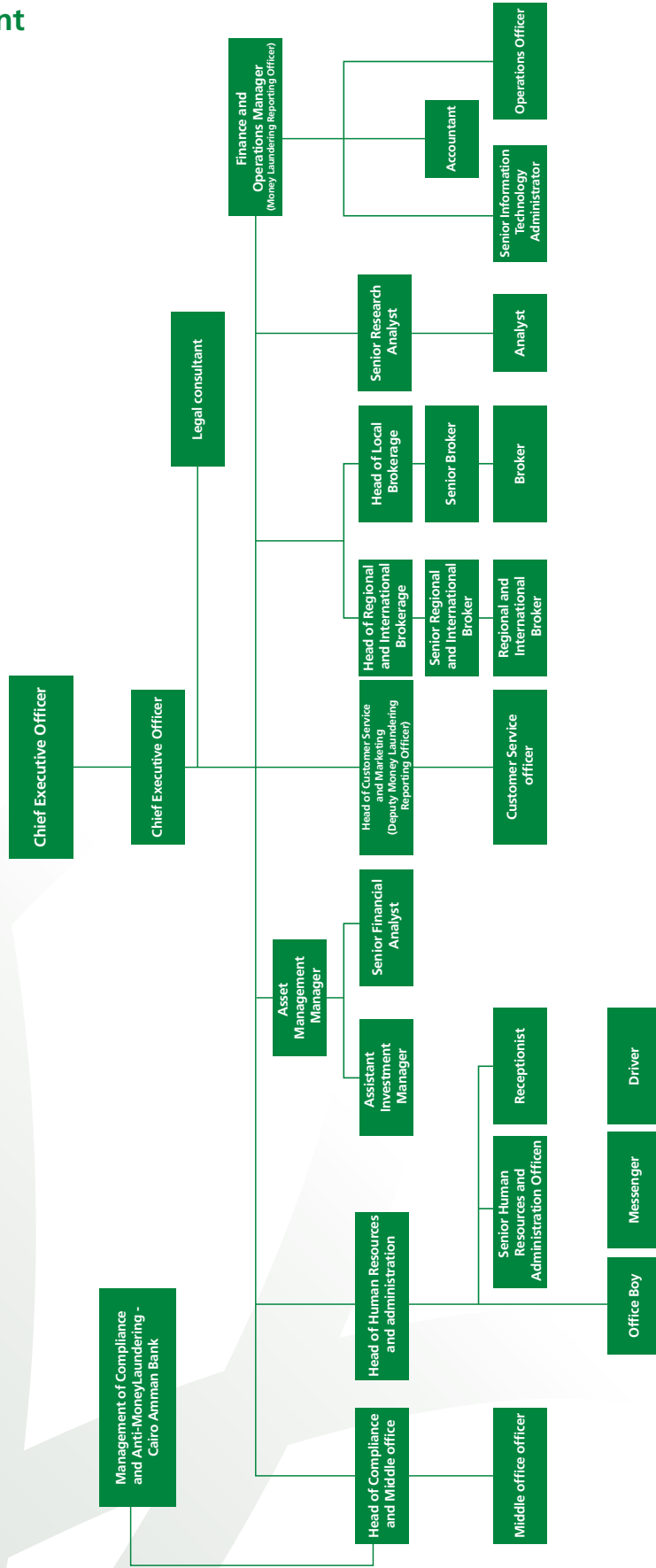


# Organizaion Structure

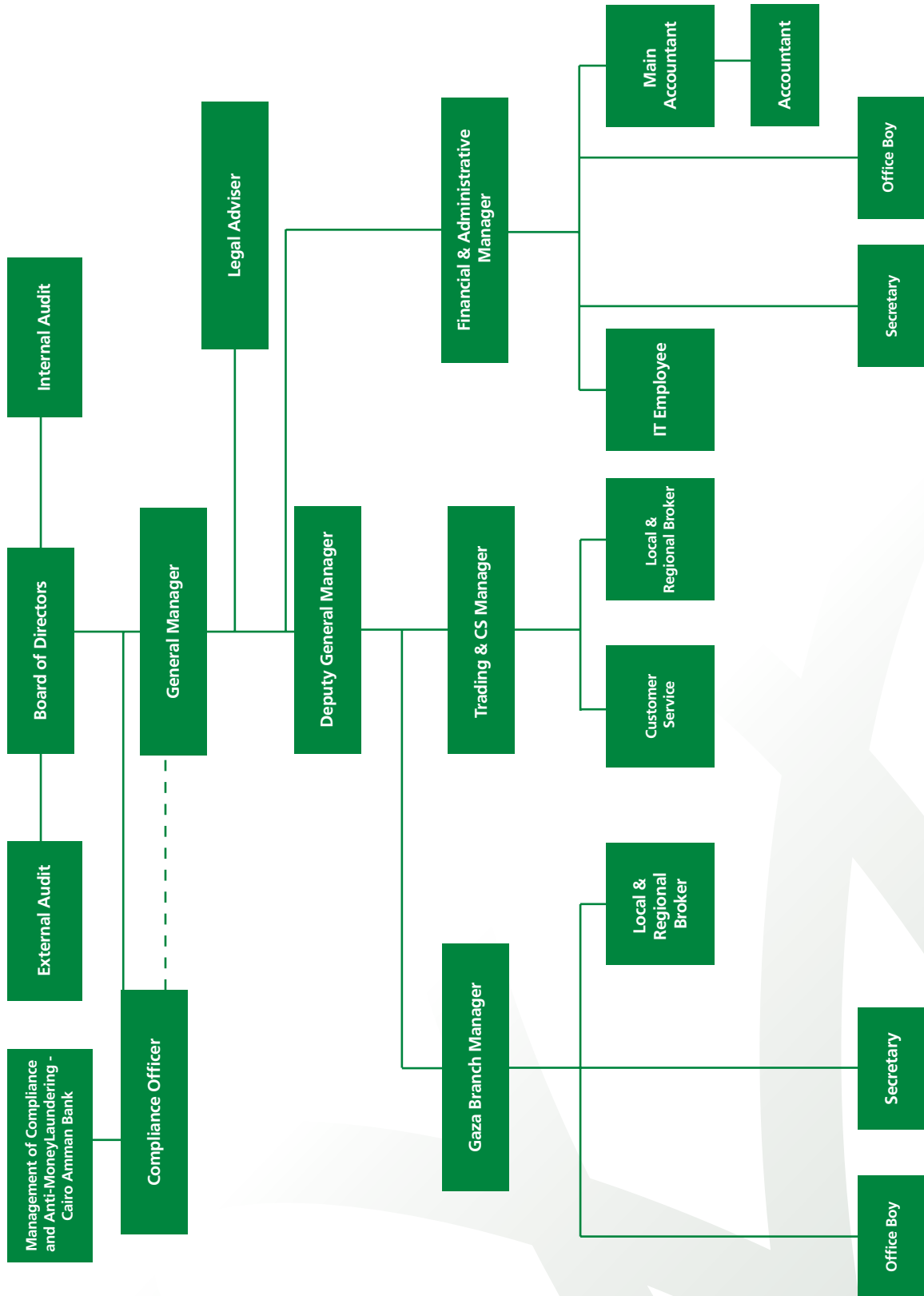




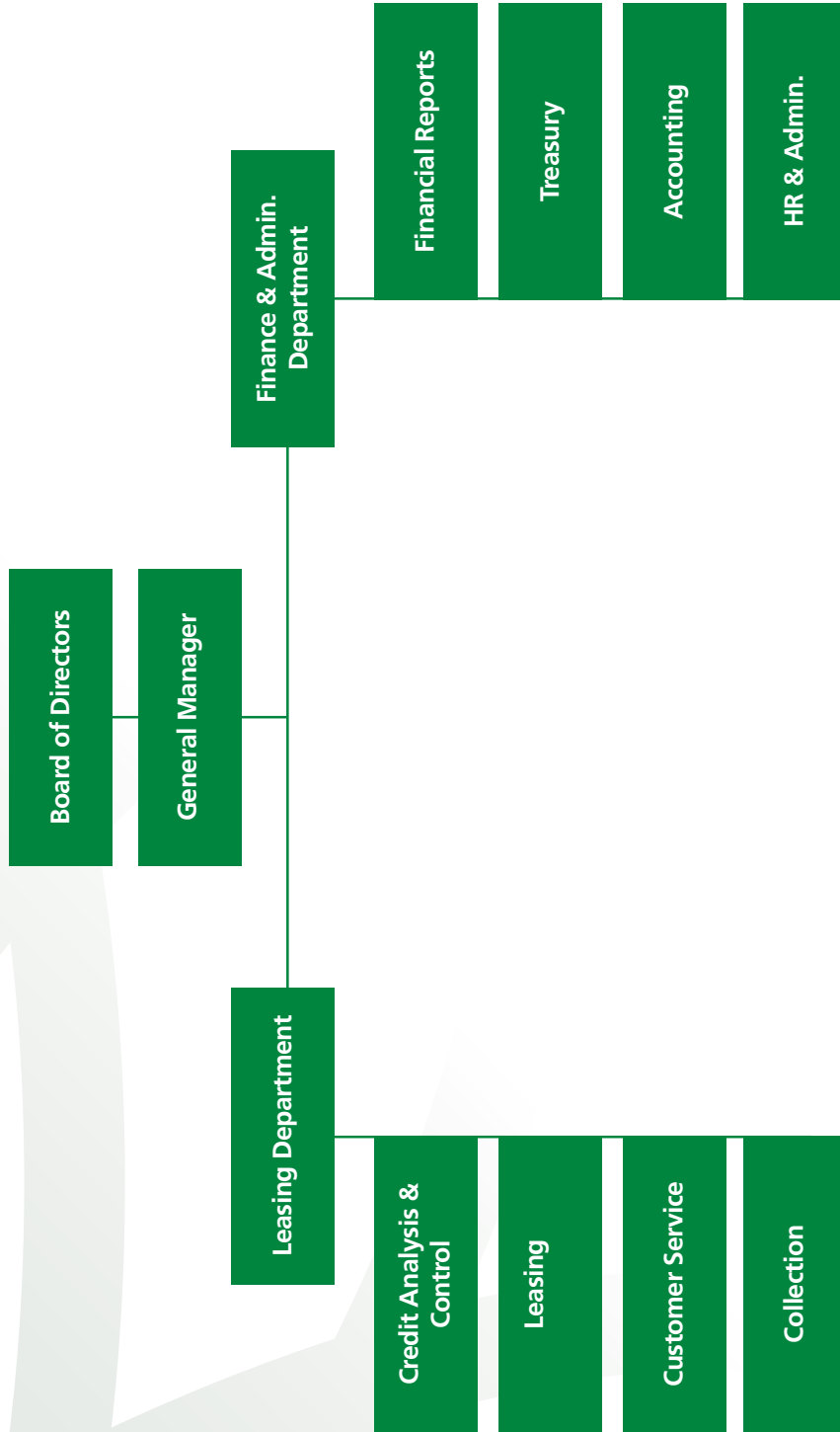
# AWRAQ Investment



# Al-Watanieh Securities Company



## Tamallak Leasing





# Consolidated Financial Statements

# CAB Gallery Exhibitions 2015



7X7 Arab Female Formative Artists



CAB's 6th annual  
Children's Paintings Competition (CPC)



Nasser Abdelaziz Art Exhibition  
at CAB Gallery



CAB International Art Symposium





Ernst & Young Jordan  
P.O.Box 1140  
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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
CAIRO AMMAN BANK  
AMMAN - JORDAN**

We have audited the accompanying consolidated financial statements of **CAIRO AMMAN BANK** (a public shareholding company) and its subsidiaries ("the Bank"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the Financial Statements**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of 31 December 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on the legal and regulatory requirements**

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

Amman – Jordan  
11 February 2016

**Cairo Amman Bank**  
**Consolidated statement of financial position**  
**As at 31 December 2013 (in Jordanian Dinars)**

