



بنك القاهرة عمّان
CairoAmmanBank

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Annual
Report



His Majesty King Abdullah II bin Al-Hussein



HRH Crown Prince Al-Hussein bin Abdullah II



بنك القاهرة عمّان
CairoAmmanBank

Together we grow

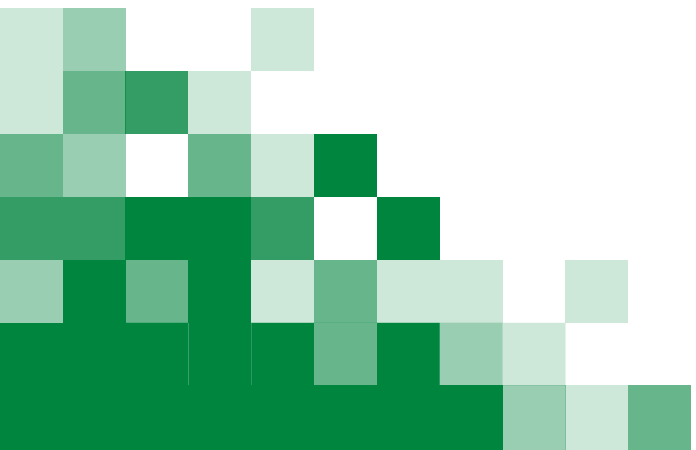
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Annual Report

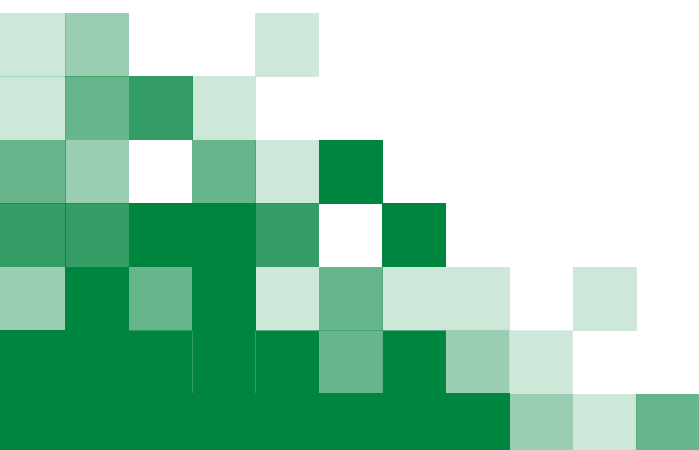


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Annual Report



Chairman

Mr. Yazid Adnan Mustafa Al-Mufti

Vice Chairman

The late Dr. Farouq Ahmad Hassan Zuaiter

Passed away on February 16, 2018

Members

Mr. Khaled Sabih Taher Al-Masri

Banque Misr, Represented By

Mr. Mohamed Mahmoud Ahmed El-Etrebi

Mr. Yasin Khalil Yasin Al-Talhouni

Arab Supply and Trading Company, Represented By

Mr. Ghassan Ibrahim Fares Akeel

Mr. Hassan Ali Hussein Abu Al-Ragheb

Mr. Sharif Mahdi Hosni Al-Saifi

Mr. Arfan Khalil Kamel Ayass

Mrs. Suha Basil Andraws Ennab

Mr. Tarek Mufleh Moh'd Akel

Social Security Corporation, Represented By

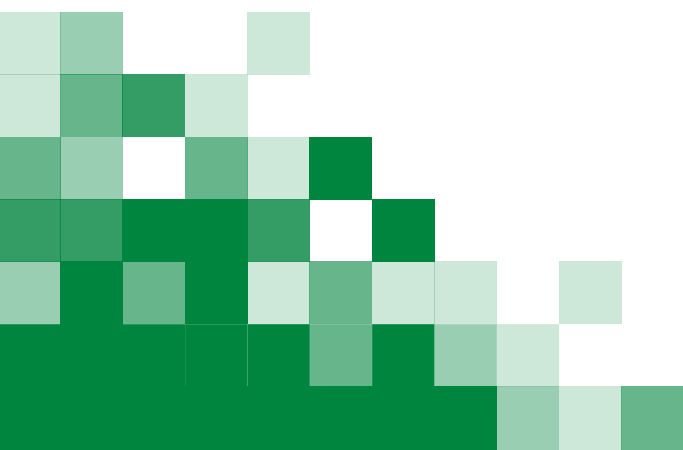
Mrs. Rania Mousa Fahid Al-Araj

General Manager

Mr. Kamal Ghareeb Abdul Rahim Al-Bakri

External Auditors

Deloitte and Touch Middle East



Dear Shareholders,

On behalf of the Board of Directors, it is an honor to present Cairo Amman Bank's 2017 Annual Report, highlighting the most prominent achievements over the past year.

The Jordanian economy achieved a modest growth of 2.2% in 2017 as it remained influenced by difficult regional circumstances that negatively impacted investor confidence and the trade sector. Regardless of these conditions, the Central Bank of Jordan (CBJ) succeeded in reinforcing the Jordanian Dinars attractiveness by raising interest rates on the United States Dollar for most of its benchmark instruments and in maintaining high levels of foreign exchange reserves by issuing Eurobonds to cover the Kingdom's foreign currency reserves in a period of seven months of the Kingdom's import bill.

The Jordanian economy witnessed some positive changes such as a decrease in budget deficit as a percentage of GDP by 3.6% compared to 4.6% in 2016. The increase in general debt reached JD 1.2 billion in 2017 compared to the average of JD 2.2 billion during the past five years, making the public debt 95.3% of GDP compared to 95.15% in 2016. Meanwhile, inflation increased, and economic inflation reached 3.2% in 2017 compared to - 0.8% in 2016, due to a rise in global prices as well as government tax reforms.

The bundle of reforms adopted by the government is expected to positively impact the national economy as it includes measures to facilitate government procedures for investors.

Despite difficult economic conditions, the bank was able to achieve a growth of 13.4% in its credit portfolio, which reached JD 1.538 billion. The portfolio quality was maintained, and the net rate of non-performing credit facilities reached 3.82% of total direct credit facilities, which is lower than the overall banking sector average in Jordan. Furthermore, total assets increased by 12.2% to reach JD 2.794 billion, and customer deposits stood at JD 1.750 billion, a growth of 13.08%, compared to the end of 2016. Net interest and commission income reached JD 112.9 million compared with JD 116.7 million at the end of 2016, a decrease of 3.3%, while overall expenses increased, including depreciation allocations and other allocations, by 7.5% to reach JD 84.1 million.

Net operating profit after income tax reached JD 30.3 million compared to JD 35.1 million in 2016, a decrease of 13.5%. The percentage of each share from net profits reached JD 0.169 compared with JD 0.195 the previous year.

CAB's investments in shares and bonds reached JD 385 million compared to JD 407 million in 2016. Through investments in financial assets, the bank sought to reach a balance between investing funds in low risk instruments and generating higher revenues while maintaining a good level of liquidity. CAB liquidity rate is kept in line with global standards and the requirements of monitoring entities representing a source of insurance for all stakeholders dealing with the bank. Credit facilities form 87.9% of customer deposits, which represent the main source of funding for the bank, making up 62.6% of all funding sources.

Shareholder equity amounted to JD 336.6 million at the end of 2017 compared to JD 326.5 million at the end of 2016, registering an increase of 3.1%, while the Capital Adequacy Ratio (CAR) stood at 15.04% in 2017, which is higher than the rates set by the Central Bank of Jordan (14.125%). The Leverage Ratio reached 9.5%, placing CAB in the "well-capitalized" category in terms of credit ratings.

Based on the financial results, the Board of Directors has decided to recommend that the General Assembly distribute cash dividends to shareholders amounting to 12% of the nominal value of the shares, which is equivalent to JD 21.6 million.

In 2018, the bank will continue to implement its strategic plans and policies as well as develop its business. Hence, emphasis will be placed on maintaining the credit portfolio quality and high liquidity ratios. CAB will also work on raising performance efficiency, improving customer service levels, and expanding its network of sales outlets, including branches, offices and ATMs. Moreover, CAB will support local communities as part of its social responsibility endeavors.

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



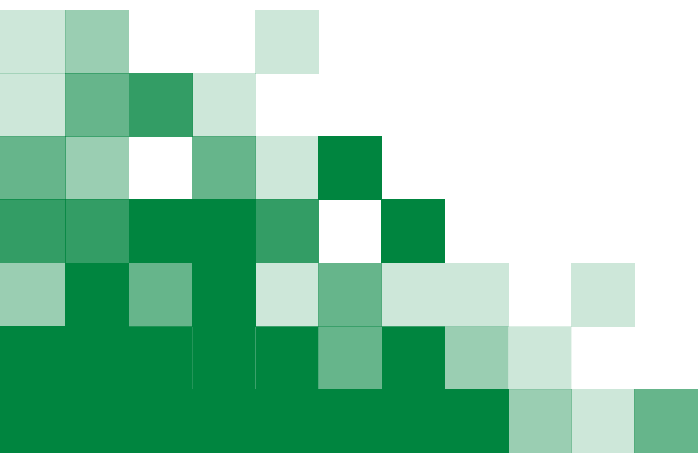
Yazid Adnan Mustafa Al-Mufti
Chairman of the Board of Directors



**Board of
Directors'
Report**

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Annual Report



I. Local Economy

The Jordanian economy registered positive growth rates, even though they remained low, during 2017 and is expected to witness a growth of 2.2% compared to 2.0% in 2016 despite the difficulties and obstacles it has faced throughout the last years. Such challenges have included unstable geopolitical conditions, fluctuating oil prices and a loose monetary policy, in addition to decreased exports and foreign investments due to the closed borders with Syria and Iraq.

The Jordanian economy proved its regional and global resilience to foreign shocks, especially during the Syrian refugee crisis, as the Jordanian economy adopted a cautious approach to the decline in foreign grants and fluctuating energy prices. The Central Bank of Jordan succeeded in reinforcing the Jordanian Dinar's attractiveness by raising interest rates on most of its benchmark instruments four times, three of which coincided with the US Federal Reserve raising the interest rate on the United States Dollar. This move was made to preserve the Jordanian Dinar's strength as linking the Jordanian Dinar's exchange rate to the Dollar still offers significant support for the national economy, maintaining the stability of the Jordanian Dinar.

Despite pressure on the Kingdom's foreign exchange reserves, the Central Bank maintained FX reserves levels by shifting toward foreign lending. FX reserves at the CBJ cover around 7 months of imports. Furthermore, the national economy engaged with the global security market as the Ministry of Finance successfully issued Eurobonds, though they were at relatively high rates compared with local lending costs and were a key reason for the JD 1.5 billion increase in foreign debt.

The Jordanian economy registered a number of positive indicators in 2017, especially a decrease in the government deficit. The public deficit (including the deficit of government units) is expected to drop to JD 1.050 billion in 2017 compared to JD 1.254 billion in 2016, reducing the government deficit as a percentage of GDP to 3.6% compared to 4.6% in 2016. Inflation rates increased to 3.2% in 2017 compared to -0.8% in 2016 due to global price hikes and government tax reforms.

According to the Ministry of Finance, the country's public debt reached JD 27.25 billion (95.3% of GDP) in 2017 compared to JD 26.1 billion (95.15% of GDP) at the end of 2016, an increase of JD 1.2 billion in debt compared to the previous years' balance and an average increase of JD 2.2 billion compared to the past five years.

Local Forecasts for 2018

The Jordanian economy is expected to continue recovering throughout 2018 as the government clearly focuses on developmental capital projects that seek to create job opportunities and increase government revenues, in addition to working on finding new destinations for exporting domestic products. Furthermore, border crossings with Syria and Iraq are expected to be opened, which would positively impact the Jordanian economy in general.

The bundle of reforms issued by the International Monetary Fund (IMF), which are being implemented by the government, are expected to include tax reforms and a stricter implementation of the income tax law, which could lead to increased stability and a decrease in public debt.

The reforms should also have a positive impact on economic growth rates with an expected growth of 2.5%, while public debt levels should decrease its percentage of GDP in 2018 to 93.6% compared to 95.3% in 2017 and the Kingdom's exports rates should grow to 5.5%.

That said, escalations in regional conflicts and negative economic forecasts for GCC countries may negatively impact the Jordanian economy and multiply the risks facing the local economy.

In terms of the country's monetary policy, the CBJ is expected to continue raising Jordanian Dinar interest rates of its benchmarks investments following the expected raising of United States Dollar interest rates by Federal reserves during the following year. The CBJ's foreign currency reserves are expected to remain strong and sufficiently robust to support the exchange rate peg against the United States Dollar.

II. Regional Economy

Oil Exporters:

Oil prices remain low despite OPEC's decision to reduce production. Oil exporting countries continue to adapt to the low oil prices, which have negatively affected their economies in general as this decline has weakened their growth and contributed to a large deficit in their public finances and foreign accounts.

The overall growth in the Gulf Economic Council (GCC) is expected to reach its lowest levels at 0.5% in 2017, while non-oil growth is expected to recover by almost 2.6% in 2017 and 2.4% in 2018 as a result of slower fiscal controls. It should also be noted that economic activities in Iraq and Yemen remain affected by the security conditions and reduced oil production.

The decline in oil prices has led oil exporters to reallocate oil revenues through the public sector and energy subsidiaries in addition to setting strategies to diversify their economy and limit their dependence on oil revenues. However, according to IMF reports, such strategies are considered short-term strategies and oil exporting countries must set long-term strategies to decrease their deficits, preserve their public finances and support exchange rate systems linked to other currencies.

The decline in oil prices was also a key contributing factor to the large deficit in public finances for oil exporting countries in the region. The deficit increased from 1.1% of GDP in 2014 to 10.6% of GDP in 2016. However, this deficit is expected to decline by 5.2% of GDP in 2017 due to the limited improvement in oil prices and governmental efforts to shrink the deficit.

Progress made in this regard varied from one country to another. Some countries were forced to take additional measures for financial controls while also protecting social spending on development, and governments in oil exporting countries must all make greater progress in improving their public finance institutions and frameworks.

The current situation is still negatively affecting growth in these countries as great uncertainty surrounds oil prices. The risks resulting from price fluctuations will most likely be negative as well as the risks arising from regional conflicts and geopolitical developments. Other global risks might also affect the region such as a quicker than expected return to traditional monetary policy in the United States and the adoption of more isolationist policies in developed economies. Nonetheless, there is a possibility of surpassing global estimates, including a stronger and more sustainable global recovery, which could contribute to higher growth rates in the Middle East.

Oil Importers:

Oil importing countries in the Middle East are expected to register a 4.3% growth in their economic activities by 2017, which is higher than the average economic growth of 3.6% registered in 2016. This improvement in economic growth is expected to benefit many countries as the IMF expects a growth increase in most oil importing countries due to improvements in local demands and exports.

Economic growth rates are expected to continue improving in oil importing countries to reach 4.4% in 2018 and 5.3% between 2019 and 2022. However, these growth rates will not be sufficient to provide the job opportunities necessary to meet the needs of unemployed locals and the millions of job seekers who will be entering the labor market during the next three years. Oil importing countries will witness a slight decrease in the average public deficit as a percentage of GDP and are also expected to register a 6.6% deficit from GDP, which will decrease to 5.6% in 2018. Furthermore, this improvement will not be able to remedy most weaknesses as the effects of weak local revenues and high current expenses – which were among the reasons that led to public debt exceeding 50% of GDP – continue to be felt in most oil importing countries in the region. These countries will need to continue implementing financial controls and reforms to address vulnerabilities to debt risks.

IMF estimates for these countries for 2019-2022 are favorable as debt levels are expected to drop as a result of financial controls that should include accurately guiding current expenditures to protect social spending and improve the efficiency of public investments to alleviate the deflationary impact on growth. Structural reforms should also be speeded to encourage private sector activities and promote a more dynamic and competitive economy.

III. Global Economy

The end of 2017 resulted in more positive economic changes as the global economy succeeded in overcoming a very difficult period in 2016. Economic growth continued to increase across most of the world as a result of higher consumer spending and a stronger recovery of the private investments sector. IMF estimates indicate a global economic growth of 3.6% in 2017 compared to 3.2% in 2016, the highest ascending pattern registered since 2011. IMF analysts also expect the global economy to continue recovering to register a growth of 3.7% in 2018.