	Notes	2015	2014
<b>Assets</b>			
Cash and balances with Central Banks	4	212,347,289	188,460,382
Balances at banks and financial institutions	5	552,356,037	466,269,945
Deposits at banks and financial institutions	6	113,199,984	107,399,984
Financial assets at fair value through profit or loss	7	28,171,886	28,575,734
Financial assets at fair value through other comprehensive income	8	37,302,031	25,130,993
Direct credit facilities	9	1,144,240,181	1,020,556,375
Financial assets at amortized cost	10	275,985,687	394,722,809
Financial assets pledged as collateral	11	77,618,957	17,994,351
Property and equipment	12	30,489,984	28,885,625
Intangible assets	13	10,189,750	9,144,718
Deferred tax assets	20	4,265,762	3,035,727
<b>Other assets</b>	14	<u>45,894,556</u>	<u>63,178,353</u>
<b>Total Assets</b>		<u>2,532,062,104</u>	<u>2,353,354,996</u>
<b>Liabilities And Equity</b>			
LIABILITIES -			
Banks and financial institutions' deposits	15	382,932,831	256,347,863
Customers' deposits	16	1,570,016,124	1,587,403,083
Margin accounts	17	86,464,640	87,128,350
Loans and borrowings	18	107,238,340	50,401,488
Sundry provisions	19	13,569,964	13,086,103
Income tax liabilities	20	23,599,266	23,808,580
Deferred tax liabilities	20	2,149,293	2,808,494
Other liabilities	21	<u>38,513,667</u>	<u>40,559,047</u>
<b>Total Liabilities</b>		<u>2,224,484,125</u>	<u>2,061,543,008</u>
<b>Equity</b>			
Paid in capital	22	160,000,000	125,000,000
Statutory reserve	23	60,988,222	54,539,179
General banking risk reserve	23	12,670,000	12,270,000
Cyclical fluctuations reserve	23	5,902,049	5,079,998
Fair value reserve (net)	24	(6,917,105)	2,323,033
Retained earnings	25	<u>74,934,813</u>	<u>92,599,778</u>
<b>Total Equity</b>		<u>307,577,979</u>	<u>291,811,988</u>
<b>Total Liabilities and Equity</b>		<u>2,532,062,104</u>	<u>2,353,354,996</u>

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

**Cairo Amman Bank**  
**Consolidated Income Statement**  
**For the year ended 31 December 2015 (in Jordanian Dinars)**

	Notes	2015	2014
Interest income	27	142,609,154	150,090,668
Interest expense	28	<u>41,170,304</u>	<u>46,534,283</u>
<b>Net interest income</b>		101,438,850	103,556,385
Net commission income	29	<u>20,324,769</u>	<u>21,333,937</u>
<b>Net interest and commission income</b>		121,763,619	124,890,322
<b>Other income –</b>			
Gain from foreign currencies	30	2,668,578	2,914,095
Net gain from financial assets at fair value through profit or loss	31	643,723	2,503,351
Dividends from financial assets at fair value through other comprehensive income	32	1,301,280	1,012,868
Gain from financial assets at amortized cost		-	326,815
Other income	33	<u>5,561,787</u>	<u>4,983,425</u>
<b>Gross profit</b>		131,938,987	136,630,876
Employees' expenses	34	38,031,909	37,801,601
Depreciation and amortization	12,13	6,412,576	6,137,008
Other expenses	35	23,383,737	20,903,412
Impairment loss on direct credit facilities	9	2,756,444	5,488,203
Impairment on repossessed assets		16,757	2,750,000
Sundry provisions	19	<u>1,050,165</u>	<u>1,086,274</u>
<b>Total expenses</b>		<u>71,651,588</u>	<u>74,166,498</u>
<b>Profit before tax</b>		60,287,399	62,464,378
Income tax expense	20	<u>19,119,145</u>	<u>17,931,011</u>
<b>Profit for the year</b>		<u>41,168,254</u>	<u>44,533,367</u>
		JD/ Fils	JD/ Fils
Basic and diluted earnings per share	36	<u>0/257</u>	<u>0/278</u>

**Consolidated Statement Of Comprehensive Income**  
**For the year ended 31 December 2015 (in Jordanian Dinars)**

	2015	2014
Profit for the year	41,168,254	44,533,367
Other comprehensive income, which will not be transferred to profit or loss in future periods:		
Net movement in fair value reserve	<u>(8,927,263)</u>	<u>275,974</u>
<b>Total Comprehensive income for the year</b>	<u>32,240,991</u>	<u>44,809,341</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 2015 (in Jordanian Dinars)**

2015 -	Paid in Capital JD	RESERVES				Fair Value Reserve JD	Retained earnings JD	Total Equity JD
		Statutory JD	Voluntary JD	General Banking Risk JD	Cyclical JD			
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
Total comprehensive for the year	-	-	-	-	-	(8,927,263)	41,168,254	32,240,991
Dividends paid	-	-	-	-	-	-	(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)
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>-</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>

2014 -								
Balance at 1 January 2014	100,000,000	48,475,553	1,321,613	11,820,000	4,032,498	2,107,043	96,420,940	264,177,647
Total comprehensive income for the year	-	-	-	-	-	275,974	44,533,367	44,809,341
Dividends paid	-	-	-	-	-	-	(17,000,000)	(17,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(59,984)	59,984	-
Capital increase	25,000,000	-	(1,321,613)	-	-	-	(23,678,387)	-
Capital increase related expenses	-	-	-	-	-	-	(175,000)	(175,000)
Transferred to reserves	-	6,063,626	-	450,000	1,047,500	-	(7,561,126)	-
Balance at 31 December 2014	<u>125,000,000</u>	<u>54,539,179</u>	<u>-</u>	<u>12,270,000</u>	<u>5,079,998</u>	<u>2,323,033</u>	<u>92,599,778</u>	<u>291,811,988</u>

- The general banking risk reserve and the credit balance of fair value reserve are restricted from use without a prior approval from Central Bank of Jordan.
- At 31 December 2015, the unrealized gains included 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.
- The retained earnings includes deferred tax assets amounted to JD 4,265,762 and is restricted from use as per the Central Bank of Jordan instructions.
- The Bank cannot use a restricted amount of JD 6,917,105 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 2015 (in Jordanian Dinars)**

	Note	2015	2014
<b>Operating Activities</b>			
Profit before tax		60,287,399	62,464,378
Adjustments for -			
Depreciation and amortisation		6,412,576	6,137,008
Impairment loss on direct credit facilities		2,756,444	5,488,203
Sundry provisions		1,050,165	1,086,274
Unrealized loss (gain) from financial assets at fair value through profit or loss		1,197,008	(9,035)
Gain from sale of property and equipment		(14,390)	(34,073)
Gain from sale of repossessed properties		(333,669)	(237,959)
Impairment on repossessed assets		16,757	2,750,000
Effect of exchange rate changes on cash and cash equivalents		<u>(2,418,202)</u>	<u>(2,622,536)</u>
Operating profit before changes in operating assets and liabilities		68,954,088	75,022,260
Changes in assets and liabilities -			
(Decrease) increase in deposits at banks and financial institutions maturing after more than three months		(5,800,000)	30,800,016
(Increase) decrease in financial assets at fair value through profit or loss		(793,160)	588,469
(Increase) in direct credit facilities		(126,440,250)	(61,257,404)
(Increase) in other assets		(2,192,171)	(5,004,130)
Increase in banks and financial institution deposits maturing after more than three months		2,836,000	635,000
(Decrease) increase in customers' deposits		(17,386,959)	161,384,611
(Decrease) increase in margin accounts		(663,710)	17,854,877
Sundry provisions paid		(566,304)	(526,370)
(Decrease) increase in other liabilities		<u>(2,045,380)</u>	<u>2,935,622</u>
Net cash (used in) from operating activities before income tax		(84,097,846)	222,432,951
Income tax paid		<u>(19,727,689)</u>	<u>(18,695,449)</u>
Net cash (used in) from operating activities		<u>(103,825,535)</u>	<u>203,737,502</u>
<b>Investing Activities</b>			
Purchase of financial assets at fair value through OCI		(4,183,752)	(21,270)
Sale of financial assets at fair value through OCI		1,388,325	471,929
Payments to purchase investments		-	(250,000)
Proceeds from sale of property and equipment		29,110	63,293
Purchase of financial assets at amortized cost		(145,049,192)	(86,023,371)
Maturity of financial assets at amortized cost		204,161,708	249,432,639
Purchase of property and equipment		(6,130,366)	(1,659,355)
Purchase of intangible assets		(2,946,321)	(2,206,469)
Net cash from investing activities		47,269,512	159,807,396
<b>Financing Activities</b>			
Dividends paid		(16,250,000)	(17,000,000)
Capital increase related expenses		(225,000)	(175,000)
Increase in loans and borrowings		76,498,366	15,012,264
Payments from loans and borrowings		<u>(19,661,514)</u>	<u>(129,031,155)</u>
Net cash from (used in) financing activities		<u>40,361,852</u>	<u>(131,193,891)</u>
Effect of exchange rate changes on cash and cash equivalents		2,418,202	2,622,536
Net (decrease) increase in cash and cash equivalents		<u>(13,775,969)</u>	<u>234,973,543</u>
Cash and cash equivalents, beginning of the year		411,572,964	176,599,421
Cash and cash equivalents, end of the year	37	<u>397,796,995</u>	<u>411,572,964</u>

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





## Notes to the Consolidated Financial Statements For the year ended 31 December 2015 (in Jordanian Dinars)

### (1) General Information

The Bank is a public shareholding company registered and incorporated in Jordan in 1960 in accordance with the Companies Law No (12) of 1964. Its registered office is at Amman; Jordan.

The Bank provides its banking services through its main branch located in Amman and through its 85 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. 1/2016 on 11 February 2016. These financial statements require the General Assembly's approval.

### (2) Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial statements are set out below:

#### Basis of preparation

The accompanying consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with 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 consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014.

#### 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.

##### Consolidated subsidiaries are:

- Al-Watanieh for Financial Services Company – Jordan (established 1992): Owned 100% by the Bank, with a paid-up capital of JD 5,000,000 as of 31 December 2015. The company's main activity is investment brokerage.
- Al-Watanieh Securities Company – Palestine (established 1995): Owned 100% by the Bank, with a paid-up capital of JD 1,600,000 as of 31 December 2015. The company's main activity is investment brokerage.
- Tamalak For Financial Leasing- Jordan (established 2013) owned 100% by the Bank with a paid up capital of JD 1,000,000 as of 31 December 2015. The company's main activity is capital leasing.
- No consolidation has been made of 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 as of 31 December 2015, 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, as appropriate.

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; and
- 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 and do not have any market value in active market and measured at 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 in the 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.

### **Impairment of financial assets**

The Bank assesses at each balance sheet 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 amortised 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 any 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 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 at 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 a 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 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 specific contractual period, both parties doesn't have the right to sell or re-pledge the asset unless they both agreed to these financial assets continues 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 for 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.

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 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

	2015	2014
	JD	JD
Cash on hand	49,033,909	62,150,671
Balances at Central Banks:		
Current and demand deposits	70,600,676	33,967,617
Time and notice deposits	7,444,500	7,444,500
Statutory cash reserve	<u>85,268,204</u>	<u>84,897,594</u>
	<u>212,347,289</u>	<u>188,460,382</u>

- In addition to the statutory cash reserve held at Central Banks, restricted balances amounted to JD 7,444,500 as of 31 December 2015 and 2014.

- There are no balances that matures in a period more than three months.

## (5) Balances At Banks And Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Current and demand deposits	5,419,061	6,828,799	42,985,054	32,240,346	48,404,115	39,069,145
Deposits maturing within 3 months	<u>439,165,804</u>	<u>373,845,500</u>	<u>64,786,118</u>	<u>53,355,300</u>	<u>503,951,922</u>	<u>427,200,800</u>
	<u>444,584,865</u>	<u>380,674,299</u>	<u>107,771,172</u>	<u>85,595,646</u>	<u>552,356,037</u>	<u>466,269,945</u>

- Non interest bearing balances at banks and financial institutions amounted to JD 48,404,115 as of 31 December 2015 (2014: JD 39,069,145).

- There are no restricted balances as of 31 December 2015 and 2014.

## (6) Deposits At Banks And Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Deposit maturing within						
More than 3 to 6 months	100,000,000	53,900,000	-	-	100,000,000	53,900,000
More than 6 to 9 months	13,199,984	53,499,984	-	-	13,199,984	53,499,984
More than 9 to 12 months	-	-	-	-	-	-
	<u>113,199,984</u>	<u>107,399,984</u>	<u>-</u>	<u>-</u>	<u>113,199,984</u>	<u>107,399,984</u>

- There are no restricted balances as of 31 December 2015 and 2014.

## (7) Financial Assets at fair Value Through Profit or Loss

	2015	2014
	JD	JD
Quoted Equities	26,113,577	25,830,751
Bonds	-	211,372
Funds	<u>2,058,309</u>	<u>2,533,611</u>
Total	<u>28,171,886</u>	<u>28,575,734</u>

## (8) Financial Assets at Fair Value Through other Comprehensive Income

	2015	2014
	JD	JD
Quoted Investments		
Quoted Equities	<u>24,742,107</u>	<u>24,330,363</u>
Total quoted investments	<u>24,742,107</u>	<u>24,330,363</u>
Unquoted Investments		
Unquoted Equities	<u>12,559,924</u>	<u>800,630</u>
Total unquoted investments	<u>12,559,924</u>	<u>800,630</u>
Total	<u>37,302,031</u>	<u>25,130,993</u>

- Realized gains transferred to retained earnings as a result of the sale of financial assets at fair value through other comprehensive income during 2015 amounted to JD 312,875 (2014: JD 59,984).

- Dividends from financial assets at fair value through other comprehensive income during 2015 amounted to JD 1,301,280 (2014: JD 1,012,868).

- Dividends from financial assets at fair value through other comprehensive income sold during the year amounted to JD 60,910.

## (9) Direct Credit Facilities

	2015	2014
	JD	JD
Consumer lending		
Overdrafts	5,472,818	12,805,508
Loans and bills *	586,594,232	561,080,236
Finance leasing	9,559,331	2,438,678
Credit cards	10,363,103	10,709,855
Others	8,645,632	6,326,800
Residential mortgages	157,188,180	136,781,446
Corporate lending		
Overdrafts	62,972,852	79,200,211
Loans and bills *	157,672,233	124,671,383
Small and medium enterprises lending "SMEs"		
Overdrafts	14,853,464	18,098,316
Loans and bills *	45,831,463	37,925,891
Lending to governmental sectors	<u>141,653,211</u>	<u>88,127,869</u>
Total	<u>1,200,806,519</u>	<u>1,078,166,193</u>
Less: Suspended interest	(10,266,892)	(10,259,482)
Less: Allowance for impairment losses	(46,299,446)	(47,350,336)
Direct credit facilities, net	<u>1,144,240,181</u>	<u>1,020,556,375</u>

\* Net of interest and commissions received in advance of JD 4,958,504 as of 31 December 2015 (2014: JD 5,271,107).



At 31 December 2015, non-performing credit facilities amounted to JD 57,133,741 (2014: JD 58,171,141), representing 4.76% (2014: 5.4%) of gross facilities granted.

At 31 December 2015, non-performing credit facilities, net of suspended interest, amounted to JD 46,890,635 (2014: JD 47,972,194), representing 3.94% (2014: 4.49%) of gross facilities granted after excluding the suspended interest.

At 31 December 2015, credit facilities granted to the Government of Jordan amounted to JD 50,100,512 (2014: JD 17,859,314), representing 4.17% (2014: 1.65%) of gross facilities granted.

At 31 December 2015 credit facilities granted to the public sector in Palestine amounted to JD 57,360,297 (2014: JD 49,092,423), representing 4.78% (2014: 4.55%) of gross facilities granted.

**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
<b>2015 -</b>					
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>
<b>Specific impairment on Individual loans:</b>					
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	<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>
<b>2014 -</b>					
At 1 January 2014	28,906,055	882,320	17,939,495	3,233,083	50,960,953
Charge for the year	3,957,218	108,866	(2,241,528)	3,663,647	5,488,203
Amounts written off	(1,926,563)	-	(6,916,116)	-	(8,842,679)
Revaluation difference	(207,028)	-	(28,609)	(20,504)	(256,141)
At 31 December 2014	30,729,682	991,186	8,753,242	6,876,226	47,350,336
<b>Specific impairment on Individual loans:</b>					
Non - performing	24,505,814	969,778	8,720,396	6,861,622	41,057,610
Watch list	729,150	21,408	32,846	14,604	798,008
Collective impairment	<u>5,494,718</u>	-	-	-	<u>5,494,718</u>
At 31 December 2014	<u>30,729,682</u>	<u>991,186</u>	<u>8,753,242</u>	<u>6,876,226</u>	<u>47,350,336</u>

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 7,624,780 during 31 December 2015 (2014: JD 6,943,110).

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
<b>2015-</b>					
At 1 January 2015	4,247,320	8,295	4,488,083	1,515,784	10,259,482
Add: Suspended interest during the year	109,734	30,175	173,124	289,618	602,651
Less: Amount transferred to income on recovery	(360,520)	-	(53,932)	(11,632)	(426,084)
Less: Amounts written off	(43,181)	-	(96,702)	(29,274)	(169,157)
At 31 December 2015	<u>3,953,353</u>	<u>38,470</u>	<u>4,510,573</u>	<u>1,764,496</u>	<u>10,266,892</u>
<b>2014 -</b>					
At 1 January 2014	4,930,101	21,359	4,864,914	1,570,914	11,387,288
Add: Suspended interest during the year	58,276	-	105,640	23,707	187,623
Less: Amount transferred to income on recovery	(72,974)	(7,460)	(181,455)	(25,605)	(287,494)
Less: Amounts written off	(668,083)	(5,604)	(301,016)	(53,232)	(1,027,935)
At 31 December 2014	<u>4,247,320</u>	<u>8,295</u>	<u>4,488,083</u>	<u>1,515,784</u>	<u>10,259,482</u>

## (10) Financial Assets at amortized cost

	2015 JD	2014 JD
<b>Quoted Investments</b>		
Treasury bills	2,513,658	1,766,629
Corporate debt securities	<u>13,329,635</u>	<u>17,052,930</u>
Total quoted investments	<u>15,843,293</u>	<u>18,819,559</u>
<b>Unquoted Investments</b>		
Treasury bills	251,274,012	352,518,965
Government debt securities	2,695,418	11,665,326
Corporate debt securities	6,311,650	11,843,400
Other debt securities	3,114	17,359
Impairment losses	<u>(141,800)</u>	<u>(141,800)</u>
Total unquoted investments	<u>260,142,394</u>	<u>375,903,250</u>
Total financial assets at amortized cost	<u>275,985,687</u>	<u>394,722,809</u>
<b>Analysis of debt instruments</b>		
Fixed rate	275,099,437	393,304,809
Floating rate	<u>886,250</u>	<u>1,418,000</u>
Total	<u>275,985,687</u>	<u>394,722,809</u>

The movement on the impairment losses is as follows:

	2015	2014
	JD	JD
Beginning balance	141,800	141,800
Additions	-	-
Ending balance	<u>141,800</u>	<u>141,800</u>

### (11) Financial Assets Pledged as Collateral

	2015		2014	
	Financial assets pledged as collateral	Related financial liabilities	Financial assets pledged as collateral	Related financial liabilities
	JD	JD	JD	JD
Financial asset at amortized cost	<u>77,618,957</u>	<u>68,208,366</u>	<u>17,994,351</u>	<u>13,812,264</u>

These bonds were collateralized from Central Bank of Jordan for financing industrial loans from CBJ and SMEs credit.

## (12) Property And Equipment

	Land JD	Buildings JD	Furniture & Fixtures JD	Vehicles JD	Computers JD	Projects In Progress JD	Total JD
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	<u>-</u>	<u>-</u>	<u>(536,182)</u>	<u>(32,680)</u>	<u>(46,445)</u>	<u>-</u>	<u>(615,307)</u>
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	<u>-</u>	<u>-</u>	<u>(525,674)</u>	<u>(32,678)</u>	<u>(42,235)</u>	<u>-</u>	<u>(600,587)</u>
At 31 December 2015	<u>-</u>	<u>3,666,510</u>	<u>27,068,839</u>	<u>945,809</u>	<u>21,282,099</u>	<u>-</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>
2014 -							
Cost:							
At 1 January 2014	1,274,879	13,876,480	36,110,898	1,177,467	23,249,418	1,913,964	77,603,106
Additions	-	-	162,057	135,651	1,008,360	353,287	1,659,355
Transferred	-	-	1,006,237	-	507,845	(1,514,082)	-
Disposals	<u>-</u>	<u>-</u>	<u>(143,871)</u>	<u>(79,720)</u>	<u>(1,100,688)</u>	<u>-</u>	<u>(1,324,279)</u>
At 31 December 2014	<u>1,274,879</u>	<u>13,876,480</u>	<u>37,135,321</u>	<u>1,233,398</u>	<u>23,664,935</u>	<u>753,169</u>	<u>77,938,182</u>
Accumulated depreciation:							
At 1 January 2014	-	3,111,450	23,155,034	781,603	18,798,222	-	45,846,309
Depreciation charge during the year	-	277,530	2,290,667	127,582	1,805,528	-	4,501,307
Disposals	<u>-</u>	<u>-</u>	<u>(122,437)</u>	<u>(71,644)</u>	<u>(1,100,978)</u>	<u>-</u>	<u>(1,295,059)</u>
At 31 December 2014	<u>-</u>	<u>3,388,980</u>	<u>25,323,264</u>	<u>837,541</u>	<u>19,502,772</u>	<u>-</u>	<u>49,052,557</u>
Net book value At 31 December 2014	<u>1,274,879</u>	<u>10,487,500</u>	<u>11,812,057</u>	<u>395,857</u>	<u>4,162,163</u>	<u>753,169</u>	<u>28,885,625</u>

Fully depreciated property and equipment amounted to JD 33,409,391 as of 31 December 2015 (2014: JD 31,861,963).

The estimated cost to complete the purchase of assets and projects under construction amounted to JD 181,832 as of 31 December 2015 (2014: JD 412,077).

### (13) Intangible Assets

	Computer software	
	2015	2014
	JD	JD
Cost:		
At 1 January	9,144,718	8,573,950
Additions	2,946,321	2,206,469
Amortisation during the year	<u>(1,901,289)</u>	<u>(1,635,701)</u>
	<u>10,189,750</u>	<u>9,144,718</u>

### (14) Other Assets

	2015	2014
	JD	JD
Accrued interest income	21,196,794	19,716,346
Prepaid expenses	6,796,580	5,440,198
Assets obtained by the Bank by calling on collateral	10,274,263	10,089,921
Accounts receivable - net	551,563	605,727
Clearing checks	4,645,171	4,292,501
Trading settlement account	25,000	25,000
Refundable deposits	241,643	300,680
Deposit at Visa International	1,212,390	1,276,200
Payment on account to purchase investments	-	20,390,716
Others	<u>951,152</u>	<u>1,041,064</u>
	<u>45,894,556</u>	<u>63,178,353</u>

Central Bank of Jordan regulations require the sale of assets obtained by the Bank by calling on collateral within a maximum two years from the date of assignment.

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

	2015	2014
	JD	JD
At 1 January	10,089,921	10,761,166
Additions	601,199	2,229,598
Disposals	(400,100)	(150,843)
Impairment on repossessed assets	<u>(16,757)</u>	<u>(2,750,000)</u>
At 31 December	<u>10,274,263</u>	<u>10,089,921</u>



## (15) Banks And Financial Institutions Deposits

	2015			2014		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	8,789,697	3,743,217	12,532,914	2,155,135	18,580,222	20,735,357
Time deposits	<u>224,990,250</u>	<u>145,409,667</u>	<u>370,399,917</u>	<u>128,514,074</u>	<u>107,098,432</u>	<u>235,612,506</u>
At 31 December	<u>233,779,947</u>	<u>149,152,884</u>	<u>382,932,831</u>	<u>130,669,209</u>	<u>125,678,654</u>	<u>256,347,863</u>

## (16) Customers' Deposits

	Consumer	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD
2015 -					
Current and demand deposits	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>
2014 -					
Current and demand deposits	241,441,598	87,723,083	40,214,314	33,283,462	402,662,457
Saving accounts	341,493,227	2,720,703	1,538,283	1,572	345,753,785
Time and notice deposits	<u>296,644,227</u>	<u>159,036,839</u>	<u>16,051,843</u>	<u>367,253,932</u>	<u>838,986,841</u>
Total	<u>879,579,052</u>	<u>249,480,625</u>	<u>57,804,440</u>	<u>400,538,966</u>	<u>1,587,403,083</u>

- Governmental institutions' deposits amounted to JD 360,846,036 as of 31 December 2015 (2014: JD 400,538,966) representing 22.98% (2014: 25.23%) of total customers' deposits.

- Non-interest bearing deposits amounted to JD 625,400,173 as of 31 December 2015 (2014: 586,672,309) representing 39.83% (2014: 36.96%) of total deposits.

- Dormant accounts amounted to JD 35,702,016 as of 31 December 2015 (2014: 45,699,235).

- Restricted deposits amounted Nil as of 31 December 2015 and 2014.

## (17) Margin Accounts

	2015 JD	2014 JD
Margins on direct credit facilities	64,071,693	60,735,405
Margins on indirect credit facilities	14,328,060	18,034,296
Deposits against brokerage margin accounts	4,900,211	4,495,193
Others	<u>3,164,676</u>	<u>3,863,456</u>
	<u>86,464,640</u>	<u>87,128,350</u>

## (18) Loans and Borrowings

	Amount JD	Total no. of instalments	Outstanding instalments	Payable Every	Maturity Date	Collaterals JD	Interest rate %
31 December 2015							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity /per loan	2034	None	4.145%-4.895%
Amounts borrowed from French Development Agency	3,367,750	1	1	At maturity	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	2016	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 International financial markets	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>107,238,340</u>						
31 December 2014							
Amounts borrowed from overseas investment company (OPIC)	21,270,000	1	1	At maturity /per loan	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	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	1,200,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	13,812,264	21	21	At maturity /per loan	2015	Treasury Bills	2.25%- 2.75%
Amounts borrowed from International financial markets	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>50,401,488</u>						

\* The borrowed amount from CBJ for SMEs loans were re-lent on an average interest rate of 6% and the loan repayment to CBJ will start after 5 years from granting day.

\*\* The borrowed amount from CBJ for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 5.25%.