Furthermore, 2017 saw a slight increase in the prices of goods across the world except in the United Kingdom, which witnessed a surprising decrease in the value of the GBP as the country voted to leave the European Union and the import costs of food and oil increased. Despite the drop in unemployment rates in most economically developed countries as the labor market narrows, wage hikes were disappointing in 2017 and added a new challenge to the challenges facing central banks next year. Most of these banks would have liked to see a higher increase in average salaries before hiking up interest rates and reconciling the global economy after years of financial stimuli adopted to remedy the effects of the crisis the world witnessed a decade ago.

Exceptionally, 2017 was a good economic year for the United States of America, as GDP grew by 2.5% compared to 2.1% in 2016 due to improved investor and consumer confidence, despite the failure to ratify some major legislation by the US President Donald Trump. Unemployment rates improved significantly and dropped down to 4.1% in 2017 from 4.7% in 2016. As a result of this improvement, the US Federal Reserve increased interest rates three times during the past year and is expected to raise interest rates as the number of times raised in 2018. Economists also expect a better performance for corporate investments encouraged by new tax laws that have been approved by the US Senate as the end of the last year.

The most surprising developments in 2017 occurred in the Eurozone as economic growth there is expected to exceed IMF expectations published at the start of the year by reaching 2.3% in 2017. Economic analysts estimated a growth of 1.4% for the European economy at the start of the year compared to 1.6% in 2016. The failure of right-wing extremist political parties to win the elections in the governments of France and Germany contributed to achieving political stability, which helped major Eurozone countries maintain their attractiveness to investors and overcome many economic obstacles. The flexible monetary policy adopted by the European Central Bank also helped overcome the difficult economic period the Eurozone was facing.

During 2018, focus will turn to the European Central Bank, which will start to end the quantitative easing program it had adopted previously before starting to gradually increase interest rates.

The most notable economic event has been the United Kingdom's decision to leave the European Union (Brexit), which has negatively impacted the British economy. Economic and wage growth have grown slightly in the UK and the British government has not reached an agreement regarding the transition of its investment in the EU countries. According to IF experts, the UK's economic growth is expected to drop, reaching 1.7% in 2017 compared to a growth of 2.1% in 2016 and to continue dropping to 1.5% in 2018.

China maintained its rate of expansion despite an anticipated poor economic performance. The Chinese economy is estimated to grow 6.8% in 2017, compared to 6.7% in 2016. China continues to make progress in rebalancing its economy, with the consumption and service sector maintaining relatively fast growth.

However, it is expected to slow down in the coming years, as it continues to rebalance its economy, and credit growth is expected to decelerate. Furthermore, China's rapidly accumulating debt, having quadrupled since the financial crisis, became of concern this year. In September, Standard and Poor's downgraded its credit rating citing the risks from total debts in, which have quadrupled since the financial crisis. As the Chinese government continues to set plans to reduce its debt without having affected growth, economic experts fear that the government may take decisions that could destabilize the economy.

Oil derivatives clearly recovered in 2017, benefiting from a rise in demand in global markets in general, and Chinese markets in particular where economic activities grew. This hike in prices came after a sharp decrease in the prices of oil derivatives at the end of 2015, making 2017 a stable and quiet year for oil prices in global markets. OPEC's decision to limit productions also helped maintain prices within a set scope.

Digital currencies had a clear presence on the global economic scene and were the most notable economic development of the year. Despite the fear of the bitcoin's coming crash, drop in the prices of these currencies and the fact that, at the end of the year, many countries will ban the trading of digital currencies in their markets, 2017 can be considered the year of digital currencies. The most prominent of these currencies was Bitcoin. Launched in 2017 at USD 1,000, the currency's value reached USD 20,000 in mid-December, a rise due to an increase in demand. However, most central banks across the world decided to ban the trading of digital currencies, which led to a drop in Bitcoin value for one day in December before a partial recovery a few days later.



Financial Indicators and Ratios

(Amount in thousands (JD); except share price)	2017	2016	Variance
Major balance sheet items			
Total assets	2,794,347	2,491,183	12.17%
Credit facilities - net	1,537,937	1,356,279	13.39%
Customers' deposits	1,749,865	1,547,446	13.08%
Total equity	336,584	326,472	3.10%
Results of operations			
Net interest & commission income	112,909	116,724	(3.27%)
Income from operating activities (excluding investment income)	127,752	130,620	(2.20%)
Gross income	125,972	128,129	(1.68%)
Net income before income tax	41,895	49,924	(16.08%)
Net income after income tax	30,336	35,056	(13.46%)
Earning per share (JD)	0,169	0,195	(13.46%)
Financial ratios			
Return of average assets	1.15%	1.40%	
Return of average equity	9.15%	11.06%	
Net interest & commission income to average assets ratio	4.27%	4.65%	
Capital adequacy ratio	15.04%	16.47%	
Credit facilities to customers' deposit ratio	87.89%	87.65%	
Non-performing loans ratio	3.82%	3.47%	
Non-performing loans coverage ratio	77.78%	95.30%	

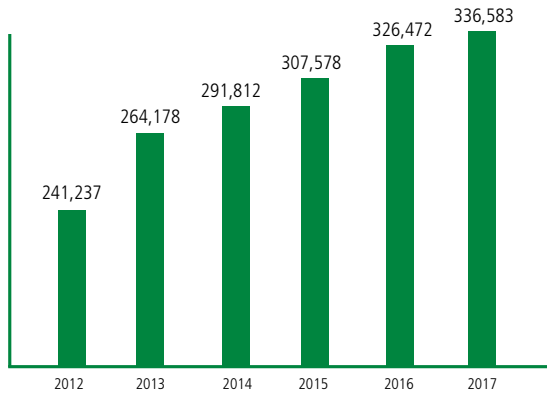
Financial Indicators for the Previous 5 Years

(Amount in thousands (JD); except share price)	2012	2013	2014	2015	2016	2017
Net income before tax	35,286	40,796	44,533	41,168	35,056	30,336
Dividends paid	17,000	17,000	16,250	16,000	21,600*	21,600*
Bonus shares distributed	-	25,000	35,000	20,000	-	-
Total equity	241,237	264,178	291,812	307,578	326,472	336,584
Outstanding shares	100,000	100,000	125,000	160,000	180,000	180,000
Market price per share (JD)	2.75	2.78	2.78	2.55	1.85	1.50

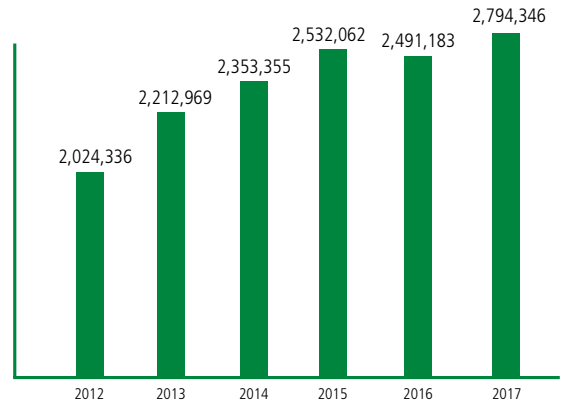
* Amounts represent the board's recommendations to the General Assembly for 2017

Amounts in thousands (JD)

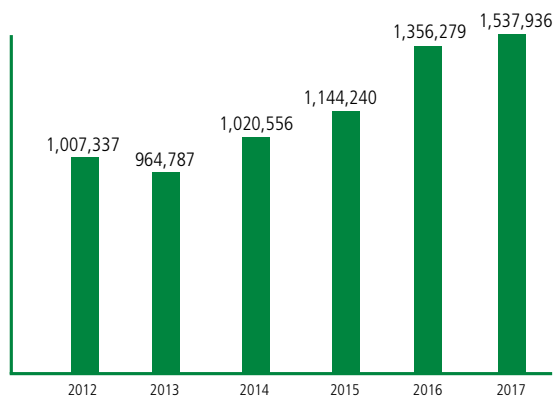
Shareholders' Equity



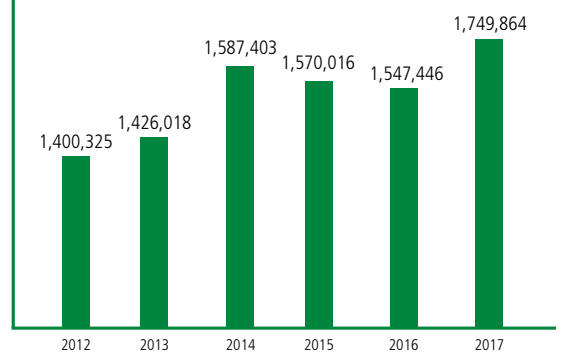
Total Assets



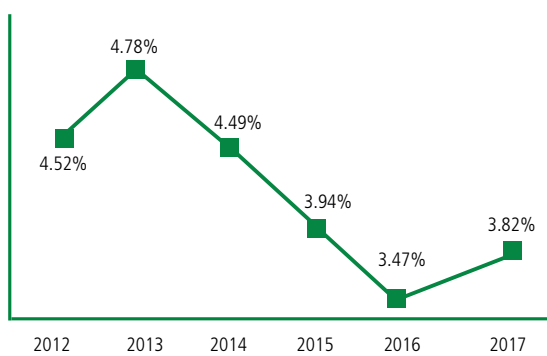
Credit Facilities - Net



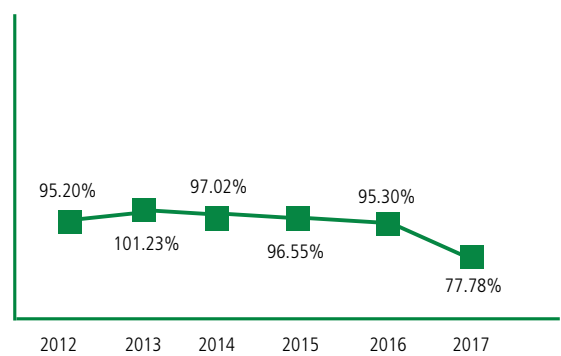
Customers' Deposits



Non-Performing Loans Ratio



Provision Coverage



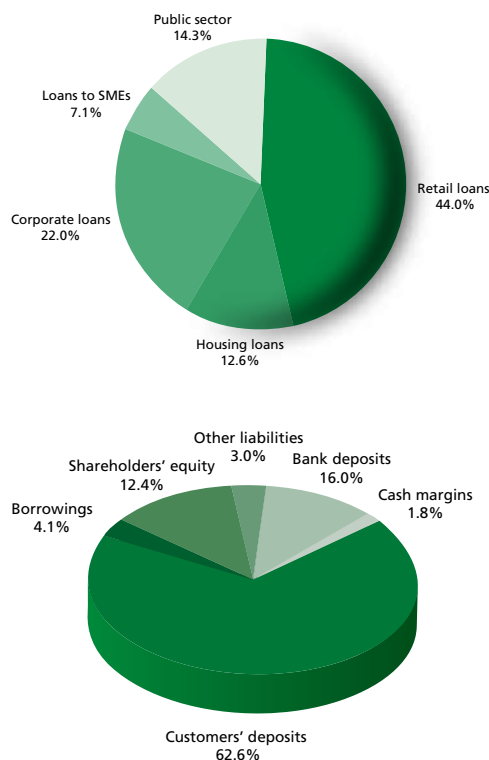
Financial Position

Total assets amounted to JOD 2794.3 million, an increase of JOD 303.2 million, or 12.2%, as of the end of the previous year. The gross credit facilities portfolio increased by JOD 182.3 million, or 12.9%, to stand at JOD 1597.1 million despite the rise in non-performing credit facilities. Net non-performing facilities remain low and accounted for 3.82% of total direct credit facilities, compared to 3.47% for the previous year, and the net credit facilities portfolio increased by 13.4%, to reach JOD 1537.9 million, compared to JOD 1356.3 million in 2016. CAB also maintains, in accordance with the instructions of the Central Bank of Jordan and International Financial Reporting Standards, adequate provision for non-performing loans, amounting to JOD 48.7 million. Hence, the coverage ratio of net non-performing facilities stands at 77.8%.

Furthermore, Cairo Amman Bank's investment balance in stocks and bonds amounted to JOD 385 million, compared to JOD 407 million during 2016. CAB's main goal is to achieve a balance between employing funds in low risk instruments with the aim of attaining higher returns, while maintaining acceptable liquidity ratios.

CAB maintains liquidity ratios in correspondence with the international standards and regulatory requirements. This provides reassurance to CAB stakeholders: Credit facilities represent 87.9% of customer deposits, which constitute CAB's main source of funding, representing 62.6% of the total sources of funds.

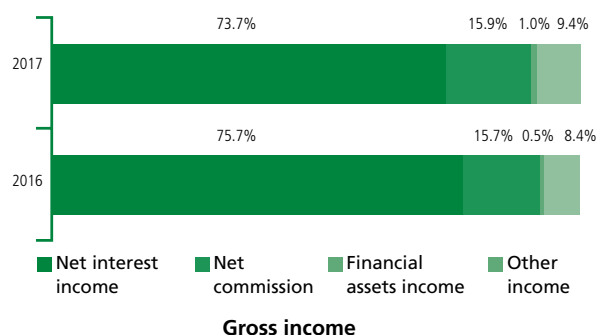
Total shareholder equity amounted to JOD 336.6 million by the end of 2017, compared to JOD 326.5 million by the end of the previous year, an increase of 3.1%. CAB's dividend policy strengthened the Capital Adequacy Ratio (CAR), which reached 15.04% in 2017, compared to 16.47% in 2016, exceeding the 12% minimum level set by the Central Bank of Jordan. Furthermore, the core capital for risk-weighted assets reached 14.2%, compared to 15.67% during the previous year, and the leverage ratio stood at 9.5%, placing CAB within the "well-capitalized" category according to the solvency scale.



Analysis of Results of Operations

CAB exceeded the estimated budget of the year. In this respect, profit before tax amounted to JOD 41.9 million, compared to JOD 49.9 million in 2016, registering a 16.1% decrease. Meanwhile, net profit after income tax amounted to JOD 30.3 million, compared to JOD 35.1 million during the previous year, a decrease of 13.5%, bringing the earnings per share to JOD 0.169, compared to JOD 0.195 in 2016.

Operationally, despite this rise of the bank's asset, there has been a decrease in the interest margin, and the net interest income fell by 3.9%, to stand at JOD 92.8 million, compared to JOD 96.6 million during 2016. Net commission income remained the same at JOD 20.1 million. Meanwhile, CAB's investment profit increased from JOD 0.7 million to JOD 1.2 million this year. Other CAB's revenues rose by 10.3%, to stand at JOD 11.9 million. Hence, gross income decreased by 1.7%, to reach JOD 126 million, compared to JOD 128.1 million during 2016. CAB's operating income, resulting from interests and commissions, has continued to represent the largest component of gross income, comprising 89.6%, compared to 91.1% in 2016.



Gross expenditure, on the other hand, including allocations for the impairment of credit facilities and other allocations, increased by 7.5%, to stand at JOD 84.1 million, whereby employee expenditures increased by 3.3%, along with other operating expenses by JOD 3 million or 11.7% due to the increase in CAB's operational activities. In general, the allocations for the impairment of credit facilities accounted to JOD 3.8 million, compared to JOD 3.2 million during 2016, representing the amount that was deducted during the same year to enhance allocations for the impairment of non-performing credit facilities.

Dividend Distribution

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

Retail Banking

In correspondence with the bank's strategy, CAB is striving to play a leading role in providing individuals with the latest and most advanced banking solutions. In 2017, CAB has developed a number of banking products and services in accordance with its objectives and the current economic situation. This has resulted in a growth rate of 6.9% in the personal loan banking portfolio.

CAB launched a new product targeting self-employed freelancers and small business owners in partnership with the European Bank for Reconstruction and Development (EBRD). The program, titled "Shoghli" (My Work), was launched to support this sector, considered one of the largest labor sectors in Jordan which was looked upon in that matter, by offering working capital loans or loans to expand existing projects.

Furthermore, and in line with national efforts to develop the renewable energy sector, CAB partnered with the Jordan Renewable Energy & Energy Efficiency Fund (JREEEF) to develop an interest-free loan to help CAB's customers finance renewable energy products.