(19) Sundry Provisions

	Balance at January 1	Provided during the period	Utilised during the year	Balance at December 31
	JD	JD	JD	JD
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	<u>63,043</u>	<u>-</u>	<u>-</u>	<u>63,043</u>
Total	<u>13,086,103</u>	<u>1,050,165</u>	<u>(566,304)</u>	<u>13,569,964</u>
2014 -				
Provision for lawsuits against the Bank	5,518,223	9,755	(16,309)	5,511,669
Provision for end of service indemnity	6,944,933	1,076,519	(510,061)	7,511,391
Other contingent liabilities	<u>63,043</u>	<u>-</u>	<u>-</u>	<u>63,043</u>
Total	<u>12,526,199</u>	<u>1,086,274</u>	<u>(526,370)</u>	<u>13,086,103</u>

## (20) Income Tax

### Income Tax liabilities

The movements on the income tax provision were as follows:

	2015	2014
	JD	JD
At January 1	23,808,580	22,666,483
Income tax paid	(19,727,689)	(18,695,449)
Income tax payable	19,356,487	19,812,862
Amortization of deferred tax liabilities	<u>161,888</u>	<u>24,684</u>
At December 31	<u>23,599,266</u>	<u>23,808,580</u>

Income tax appearing in the income statement represents the following:

	2015	2014
	JD	JD
Provision for income tax for the year	19,356,487	19,812,862
Amortization of deferred tax liabilities	(473,253)	(73,106)
Deferred tax liabilities	-	283,249
Deferred tax assets	<u>235,911</u>	<u>(2,091,994)</u>
Income tax charge for the year	<u>19,119,145</u>	<u>17,931,011</u>

The statutory tax rate on banks in Jordan is 35% and the statutory tax rate on foreign branches and subsidiaries range between 15%-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 2013.

A final settlement was reached with the tax authorities for Palestine branches for the years from 2008 to 2013. Also a tax assessment was issued from the tax department for the year 2006 and 2007 but the Bank disputed the assessment. The Income and Sales Tax Department has not reviewed the accounts for the year 2014.

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.

Al-Watanieh Securities Company – Palestine reached a final settlement with the income tax Department for the year 2014.

Tamallak for Leasing financial statements were not reviewed by the Income and Sales Tax Department for the year 2014 up to the date of these financial statements.

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 2015 are sufficient.

## Deferred Tax liabilities

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

			2015		2014	
	Balance at January 1	Released during the year	Additions during the year	Balance at December 31	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<b>Deferred tax assets</b>						
Allowance for impairment losses	4,297,077	(998,122)	656,519	3,955,474	1,384,415	1,503,977
Interest in suspense	3,000	(3,000)	-	-	-	1,050
Non-deductible expenses resulting from temporary differences	906,622	(278,312)	-	628,310	219,909	317,318
Sundry provisions	100,000	(51,115)	-	48,885	17,110	35,000
Impairment on repossessed assets	2,750,000	-	-	2,750,000	962,500	962,500
Unrealized Losses – financial assets at FVTOCI	<u>(616,807)</u>	<u>1,371,372</u>	<u>(11,892,550)</u>	<u>(11,137,985)</u>	<u>1,681,828</u>	<u>215,882</u>
	<u>7,439,892</u>	<u>40,823</u>	<u>(11,236,031)</u>	<u>(3,755,316)</u>	<u>4,265,762</u>	<u>3,035,727</u>
<b>Deferred tax liabilities</b>						
Unrealized Gain – financial assets at FVTOCI	3,549,700	(586,243)	215,388	3,178,845	639,794	825,742
Unrealized gain – financial assets at FVTPL	5,665,008	-	-	5,665,008	567,027	1,982,752
Difference in depreciation rates	-	-	2,692,778	2,692,778	942,472	-
	<u>9,214,708</u>	<u>(586,243)</u>	<u>2,908,166</u>	<u>11,536,631</u>	<u>2,149,293</u>	<u>2,808,494</u>

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

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
At 1 January	3,035,727	2,808,494	727,851	2,319,881
Additions	2,172,788	994,074	2,350,671	697,104
Released	<u>(942,753)</u>	<u>(1,653,275)</u>	<u>(42,795)</u>	<u>(208,491)</u>
At 31 December	<u>4,265,762</u>	<u>2,149,293</u>	<u>3,035,727</u>	<u>2,808,494</u>

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

	2015	2014
	JD	JD
Accounting profit	60,287,399	62,464,378
Non-taxable profit	(14,566,849)	(6,792,081)
Non-deductible expenses	<u>6,083,720</u>	<u>9,749,008</u>
Taxable profit	<u>51,804,270</u>	<u>65,421,305</u>
Effective rate of income tax	<u>32.11%</u>	<u>31.72%</u>

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 used a tax rate of 20% for the Branches in Palestine.

## (21) Other Liabilities

	2015	2014
	JD	JD
Accrued interest expense	3,642,517	6,448,418
Accounts payable	6,721,287	4,613,337
Accrued expenses	7,607,054	6,640,242
Temporary deposits	11,503,501	12,552,502
Checks and withdrawals	5,067,536	6,137,669
Settlement guarantee fund	1,062,434	113,682
Others	<u>2,909,338</u>	<u>4,053,197</u>
	<u>38,513,667</u>	<u>40,559,047</u>

## (22) Paid In Capital

The authorized and paid in capital amounted to JD 160,000,000 divided into 160,000,000 shares at a par value of JD 1 per share (2014: capital amounted to JD 125,000,000 divided into 125,000,000 shares).

The General Assembly decided in its ordinary meeting held on 12 April 2015 distributing 13% of paid in capital as cash dividends to shareholders, and the General Assembly decided in its extra ordinary meeting held in the same date to increase the capital to JD 160,000,000 by capitalizing an amount of JD 35,000,000 from the retained earnings and to distribute the increase as 28% 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.

### Voluntary Reserve

The balance represents the profit before tax transferred to the voluntary reserve during previous years which does not exceed 20% of the profit before tax for the related year. The reserve shall be used at the discretion of the Board of Directors, and it is distributable to shareholders in part or in full.

### 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 reserve is appropriated from retained earnings in compliance with the regulations of the Palestine Monetary Authority.



The use of the following reserves is restricted by law:

Description	Amount	Restriction Law
Statutory reserve	60,988,222	Banks and companies Laws
General banking risk reserve	12,670,000	Central Bank of Jordan regulations
Cyclical reserve	5,902,049	Palestine Monetary Authority regulations

## (24) Fair Value Reserve

The movement is as follows:

	2015	2014
	JD	JD
Beginning balance	2,323,033	2,107,043
Unrealized (gain) loss	(10,579,157)	29,769
Gain from sale financial assets at fair value through other comprehensive income	(312,875)	(59,984)
Deferred tax assets	1,465,946	215,882
Deferred tax liability	185,948	30,323
Ending balance	<u>(6,917,105)</u>	<u>2,323,033</u>

The fair value reserve is presented net of deferred tax assets of JD 1,681,828 and net of deferred tax liabilities of 639,794 as of 31 December 2015.

## (25) Retained Earnings

	2015	2014
	JD	JD
Balance at 1 January	92,599,778	96,420,940
Profit for the year	41,168,254	44,533,367
Transferred to statutory reserve	(6,449,043)	(6,063,626)
Transferred to general banking risk reserve	(400,000)	(450,000)
Transferred to cyclical reserve	(822,051)	(1,047,500)
Stock dividends	(35,000,000)	(23,678,387)
Cash dividends	(16,250,000)	(17,000,000)
Capital increase related expenses	(225,000)	(175,000)
Net gain from sale of financial assets at fair value through other comprehensive income	312,875	59,984
	<u>74,934,813</u>	<u>92,599,778</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 an amount of JD 4,265,762 as deferred tax assets which is not available for distribution in accordance with Central Bank of Jordan instructions(2014: amount of JD 3,035,727)

The amount JD 6,917,105 represents negative 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 16,000,000 (2014: JD 16,250,000), equivalent to 10% (2014: 13%) of paid in capital. In addition, the Board of Directors proposed to increase the Bank's capital by JD 20,000,000 which is equivalent to 12.5% of paid in capital through issuance of shares distributed as stock dividends. The General Assembly decided in its extra ordinary meeting held on 12 April 2015 to increase the capital to JD 160,000,000 by capitalizing an amount of JD 35,000,000 from the retained earnings and to distribute the increase as 28% stock dividends to the shareholders.

The proposed dividends are subject to approval by the General Assembly in its meeting to be held during 2016.

## (27) Interest Income

	2015	2014
	JD	JD
Consumer lending		
Overdrafts	1,249,067	1,031,489
Loans and bills	58,761,858	61,593,582
Credit cards	2,356,471	2,335,839
Finance leasing	676,466	56,787
Others	326,747	300,275
Residential mortgages	9,694,620	9,340,336
Corporate lending		
Overdrafts	4,340,316	5,452,584
Loans and bills	6,968,894	7,327,506
Small and medium enterprises lending		
Overdrafts	1,439,373	1,035,087
Loans and bills	3,197,306	2,632,046
Public and governmental sectors	7,484,427	6,503,657
Balances at Central Banks	160,163	379,173
Balances at banks and financial institutions	21,120,447	18,851,839
Financial assets at amortized cost	<u>24,832,999</u>	<u>33,250,468</u>
Total	<u>142,609,154</u>	<u>150,090,668</u>

### (28) Interest Expense

	2015	2014
	JD	JD
Banks and financial institution deposits	5,266,902	5,688,841
Customers' deposits:		
Current accounts and deposits	1,045,241	2,201,707
Saving accounts	1,628,340	1,538,281
Time and notice placements	26,321,371	29,306,898
Margin accounts	1,453,904	1,156,626
Loans and borrowings	2,265,201	3,472,868
Deposit guarantee fees	<u>3,189,345</u>	<u>3,169,062</u>
	<u>41,170,304</u>	<u>46,534,283</u>

### (29) Net Commission

	2015	2014
	JD	JD
Commission income:		
Direct credit facilities	6,005,797	6,256,336
Indirect credit facilities	2,556,020	3,298,237
Other commission	11,773,364	11,794,963
Less: commission expense	<u>(10,412)</u>	<u>(15,599)</u>
	<u>20,324,769</u>	<u>21,333,937</u>

### (30) Gain From Foreign Currencies

	2015	2014
	JD	JD
Resulting from:		
Trading in foreign currencies	250,376	291,559
Revaluation of foreign currencies	<u>2,418,202</u>	<u>2,622,536</u>
	<u>2,668,578</u>	<u>2,914,095</u>

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

	Realized (loss )gain	Unrealized (loss) gain	Cash dividends	Total
<b>2015 -</b>				
Equities	(183,734)	(721,706)	2,009,487	1,104,047
Bonds	14,978	-	-	14,978
Funds	-	(475,302)	-	(475,302)
	<u>(168,756)</u>	<u>(1,197,008)</u>	<u>2,009,487</u>	<u>643,723</u>
<b>2014 -</b>				
Equities	240,947	(420,807)	2,225,763	2,045,903
Bonds	27,606	898	-	28,504
Funds	-	428,944	-	428,944
	<u>268,553</u>	<u>9,035</u>	<u>2,225,763</u>	<u>2,503,351</u>

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

	2015	2014
	JD	JD
Dividend income	<u>1,301,280</u>	<u>1,012,868</u>
	<u>1,301,280</u>	<u>1,012,868</u>

### (33) Other Income

	2015	2014
	JD	JD
Suspended interest transferred to revenue	426,084	287,494
Safety deposit box rental income	86,472	81,366
Revenues from selling check books	107,529	94,332
Collections of debts previously written off	801,565	652,105
Income from ATM and credit cards	3,106,900	2,526,189
Gain from sale of property and equipment	14,390	34,073
Gain from sale of assets repossessed by the Bank	333,669	237,959
Rent revenue	2,301	10,952
Brokerage commission	466,919	813,975
Others	<u>215,958</u>	<u>244,980</u>
	<u>5,561,787</u>	<u>4,983,425</u>

### (34) Employees' Expenses

	2015	2014
	JD	JD
Salaries and benefits	31,106,089	31,304,723
Bank's contribution to social security	2,421,650	2,258,203
Bank's contribution to savings fund	467,883	440,793
End of service indemnity	176,887	315,837
Medical expenses	2,211,224	1,973,020
Training and research	336,392	264,334
Employees' uniform	110,077	64,220
Value added tax	1,197,438	1,172,889
Others	4,269	7,582
	<u>38,031,909</u>	<u>37,801,601</u>

### (35) Other Expenses

	2015	2014
	JD	JD
Rent	3,829,561	3,292,729
Cleaning and maintenance	1,517,699	1,457,161
Water, heat and electricity	2,363,718	2,257,540
License and governmental fees	1,094,986	1,020,677
Printings and stationery	700,034	680,835
Donations	740,763	481,960
Insurance fees and expenses	840,438	781,415
Subscriptions	875,953	746,125
Telephone and telex	423,462	509,827
Legal fees and expenses	461,787	258,108
Professional fees	973,019	843,865
Mail and money transfer	330,102	341,785
Advertising	2,003,083	1,702,134
Credit cards services	770,114	350,304
Board of directors expenses	640,050	132,809
Information systems expenses	4,146,522	4,272,054
Travel and transportation	972,338	916,619
Consultation expenses	133,198	264,185
Other expenses	566,910	593,280
	<u>23,383,737</u>	<u>20,903,412</u>



### (36) Earnings Per Share

	2015	2014
	JD	JD
Profit for the year (JD)	41,168,254	44,533,367
Weighted average number of shares (share)	<u>160,000,000</u>	<u>160,000,000</u>
Basic and diluted earnings per share (JD/ Fils)	<u>0/257</u>	<u>0/278</u>

### (37) Cash And Cash Equivalents

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

	2015	2014
	JD	JD
Cash and balances with Central Banks maturing within 3 months	212,347,289	188,460,382
Add: Balances at banks and financial institutions' maturing within 3 months	552,356,037	466,269,945
Less: Banks and financial institutions' deposits maturing within 3 months	359,461,831	235,712,863
Restricted cash balances	<u>7,444,500</u>	<u>7,444,500</u>
	<u>397,796,995</u>	<u>411,572,964</u>

### (38) Derivative Financial Instruments

The table below shows the positive and negative fair values of derivative financial instruments together with the notional amounts analyzed by their term to maturity.

	Positive fair value	Negative fair value	Total notional amount	Par value maturity			
				Within 3 months	3 – 12 months	1 – 3 years	More than 3 years
				JD	JD	JD	JD
2015 -							
Derivatives:							
Interest rate swap							
Forward foreign currency contracts	<u>-</u>	<u>-</u>	<u>241,257</u>	<u>-</u>	<u>-</u>	<u>241,257</u>	<u>-</u>
2014 -							
Derivatives:							
Interest rate swap							
Forward foreign currency contracts	<u>347</u>	<u>-</u>	<u>349,577</u>	<u>-</u>	<u>-</u>	<u>349,577</u>	<u>-</u>

The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

Interest rate swap derivatives are used to hedge for the fluctuation of interest rates of some granted credit facilities with fixed interest rates.



### (39) Related Party Transactions

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

Company name	Ownership %	Paid in capital	
		2015 JD	2014 JD
Al-Watanieh Financial Services Co.	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,600,000	1,500,000
Tamallak for Financial Leasing	100	1,000,000	1,000,000

The Bank entered into transactions with 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 JD	Executive management JD	Others* JD	Total 2015 JD	Total 2014 JD
<b>Balance sheet items:</b>					
Direct credit facilities	49,414,911	5,266,725	11,876,444	66,558,080	56,119,744
Deposits at the Bank	16,962,670	1,714,298	9,662,781	28,339,749	39,034,536
Margin accounts	35,635,469	-	190,806	35,826,275	36,179,463
<b>Off balance items:</b>					
Indirect credit facilities	2,965,830	-	431,622	3,397,452	2,392,780
<b>Income statements items</b>					
Interest and commission income	2,249,508	310,770	1,363,318	3,923,596	3,629,530
Interest and commission expense	1,310,826	37,163	296,176	1,644,165	1,174,941

Credit interest rates on credit facilities in Jordanian Dinar range between 3.5% - 8.85%

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% - 5.25%

Debit interest rates on deposits in foreign currency range between 0% - 1.25%

Inter company balances and transactions are eliminated on consolidation.

Compensation of the key management personnel is as follows:

	2015 JD	2014 JD
Benefits (salaries, wages, and bonuses) of executive management	<u>3,264,697</u>	<u>2,998,275</u>

#### (40) Fair Value 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 on and off balance sheet financial instruments as of 31 December 2015 and 2014.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
<b>2015 -</b>				
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
<b>2014 -</b>				
Financial assets at fair value through profit or loss	28,575,734	-	-	28,575,734
Financial assets at fair value through other comprehensive income	24,330,363	-	800,630	25,130,993

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

	2015		2014	
	Book value JD	Fair value JD	Book value JD	Fair value JD
Deposits at banks and financial institutions	113,199,984	113,199,984	107,399,984	107,399,984
Financial assets at amortized cost	275,985,687	275,985,687	394,722,809	394,722,809
Financial assets pledged as collateral	77,618,957	77,618,957	17,994,351	17,994,351
Direct credit facilities	1,144,240,181	1,144,240,181	1,020,556,375	1,020,556,375
Banks and financial institutions' deposits	382,932,831	382,932,831	256,347,863	256,347,863
Customers' deposits	1,570,016,124	1,570,016,124	1,587,403,083	1,587,403,083
Margin accounts	86,464,640	86,464,640	87,128,350	87,128,350
Loans and borrowings	107,238,340	107,238,340	50,401,488	50,401,488

## (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 Landry 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.

The Risk Management Department also manages the process of Internal evaluation Capital Adequacy ICAAP by using the comprehensive manner which is appropriate within their risk profile it also implements Basel requirements.

- 5- 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.
- 6- Managing risk 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 creditworthiness 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.**

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

	2015	2014
	JD	JD
Statement of financial position		
Cash and balances at Central Banks	163,313,380	126,309,711
Balances at banks and financial institutions	552,356,037	466,269,945
Deposits at banks and financial institutions	113,199,984	107,399,984
Direct credit facilities:		
Consumer lending	585,560,000	558,384,075
Residential mortgages	154,995,010	135,781,965
Corporate lending:		
Large corporations	210,270,822	190,630,269
Small and medium enterprises	51,761,138	47,632,197
Lending to governmental sectors	141,653,211	88,127,869
Bonds and treasury bills within financial assets held at amortized cost	275,985,687	394,722,809
Financial assets pledged as collateral	77,618,957	17,994,351
Other assets	<u>27,630,918</u>	<u>26,540,773</u>
Total	<u>2,354,345,144</u>	<u>2,159,793,948</u>
Contingent liabilities		
Letters of credit	44,504,481	82,161,566
Acceptances	8,022,412	13,766,063
Letters of guarantee	47,510,071	52,677,482
Irrevocable commitments to extend credit	<u>128,103,103</u>	<u>89,235,760</u>
Total	<u>228,140,067</u>	<u>237,840,871</u>
	<u>2,582,485,211</u>	<u>2,397,634,819</u>

**Several types of collaterals against loans and credit facilities are as follows:**

- Real estate properties.
- Financial instruments (equities and bonds).
- Bank guarantees.
- Cash collateral
- Government guarantees.
- Regarding the assets items in the balance sheet is based on the balance presented on the financial position.

The management reviews the fair value of collateral periodically and in case of drop of the fair value the bank requests additional collaterals to cover the shortage. Also, the Bank reevaluates the collaterals of non-performing loans periodically.

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

	Consumer	Residential mortgages	Corporate	SMEs	Governmental sectors	Financial Institutions	Total
2015 -	JD	JD	JD	JD	JD	JD	JD
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
<b>Total</b>	<b>622,924,619</b>	<b>157,678,617</b>	<b>229,310,610</b>	<b>62,367,202</b>	<b>646,008,693</b>	<b>692,621,741</b>	<b>2,410,911,482</b>
Less: Suspended interest	3,953,353	38,470	4,510,573	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
<b>Net</b>	<b>587,849,503</b>	<b>155,485,447</b>	<b>218,936,347</b>	<b>53,443,413</b>	<b>646,008,693</b>	<b>692,621,741</b>	<b>2,354,345,144</b>
2014 -							
Low risk	3,702,284	34,709	34,664,168	3,024,531	531,740,863	-	573,166,555
Acceptable risk	551,475,636	132,521,928	160,290,188	44,081,683	74,441,610	607,851,989	1,570,663,034
Maturing:**							
Up to 30 days	565,621	769	-	189,244	-	-	755,634
From 31 to 60 days	297,342	149,596	2,426,573	209,264	-	-	3,082,775
Watch list	10,753,974	1,427,177	2,098,387	1,123,498	-	-	15,403,036
Non performing:							
Substandard	3,042,444	303,123	1,402,689	940,570	-	-	5,688,826
Doubtful	4,835,822	1,420,352	276,786	2,508,526	-	-	9,041,486
Loss	21,550,147	1,505,265	14,441,913	5,943,504	-	-	43,440,829
<b>Total</b>	<b>595,360,307</b>	<b>137,212,554</b>	<b>213,174,131</b>	<b>57,622,312</b>	<b>606,182,473</b>	<b>607,851,989</b>	<b>2,217,403,766</b>
Less: Suspended interest	4,247,320	8,295	4,974,381	1,029,486	-	-	10,259,482
Less: provision for impairment losses	30,729,682	991,186	8,753,242	6,876,226	-	-	47,350,336
<b>Net</b>	<b>560,383,305</b>	<b>136,213,073</b>	<b>199,446,508</b>	<b>49,716,600</b>	<b>606,182,473</b>	<b>607,851,989</b>	<b>2,159,793,948</b>

\* 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 mortgages	Corporate	SMEs	Governmental sectors	Total
2015 -	JD	JD	JD	JD	JD	JD
<b>Collaterals</b>						
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
<b>Non performing:</b>						
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
<b>Total</b>	<b>101,654,793</b>	<b>119,546,002</b>	<b>79,285,986</b>	<b>42,201,670</b>	<b>5,509,805</b>	<b>348,198,256</b>
<b>Comprising of:</b>						
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
<b>Total</b>	<b>101,654,793</b>	<b>119,546,002</b>	<b>79,285,986</b>	<b>42,201,670</b>	<b>5,509,805</b>	<b>348,198,256</b>
<b>2014 -</b>						
<b>Collaterals</b>						
Low risk	3,702,284	34,709	34,664,168	3,024,531	5,455,250	46,880,942
Acceptable risk	28,195,524	132,301,928	70,986,498	39,541,006	-	271,024,956
Watch list	2,420	1,427,177	493,505	223,196	-	2,146,298
<b>Non performing:</b>						
Substandard	8,320	303,123	1,374,056	564,511	-	2,250,010
Doubtful	-	1,368,340	276,786	2,459,805	-	4,104,931
Loss	3,750,104	1,743,947	2,884,723	2,829,425	-	11,208,199
<b>Total</b>	<b>35,658,652</b>	<b>137,179,224</b>	<b>110,679,736</b>	<b>48,642,474</b>	<b>5,455,250</b>	<b>337,615,336</b>
<b>Comprising of:</b>						
Cash margin	3,714,416	352,247	34,708,224	3,024,531	5,455,250	47,254,668
Letters of guarantee	-	-	6,429,531	-	-	6,429,531
Real estate	18,580,260	136,826,977	46,230,092	41,301,823	-	242,939,152
Loans guarantee corporation	-	-	2,317,130	2,172,273	-	4,489,403
Traded equities	6,018,584	-	16,494,759	1,088,516	-	23,601,859
Vehicles and machinery	7,345,392	-	4,500,000	1,055,331	-	12,900,723
<b>Total</b>	<b>35,658,652</b>	<b>137,179,224</b>	<b>110,679,736</b>	<b>48,642,474</b>	<b>5,455,250</b>	<b>337,615,336</b>



### 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 9,737,452 as of 31 December 2015 compared to JD 8,424,094 as of 31 December 2014.

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 1,504,414 as of 31 December 2015 compared to JD 1,330,519 as of 31 December 2014.

### 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 JD
A-	S&P	709,435
Non-rated		18,793,164
Governmental		<u>334,102,045</u>
Total		<u>353,604,644</u>

### 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 JD	Other Middle Eastern countries JD	Europe JD	Asia JD	Americas JD	Other JD	Total JD
2015 -							
Balances at Central Banks	111,935,616	51,377,764	-	-	-	-	163,313,380
Balances at banks and financial institutions	444,362,148	75,200,424	9,578,501	1,899,306	21,315,658	-	552,356,037
Deposits at banks and financial institutions	113,199,984	-	-	-	-	-	113,199,984
Direct credit facilities:							
Consumer lending	537,061,625	48,498,375	-	-	-	-	585,560,000
Residential mortgages	121,028,219	33,966,791	-	-	-	-	154,995,010
Large corporations	144,769,587	65,501,235	-	-	-	-	210,270,822
Small and medium enterprises	43,361,892	8,399,246	-	-	-	-	51,761,138
Lending to governmental sectors	84,292,914	57,360,297	-	-	-	-	141,653,211
Bonds and treasury bills within:							
Financial assets at amortized cost	260,139,280	15,846,407	-	-	-	-	275,985,687
Financial assets pledged as collateral	77,618,957	-	-	-	-	-	77,618,957
Other assets:	<u>16,478,986</u>	<u>9,573,334</u>	<u>1,367,712</u>	<u>24,547</u>	<u>186,339</u>	<u>-</u>	<u>27,630,918</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>
Total 2014	<u>1,789,764,612</u>	<u>338,747,833</u>	<u>12,844,789</u>	<u>568,975</u>	<u>17,777,505</u>	<u>90,234</u>	<u>2,159,793,948</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	Industrial	Commercial	Real estate*	Agriculture	Trading	Consumer	Public and governmental	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2015 -</b>									
Balances at Central Banks	-	-	-	-	-	-	-	163,313,380	163,313,380
Balances at banks and financial institutions	552,356,037	-	-	-	-	-	-	-	552,356,037
Deposits at banks and financial institutions	113,199,984	-	-	-	-	-	-	-	113,199,984
Direct credit facilities	9,524,073	32,171,728	184,297,617	186,635,522	3,678,772	7,081,214	579,198,044	141,653,211	1,144,240,181
Bonds and treasury bills within:									
Financial assets at amortized cost	5,286,714	-	14,215,885	-	-	-	-	256,483,088	275,985,687
Financial assets pledged as collateral	-	-	-	-	-	-	-	77,618,957	77,618,957
Other assets	<u>12,254,933</u>	<u>611,786</u>	<u>4,674,196</u>	<u>490,437</u>	<u>56,759</u>	<u>313,247</u>	<u>2,289,503</u>	<u>6,940,057</u>	<u>27,630,918</u>
<b>Total 2015</b>	<u>692,621,741</u>	<u>32,783,514</u>	<u>203,187,698</u>	<u>187,125,959</u>	<u>3,735,531</u>	<u>7,394,461</u>	<u>581,487,547</u>	<u>646,008,693</u>	<u>2,354,345,144</u>
<b>Total 2014</b>	<u>607,851,989</u>	<u>38,970,775</u>	<u>181,745,231</u>	<u>161,683,423</u>	<u>2,184,034</u>	<u>4,842,286</u>	<u>556,333,737</u>	<u>606,182,473</u>	<u>2,159,793,948</u>

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



## 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 and 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.

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:.