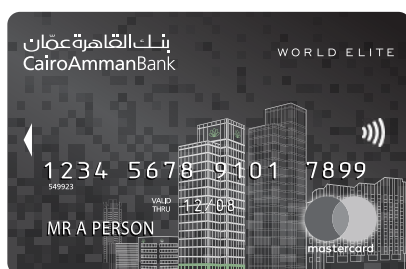
Over the course of the year, CAB focused on developing its products through the introduction of several new credit cards in 2018 targeting new customer segments. Both the discount and loyalty programs aim to encourage a cashless society, depending completely on cards. Such programs offer rewards and enable customers to earn points through local, international, or online purchases made by their card and to redeem these points, CAB designed a special electronic platform that offers various premium products.

In order to finalize CAB's project that was launched in 2015, which replaces traditional university ID cards with multi-use smartcards, the distribution of these cards continues in Yarmouk University and they will still be distributed to other universities throughout 2018. Furthermore, prepaid employee cards were developed for companies which are linked to the staff system that also act as payment cards. CAB also developed a card linked to mobile wallets (Mahfazati) that allows customers to use their wallet credit for purchases at points of sale. In recognition of its achievements in the field of smart cards, CAB received the Best Unique and Leading Provider of Prepaid Cards award.

In terms of savings accounts, CAB developed a competitive awards program in 2017 that came in line with the bank's objective to increase its customer base. Savings account deposits increased by 18.8% during this year.



The bank's annex at the SME Forum



Mastercard World Elite



Mastercard World Business

Corporate Banking Products and Services

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

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

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

Due to these efforts, CAB achieved an 18.3% growth in its corporate facilities portfolio.



Celebration recognizing excellent employees in customer service

Treasury and Development of Sources of Funds

CAB has succeeded in managing its assets and liabilities efficiently and effectively, ensuring proper quality of these assets while improving returns, diversifying funding sources, maintaining adequate liquidity ratios, and enhancing CAB's profitability and maintenance of acceptable risk ratios.

Throughout the year, CAB sought to strengthen its existing relations with correspondent banks, and despite the difficult regional conditions and the changes imposed by regulatory authorities, CAB seeks to build new business relations with other banks as well. CAB has also maintained sustainable and close banking relations with banks and financial institutions inside and outside Jordan in several areas including commercial finance and bank transfers. This has contributed to improving the services provided to customers.

CAB has continued to offer its customers' innovative investment choices. It launched an E-trading platform that allows customers to trade shares, bonds, investment funds, and listed investment funds in various trade markets across the world.

Financial Leasing

CAB offers an integrated range of financial leasing services through Tamallak Leasing Company, which facilitates customer business across economic sectors. The company seeks to raise the level of interest in the services provided to assist target segments in meeting their financial needs through the concept of leasing and its economic benefits. Tamallak Leasing Company succeeded in achieving growth rates that exceeded expectations with an increase of 74.3% in its portfolio throughout the year.

Investment Services

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

Branches Network and Distribution Channels

As CAB aims to achieve its corporate objectives, in addition to developing its geographical expansion, CAB opened a new branch at the Hashemite University which has a modern design, calm atmosphere, and digital networks equipped with the latest computers. These networks will help facilitate customer access to banking services, protect privacy and confidentiality, and also increase the number of clients in Zarqa branches. A sales advisory office was opened in Irbid to reinforce CAB's presence in Jordan's vital regions, and both Leaders and Tabarbour branches were moved to more convenient and easier to access locations. This brings the total number of branches and offices to 111, with 21 branches located in Palestine and one in the Kingdom of Bahrain. Moreover, CAB is pleased to serve its customers through its network of 256 ATMs scattered across Jordan and Palestine, with 10 machines replaced by newer and more advanced models to meet customers' banking needs and facilitate the ease of access to clients in a fast and efficient way.



Tabarbour Branch



Hashemite University Branch



Khalda Branch

Information Technology

In correspondence with the bank's objectives, CAB has continued to develop its technical systems through its investments in infrastructure, business continuity systems information security and protection systems comprehensive banking systems, and electronic channels. CAB aims to provide advanced and effective technologies in accordance with best international practices, standards and specifications, in order to enable various banking units to provide advanced and competitive banking services in a sophisticated and secure electronic environment.

CAB updated its Customer Service Center's systems by updating the computer software used by the bank to guarantee safe IT usage. Customer satisfaction is considered to be one of the most important factors in the banking sector which is applied in the bank's strategies to result in positive profits. CAB is also constantly working on updating its products and training its employees to use their systems to maintain its existing customer base and attract new customers. The Cisco Unified Contact Center (CCX) system, the Cisco Unified Communication Manager (CUCM) system, and the Cisco ASA firewall were updated to fill any security gaps that go in line with the global information security requirements and standards.

According to the bank's management's strategic objective to provide safe e-services to clients, a special customer email system was created to provide clients with a secure inbox using the Iredmail technology and encoded digital certificates. Bank statements and/or any correspondence between the bank and the client are sent safely and confidentially using the One Time Password technology.

CAB obtained the Payment Card Industry Data Security Standard (PCI-DSS V3.2) Certification, stating that CAB's relevant systems have been assessed and found to be compatible with applicable standards. Cairo Amman Bank is the first bank within its category in Jordan to reach such a milestone achievement for the third year in a row, which reflects the volume of investments made in its information security systems. This highlights the importance CAB grants to the security and confidentiality of customer information vis-à-vis relevant regulatory authorities, such as the Central Bank of Jordan, or other strategic partners and service providers, such as MasterCard, which increases customer confidence in CAB's ability to provide an advanced and secure electronic environment.

Furthermore, the Loan Origination System was adopted to automatically grant loans to customers as part of its reliable policies, procedures, authorities, and approvals. This would facilitate and speed-up the marketing and sales of loan products through e-channels for the benefit of retail products and by increasing opportunities for additional sales and profits. The ERP system was implemented within the Finance, Logistics and Assets, and Human Resources departments as was the mechanism to link with the banking system. As for combatting money laundering, the bank implemented the goAML project, which allows the Anti Money Laundering and Combatting Terrorism Funding Department to manage the warnings submitted by the concerned various entities, by transferring these warnings to the concerned authorities.

The Business Intelligence (BI) system was implemented by the bank to collect and analyze data from all the main systems of the bank to help decision makers make the right decisions at the right time. The system also assists in strategic planning, reporting and statistics, cost reduction, customer data analysis, product profitability analysis, statistical analysis, and other operations. It is being implemented at the branches and by higher management.

To guarantee the continuous efficiency of ATMs and provide customers with the best services, CAB implemented the new B-ACCORD system. The system matches daily ATM operations, which include all currencies, to check with any discrepancies (surplus or lack) that may occur for any reason.

Human Resources and Training

Recruitment Policy

CAB continued to implement its policy to prioritize internal candidates in filling available vacancies through a fair competition mechanism that allows employees to apply for available positions, especially managerial and leadership roles. This policy can help provide interesting careers to develop opportunities and retain qualified employees. It also guarantees that the bank is offering opportunities for the overall knowledge and experience of employees through temporary placement programs, trainings and courses. CAB also recognizes the importance of attracting talents externally to foster a healthy state of competition and drive innovation. Suitable candidates are chosen to best fit the bank's values and its corporate environment as well as the job requirements.

Employee turnover reached 7% in 2017 in terms of voluntary resignations compared to 2% in 2016, which is still within the acceptable average according to relevant best practices.

Remuneration Policy

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

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

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

Among CAB's most important achievements for 2017 was completing the first phase of the human resources system project and successfully going on with it. The second phase will be completed in 2018.

In 2017, CAB played a big role in corporate social responsibility as 297 university students were trained in banking affairs to be qualified for the job market. The bank's employees also actively participated in the training programs held in schools, universities, and educational institutes.

After the bank's strategic plan was adopted, CAB raised awareness of its main concept, vision, mission, values and objectives among its employees. In line with these objectives, the Human Resources Department was restructured, and a Human Resources Excellence Department was formed to guarantee the implementation of best practices in managing human resources.

In compliance with corporate governance guidelines, the Human Resources Department participated in setting and adopting the succession plan to guarantee the continuation of the bank's working scope and to develop qualified personnel for future stages.

Furthermore, CAB developed guidance programs for new employees by adopting a comprehensive program that included theoretical and practical training for new comers. The program seeks to increase productivity and efficiency among new employees to reach peak performance during a short period of time.



Development and Training Plans for Human Resources

New training plans for employees were implemented in 2017 which included internal and external trainings.

During 2017, 429 training courses and workshops were held, amounting to 5,014 training hours, including 197 internal courses at CAB's training center, 225 courses held in partnership with local training centers, and 7 courses held outside Jordan. A total of 4,944 participants attended.

CAB covered university tuitions for higher degrees and diplomas for 20 students, including 7 employees and 13 dependents of employees.

During 2017, CAB offered 297 university students practical training on the banking business.

Training activities concerning internal procedures and subjects that can increase employees' professionalism and know-how will continue in 2018, as well as other training requirements that will be set in the 2018 training plan.

	Cairo Amman Bank	Safa Bank	Awraq Investments	Al-Watanieh Securities	Tamallak Leasing	Total
Ph.D	2	-	-	-	-	2
Masters	79	8	2	2	3	94
Bachelor	1,483	59	15	11	4	1,572
Diploma	291	7	1	-	1	300
High School or less	252	7	2	3	3	267
Total	2,107	81	20	16	11	2,235

Human Resources' Development and Training Plans

A good percentage of training plans were implemented for employees during the year 2017 as per the optimal possible choices of internal, local and external training.

429 training courses and workshops were held during 2017 by 5014 training hours; 197 of them were internal courses held in the bank training center, 225 courses were held in cooperation with the local training centers and 7 courses were held abroad, with number of attendees in the courses reaching 4944 participants.

The bank also participated in the settlement of university and intermediate university tuition expenses for 20 students; 7 of them are employees and 13 are employees' Children.

During 2017, the bank provided practical training for 297 university students through the HR Department in the field of banking.

During 2018, training activities will continue for internal business procedures as well as the issues that assist in increasing working professionalism among employees and other training requirements listed in the training plan of the year.

Training programs provided by the bank and affiliate companies included the following fields:

Training field	Number of Courses	Number of Participants	Number of Training Hours
IT courses	14	27	325
External trading funding	13	36	352
Administration	6	46	111
Human resources development	20	142	237
Financial and accounting	17	43	567
Human resources	6	21	165
Credit facilitations and funding	42	305	615
Auditing	3	6	93
Electronic services	10	66	122
Risks	32	118	411
Compliance and anti-money laundering	32	351	431
Treasury and investment	15	92	276
Work procedures	7	135	25
Legal aspects of the banking business	15	97	170
Sales	12	115	160
Marketing	3	7	55
Institutional excellence	63	1703	136
Basic banking knowledge	23	288	132
Money transfer	21	364	83
English language	8	39	76
Public safety	6	126	19
Comprehensive training	2	8	148
Legal matters	2	17	16
Conferences	3	8	29
Banking systems	34	578	96
Customer service	17	202	142
Insurance	2	3	8
Islamic banking services	1	1	14
Total	429	4944	5014

CAB has strengthened its standing as one of the leading banks in Jordan, bolstered by its achievements during the current and previous years. Hence, CAB's market share of total deposits and credit facilities in Jordan amounted to 3.63% and 4.55% respectively and 6.1% and 6.61% in Palestine.

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

Subsidiary Companies

The following is an overview of CAB's subsidiary companies.



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

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



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



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



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

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

Throughout 2017, CAB continued to implement its social responsibility policy aiming to develop the local community. It strengthened its relationship with local community institutions, enabling them to serve Jordanian citizens within the framework of programs that have been executed for several years to consolidate the notion of CSR within the society. CAB has therefore increased its CSR involvement by doubling its activities, events and services that support creativity in business, culture and arts. This involvement included a number of areas and most importantly the health sector, which is assisted through financial support granted to the King Hussein Cancer Center (KHCC). In this context, the 11th special summer camp for KHCC children was opened by the KHCC Director General and CAB senior management representatives.



The 11th Special Summer Camp for KHCC Children

CAB intensified its humanitarian and local community service efforts by supporting many charitable organizations operating within the Kingdom. CAB sponsored a charity Iftar organized by Khair Al Ordon Association for Orphan Children in line with the bank's leadership role in developing individuals' skills and enabling people, especially the less privileged and orphans, to lead a better life. In the education sector, CAB continued providing support to Jordanian universities, scientific and cultural associations, as well as INJAZ. It has also helped develop the skills of a large segment of society, including 60 eight-grade female students who participated in two engineering workshops organized as part of the Go Girls projects in Um Al Qura Elementary School in Wadi Al Sir.



Go Girls Project Umm al Qura Elementary School

Within the same context, CAB also annually offers numerous scholarships, enabling students to enroll in Jordanian universities and associate degree programs, in addition to allocating a number of these scholarships to the bank's employees and their children. As part of its efforts to reinforce Jordanian skills in the labor market, CAB participated in the events of the 12th Career Day organized by Princess Sumaya University for Technology (PSUT).



CAB's Participation in the 12th Annual Career Day in Princess Sumaya University for Technology

CAB also supported and developed the local community by participating in the 6th Leaders Day organized by the Ruwwad for Development project through its branches in Tafilah, Al Bayda and Shoubak. The event sought to increase individuals' engagement in the community by offering educational grants to young men and women in exchange for working voluntarily with Ruwwad. CAB is a strategic supporter of this charitable association.

Moreover, CAB's support for culture and art is manifested by the fact that it is the only bank to have inaugurated a one-of-a-kind art gallery, which acts as a national and global incubator for artists and young emerging talents. The gallery showcases beautiful paintings reflecting social and cultural heritage by young artists who compete for annual awards. In 2017, CAB organized a number of art exhibitions to showcase the work of a fine selection of Jordanian and Arab artists. The bank also held the 3rd edition of the Cairo Amman Bank International Art Symposium. It also sponsored various artistic and cultural events, including the Jerash and Fuheis festivals, and many others.



Opening of the 8th Round of the Children's Painting Competition

CAB's contributions to the local community also included supporting Tkiyet Um Ali in meeting the basic needs of the poor and needy. The bank also continues to provide spaces within its branches for clothing donations in collaboration with the Jordan Hashemite Charity Organization (JHCO). The donated clothes are sent to the Clothes Bank and then distributed to the poor.

In Palestine, CAB offered its support in the education, health, sports, and charity sectors through its collaboration with various institutions and schools. Its activities targeted different social segments in the West Bank and Gaza.



Donations and Sponsorships

Overall donations and event sponsorships provided by CAB during 2017 amounted to JD 741,000 divided between the following sectors:

	JOD Thousand
Education sector	388
Culture and arts	5
Social services	170
Health sector	65
National institutions	113

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

The following are key points of CAB's plan for 2018:

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



CAB has a comprehensive set of banking risk management policies. These policies play a crucial role in identifying and assigning the different roles to all concerned parties in charge of their implementation, namely the Board of Directors and its committees, including the Risk Management Committee, the Investment and Real Estate Committee, the Audit Committee and the Corporate Governance and Compliance Committee, as well as the Executive Management and affiliated committees such as the assets/liabilities committee (ALCO), the Procedures Development Committee, the Insurance Committee, the Public Safety Committee, the Internal Control Systems Development Committee, and the Credit Facilities Committees, in addition to other specialized divisions, such as the Risk Management Division, the Compliance and AML Division and the Internal Audit Division.

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

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

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

- **Responsibilities of the Board of Directors:**

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

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

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

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

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

Overall, CAB is exposed to the following key risks:

Credit Risk

Credit risk involves risks that may arise from the non-compliance or failure of a certain party to fulfill its obligations towards the bank, resulting in potential losses.

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

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

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

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

Market Risk

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

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

Liquidity Risk

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

In order to mitigate such risk, CAB's Board of Directors and the Asset/Liability Committee are in charge of managing liquidity risk through diversifying sources of finance and preventing their concentration. They are also in charge of setting liquidity contingency plans to ensure the availability of liquidity in emergency.