2015 - Currency	Increase in interest rate Basis points	Sensitivity of net interest income JD	Decrease in interest rate Basis points	Sensitivity of net interest income JD
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
2014 - Currency	Increase in interest rate Basis points	Sensitivity of net interest income JD	Decrease in interest rate Basis points	Sensitivity of net interest income JD
USD	100	(316,661)	(100)	316,661
EURO	100	1,445	(100)	(1,445)
GBP	100	1,315	(100)	(1,315)
YEN	100	(159)	(100)	159
Other Currency	100	7,908	(100)	(7,908)

## Sensitivity of interest rates as of 31 December 2015:

2015 -	Less than 1 month JD	1 – 3 months JD	3 – 6 months JD	6 – 12 months JD	1 – 3 years JD	3 or more years JD	Non-interest bearing JD	Total JD
<b>Assets</b>								
Cash and balances at Central Banks	57,444,500	-	-	-	-	-	154,902,789	212,347,289
Balances at banks and financial institutions	239,508,922	264,443,000	-	-	-	-	48,404,115	552,356,037
Deposits at banks and financial institutions	-	-	100,000,000	13,199,984	-	-	-	113,199,984
Financial assets at fair value through profit or loss	-	-	-	-	-	-	28,171,886	28,171,886
Direct credit facilities	925,949,242	26,015,819	58,638,002	13,874,682	42,049,096	77,713,340	-	1,144,240,181
Financial assets at fair value through OCI	-	-	-	-	-	-	37,302,031	37,302,031
Financial assets at amortized cost	2,271,914	119,732,824	-	58,030,995	80,259,124	15,690,830	-	275,985,687
Financial assets pledged as collateral	-	-	-	24,875,511	52,180,946	562,500	-	77,618,957
Property and equipment	-	-	-	-	-	-	30,489,984	30,489,984
Intangible assets	-	-	-	-	-	-	10,189,750	10,189,750
Other assets	-	-	-	-	-	-	45,894,556	45,894,556
Deferred tax assets	-	-	-	-	-	-	4,265,762	4,265,762
<b>Total Assets</b>	<b>1,225,174,578</b>	<b>410,191,643</b>	<b>158,638,002</b>	<b>109,981,172</b>	<b>174,489,166</b>	<b>93,966,670</b>	<b>359,620,873</b>	<b>2,532,062,104</b>
<b>Liabilities</b>								
Banks and financial institution deposits	307,502,278	39,426,639	13,471,000	10,000,000	-	-	12,532,914	382,932,831
Customers' deposits	664,365,576	122,896,465	65,386,491	35,120,233	56,847,186	-	625,400,173	1,570,016,124
Margin accounts	3,291,456	5,419,449	7,684,766	9,208,544	16,635,195	24,720,386	19,504,844	86,464,640
Loans and borrowings	50,195,801	372,645	2,749,128	14,375,959	10,586,675	28,958,132	-	107,238,340
Sundry provisions	-	-	-	-	-	-	13,569,964	13,569,964
Income tax liabilities	-	-	-	-	-	-	23,599,266	23,599,266
Deferred tax liabilities	-	-	-	-	-	-	2,149,293	2,149,293
Other liabilities	-	-	-	-	-	-	38,513,667	38,513,667
<b>Total Liabilities</b>	<b>1,025,355,111</b>	<b>168,115,198</b>	<b>89,291,385</b>	<b>68,704,736</b>	<b>84,069,056</b>	<b>53,678,518</b>	<b>735,270,121</b>	<b>2,224,484,125</b>
<b>Interest rate sensitivity gap</b>	<b>199,819,467</b>	<b>242,076,445</b>	<b>69,346,617</b>	<b>41,276,436</b>	<b>90,420,110</b>	<b>40,288,152</b>	<b>(375,649,248)</b>	<b>307,577,979</b>
<b>2014 -</b>								
<b>Total Assets</b>	<b>1,079,827,547</b>	<b>238,367,806</b>	<b>156,926,622</b>	<b>161,200,909</b>	<b>243,763,475</b>	<b>95,941,461</b>	<b>377,327,176</b>	<b>2,353,354,996</b>
<b>Total Liabilities</b>	<b>903,325,680</b>	<b>151,053,608</b>	<b>103,461,033</b>	<b>80,555,830</b>	<b>61,361,824</b>	<b>58,180,453</b>	<b>703,604,580</b>	<b>2,061,543,008</b>
<b>Interest rate sensitivity gap</b>	<b>176,501,867</b>	<b>87,314,198</b>	<b>53,465,589</b>	<b>80,645,079</b>	<b>182,401,651</b>	<b>37,761,008</b>	<b>(326,277,404)</b>	<b>291,811,988</b>



## 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:

Currency	2015			2014		
	Increase in exchange rate	Effect on profit or loss	Sensitivity of equity	Increase in exchange rate	Effect on profit or loss	Sensitivity of equity
	%	JD	JD	%	JD	JD
EURO	1+	1,119	-	1+	1,450	-
GBP	1+	598	-	1+	1,275	-
YEN	1+	2	-	1+	(159)	-
Other Currency	1+	7,932	-	1+	7,932	-

### Concentration in currency risk:

2015 -	US Dollar JD	Sterling JD	Japanese Yen JD	Euro JD	Other JD	Total JD
<b>Assets</b>						
Cash and balances at Central Banks	33,933,457	220,689	-	5,216,794	31,116,202	70,487,142
Balances at banks and financial institutions	81,512,987	6,459,182	1,870,615	20,774,227	23,533,681	134,150,692
Deposits at banks and financial institutions	9,199,984	-	-	-	-	9,199,984
Financial assets at fair value through profit or loss	2,419,193	1,011,754	-	-	-	3,430,947
Direct credit facilities	132,895,798	-	-	29,059	101,225,740	234,150,597
Financial assets at fair value through other comprehensive income	1,005,998	-	-	25,657	10,400,272	11,431,927
Financial assets at amortized cost	57,567,943	-	-	-	3,114	57,571,057
Other assets	<u>3,365,430</u>	<u>4,333</u>	<u>-</u>	<u>33,945</u>	<u>3,688,810</u>	<u>7,092,518</u>
<b>Total Assets</b>	<b><u>321,900,790</u></b>	<b><u>7,695,958</u></b>	<b><u>1,870,615</u></b>	<b><u>26,079,682</u></b>	<b><u>169,967,819</u></b>	<b><u>527,514,864</u></b>
<b>Liabilities</b>						
Banks and financial institution deposits	109,112,456	238,543	-	34,917,742	67,705	144,336,446
Customers' deposits	216,049,562	7,342,335	736,282	15,920,076	148,330,141	388,378,396
Margin accounts	14,894,796	26,918	-	4,857,839	7,187,365	26,966,918
Loans and borrowings	20,039,974	-	-	-	-	20,039,974
Other liabilities	2,238,499	144,007	-	431,860	(6,052,344)	(3,237,978)
<b>Total Liabilities</b>	<b><u>362,335,287</u></b>	<b><u>7,751,803</u></b>	<b><u>736,282</u></b>	<b><u>56,127,517</u></b>	<b><u>149,532,867</u></b>	<b><u>576,483,756</u></b>
<b>Net concentration in the statement of financial position</b>	<b><u>(40,434,497)</u></b>	<b><u>(55,845)</u></b>	<b><u>1,134,333</u></b>	<b><u>(30,047,835)</u></b>	<b><u>20,434,952</u></b>	<b><u>(48,968,892)</u></b>
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>
<b>2014 -</b>						
<b>Total Assets</b>	<b><u>382,041,517</u></b>	<b><u>1,392,716</u></b>	<b><u>2,180,003</u></b>	<b><u>18,330,650</u></b>	<b><u>148,095,593</u></b>	<b><u>552,040,479</u></b>
<b>Total Liabilities</b>	<b><u>398,684,123</u></b>	<b><u>8,828,988</u></b>	<b><u>531,821</u></b>	<b><u>47,125,653</u></b>	<b><u>146,514,193</u></b>	<b><u>601,684,778</u></b>
<b>Net concentration in the statement of financial position</b>	<b><u>(16,642,606)</u></b>	<b><u>(7,436,272)</u></b>	<b><u>1,648,182</u></b>	<b><u>(28,795,003)</u></b>	<b><u>1,581,400</u></b>	<b><u>(49,644,299)</u></b>
Contingent liabilities	<u>85,606,919</u>	<u>615,226</u>	<u>199,651</u>	<u>31,600,298</u>	<u>16,918,738</u>	<u>134,940,832</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	2015			2014		
	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+	3,348	618,780	5+	526	596,177
Palestine Securities Exchange	5+	793,349	288,875	5+	814,791	301,078
New York Stock Exchange	5+	3,648	-	5+	528	-
Others Markets	5+	121,021	-	5+	112,870	-

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 that 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 practise and techniques which applied by Basel III.

The Bank maintains statutory cash reserve with the Central Banks amounting to JD 85,268,204.

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
2015 -	JD	JD	JD	JD	JD	JD	JD	JD
<b>Liabilities</b>								
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
Loans and borrowings	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	-	-	-	-	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>
<b>Total Liabilities</b>	<b><u>1,304,952,270</u></b>	<b><u>280,750,975</u></b>	<b><u>194,335,381</u></b>	<b><u>147,153,372</u></b>	<b><u>231,144,637</u></b>	<b><u>84,752,798</u></b>	<b><u>1,974,400</u></b>	<b><u>2,245,063,833</u></b>
<b>Total Assets</b>	<b><u>1,220,395,892</u></b>	<b><u>410,191,643</u></b>	<b><u>158,638,002</u></b>	<b><u>109,981,172</u></b>	<b><u>174,489,166</u></b>	<b><u>93,966,670</u></b>	<b><u>364,399,559</u></b>	<b><u>2,532,062,104</u></b>
<b>2014 -</b>								
<b>Liabilities</b>								
Banks and financial institution deposits	191,462,981	44,889,203	10,767,406	10,249,000	-	-	-	257,368,590
Customers' deposits	950,309,123	200,559,089	164,828,935	113,586,878	164,892,147	-	-	1,594,176,172
Margin accounts	4,559,769	7,615,019	8,134,927	11,840,494	19,758,445	37,680,040	-	89,588,694
Loans and borrowings	35,594	741,711	4,598,662	13,763,076	4,863,323	50,997,780	-	75,000,146
Sundry provisions	213,822	160,875	323,696	940,874	7,410,476	4,036,360	-	13,086,103
Income tax liabilities	3,100,000	-	13,179,277	200,000	2,717,413	4,611,890	-	23,808,580
Deferred tax	-	-	-	-	811,764	-	1,996,730	2,808,494
Other liabilities	<u>21,916,381</u>	<u>5,430,882</u>	<u>3,471,090</u>	<u>3,953,634</u>	<u>3,338,888</u>	<u>1,985,210</u>	<u>462,962</u>	<u>40,559,047</u>
<b>Total Liabilities</b>	<b><u>1,171,597,670</u></b>	<b><u>259,396,779</u></b>	<b><u>205,303,993</u></b>	<b><u>154,533,956</u></b>	<b><u>203,792,456</u></b>	<b><u>99,311,280</u></b>	<b><u>2,459,692</u></b>	<b><u>2,096,395,826</u></b>
<b>Total Assets</b>	<b><u>531,876,273</u></b>	<b><u>262,659,027</u></b>	<b><u>191,158,734</u></b>	<b><u>217,913,829</u></b>	<b><u>459,345,266</u></b>	<b><u>571,045,911</u></b>	<b><u>119,355,956</u></b>	<b><u>2,353,354,996</u></b>

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	1 – 3 months	6 – 12 months	1 – 3 years	3 or more years	Total
2015 -	JD	JD	JD	JD	JD	JD
Derivatives:						
Interest rate swap						
Forward currency contracts	-	-	-	241,257	-	241,257
	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,257</u>	<u>-</u>	<u>241,257</u>
2014 -						
Derivatives:						
Interest rate swap						
Forward currency contracts	-	-	-	349,577	-	349,577
	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,577</u>	<u>-</u>	<u>349,577</u>

**Contingent liabilities**

	Less than 1 year	1 – 5 years	5 years or more	Total
2015 -	JD	JD	JD	JD
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	<u>128,103,103</u>	<u>-</u>	<u>-</u>	<u>128,103,103</u>
Total	<u>226,006,357</u>	<u>2,133,710</u>	<u>-</u>	<u>228,140,067</u>
2014 -				
Acceptances and letters of credit	85,558,535	10,369,094	-	95,927,629
Letters of guarantee	51,726,347	951,135	-	52,677,482
Irrevocable commitments to extend credit	<u>89,235,760</u>	<u>-</u>	<u>-</u>	<u>89,235,760</u>
Total	<u>226,520,642</u>	<u>11,320,229</u>	<u>-</u>	<u>237,840,871</u>

**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 policies and procedures that would curb these risks and exposures that arise during daily operations. A special department was established since 2005 to facilitate and support all departments of the bank to carry out their duties in managing those risks.
- Because of 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 identifying, measuring, following-up and controlling operating risks that arise from the introduction of new products and services.
- An Operational Risk Policy was developed to cover all the bank's departments, branches and subsidiaries which include risk appetite thresholds and risk limits.
- Defining the general operational risk management framework of risk management, including defining the roles and responsibilities of all: the Board of Directors, the Risk committee, senior management, directors of departments, Risk Management and Audit.

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 Basle'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 and sound 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 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.

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

For management purposes the Bank is organised 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 and other credit facilities and 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 use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking,

Following is the Bank's segment information:

	Retail Banking	Corporate Banking	Treasury	Other	Total	
	JD	JD	JD	JD	2015	2014
	JD	JD	JD	JD	JD	JD
Total revenues	<u>90,833,581</u>	<u>28,610,692</u>	<u>51,142,703</u>	<u>2,522,315</u>	<u>173,109,291</u>	<u>183,165,159</u>
Impairment loss on credit facilities	3,737,798	(981,354)	-	-	2,756,444	5,488,203
Impairment on repossessed assets	-	-	-	16,757	16,757	2,750,000
Segmental results	<u>67,986,930</u>	<u>21,761,879</u>	<u>36,911,419</u>	<u>2,505,558</u>	<u>129,165,786</u>	<u>128,392,673</u>
Unallocated expenses					<u>68,878,387</u>	<u>65,928,295</u>
Profit before tax					<u>60,287,399</u>	<u>62,464,378</u>
Income tax					<u>19,119,145</u>	<u>17,931,011</u>
Net profit					<u>41,168,254</u>	<u>44,533,367</u>
Other information						
Segmental assets	<u>739,335,124</u>	<u>404,905,057</u>	<u>1,301,247,560</u>	<u>86,574,363</u>	<u>2,532,062,104</u>	<u>2,353,354,996</u>
Segmental liabilities	<u>771,283,169</u>	<u>449,783,040</u>	<u>927,735,019</u>	<u>75,682,897</u>	<u>2,224,484,125</u>	<u>2,061,543,008</u>
Capital expenditure					9,076,687	3,865,824
Depreciation and amortisation					6,412,576	6,137,008

## 2. 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.

	Jordan		Outside Jordan		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Total revenue	153,503,372	159,403,287	19,605,919	23,761,872	173,109,291	183,165,159
Total assets	1,902,241,316	1,884,601,382	629,820,788	468,753,614	2,532,062,104	2,353,354,996
Capital expenditure	7,562,367	2,526,559	1,514,320	1,339,265	9,076,687	3,865,824

### (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 6%.

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.

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, reserves, 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 which should not exceed 45% of the full amount if it was positive and deducted in full if it was negative. 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 and excess over 50% of the Bank's capital for aggregate investments is deducted from regulatory capital.



Capital adequacy ratio is calculated according to Central Bank of Jordan regulation that is compliant with BIS rules as follows:

	2015	2014
	JD	JD
Primary capital:		
Paid in capital	160,000,000	125,000,000
Statutory reserve	60,988,222	54,539,179
Cyclical reserve	5,902,049	5,079,998
Retained earnings	46,733,699	66,373,230
Less:		
Investment in banks and financial companies*	10,243,826	9,923,801
Assets obtained by the Bank by calling on collateral more than four years	-	4,335,347
Intangible assets	<u>10,189,750</u>	<u>9,144,718</u>
<b>Total Primary capital</b>	<b><u>253,190,394</u></b>	<b><u>227,588,541</u></b>
Additional capital		
Fair value reserve	468,829	1,045,365
General banking risk reserve	12,670,000	12,270,000
Less:		
Investment in banks and financial companies*	<u>10,243,826</u>	<u>9,923,801</u>
<b>Total additional capital</b>	<b><u>2,895,003</u></b>	<b><u>3,391,564</u></b>
<b>Total regulatory capital</b>	<b><u>256,085,397</u></b>	<b><u>230,980,105</u></b>
<b>Total risk weighted assets</b>	<b>1,622,106,901</b>	<b>1,545,425,677</b>
Capital adequacy (regulatory capital) (%)	15.79	14.95
Capital adequacy (primary capital) (%)	15.61	14.73

\* 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:

2015 -	Within 1 year JD	More than 1 year JD	Total JD
<b>Assets</b>			
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
<b>Total Assets</b>	<b>1,454,062,288</b>	<b>1,077,999,816</b>	<b>2,532,062,104</b>
<b>Liabilities</b>			
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
Loans and borrowings	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
<b>Total Liabilities</b>	<b>1,924,988,422</b>	<b>299,495,703</b>	<b>2,224,484,125</b>
<b>Net Assets</b>	<b>(470,926,134)</b>	<b>778,504,113</b>	<b>307,577,979</b>

2014 -	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>Assets</b>			
Cash and balances at Central Banks	188,460,382	-	188,460,382
Balances at banks and financial institutions	466,269,945	-	466,269,945
Deposits at banks and financial institutions	107,399,984	-	107,399,984
Financial assets at fair value through profit or loss	28,575,734	-	28,575,734
Financial assets at fair value through other comprehensive income	-	25,130,993	25,130,993
Direct credit facilities	235,784,311	784,772,064	1,020,556,375
Financial assets at amortized cost	189,394,522	205,328,287	394,722,809
Financial assets pledged as collateral	1,487,794	16,506,557	17,994,351
Property and equipment	3,035,594	25,850,031	28,885,625
Intangible assets	4,071,045	5,073,673	9,144,718
Deferred tax assets	-	3,035,727	3,035,727
Other assets	<u>42,213,929</u>	<u>20,964,424</u>	<u>63,178,353</u>
<b>Total Assets</b>	<u>1,266,693,240</u>	<u>1,086,661,756</u>	<u>2,353,354,996</u>
<b>Liabilities</b>			
Banks and financial institution deposits	256,347,863	-	256,347,863
Customers' deposits	1,412,311,299	175,091,784	1,587,403,083
Margin accounts	31,918,372	55,209,978	87,128,350
Loans and borrowings	17,553,565	32,847,923	50,401,488
Sundry provisions	1,636,267	11,449,836	13,086,103
Income tax liabilities	16,479,277	7,329,303	23,808,580
Deferred tax liabilities	1,780,848	1,027,646	2,808,494
Other liabilities	<u>35,234,948</u>	<u>5,324,099</u>	<u>40,559,047</u>
<b>Total Liabilities</b>	<u>1,773,262,439</u>	<u>288,280,569</u>	<u>2,061,543,008</u>
<b>Net Assets</b>	<u>(506,569,199)</u>	<u>798,381,187</u>	<u>291,811,988</u>

#### (46) Fiduciary Accounts

Fiduciary accounts amounted to JD 7,659,585 as of 31 December 2015 (2014: JD 4,205,988). Such assets or liabilities are not included in the Bank's statement of financial position.

#### (47) Contingent Liabilities and Commitments

a) The total outstanding commitments and contingent liabilities are as follows:

	2015	2014
	JD	JD
<b>Letters of credit:</b>		
Received	143,248,725	261,523,492
Issued	44,504,481	82,161,566
Acceptances	8,022,412	13,766,063
<b>Letters of guarantee:</b>		
Payments	15,113,408	16,767,845
Performance	19,736,500	18,359,541
Other	12,660,163	17,550,096
Irrevocable commitments to extend credit	<u>128,103,103</u>	<u>89,235,760</u>
	<u>371,388,792</u>	<u>499,364,363</u>

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

	2015	2014
	JD	JD
Contracts to purchase property and equipment	<u>181,832</u>	<u>412,077</u>

\* Annual rent of the Bank's main building and the branches amounted to JD 3,829,561 as of 31 December 2015 (2014: JD 3,292,729).

#### (48) Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 44,023,331 as of 30 September 2015 (31 December 2014: JD 38,784,252). 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 5,496,016 as of 31 December 2015 (2014: JD 5,511,669).

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

### 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 Programmes, 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 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.

### 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.

The amendments are effective for annual periods beginning on or after 1 January 2016, must be applied retrospectively and earlier adoption is permitted.

### 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

These amendments are not expected to impact the Bank’s financial position or performance. The application of the amendments are not expected to have a significant impact on the Bank’s disclosures.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

### Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify 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.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

### **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.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank's financial statements.

### **IFRS 16 Leases**

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of 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.

### **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 remeasured 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 amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Bank.

### **(50) Comparative Figures**

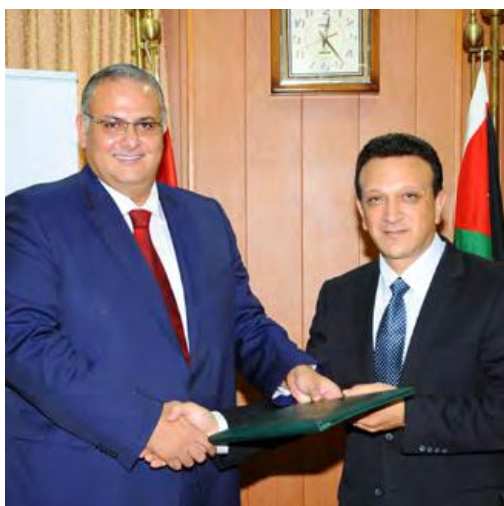
Some of 2014 balances were reclassified to correspond with those of 2015 presentation. The reclassification has no effect on the loss and equity of the year 2014.





**Corporate  
Governance  
Manual**

# Some of CAB Partnerships in 2015



University of Jordan Partnership



Mastercard Partnership



Princess Sumaya University  
for Technology Partnership



Yarmouk University Partnership

## 1- Introduction

### 1.1 Background

1.1.1 In April 2014, Cairo Amman Bank (the "Bank") has adopted the Corporate Governance Manual to be published and presented to all shareholders and stakeholders. In accordance with the Corporate Governance instructions issued by the Central Bank of Jordan ("CBJ"), the Bank developed an updated corporate governance framework in line with leading practices and applicable laws and regulations in Jordan in order to determine the responsibilities and duties of the Board of Directors, Board Committees and Executive Management taking into consideration the protection of the shareholders' and relevant stakeholders' rights and to outline the relationship between all these stakeholders.

### 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 CBJ's corporate governance instructions shall be applicable. However, in case of any conflict with other regulations, the stricter regulations shall prevail, provided that CBJ is notified with the said conflict.

## 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	Member of the Board of Directors that meets the requirements of Article (6/D) from CBJ's Corporate Governance instructions.
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 as in May2015:

### 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 Based on the recommendation of the relevant committee, approving the appointment of the chief internal auditor, risk manager and senior compliance officer and accepting their resignations.

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 BOD formed four permanent committees, namely Audit Committee, Risk Management Committee, Corporate



Governance Committee and Nomination & Remuneration Committee in addition to other committees namely Compliance Committee, Strategy & Excellence Committee, Investment Committee and Real Estate Committee. These all are Board Committees; each acts in accordance with its charter approved by the BOD.

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 4 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 Member Qualifications & Nomination

3.3.1 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 3 years or whenever appropriate and present any proposed amendment to BOD for approval.

### 4.3 Board Committees

#### 4.3.1 Audit Committee:

The Audit Committee shall be responsible for:

- 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:

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:

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.
- Ensure that an Executive Management succession plan is in place.

#### 4.3.4 Corporate Governance Committee

The committee directs and supervises developing and updating the corporate governance manual and monitoring its adoption. The Committee submits its recommendations to BOD for any proposed changes or amendments.