Operational Risk

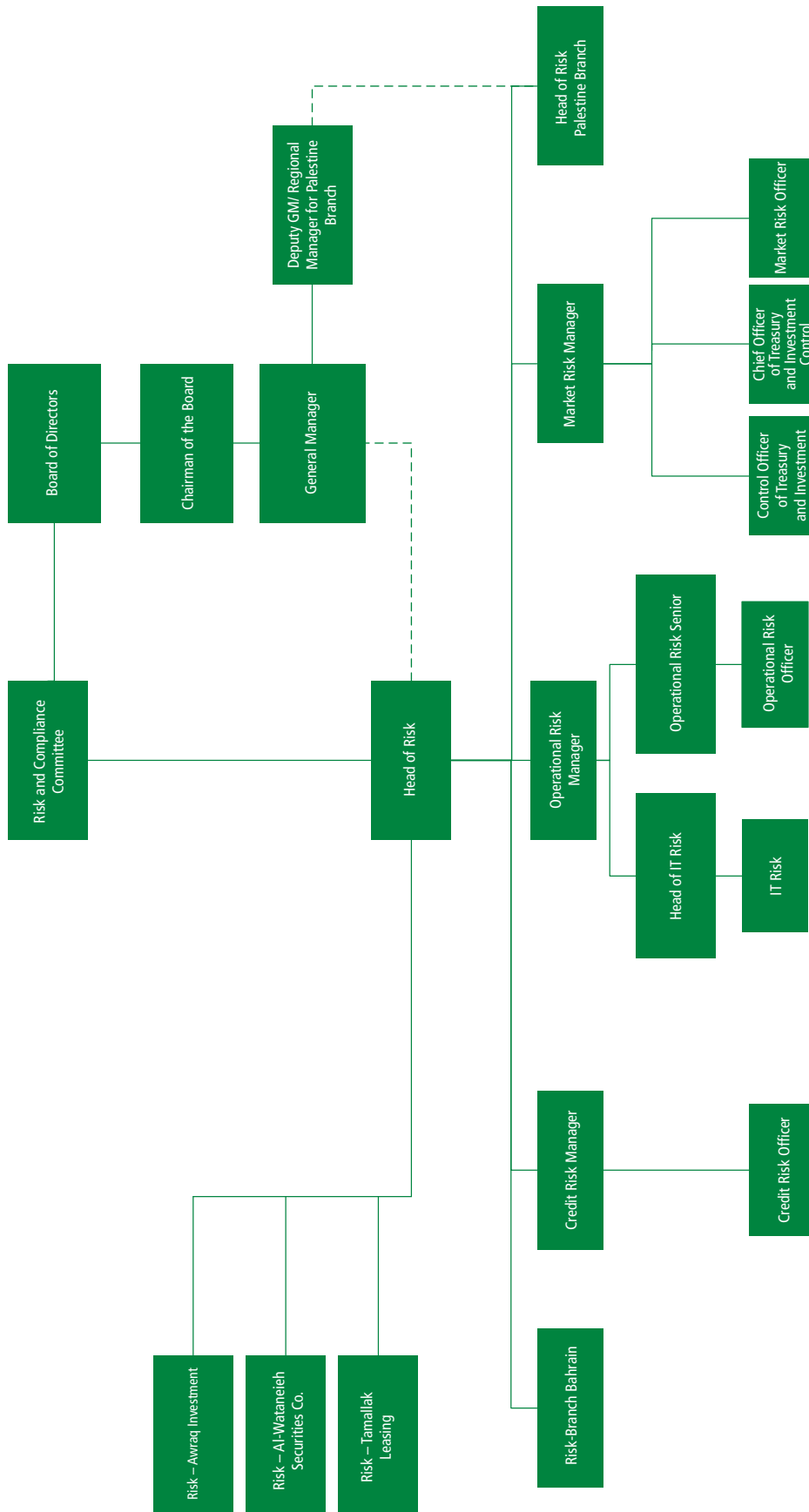
This is the risk of loss arising from the inadequacy or failure of internal procedures, employees, or internal systems, or arising from external events.

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

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



Organizational Structure of Risk Management



Compliance Risk

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

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

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

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

In 2017, CAB implemented the following compliance and anti-money laundering actions:

The total number of customer complaints compiled throughout the years summed up to 275 and were directed to upper management and classified according to the Central Bank of Jordan's requirements. The complaints were addressed by the bank in advance by the laws and regulations of the Central Bank of Jordan and clients were informed of the solution for their complaint.

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

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

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

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

The Corporate Governance Committee

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

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

The Committee's responsibilities include the following main tasks:

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

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

The Audit Committee

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

Mr. Arfan Khalil Kamel Ayass, Chairman
Mrs. Soha Basil Andraws Ennab, Vice Chairman
Mr. Ghassan Ibrahim Fares Akeel, Member

The committee's responsibilities include the following main tasks:

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

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

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

The Risk Management and Compliance Committee

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

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

The committee's responsibilities include the following main tasks:

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

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

Investment and Real Estate Committee

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

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

The committee's responsibilities include the following main tasks:

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

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

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

The Nomination and Remuneration Committee

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

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

The committee’s responsibilities include the following main tasks:

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

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

The Strategies Committee

The Strategies Committee consists of four members, as follows:

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

The committee's responsibilities include the following main tasks:

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

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

The IT Governance Committee

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

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

The committee's responsibilities include the following main tasks:

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

Facilitations' Committee

The Facilitations' Committee consists of five members as follows:

Mr. Yazeed Adnan Mustafa Al-Mufti, Committee Chairman
Deceased Dr. Farouq Ahmad Hasan Z'aider, Committee Vice-Chairman
Mr. Tareq Mefleh Mohammad Aqel, Member
Mr. Shareef Mahdi Husni Al-Saifi, Member
Mrs. Rania Mousa Fahd Al-Araj, Member

- The committee shall consist of at least five members' one of which may be independent, provided not being a member in the Audit Committee. Higher Executive Administration members may participate in the committee's meetings for submitting their recommendations and, subject to Board of Directors decision, some or all of the committee powers for amending facilitations' structures or conditions may be delegated to the Executive Administration Committee with the necessity of informing the Facilitations' Committee of the undertaken decisions within such powers.
- The Committee's responsibilities include the following main tasks:
 - 1- Reviewing the facilitations exceeding the powers of the highest committee in the Executive Administration
 - 2- Its powers shall be restricted into taking the proper decision for facilitations recommended for approval by the Executive Administration Committee
 - 3- Shall submit periodically to the Board of Directors the details of facilitations approved by it



The following table clarifies the number of meetings for the Board of Directors and its committees in addition to the number of meetings attended by each member during the year:

Total Meetings Held during 2016	Board of Directors	Facilitation Committee	Audit Committee	Corporate Governance and Compliance Committee	Nomination and Remuneration Committee	Risk Committee	Investment and Real Estate Committee	Strategies Committee	IT Governance Committee
	6	16	6	3	6	5	3	3	2
Mr. Yazid Adnan Mustafa Al-Mufti	6(6)	16(16)		3(3)		5(5)	2(2)	3(3)	
The late Dr. Farouq Ahmad Hassan Zuaiter	4(6)	15(16)					3(3)		
Mr. Khaled Sabih Taher Al-Masri	6(6)				6(6)		1(3)		2(2)
Mr. Mohamed Mahmoud Ahmed El-Etrabi	6(6)					5(5)			
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	2(6)						0(3)		
Mr. Arfan Khalil Kamel Ayass	6(6)		6(6)						
Mr. Ghassan Ibrahim Fares Akeel	5(6)		4(6)					3(3)	
Mr. Hassan Ali Hussein Abu Al-Ragheb	5(6)			2(3)	6(6)				
Mr. Shareef Mahdi Hosni Al-Seifi	6(6)	16(16)					3(3)		
Mrs. Suha Basil Andraws Ennab	6(6)		6(6)		6(6)	5(5)		3(3)	
Mr. Tarek Mufleh Moh'd Akel	6(6)	12(16)		3(3)		5(5)		3(3)	2(2)
Mrs. Rania Mousa Fahid Al-Araj	4(4)	15(16)				4(5)			1(2)
Emad Khaled Mohammad Al Harazneh	2(2)								

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

Board of Directors as of December 31, 2017**Yazid Adnan Mustafa Al-Mufti****Chairman of the Board**

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

The late 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 Hijjawi College of Technology – Nablus Chairman of Palestine Stock Exchange
Board Memberships:	Board member of Palestine Telecommunication Company Vegetable Oil Industries Company and VTel Holding

Khaled Sabih Taher Al-Masri

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

Mr. Mohamed Mahmoud Ahmed El-Etrebi

Type of Membership:	Non-executive, non-independent
Member Since:	22/4/2015
Date of Birth:	1/1/1955
Academic Qualifications:	Bachelor in Trade
Professional Experience:	Chairman of Banque Misr since 2015 Banking experience for more than 30 years holding the following posts: Managing Director and Chief Executive Officer of Egypt Gulf Bank from January 2013 until December 2014 Chairman of the Egyptian Arab Land Bank from 2011 until 2013 Chief Executive Officer of Arab Investment Bank from 2009 until 2011 Worked in leadership positions at the International Egyptian Bank Worked in Arab African International Bank, Tadhamon Bank and International Credit Bank
Board Memberships:	Chairman of Banque Misr Liban Member of the board of Federation of Egyptian Banks, Egyptian Mortgage Refinance Company and Egyptian General Company for Tourism and Hotels

Yasin Khalil Mohamad Yasin Al-Talhouni

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

Arfan Khalil Kamel Ayass

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

Ghassan Ibrahim Fares Akeel

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

Hassan Ali Hussein Abu Al-Ragheb

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

Sharif Mahdi Hosni Al-Saifi

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

Suha Basil Andraws Ennab

Type of Membership:	Non-executive, independent
Member Since:	12/2/2015
Date of Birth:	4/2/1960
Academic Qualifications:	Bachelor in Business Administration
Professional Experience:	Financial and management consultant at Perfect Consulting Company since 9/2007 Banking experience for over than 26 years holding the following posts: Deputy General Manager of Societe Generale Bank Jordan from 9/2003 until 5/2007 Assistant General Manager of Cairo Amman Bank from 9/1992 until 8/2003 Vice-President at Citi Bank of Jordan from 4/1981 until 8/1992 Deputy Chairman "Tanmya" – Microfinance Network, Board member of Euro Arab Insurance Group, Middle East Micro Credit Company, Shurka'a Finance company
Board Memberships:	

Tarek Mufleh Moh'd Akel

Type of Membership:	Non-executive, independent
Member Since:	12/4/2015
Date of Birth:	30/5/1971
Academic Qualifications:	Masters in Business Administration in Finance and Banking Masters in Economics Bachelor in International Economics
Professional Experience:	Founder and CEO of AZ Investment Company specialized in the field of investment and financial consulting Former CEO of Al Rajhi Bank in Jordan Manager in Arab Banking Corporation (Bahrain) from 2000 until 2006 Deputy CEO of Arab Banking Corporation (Jordan) in 2006 Financial adviser at Merrill Lynch (Bahrain) Investment analyst at International Finance Corporation (World Bank)
Board Memberships:	None

Rania Mousa Fahid Al-Araj

Type of Membership:	Non-executive, Non-independent
Member Since:	22/5/2016
Date of Birth:	30/11/1978
Academic Qualifications:	Masters in Finance and Banking Bachelor in Finance and Banking
Professional Experience:	Head of Treasury Department at Social Security Investment Fund Trader and portfolio manager at Investment and Outside Operations Department at the Central Bank of Jordan Financial analyst at Investment and Outside Operations Department at the Central Bank of Jordan
Board Memberships:	None



Executive Management as of December 31, 2017

Kamal Ghareeb Abdul Rahim Al-Bakri

General Manager

Date Appointed:

04/01/2003

Date of Birth:

07/06/1969

Academic Qualifications:

Bachelor's Degree in Law

Master's Degree in International Banking and Finance,
University of Stanford, Manchester

Professional Experience:

General Manager of Cairo Amman Bank since January 2008

Experience in the 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

Deputy Chairman of the Board of Jordan Loan Guarantee Group

Chairman of the Board of Jordan Tourist Transport Company
(JETT) and Holul Mobile Payments Company until May 14, 2017

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

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

Chairman of the Board of Directors for Tamallak Leasing Company

Chairman of the Board of Jordan Payment and Clearing Co.

Dr. Khaled Mahmoud Abdullah Qasim

Deputy General Manager for Operations and Support Services

Date Appointed:

05/10/2008

Date of Birth:

22/02/1963

Academic Qualifications:

Ph. D in Business Administration – International Trade

Bachelor in Finance

Professional Experience:

Holder of a CIB certificate from the Chartered Banker Institute

Chairman of the Board of Safa Bank

Chairman of the Board of Directors of Tamallak Leasing

Head of Directors of holul Mobile Payments Company from
May 14, 2017

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

Chairman of the Board of the Real Estate and Investment
Portfolio Company

Rana Sami Jadallah Sunna

Deputy General Manager for Credit and Treasury Services

Date Appointed:

15/08/1995

Date of Birth:

12/08/1966

Academic Qualifications:

Masters in Business Administration

Bachelor in Accounting

Professional Experience:

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

Deputy General Manager for Banking Operations since
12/2009

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

Head of local facilities department at the Central Bank of Jordan
Board member in the Jordan Mortgage Refinance Company

Nizar Tayseer Saleh Mohammed**Deputy General Manager for Banking Products and Services**

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

Reem Younis Mohammad Eses**Head of Treasury**

Date Appointed:	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**

Date Appointed:	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

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

Antone Vector Antone Sabella

Head of Compliance and AML

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

Margaret Muheeb Issa Makhamreh

Head of Internal Audit

Date Appointed: 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

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

There are no contracts, projects or deals concluded by the issuing company with the affiliate companies, Board of Directors members, General Director, any employee in the company or their relatives within the scope of the bank's regular knowledge.

Below is a summary of the transactions concluded with stakeholders during the year:

	Stakeholders			Total	
	Board of Directors Members and Persons Related to Them	Higher Executive Administration	Others*	31 December 2017	31 December 2016
Items within the statement of financial position			-		
Direct facilitations	22,057,548	4,952,225	22,279,111	49,288,884	78,571,070
Deposits at the bank	18,275,227	2,383,585	11,614,615	32,273,427	37,423,859
Cash insurances	781,247	64,636	41,416	887,299	35,822,466
Items outside the statement of financial position			-		
Indirect facilitations	2,976,103	-	414,634	3,390,734	2,838,501
				For the year ending on 31 December	
				2017	2016
Items of the statement of income					
Credit commissions and interests	2,344,836	2,013,183	2,195,339	6,553,358	4,473,194
Debit commissions and interests	740,396	23,028	115,886	879,310	1,513,843

Details of the facilitations granted to Board of Directors members and stakeholders as follows:

	31 December 2017								
	Granted to Member			Granted to Stakeholders			Total		
	Direct Facilitations	Indirect Facilitations	Total	Direct Facilitations	Indirect Facilitations	Total	Direct Facilitations	Indirect Facilitations	Total
Mr. Yazid Adnan Mustafa Al-Mufti	1,551	-	1,551	-	-	-	1,551	-	1,551
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	75,316	-	75,316	37	813,700	813,737	75,353	813,700	889,053
Mrs. Suha Basil Andraws Ennab	80,808	-	80,808	-	-	-	80,808	-	80,808
Mr. Khaled Sabih Taher Al-Masri	1,869	-	1,869	8,979,656	1,917,510	10,897,166	8,981,525	1,917,510	10,899,035
Mr. Hassan Ali Hussein Abu Al-Ragheb	-	-	-	12,918,311	10,000	12,928,311	12,918,311	10,000	12,928,311
Mr. Shareef Mahdi Hosni Al-Saifi	-	-	-	-	234,893	234,893	-	234,893	234,893
Total	159,544	-	159,544	21,898,004	2,976,103	24,874,107	22,057,548	2,976,103	25,033,651

Directors' Shareholdings

	2017	2016
Mr. Yazid Adnan Mustafa Al-Mufti	2,044	2,044
Relatives	-	-
The late Dr. Farouq Ahmad Hassan Zuaier	168,799	168,799
Nihad Qamar Elias Akkawi (Wife)	171,382	182,763
Mr. Khaled Sabih Taher Al-Masri	9,000	8,000
Relatives	-	-
Banque Misr	19,399,644	19,399,644
Mr. Mohamed Mahmoud Ahmed El-Etrebi	-	-
Relatives	-	-
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	5,988,534	7,208,954
Relatives	-	-
Mr. Arfan Khalil Kamel Ayass	1,440	1,440
Relatives	-	-
Arab Investment and Trade Company	3,671,035	3,671,035
Mr. Ghassan Ibrahim Fares Akeel	92,700	38,700
Dima Jamal Zuhdi Hamed (Wife)	17,325	6,325
Ibrahim Ghassan Ibrahim Akeel (Son)	15,107	6,357
Omar Ghassan Ibrahim Akeel (Son)	15,107	6,357
Maia Ghassan Ibrahim Akeel	10,000	-
Mr. Hassan Ali Hussein Abu Al-Ragheb	48,375	48,375
Relatives	-	-
Ms. Rania Mousa Fahid Al-Araj	-	-
Mr. Sharif Mahdi Hosni Al-Saifi	401,483	401,483
Taimour Sharif Mahdi Al-Saifi (Son)	105,482	105,482
Kayan Sharif Mahdi Al-Saifi (Son)	108,363	108,363
Mrs. Suha Basil Andraws Ennab	1,440	1,440
Relatives	-	-
Mr. Tarek Mufleh Moh'd Akel	1,440	1,440
Relatives	-	-
Social Security Corporation	12,875,934	12,875,934

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

Executives' Informed Employees' and Relatives' Shareholdings

Name	Position	Nationality	2017		2016	
			Personal	Relatives	Personal	Relatives
Mr. Kamal Ghareeb Abdul Rahim Al-Bakri	General Manager	Jordanian	-	-	-	-
Mr. Khaled Mahmoud Abdullah Qasim	Deputy GM for Operations and Support Services	Jordanian	-	-	-	-
Mrs. Rana Sami Jadallah Sunna	Deputy GM for Credit & Treasury Services	Jordanian	7,200	-	7,200	-
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	Head of Finance	Jordanian	-	-	-	-

No contributions made for companies owned by members of the Board of Directors and their relatives.



Shareholders with 1% or more ownership

Name	Current	Mortgaged	Current	Mortgaged	Ultimate Beneficiary
Al-Massira Investment Company	20,498,043	-	20,498,043	-	Sabih Taher Al-Masri Khaled Sabih Al-Masri
Banque Misr	19,399,644	-	19,399,644	-	-
Al-Massira International Company	18,810,000	-	18,981,458	-	-
Social Security Corporation	12,875,934	-	12,875,934	-	-
Palestine Telecommunications Company	10,579,280	-	10,572,280	-	-
Sabih Taher Darwish Al-Masri	9,384,652	-	9,384,652	-	Himself
Al Zafer Investment Company	7,707,055	-	7,707,055	-	Hisham Zafer Al-Masri Hanaa Zafer Al-Masri Maha Zafer Al-Masri Raghda Ibrahim Nemr Al-Nabulsi
Yasin Khalil Mohamad Yasin Al-Talhouni	7,208,954	2,397,564	5,988,534	2,397,564	Himself
The Congress Foundation	7,203,866	-	7,203,866	-	-
Hamzah Khalil Mohamad Yasin Al-Talhouni	6,950,000	3,825,000	4,598,500	3,925,300	Himself
Rola Khalil Mohammad Yasin Al-Talhouni	3,743,204	-	3,743,204	-	Herself
Arab Supply and Trading Company	3,671,035	-	3,671,035	-	Sabih Taher Al-Masri
Proudstar Trading Ltd.	2,998,512	-	-	-	-
Lana Jane Munib Abdul Rahman Madi	2,549,143	2,378,103	2,549,143	2,378,103	Herself
Middle East Insurance Company	2,030,488	-	2,030,488	-	-
Najwa Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,999,995	-	Herself
Abeer Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,999,995	-	Herself
Zeina Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,999,995	-	Herself
Rola Bint Nafez Bin Saleh Mustafa	1,999,995	-	1,999,995	-	Herself
Mary Issa Elias Allusi	1,899,994	-	1,899,999	-	Herself
Total	145,509,784	8,600,667	139,110,810	8,700,667	-

The ownership of Mr. Sabih Al-Masri's Group represents 29.6% of the bank's paid-in capital.
The ownership of Mr. Yasin Al-Talhouni's Group represents 10% of the bank's paid-in capital.

Board of Directors & Executive Management Remunerations during 2017

Name	Transportation	Travel	committees Attendance	Bonus	Salaries and Allowance
Board of Directors:					
Mr. Yazid Adnan Mustafa Al-Mufti	-	-	-	305,000	-
The late Dr. Farouq Ahmad Hassan Zuaiter	18,000	-	12,000	5,000	-
Mr. Khaled Sabih Taher Al-Masri	18,000	-	12,000	5,000	-
Mr. Mohamed Mahmoud Ahmed El-Etrebi	18,000	2,785	5,000	5,000	-
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	18,000	-	-	5,000	-
Mr. Arfan Khalil Kamel Ayass	18,000	2,100	15,000	5,000	-
Mr. Ghassan Ibrahim Fares Akeel	18,000	5,444	10,000	5,000	-
Mr. Hassan Ali Hussein Abu Al-Ragheb	18,000	-	8,000	5,000	-
Mr. Sharif Mahdi Hosni Al-Saifi	18,000	-	7,800	5,000	-
Mrs. Suha Basil Andraws Ennab	18,000	-	29,000	5,000	-
Mr. Tarek Mufleh Moh'd Akel	18,000	-	21,100	5,000	-
Social Security Corporation	18,000	-	9,500	5,000	-
Total	198,000	10,329	129,400	360,000	-
Executive Management:					
Mr. Kamal Ghareeb Abdul Rahim Al-Bakri	-	-	-	289,139	512,594
Mr. Khaled Mahmoud Abdullah Qasim	-	-	-	65,000	246,452
Mrs. Rana Sami Jadallah Al-Sunna	-	-	-	58,500	198,464
Mr. Nizar Tayseer Saleh Mohammed	-	-	-	50,000	192,496
Mrs. Reem Younis Mohammad Al- Eses	-	-	-	37,000	122,384
Miss Jan Shawkat Mahmoud Yadaj Zakaria	-	-	-	24,000	132,424
Mr. Yousef Abdul fatah Suleiman Abu Al-Haija	-	-	-	22,000	70,776
Mr. Antone Vector Antone Sabella	-	-	-	20,000	82,321
Mrs. Margaret Muheeb Issa Makhamreh	-	-	-	20,500	68,192
Mr. Fuad Younes Abddel lateef Saleh	-	-	-	16,500	76,224
Total	-	-	-	602,639	1,702,327

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

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

- The bank does not rely on any particular vendors and/or customers that constitute 10% or more of the bank’s purchases and/or revenues.
- The bank does not enjoy any privilege of governmental protection on any products or activities and did not receive any patents or franchises.
- Government decisions did not have any material effect on the bank’s operations.
- All activities and operations performed were of a recurring nature and in line with the bank’s main activities.
- Capital expenditures during 2017 were JD 8,145,498.
- Audit fees for 2017 were JD 198,823 in addition to sales and value added taxes and distributed as follows:

	JD
Cairo Amman Bank	176,570
Safa Bank	12,053
Awraq Investments	4,200
Al-Watanieh Securities	3,000
Tamallak Leasing	3,000
	198,823

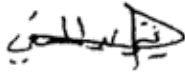
Other consulting fees paid to the external auditors during the year amounted to JD 18,362 in addition to sales tax.

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

Statement from the Board of Directors 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



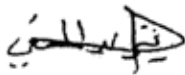
Head of Finance
Fuad Younes Abdel lateef Saleh



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

The Board of Directors also acknowledges its responsibility for the preparation of the financial statements for the year 2017 noting that the bank maintains an effective internal control structure.

Chairman
Yazid Adnan Mustafa Al-Mufti

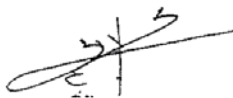


Vice Chairman
The late Dr. Farouq Ahmad Hassan
Zuaiter*

Khaled Sabih Taher Al-Masri



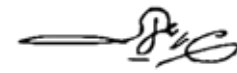
Mohamed Mahmoud Ahmed
El-Etrabi



Yasin Khalil Mohamad Yasin
Al-Talhouni



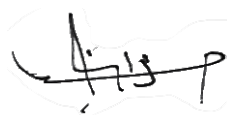
Arfan Khalil Kamel Ayass



Ghassan Ibrahim Fares Akeel



Hassan Ali Hussein Abu
Al-Ragheb



Sharif Mahdi Hosni Al-Saifi



Suha Basil Andraws Ennab



Tarek Mufleh Moh'd Akel

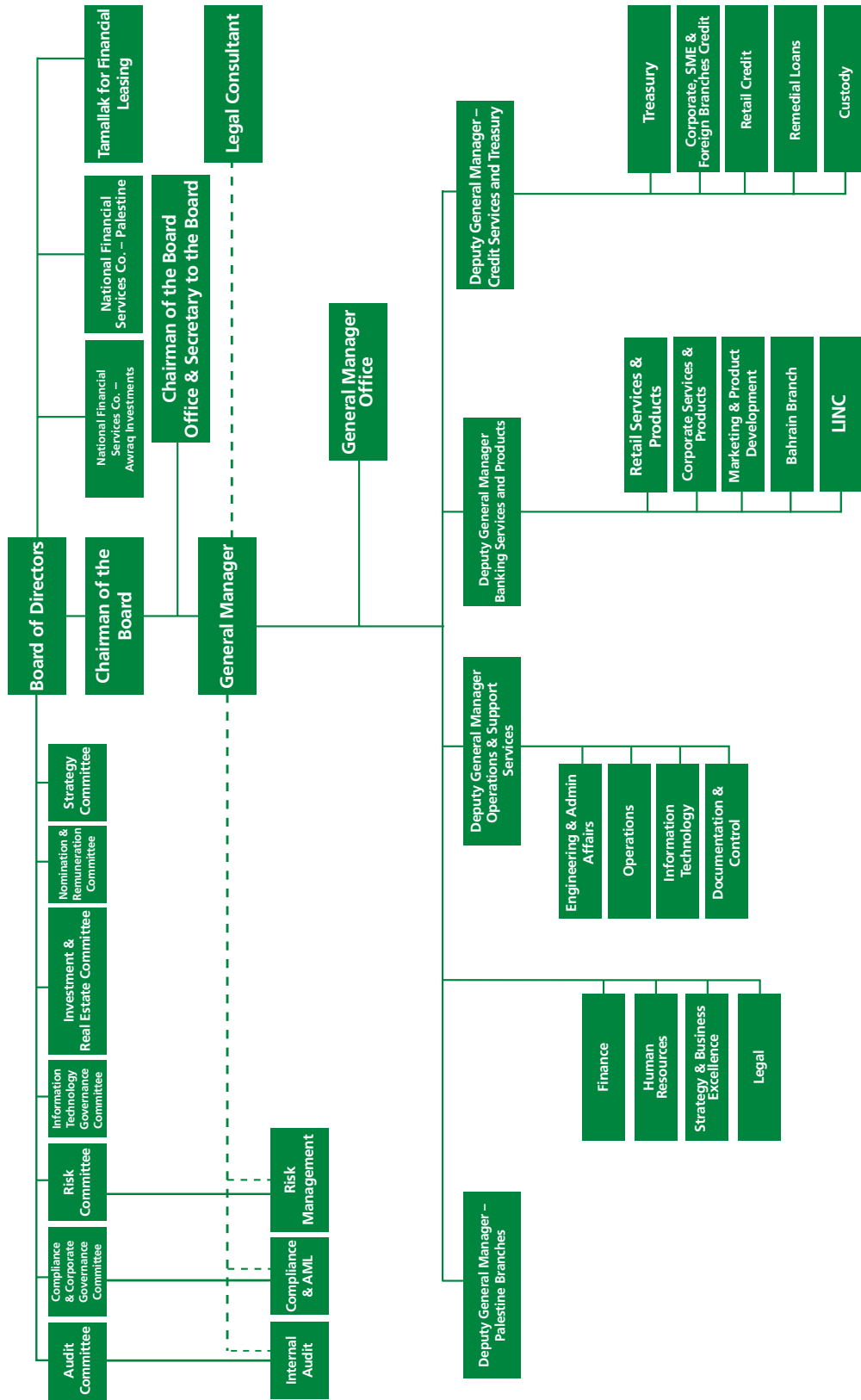


Rania Mousa Fahid Al-Araj

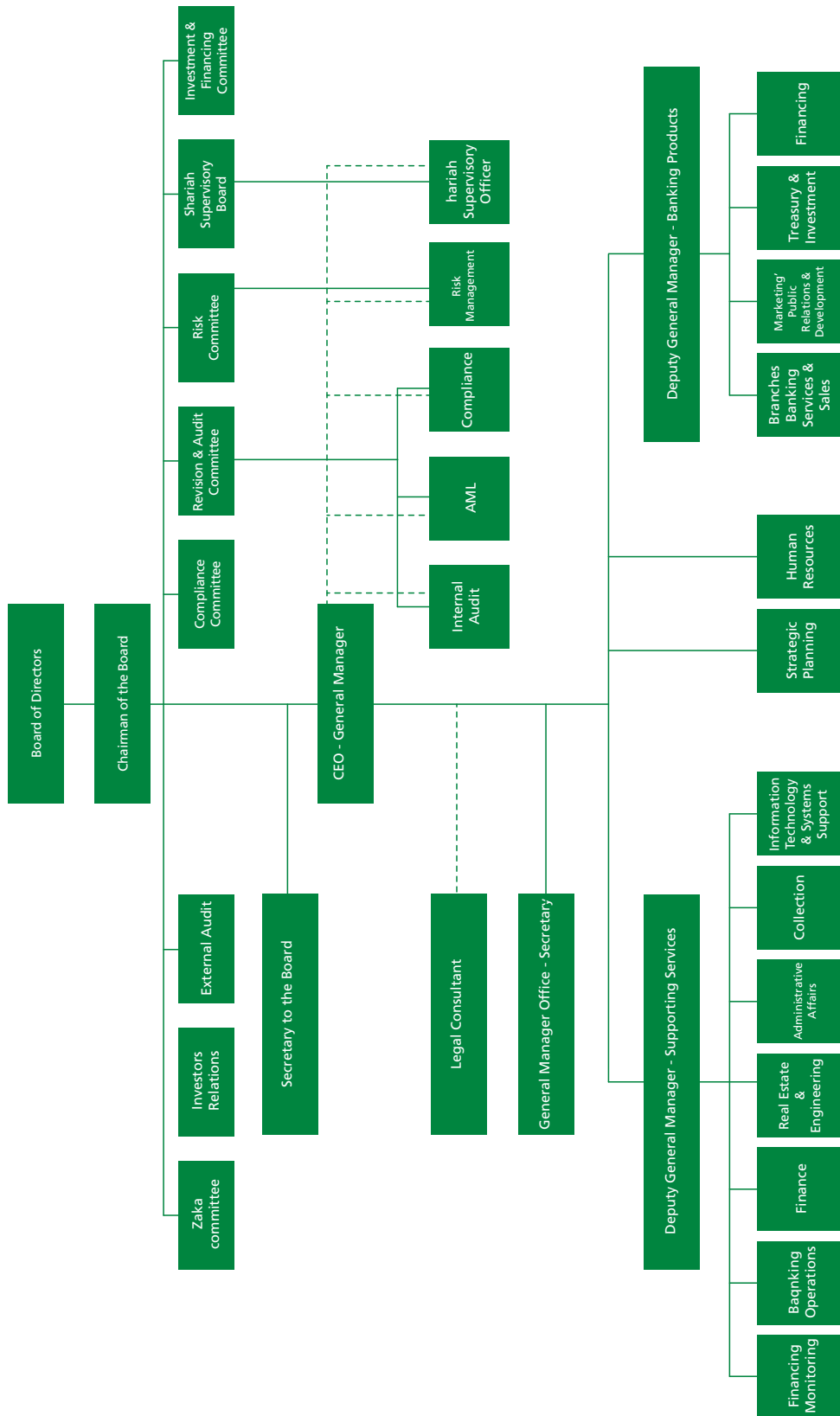


* The signature of the board member does not appear in the annual report due to his inability to be present at the time of preparing the statements.