#### 4.3.5 Compliance Committee:

Duties of the Compliance Committee include:

- Reviewing the strategy of the Compliance Division before its approval by the BOD, and assess its effectiveness to ensure its consistency with the changing conditions.
- Ensure the availability of policies, a framework and the necessary programs and tools, and review it on a regular basis to ensure its effectiveness and induce alterations wherever appropriate.
- Discuss the compliance and anti-money laundering reports.
- Receive and follow up with the compliance and internal audit reports relating to the Compliance Division

#### 4.3.6 Strategy Committee:

It assists BOD in setting the strategic goals, assists the Executive Management in designing the strategy, and issues recommendations to the BOD for approval.

#### 4.3.7 Investment Committee:

It assists the BOD in setting the Bank's investment policy, studies new investment opportunities and approves it within the scope of its authorities or submits it to the BOD with a recommendation for their approval.

#### 4.3.8 Real Estate Committee:

It is responsible to study and provide its approval on the recommendations concerning selling the Bank's properties.

## 5- Suitability, Evaluation and Remunerations

### 5.1 Suitability of BOD and Executive Management Members

5.1.1 BOD, Senior Executive Management, and Key Management Personnel members must have the required integrity, experience, qualifications and the ability to perform their duties, dedicate their time for the Bank's business, and meet the requirements and criteria for occupying their positions.

5.1.2 The Nomination and Remuneration Committee is responsible for ensuring that the BOD, Senior Executive Management and Key Management Personnel members meet the required integrity, experience, qualifications and abilities in line with CBJ corporate governance instructions and other applicable legislation.

5.1.3 The BOD should approve the nomination and suitability policy that should be adopted and updated every 3 years or whenever required to ensure adherence and compliance with applicable requirements.

5.1.4 The BOD should approve a comprehensive succession plan that should be updated on a continuous basis.

### 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, 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 the preparation of a report regarding the results of the General Assembly and make sure that it contains the comments and questions of the shareholders addressed to the Executive Management and the answers. The report shall also include the voting results.

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:

- Insider information 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 Banking Law No. 28 of 2000, as amended, defines related parties as: "two or more persons that constitute a single banking risk because one person controls the other or owns at least 40% of the other person's capital, they have exchanged mutual guarantees, their loans are settled from a single source, their loans are granted for the same project, or where other similar circumstances take place. For the purposes of this law, related parties shall be considered as a single person".

9.1.4 As per Credit Concentration Instructions No. 9/2001 issued by CBJ, related parties are so considered:

- 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 a provision stating that the BOD is responsible for the accuracy and adequacy of the Bank's financial statements and the information included in the report, and the adequacy of the internal control systems and coverage of all regulatory requirements in the report.



## 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 BOD ensures independency of the Internal Audit Function and granting it access to all the Bank information.

11.2.3 The Bank ensures the availability of adequate human resources qualified to carry out the internal audit functions.

#### 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 Internal Risk Management Division reporting to the Risk Committee and Senior Executive Management.

11.4.2 The BOD ensures the independency of Risk Management Function and availability of adequate human resources qualified to carry out the related functions.

### Duties of Risk Management include:

11.4.3 Ensure that the Bank is operating within its risk appetite.

11.4.4 Conducting stress testing on a regular basis.

11.4.5 Defining the Bank's risk appetite and risk strategy and policy to get approved by the BOD and the Executive Management.

11.4.6 Ensure the Bank's compliance with the approved risk appetite and tolerance.

11.4.7 Ensure the alignment between the risk measurement technique and information system.

11.4.8 Review the risk management framework before it gets approved by the BOD.

11.4.9 Study and analyse all types of potential risks.

11.4.10 Provide recommendations to the Risk Committee and document any exceptions on the risk policies.

11.4.11 Provide information about risk management for disclosure purpose.

## 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 presented in the CG Manual except for the following:

- The Disclosure Policy
- The BOD self-evaluation



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 Company'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**



# Cairo Amman Bank Branches 2015



Rabieh Branch



Abdoun Branch



Mafraq, Prince Hasan St. Branch



Qasr Al Adel Branch



## Jordan Branches & Offices

### Head Office, Arar St.

Number of Employees: 752  
Tel.: 06 500 6000  
Fax: 06 500 7100  
P.O. Box 950661, Amman 11195, Jordan

### 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

### Ma'adi Branch

Number of Employees: 9  
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: 16  
Tel.: 05 398 2729  
Fax: 05 393 1424  
P.O. Box 39, Zarqa 13110, Jordan

### Zarqa, Army St. Branch

Number of Employees: 11  
Tel.: 05 396 8031  
Fax: 05 396 8033  
P.O. Box 151180, Zarqa 13115, Jordan

### Zarqa, Baghdad St. Branch

Number of Employees: 8  
Tel.: 05 393 1980  
Fax: 05 393 1988  
P.O. Box 150746, Zarqa 13115, Jordan

### New Zarqa Branch

Number of Employees: 11  
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: 7  
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: 15  
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: 18  
Tel.: 06 534 2225  
Fax: 06 5333278  
P.O. Box 13146, Amman 11942, Jordan

### Abu Nsair Branch

Number of Employees: 9  
Tel.: 06 510 5719  
Fax: 06 510 5716  
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: 16  
Tel.: 06 533 2585  
Fax: 06 533 2485  
P.O. Box 316, Amman 11910, Jordan

### Marka Branch

Number of Employees: 9  
Tel.: 06 489 6044  
Fax: 06 489 6042  
P.O. Box 715, Amman 11118, Jordan

### Dahyet Al Yasamin Branch

Number of Employees: 10  
Tel.: 06 420 1748  
Fax: 06 420 1459  
P.O. Box 38971, Amman 11593, Jordan

### Wehdat Branch

Number of Employees: 9  
Tel.: 06 477 1173  
Fax: 06 475 3388  
P.O. Box 715, Amman 11118, Jordan

### Qweismeh Branch

Number of Employees: 17  
Tel.: 06 477 1333  
Fax: 06 475 1737  
P.O. Box 38971, Amman 11593, Jordan

### Al Hurriyah St. Branch

Number of Employees: 8  
Tel.: 06 420 5923  
Fax: 06 420 6962  
P.O. Box 515, Amman 11623, Jordan

**Abu Alanda Branch**

Number of Employees: 9  
Tel.: 06 416 2857  
Fax: 06 416 4801  
P.O. Box 153, Amman 11592, Jordan

**Zara Mall Branch**

Number of Employees: 18  
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: 19  
Tel.: 06 465 8428  
Fax: 06 463 9328  
P.O. Box 715, Amman 11118, Jordan

**Mahatta Branch**

Number of Employees: 10  
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: 14  
Tel.: 06 586 5805  
Fax: 06 586 3140  
P.O. Box 715, Amman 11118, Jordan

**Aswaq Al Salam Branch**

Number of Employees: 10  
Tel.: 06 585 9045  
Fax: 06 585 7631  
P.O. Box 140285, Amman 11814, Jordan

**Wadi Saqra Branch**

Number of Employees: 15  
Tel.: 06 500 6000  
Fax: 06 500 7124  
P.O. Box 950661, Amman 11195, Jordan

**Bayader Branch**

Number of Employees: 17  
Tel.: 06 586 5990  
Fax: 06 581 4933  
P.O. Box 140285, Amman 11814, Jordan

**Jabal Al Weibdeh Branch**

Number of Employees: 11  
Tel.: 06 462 8104  
Fax: 06 463 7438  
P.O. Box 715, Amman 11118, Jordan

**Marj Al Hamam Branch**

Number of Employees: 10  
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: 14  
Tel.: 06 462 5228  
Fax: 06 461 8504  
P.O. Box 2018, Amman 11181, Jordan

**Nuzha Branch**

Number of Employees: 9  
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: 14  
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: 8  
Tel.: 06 505 4170  
Fax: 06 505 3916  
P.O. Box 273, Amman 11947, Jordan

**Hashmi Shamali Branch**

Number of Employees: 10  
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: 11  
Tel.: 06 552 2850  
Fax: 06 552 2852  
P.O. Box 1172, Amman 11821, Jordan

**Aqaba, Al Yarmouk St. Branch**

Number of Employees: 14  
Tel.: 03 201 3355  
Fax: 03 201 5550  
P.O. Box 1166, Aqaba 77110, Jordan

**Aqaba, Al Hammamat Attunisiyyah St. Branch**

Number of Employees: 11  
Tel.: 03 201 8451  
Fax: 03 201 8456  
P.O. Box 1177, Aqaba 77110, Jordan

**Karak, Thanieh Branch**

Number of Employees: 15  
Tel.: 03 238 7627  
Fax: 03 238 7626  
P.O. Box 6, Karak 61151, Jordan

**Mu'tah University Branch**

Number of Employees: 16  
Tel.: 03 237 0182  
Fax: 03 237 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: 7  
 Tel.: 02 738 4126  
 Fax: 02 738 4128  
 P.O. Box 526, Ramtha 21410, Jordan

**Jordan University of Science & Technology Branch**

Number of Employees: 15  
 Tel.: 02 709 5713  
 Fax: 02 709 5168  
 P.O. Box 3030, Irbid 22110, Jordan

**Omar Mukhtar St. Branch**

Number of Employees: 14  
 Tel.: 02 725 0950  
 Fax: 02 725 0954  
 P.O. Box 150002, Irbid 21141, Jordan

**Yarmouk University Branch**

Number of Employees: 10  
 Tel.: 02 727 0181  
 Fax: 02 727 0180  
 P.O. Box 336, Irbid 21110, Jordan

**Irbid Branch**

Number of Employees: 15  
 Tel.: 02 727 3390  
 Fax: 02 727 9207  
 P.O. Box 336, Irbid 21110, Jordan

**Bani Kananah Branch**

Number of Employees: 8  
 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: 10  
 Tel.: 02 724 0071  
 Fax: 02 724 0069  
 P.O. Box 2066, Irbid 21110, Jordan

**Irbid, Travel Depot Branch**

Number of Employees: 10  
 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: 12  
 Tel.: 05 325 3471  
 Fax: 05 325 3465  
 P.O. Box 585, Madaba 17110, Jordan

**Al-Hussein University Branch**

Number of Employees: 13  
 Tel.: 03 213 5071  
 Fax: 03 213 4985  
 P.O. Box 13, Ma'an 71111, Jordan

**Al Al Beit University Branch**

Number of Employees: 9  
 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



## Offices

### **Deir Abu Sa'eed Office Director**

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 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

### **Dean of Students' Affairs, Yarmouk University**

Number of Employees: 9  
Tel.: 02 727 0181  
Fax: 02 727 0180  
P.O. Box 336, Irbid 21110, Jordan

### **Jordan University 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

## Palestine Branches & Offices

### Regional Management

Number of Employees: 261  
Tel.: 02 297 7230  
Fax: 02 295 2763  
P.O. Box 1870, Al Masyoun, Ramallah

### Al Masyoun Branch

Number of Employees: 18  
Tel.: 02 297 7090  
Fax: 02 297 9755  
P.O. Box 2419, Ramallah

### Nablus Branch

Number of Employees: 30  
Tel.: 09 239 3001  
Fax: 09 238 1590  
P.O. Box 50, City Center, Main Cycle, Nablus

### Al Ahliya College Branch

Number of Employees: 20  
Tel.: 02 298 3500  
Fax: 02 295 5437  
P.O. Box 2359, Al Ahliya College St., Ramallah

### Al Shallaleh Branch

Number of Employees: 6  
Tel.: 02 222 9803/4  
Fax: 02 222 9327  
P.O. Box 662, Old City, Hebron

### Haifa Street Branch

Number of Employees: 16  
Tel.: 04 241 8000  
Fax: 04 243 9470  
P.O. Box 66, Haifa St., Jenin

### Al Irsal Street Branch

Number of Employees: 13  
Tel.: 02 294 8100  
Fax: 02 295 1433  
P.O. Box 4343, Al Bireh, Ramallah

### Tulkarem Branch

Number of Employees: 23  
Tel.: 09 268 8140  
Fax: 09 267 2773  
P.O. Box 110, Hospital St., Tulkarem

### Bethlehem Branch

Number of Employees: 16  
Tel.: 02 275 6900  
Fax: 02 274 4974  
Bethlehem, Hebron St., P.O. Box 709

### Qalqilya Branch

Number of Employees: 15  
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

Number of Employees: 16  
Tel.: 09 238 3250/1  
Fax: 09 238 3256  
P.O. Box 1559, Nablus

### Wad Al Tuffah Branch

Number of Employees: 13  
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

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

Number of Employees: 13  
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

Number of Employees: 10  
Tel.: 02 275 7770  
Fax: 02 275 7722  
P.O. Box 601, Al Mahd Square, Bethlehem

### Ain Sara Branch

Number of Employees: 12  
Tel.: 02 221 6801  
Fax: 02 222 1140  
P.O. Box 663, Al Haras St., Hebron

### Annajah 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

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

## Subsidiaries

### **Al Watanieh Securities Company**

Tel.: +970 2 298 0420  
Fax: +970 2 298 7277  
P.O. Box 3891, 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







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