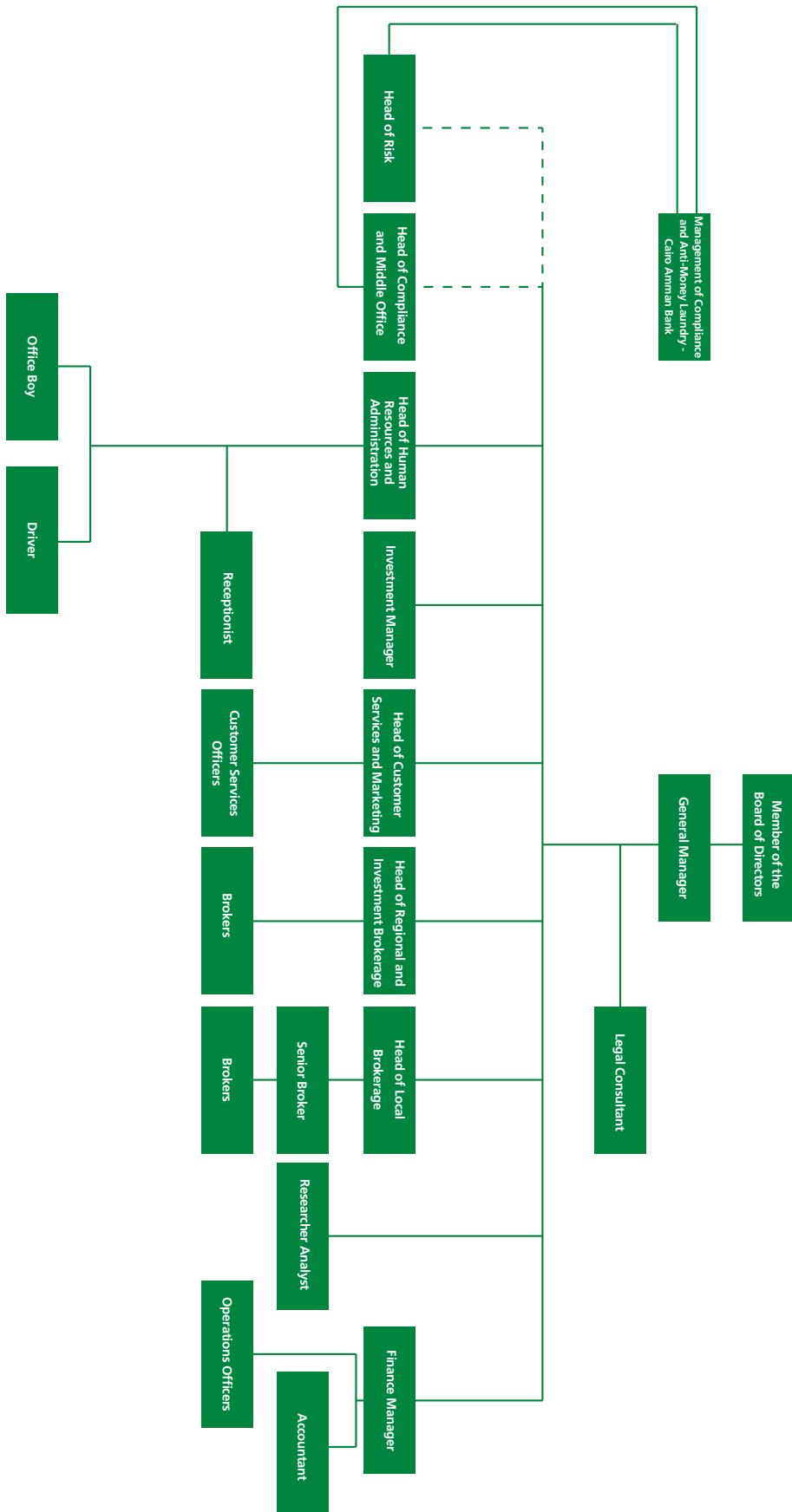
Cairo Amman Bank's Organizational Structure



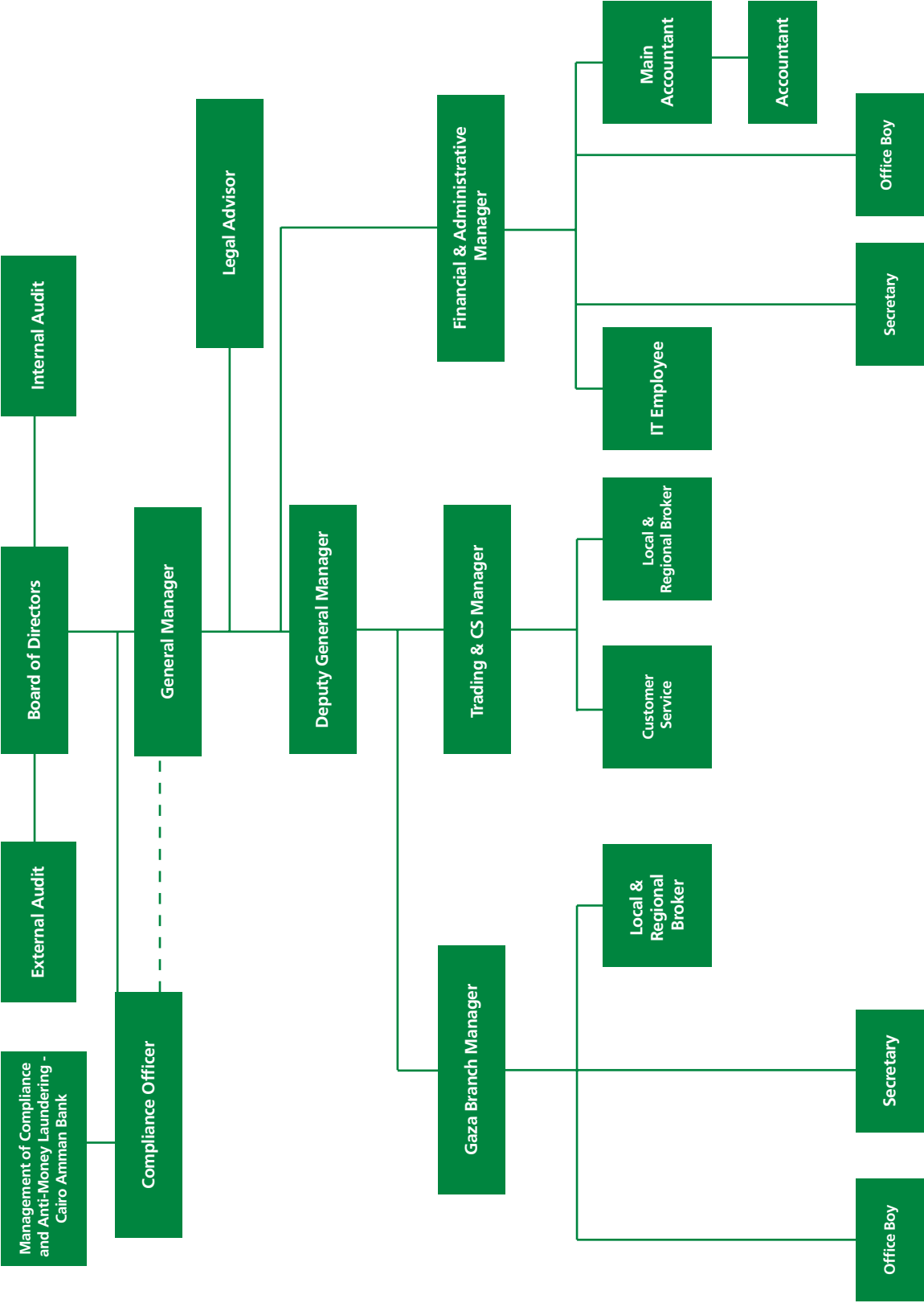
Safa Bank's Organizational Structure



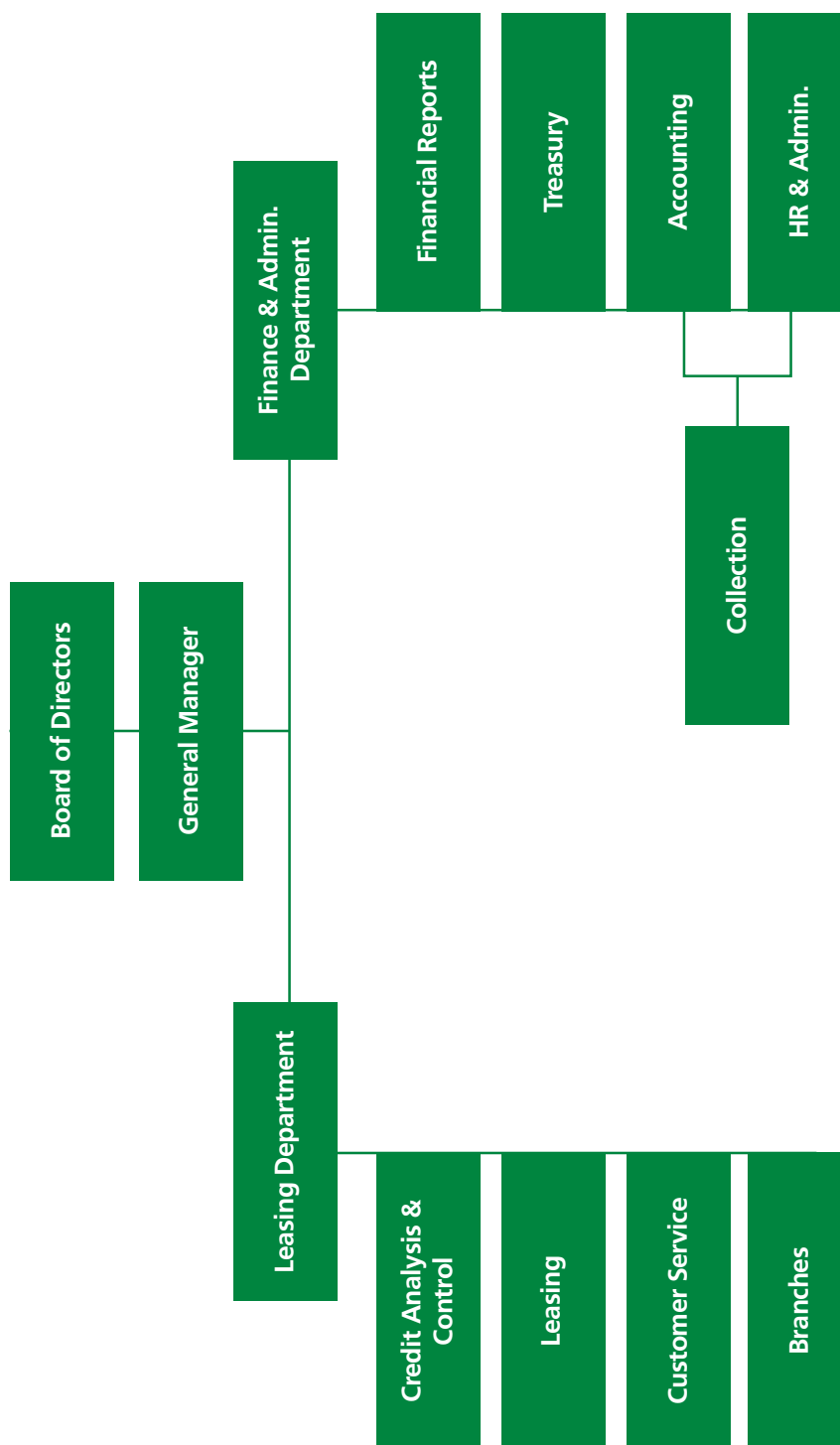
National Financial Services Company - Awraq Investments' Organizational Structure



Al-Watanieh Securities Company's Organizational Structure



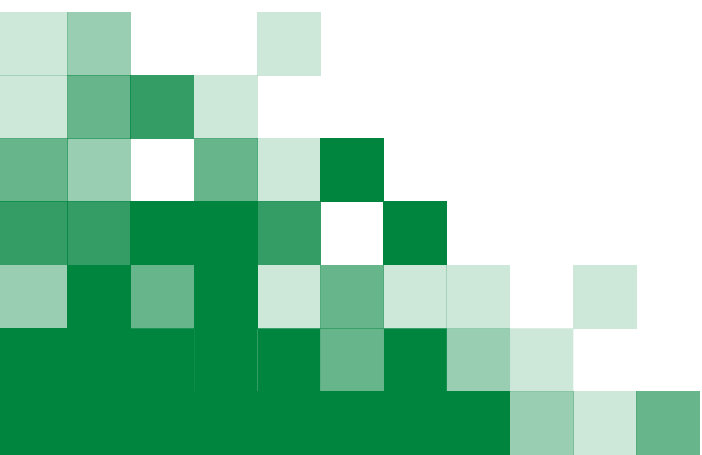
Tamallak Financial Leasing's Organizational Structure



**Consolidated
Financial
Statements**

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Annual Report



Cairo Amman Bank's Awards 2017



E-Payment Leadership Award / 5th Payments Conference



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Amman, P.O. Box 248
Jordan

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www.deloitte.com

Independent Auditor's Report

AM/81661

To the Shareholders of
Cairo Amman Bank
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Cairo Amman Bank (the Bank) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2017, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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





Key Audit Matters

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

We have fulfilled the responsibilities described in the "Auditor's Responsibilities Paragraph" relating to the audit of the consolidated financial statements section of our report, in addition to all other related matters. Accordingly, our audit includes performing the procedures designed to respond to our assessment of the risks regarding the material errors in the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements. Description of the manner of the study of each item below is provided within the audit procedures:

Impairment of Credit Facilities Portfolio Scope of Audit to Address the Risk

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

Judgment is applied to the inputs and measurement process of impairment based on the client and portfolio including valuation of collateral, and determining the default date, and as a result, impairment is calculated from that date. As of 31 December 2017, the gross credit facilities amounted to JD 1,597,129,966 against which accumulated loan loss provision of JD 48,663,030 were recorded.

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

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

Disclosures of credit facilities are detailed in note 9 and note 2 in the accounting policies related to Direct Credit Facilities to the consolidated financial statements.

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Suspension of interest on non-performing loans

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

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

Scope of Audit to Address the Risk

Our audit procedures included selecting a sample from the schedules of non-performing loans and interest in suspense, and tested suspended interest including recalculation in accordance with the Central Bank of Jordan regulations, In addition assessing the criteria used by management for determining the impairment event (default date).

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

Other Matter

The accompanying consolidated financial statement are a translation of the original consolidation financial statement which are in Arabic language, to which reference should be made.

Other Information

Management is responsible for other information. The other information consists of information discussed in the Bank's annual reports other than the consolidated financial statements and the independent auditor's report. The annuals reports are expected to be made available to us after the date of this audit report. Our opinion on the consolidated financial statement does not cover the other information, and we do not express any form of assurance or conclusion thereon.

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

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

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





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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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



Deloitte & Touche (M.E) - Jordan
Amman - Jordan
February 27, 2018



Cairo Amman Bank
Consolidated Statement of Financial Position as at 31 December 2017

	Notes	2017 JD	2016 JD
ASSETS			
Cash and balances at central banks	4	519,193,270	225,410,667
Balances at banks and financial institutions	5	153,418,551	333,854,252
Deposits at banks and financial institutions	6	94,494,903	73,543,068
Financial assets at fair value through profit or loss	7	22,275,220	25,822,584
Financial assets at fair value through other comprehensive income	8	32,789,902	31,502,293
Direct credit facilities - net	9	1,537,936,749	1,356,279,148
Financial assets at amortized cost - net	10	325,364,198	336,223,295
Financial assets pledged as collateral	11	4,589,000	13,476,000
Property and equipment - net	12	41,393,821	42,333,214
Intangible assets - net	13	9,945,324	10,049,033
Deferred tax assets	19	5,743,006	6,270,359
Other assets	14	<u>47,202,803</u>	<u>36,419,320</u>
Total Assets		<u>2,794,346,747</u>	<u>2,491,183,233</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Banks and financial institutions' deposits	15/A	447,289,678	358,957,094
Customers' deposits	15/B	1,749,864,846	1,547,446,248
Margin accounts	16	51,267,717	81,476,847
Borrowed funds	17	114,906,448	92,165,097
Sundry provisions	18	17,168,406	15,000,573
Income tax provision	19	17,321,461	20,892,898
Deferred tax liabilities	19	770,068	2,049,782
Other liabilities	20	<u>48,705,163</u>	<u>35,884,682</u>
Total Liabilities		<u>2,447,293,787</u>	<u>2,153,873,221</u>
EQUITY			
BANK'S SHAREHOLDERS' EQUITY			
Authorized and paid-up capital	21	180,000,000	180,000,000
Statutory reserve	22	69,955,203	65,836,075
General banking risk reserve	22	16,597,081	13,982,002
Cyclical fluctuations reserve	22	7,756,997	6,816,916
Fair value reserve - net	23	(9,005,364)	(10,347,484)
Retained earnings	24	<u>71,279,760</u>	<u>70,184,530</u>
Total Bank's Shareholders' Equity		<u>336,583,677</u>	<u>326,472,039</u>
Non-controlling interests		<u>10,469,283</u>	<u>10,837,973</u>
Total Equity		<u>347,052,960</u>	<u>337,310,012</u>
Total Liabilities and Equity		<u>2,794,346,747</u>	<u>2,491,183,233</u>

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the independent auditor's report.

Cairo Amman Bank

Consolidated Statement of Income for the Year Ended 31 December 2017

	Notes	2017 JD	2016 JD
Interest income	26	143,048,291	129,264,364
Interest expense	27	50,199,195	32,670,429
Net interest income		92,849,096	96,593,935
Net commission income	28	20,059,886	20,130,410
Net interest and commission income		112,908,982	116,724,345
Income other than interest and commission			
Gain from foreign currencies	29	3,826,717	3,277,281
Gain (Loss) from financial assets at fair value through profit or loss	30	99,396	(737,941)
Dividends from financial assets at fair value through other comprehensive income	8 & 31	1,106,046	1,117,217
Gain from sale of financial assets at amortized cost		-	275,808
Other income	32	8,030,748	7,472,664
Gross profit		<u>125,971,889</u>	<u>128,129,374</u>
Expenses			
Employees' expenses	33	40,150,410	38,854,913
Depreciation and amortization	12&13	9,176,099	8,009,598
Other expenses	34	28,929,289	25,907,777
Impairment loss on direct credit facilities	9	3,792,546	3,213,480
(Reversed from) provision on repossessed assets	14	(1,000,000)	-
Sundry provisions	18	3,028,341	2,220,049
Total expenses		84,076,685	78,205,817
Profit before tax		41,895,204	49,923,557
Income tax expense	19	11,927,424	15,189,678
Profit for the year		<u>29,967,780</u>	<u>34,733,879</u>
Allocated to:			
Shareholders		<u>30,336,470</u>	<u>35,056,003</u>
Non-controlling interests		(368,690)	(322,124)
Profit for the year		<u>29,967,780</u>	<u>34,733,879</u>
		JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank shareholders)	35	<u>0/169</u>	<u>0/195</u>

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the independent auditor's report.

Cairo Amman Bank

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017 JD	2016 JD
Profit for the year	29,967,780	34,733,879
Add: Other comprehensive income Items after tax, items which will not be reclassified subsequently to the consolidated Statement of Income:		
Net movement in fair value reserve	1,395,253	(11,797)
Total comprehensive income for the year	<u>31,363,033</u>	<u>34,722,082</u>
Total comprehensive income for the year attributable to:		
Bank's shareholders' equity	31,731,723	35,044,206
Non-controlling interests	(368,690)	(322,124)
Total Comprehensive income for the year	<u>31,363,033</u>	<u>34,722,082</u>

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the independent auditor's report.

Cairo Amman Bank
Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017

	RESERVES								
	Authorized and Paid-up Capital	Statutory	General Banking Risk*	Cyclical Fluctuations	Fair Value	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
2017	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at January 1, 2017	180,000,000	65,836,075	13,982,002	6,816,916	(10,347,484)	70,184,530	326,472,039	10,837,973	337,310,012
Total comprehensive income for the year	-	-	-	-	1,395,253	30,336,470	31,731,723	(368,690)	31,363,033
Transferred to reserves	-	4,119,128	2,615,079	940,081	-	(7,674,288)	-	-	-
Capital increase related expenses	-	-	-	-	-	(20,085)	(20,085)	-	(20,085)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(53,133)	53,133	-	-	-
Cash dividends distributed **	-	-	-	-	-	(21,600,000)	(21,600,000)	-	(21,600,000)
Balance at December 31, 2017	<u>180,000,000</u>	<u>69,955,203</u>	<u>16,597,081</u>	<u>7,756,997</u>	<u>(9,005,364)</u>	<u>71,279,760</u>	<u>336,583,677</u>	<u>10,469,283</u>	<u>347,052,960</u>
2016									
Balance at January 1, 2016	160,000,000	60,988,222	12,670,000	5,902,049	(6,917,105)	74,934,813	307,577,979	-	307,577,979
Total comprehensive income for the year	-	-	-	-	(11,797)	35,056,003	35,044,206	(322,124)	34,722,082
Dividends distributed	-	-	-	-	-	(16,250,000)	(16,250,000)	-	(16,250,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(3,418,582)	3,418,582	-	-	-
Capital increase	20,000,000	-	-	-	-	(20,000,000)	-	-	-
Capital increase related expenses	-	-	-	-	-	(150,146)	(150,146)	-	(150,146)
Non-controlling interest portion from establishing a subsidiary	-	-	-	-	-	-	-	11,160,097	11,160,097
Balance at December 31, 2016	<u>180,000,000</u>	<u>65,836,075</u>	<u>13,982,002</u>	<u>6,816,916</u>	<u>(10,347,484)</u>	<u>70,184,530</u>	<u>326,472,039</u>	<u>10,837,973</u>	<u>337,310,012</u>

- The general banking risk reserve and revaluation of financial assets are restricted from use without a prior approval from the Central Bank of Jordan.
- In accordance with the Ordinary General Assembly meeting held on April 27, 2017, 12% of the bank's capital has been decided to be distributed in cash to shareholders which is equivalent to JD 21,600,000 (10% of the bank's capital in cash to shareholders equivalent to JD 16,000,000 in accordance with the Ordinary General Assembly meeting held on April 17, 2016).
- As of December 31, 2017, the restricted retained earnings balance resulting from the early implementation of IFRS 9 amounted to JD 14,235,708.
- The retained earnings balance includes deferred tax assets amounting to JD 5,743,006 and is restricted from use in accordance with the instructions of the Central Bank of Jordan.
- The bank cannot use a restricted amount of JD 9,005,364 which represents the negative fair value for the financial assets through other comprehensive income in accordance with the instructions of the Central Bank of Jordan and the Jordanian Securities Commission.
- Distributable profits amounted to JD 42,295,682 as of December 31, 2017.

Cairo Amman Bank
Consolidated Statement of Cash Flows for the Year Ended 31 December 2017

	Notes	2017 JD	2016 JD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxes		41,895,204	49,923,557
Adjustments for:			
Depreciation and amortization	13 & 12	9,176,099	8,009,598
Impairment loss on direct credit facilities provision	9	3,792,546	3,213,480
(Reversed) from provision on repossessed assets		(1,000,000)	-
Sundry provisions	18	3,028,341	2,220,049
Unrealized loss from financial assets at fair value through profit or loss	30	1,791,824	2,624,780
Loss (Gain) from sale of property and equipment	32	4,872	(2,477)
(Gain) from sale of repossessed assets	32	(92,942)	(150,044)
Effect of exchange rate changes on cash and cash equivalents		(3,633,763)	(3,067,895)
Cash flow from operating activities before changes in assets		54,962,181	62,771,048
Restricted balances with central banks		(1,134,400)	(779,900)
(Increase) Decrease in deposits at banks and financial institutions		(20,951,835)	39,656,916
Decrease (Increase) in financial assets at fair value through profit or loss		1,755,540	(275,478)
(Increase) in direct credit facilities		(185,450,147)	(215,252,447)
Increase (Decrease) in other assets		(9,690,541)	9,625,280
Increase in banks and financial institution deposits (maturing after more than three months)		52,518,291	12,418,180
Increase (Decrease) in customers' deposits		202,418,598	(22,569,876)
(Decrease) in margin accounts		(30,209,130)	(4,987,793)
Increase (Decrease) in other liabilities		12,820,481	(2,628,985)
Net cash flows from (used in) operating activities before income tax		77,039,038	(122,023,055)
Income tax paid	19	(16,468,215)	(20,104,075)
Sundry provisions paid	18	(860,508)	(789,440)
Net cash flows from (used in) operating activities		59,710,315	(142,916,570)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through OCI		(318,468)	(1,994,226)
Sale of financial assets at fair value through OCI		643,105	7,886,088
(Purchase) of other financial assets at amortized cost		(127,784,750)	(197,807,183)
Maturity and sale of other financial assets at amortized cost		147,530,847	201,712,532
(Purchase) of property and equipment		(4,995,516)	(17,100,220)
Sale of property and equipment - net		7,629	12,539
(Purchase) of intangible assets		(3,149,982)	(2,621,953)
Net cash flows from (used in) investing activities		11,932,865	(9,912,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in borrowed funds		44,679,146	53,489,623
Borrowed funds settled		(21,937,795)	(68,562,866)
Dividends distributed		(21,600,000)	(16,000,000)
Capital increase related expenses		(20,085)	(150,146)
Capitalization in subsidiaries (non-controlling)		-	11,160,097
Net cash flows from (used in) financing activities		1,121,266	(20,063,292)
Effect of exchange rate changes on cash and cash equivalents		3,633,763	3,067,895
Net increase (decrease) in cash and cash equivalents		76,398,209	(169,824,390)
Cash and cash equivalents, beginning of the year		227,972,605	397,796,995
Cash and cash equivalents, end of the year	36	304,370,814	227,972,605

Cairo Amman Bank

Notes to the Consolidated Financial Statements 31 December 2017

(1) General Information

- Cairo Amman Bank was established as a public shareholding limited company registered and incorporated in Jordan in 1960 in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964. Its registered head office is in Amman, the Hashemite Kingdom of Jordan.
- The bank provides its banking and financial services through its head office located in Amman and 89 branches located in Jordan, and 21 branches in Palestine and 1 in Bahrain, and its subsidiaries.
- The bank's shares are listed on the Amman Stock Exchange.
- The consolidated financial statements were authorized for issue by the bank's Board of Directors in their meeting held on February 11, 2018, and are subject to the approval of the General Assembly of the shareholders.

(2) Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statement

The consolidated financial statements for the bank have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standard Board, and their related interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board, the effective local laws, the effective instructions of countries the bank operates in, and 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, financial assets at fair value through other comprehensive income, financial derivatives which are stated at fair value as of the date of the consolidated financial statements. Moreover, financial assets and liabilities whose change in fair value has been hedged are stated at fair value.

The Jordanian Dinar is the reporting currency of the consolidated financial statement, which is the functional currency of the bank.

Basis of Consolidation of Financial Statements

- 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. All balances, transactions, income and expenses between the bank and subsidiaries are eliminated.
- The financial statements of the subsidiaries are prepared for the same reporting period 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.
- The non-controlling interest represents the portion that is not owned by the bank in the owner's equity in the subsidiary companies.

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the independent auditor's report.



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

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

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

	Al-Watanieh Financial Services Company (Awraq)		Al-Watanieh Securities Company	
	December 31		December 31	
	2017 JD	2016 JD	2017 JD	2016 JD
Total Assets	20,313,871	17,104,903	2,201,694	2,255,317
Total Liabilities	8,550,254	6,354,200	658,407	548,230
Net Assets	11,763,617	10,750,703	1,543,287	1,707,087
	For the Year Ended December 31		For the Year Ended December 31	
	2017 JD	2016 JD	2017 JD	2016 JD
Total Revenue	1,883,003	3,393,089	154,883	174,890
Total Expenses	677,625	1,007,010	318,683	327,802

	Tamallak for Financial Leasing		Safa Bank	
	December 31,		December 31,	
	2017 JD	2016 JD	2017 JD	2016 JD
Total Assets	28,550,854	16,352,489	90,455,081	61,710,290
Total Liabilities	22,917,924	14,998,140	40,571,632	10,070,127
Net Assets	5,632,930	1,354,349	49,883,449	51,640,163
	For the Year Ended December 31		For the Year Ended December 31	
	2017 JD	2016 JD	2017 JD	2016 JD
Total Revenue	1,389,888	819,925	1,636,981	59,216
Total Expenses	996,906	382,426	3,393,695	1,594,053

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

The accompanying notes constitute an integral part of these consolidated financial statements and should be read with them and with the independent auditor's report.

- Subsidiaries are fully consolidated in the consolidated Income Statement from the date of their acquisition which is the date on which control is transferred to the bank. The results of the disposed subsidiaries are consolidated in the consolidated income statement up to date of disposal, which is the date on which the bank loses control over the subsidiaries.
- The non-controlling interest represents the portion that is not owned by the bank in the owner's equity in the subsidiary companies.

Segmental Reporting

- Business segments represent distinguishable components of an entity 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 reports used by executive directors and the main decision makers at the banks.
- 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:

- These financial assets represent investments in companies' stocks and bonds, and the purpose from maintaining them is to generate gains from the fluctuations in market prices in the short term or from trading margins.
- These financial assets are initially stated at fair value at acquisition date, (while transaction costs are expensed in the consolidated statement of income, and are subsequently measured at fair value). Moreover, changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of income.
- Dividend and interest income are recorded in the consolidated 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 Profit or Loss:

- These financial assets represent investments in equity instruments held for long term.
- These financial assets at fair value through comprehensive income are initially stated at fair value plus transaction costs on the purchase date. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owners' equity, including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of it should be recognized in the consolidated statement of comprehensive income and within owners' equity, and the balance of the revaluation reserve for these assets should be transferred directly to retained earnings and not to the consolidated statement of income.
- No impairment loss testing is required for those assets.
- Dividends are recorded in the consolidated statement of income in a separate-line item.
- 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:

- Direct Credit facilities are financial assets with fixed or amended payments basically provided by the bank or obtained with no available market value in active markets.
- Direct credit facilities are stated at amortized cost net of provision for impairment loss, interest and commissions in suspense.

- A provision for impairment in direct credit facilities is recognized when amounts due to the bank become obviously irrecoverable, and when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment loss amount can be estimated according to the Central Bank of Jordan instructions, and in accordance with the central banks instructions in the countries the bank's branches operate. The provision is taken to the consolidated statement of income.
- Interest and commissions on non-performing direct credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan or the applicable laws in the countries where the bank's branches operate, whichever is more restricted.
- Impaired credit facilities, for which provisions have been taken, are written off by charging the provision after all collection efforts and procedures have failed. Any surplus in the provision is taken to the consolidated statement of income, while prior written off debt recoveries are taken to other income.
- Credit facilities and the related suspended interest fully provided for are taken off the consolidated statement of financial position in line with the Board of Directors decisions in this regard.

Direct Credit Facilities

- Direct credit facilities are financial assets with fixed and determined payments provided or granted by the bank which do not have any market value in an active market and measured at an amortized cost.
- Impairment of direct credit facilities is recognized in the allowance for credit losses when collection of amounts due to the banks are not probable and when events occur after the initial recognition of the facility that have an impact on the estimated future cash flows of the facilities that can be reliably estimated. The impairment is recorded in the income statement.
- Interest and commission arising on non-performing facilities is suspended when loans become impaired according to the Central Bank of Jordan's regulations.
- Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess allowance of possible loan losses, if any, is transferred to the statement of income, and cash recoveries of loans that were previously written off are credited to the income statement.

Fair Value

The closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets represents the fair value of financial instruments and derivatives with market prices.

In case declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Option pricing models.
- The valuation methods aim to obtain a fair value that reflects market expectations, taking into consideration market factors and any expected risks and benefits upon estimating the value of financial assets. Moreover, financial assets whose fair value cannot be measured reliably are stated at cost net of any impairment in their value.
- Long term assets and liabilities that bear no interest are evaluated in accordance with the discounted cash flows using effective interest rate. Premiums and discounts are amortized within interest revenues or expense in the consolidated statement of income.

Impairment of Financial Assets

- The bank reviews the values of financial assets on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated so as to determine the impairment loss.
- Impairment loss is determined as follows:
- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of

the expected cash flows discounted at the original interest rate.

- The impairment in value is recorded in the statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the consolidated statement of income.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in their value. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over their estimated useful lives, when ready for use, using the following annual rates:

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

- When the carrying amounts of property and equipment exceed their recoverable values, assets are written down, and impairment losses are recorded in the consolidated statement of income.
- The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimates.
- Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use.

Provisions

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

Employees' End of Service Indemnity

- The employees' end-of-service indemnities' provision (for employees not covered by Social Security) is calculated on the basis of one-month salary for each year of service.
- Payments to departing employees are deducted from the employees' end-of-service indemnities provision while the required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, income subject to tax differs from income declared in the consolidated financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the bank operates.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.
- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.
- The bank calculates the deferred tax in accordance with IAS12.

Fiduciary assets

Assets managed by the bank on behalf of its customers and under their responsibility and 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 consolidated statement of income.

Offsetting

- Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Financial Derivatives and Hedge Accounting

- Financial Derivatives Hedge
- For hedge accounting purposes, the financial derivatives are stated at fair value, and hedges are classified as follows:
 - Fair Value Hedges
 - Hedge for the change in the fair value exposures of the bank's assets and liabilities. When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the consolidated statement of income.
 - When the conditions of effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated statement of income for the same period.

Cash Flow Hedges

- Hedge for the change in the current and expected cash flows exposures of the bank's assets and liabilities.
- When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in the consolidated statement owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

Hedge of Net Investments in Foreign Entities

When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of owners' equity while the ineffective portion is recognized in the consolidated statement of income. Moreover, the effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income in the same period.

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 consolidated statement of financial position. 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 consolidated income statement.

Repurchase and Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the bank's continuous control over these assets and as the related risks and benefits are transferred to the bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.
- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the bank has no control over such assets and the related risks and benefits are not transferred to the bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract 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 do not 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.

Pledged Financial Assets as Collateral

These are the financial assets that are pledged for other parties as collateral for specific contractual period, both parties do not 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.

Recognition of Income and Realization of Expenses

- Interest income is realized and recognized based on the effective interest method, except for interest and commission on non-performing facilities which are not recognized as revenue but taken to the interest and commission in suspense account.
- Expenses are recognized on the accrual basis.
- Commission is recorded as revenue when the related services are rendered, and dividend revenue from companies is recognized when earned (when approved by the Shareholders' General Assembly).

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 consolidated statement of financial position 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.

The bank has started to book a gradual provision for the repossessed assets which are being held for more than four years in accordance to the Central Bank of Jordan circular number 10/1/4076 dated March 27, 2014 and 10/1/7096 dated June 8, 2014. As per the Central Bank of Jordan Circular No. 10/1/16607 dated January 17, 2017 and in light of IFRS (9) adoption and its direct impact on the consolidated financial statements of the bank, it was decided to stop the Circular rules mentioned above for the year 2018 and continue on booking provisions in the year 2019.

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 consolidated statement of income.

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.

Computers software and applications are amortized according to the straight-line method over their estimated economic useful lives at an annual amortization rate of 20%.

Foreign Currencies

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.
- Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan.
- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.
- Gains and losses resulting from foreign currency translation are recorded in the consolidated statement of income.
- Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as shares) 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 consolidated statement of financial position date and as per declared by the Central Bank of Jordan, 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 revenues/expenses in the consolidated statement of income.

Cash and Cash Equivalents

Cash and cash equivalents are balances, maturing within three months, which comprise of cash and balances with Central Banks, balances with banks and financial institutions, less bank deposits and balances due to banks and financial institutions maturing within three months and restricted funds.

(3) Use of Estimates

- The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by the 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, uncertainty and actual results that may differ resulting in future changes.
- The management believes that their estimates in the consolidated financial statements are reasonable and detailed and as follow:

- A provision for credit facilities is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs), The outcome of these basis and estimates is compared against the adequacy of the provisions as per the instructions of the central banks where the bank branches operate, the strictest outcome that conforms with (IFRSs) is used for the purpose of determining the provision.
- Impairment losses on the valuation of repossessed real estate properties are determined based on appraisal reports prepared by certified appraisers and reviewed periodically. Starting from the year 2015, a gradual provision has been booked for the value of repossessed assets against debts which are being held for more than 4 years in accordance to the Central Bank of Jordan circular number 10/1/4076 dated March 27, 2014. As per the Central Bank of Jordan Circular No. 10/1/16607 dated January 17, 2017 and in light of IFRS (9) adoption and its direct impact on the consolidation financial statements of the bank, it was decided to stop the Circular rules mentioned above for the year 2018 as to continue on booking provisions in the year 2019.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the consolidated statement of income.
- Management frequently reviews the financial assets stated at cost to estimate any impairment in their value, Impairment loss (if any) is taken to the consolidated statement of income.
- A provision for lawsuits raised against the bank (if there is any need) is recorded based on a legal study prepared by the bank's legal advisor. Moreover, the study highlights any potential risks that the bank may encounter in the future, and such legal assessments are reviewed periodically.
- A provision for income tax is recorded on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year. The deferred tax assets and liabilities are conducted and booked.
- Fair value hierarchy: The bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety segregating fair value measurements in accordance with the levels defined in IFRS, The difference between Level 2 and Level 3 fair value measurements i.e, assessing whether inputs are observable and whether the unobservable inputs are significant may require judgement and a careful analysis of the inputs used to measure fair value including consideration of factors specific to the assets or liability.
- In the opinion of the bank's management the accounting estimates used within the consolidated financial statements are reasonable.

(4) Cash and Balances with Central Banks

The details of this item are as follows:

	2017 JD	2016 JD
Cash on hand	78,685,027	64,247,739
Balances at central banks:	-	-
Current and demand accounts	121,091,791	71,243,366
Time and notice deposits	143,358,800	8,224,400
Statutory cash reserve	93,057,652	81,695,162
Certificate of Deposits	83,000,000	-
Total	<u>519,193,270</u>	<u>225,410,667</u>

- Restricted balances amounted to JD 9,358,800 as of December 31, 2017 (JD 8,224,400 as of December 31, 2016). In addition to the statutory cash reserve as stated above.
- There are no balances that mature in a period more than three months.

(5) Balances at Banks and Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Current and demand accounts	864,923	896,556	17,570,330	36,907,332	18,435,253	37,803,888
Deposits maturing within 3 months or less	<u>69,887,100</u>	<u>249,267,615</u>	<u>65,096,198</u>	<u>46,782,749</u>	<u>134,983,298</u>	<u>296,050,364</u>
Total	<u>70,752,023</u>	<u>250,164,171</u>	<u>82,666,528</u>	<u>83,690,081</u>	<u>153,418,551</u>	<u>333,854,252</u>

- Non-interest bearing balances at banks and financial institutions amounted to JD 18,435,253 as of December 31, 2017 (JD 37,803,888 as of December 31, 2016).
- There are no restricted balances as of December 31, 2017 and 2016.

(6) Deposits at Banks and Financial Institutions

The details of this item are as follows:

	Total	
	2017	2016
	JD	JD
Deposit maturing within		
More than 3 to 6 months	3,545,000	12,500,000
More than 6 to 9 months	34,438,353	24,199,984
More than 9 to 12 months	-	14,180,000
More than 12 months	<u>56,511,550</u>	<u>22,663,084</u>
Total	<u>94,494,903</u>	<u>73,543,068</u>

- There are no restricted deposits as of December 31, 2017 and 2016.

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

The details of this item are as follows:

	2017	2016
	JD	JD
Quoted Equities	22,275,220	23,963,344
Funds	-	<u>1,859,240</u>
Total	<u>22,275,220</u>	<u>25,822,584</u>

- There are no restricted deposits as of December 31, 2017 and 2016.

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

The details of this item are as follows:

	2017 JD	2016 JD
Quoted Investments		
Quoted Equities	<u>30,356,340</u>	<u>29,596,161</u>
Total quoted investments	<u>30,356,340</u>	<u>29,596,161</u>
Unquoted Investments		
Unquoted Equities	<u>2,433,562</u>	<u>1,906,132</u>
Total unquoted investments	<u>2,433,562</u>	<u>1,906,132</u>
Total	<u>32,789,902</u>	<u>31,502,293</u>

Dividends from financial assets at fair value through other comprehensive income as of December 31, 2017 amounted to JD 1,106,046 (JD 1,117,217 as of December 31, 2016).

Fair value calculation for unlisted Investments are based on most recent financial data available.

(9) Direct Credit Facilities

The details of this item are as follows:

	2017 JD	2016 JD
Consumer lending		
Overdrafts	14,728,712	8,221,354
Loans and bills *	669,547,712	632,917,856
Credit cards	12,105,757	10,070,530
Others	6,414,174	6,109,762
Residential mortgages	200,985,070	171,512,514
Corporate lending		
Overdrafts	89,583,243	99,378,606
Loans and bills *	261,654,297	203,901,684
Small and medium enterprises lending "SMEs"		
Overdrafts	18,052,190	13,755,261
Loans and bills *	95,987,720	52,266,535
Lending to governmental sectors	<u>228,071,091</u>	<u>216,615,307</u>
Total	<u>1,597,129,966</u>	<u>1,414,749,409</u>
Less: Suspended interest	(10,530,187)	(10,794,925)
Less: Allowance for impairment losses	(48,663,030)	(47,675,336)
Direct credit facilities, net	<u>1,537,936,749</u>	<u>1,356,279,148</u>

* Net of interest and commissions received in advance amounting to JD 5,120,656 as of December 31, 2017 (JD 5,251,444 as of December 31, 2016).

- Non-performing credit facilities amounted to JD 71,150,725 as of December 31, 2017 (JD 59,328,905 as of December 31, 2016), representing 4.45% (2016: 4.19%) of gross direct credit facilities granted.
- Non-performing credit facilities, net of suspended interest, amounted to JD 60,662,281 as of December 31, 2017 (JD 48,701,464 as of December 31, 2016), representing 3.82% (2016: 3.47%) of gross direct credit facilities

granted after excluding the suspended interest.

- Credit facilities granted to the Government of Jordan amounted to JD 90,637,784 as of December 31, 2017 (JD 102,143,212 as of December 31, 2016), representing 5.68% (2016: 7.22%) of gross direct credit facilities granted.
- Credit facilities granted to the public sector in Palestine amounted to JD 63,669,699 as of December 31, 2017 (JD 55,232,268 as of December 31, 2016), representing 3.99% (2016: 3.9%) of gross direct credit facilities granted.

Allowance for impairment losses:

The following is the movement on the allowance for impairment losses in direct credit facilities:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
December 31, 2017					
Balance - beginning of the year	29,543,906	1,992,190	8,898,201	7,241,039	47,675,336
Deducted from income during the year	5,527,536	268,457	(387,927)	(1,615,520)	3,792,546
Used from provision during the year (written off)	(1,958,971)	-	(1,019,292)	(5,406)	(2,983,669)
Revaluation difference	81,915	22,100	45,852	28,950	178,817
Balance - end of the year	<u>33,194,386</u>	<u>2,282,747</u>	<u>7,536,834</u>	<u>5,649,063</u>	<u>48,663,030</u>
Specific impairment on Individual customers:					
Non-performing	27,504,672	2,243,640	7,488,825	5,530,338	42,767,475
Watch list	1,272,116	39,107	48,009	118,725	1,477,957
Collective impairment on non-performing portfolio	<u>4,417,598</u>	-	-	-	<u>4,417,598</u>
Balance - end of the year	<u>33,194,386</u>	<u>2,282,747</u>	<u>7,536,834</u>	<u>5,649,063</u>	<u>48,663,030</u>
December 31, 2016					
Balance - beginning of the year	31,121,763	2,154,700	5,863,690	7,159,293	46,299,446
Deducted from income during the year	237,801	(162,510)	3,031,382	106,807	3,213,480
Used from provision during the year (written off)	(1,833,783)	-	-	(27,872)	(1,861,655)
Revaluation difference	18,125	-	3,129	2,811	24,065
Balance - end of the year	<u>29,543,906</u>	<u>1,992,190</u>	<u>8,898,201</u>	<u>7,241,039</u>	<u>47,675,336</u>
Specific impairment on Individual customers:					
Non-performing	23,291,318	1,952,761	5,836,560	7,205,336	41,055,093
Watch list	893,378	39,429	27,130	35,703	1,261,033
Collective impairment on portfolio	<u>5,359,210</u>	-	-	-	<u>5,359,210</u>
At 31 December 2015	<u>29,543,906</u>	<u>1,992,190</u>	<u>8,898,201</u>	<u>7,241,039</u>	<u>47,675,336</u>

Provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to JD 8,846,091 as of December 31, 2017 (JD 7,122,651 as of December 31, 2016).

Suspended Interest:

The movement on interest in suspense was as follows:

	Consumer JD	Residential Mortgages JD	Corporate JD	SMEs JD	Total JD
December 31, 2017					
Balance - beginning of the year	1,413,098	101,012	7,332,991	1,947,824	10,794,925
Add: Suspended interest during the year	423,668	84,572	826,170	(60,507)	1,273,903
Less: Interest reversed to income during the year	(166,515)	(15,069)	(137,292)	(582,606)	(901,482)
Less: Amounts written off	<u>(16,090)</u>	<u>-</u>	<u>(600,724)</u>	<u>(20,345)</u>	<u>(637,159)</u>
Balance - end of the Year	<u>1,654,161</u>	<u>170,515</u>	<u>7,421,145</u>	<u>1,284,366</u>	<u>10,530,187</u>
December 31, 2016					
Balance - beginning of the year	1,080,088	38,470	7,383,838	1,764,496	10,266,892
Add: Suspended interest during the year	512,577	62,542	97,105	232,875	905,099
Less: Interest reversed to income during the year	(84,208)	-	(194,691)	(56,559)	(335,458)
Less: Amounts written off	<u>(95,359)</u>	<u>-</u>	<u>46,739</u>	<u>7,012</u>	<u>(41,608)</u>
Balance - end of the year	<u>1,413,098</u>	<u>101,012</u>	<u>7,332,991</u>	<u>1,947,824</u>	<u>10,794,925</u>

Direct credit facilities are divided according to geographical locations and economic sectors as follows:

Economic Sector	December 31			
	Inside the Kingdom JD	Outside the Kingdom JD	2017 JD	2016 JD
	Financing	22,071,940	-	22,071,940
Manufacturing	35,329,146	22,811,525	58,140,671	33,585,102
Commercial	183,419,378	134,541,768	317,961,146	257,469,321
Real estate	193,568,208	70,714,249	264,282,457	228,732,228
Agriculture	3,755,391	271,690	4,027,081	6,931,110
Stocks	5,768,959	424,440	6,193,399	7,182,737
Individual	592,675,497	103,706,684	696,382,181	650,136,765
Governmental and general sector	<u>164,401,392</u>	<u>63,669,699</u>	<u>228,071,091</u>	<u>216,615,307</u>
	<u>1,200,989,911</u>	<u>396,140,055</u>	<u>1,597,129,966</u>	<u>1,414,749,409</u>

(10) Financial Assets at Amortized Cost - Net

	2017	2016
	JD	JD
Quoted Investments		
Foreign government treasury bonds	3,921,210	1,630,068
Corporate debt securities	<u>17,272,992</u>	<u>17,559,550</u>
Total quoted investments	<u>21,194,202</u>	<u>19,189,618</u>
Unquoted investments		
Treasury bills (Jordanian)	59,869,256	12,887,124
Government treasury bonds	213,360,406	260,373,453
Governmental debt securities	656,734	2,603,250
Corporate debt securities	30,283,600	41,311,650
Less: impairment losses	-	(141,800)
Total unquoted investments	<u>304,169,996</u>	<u>317,033,677</u>
Total financial assets at amortized cost	<u>325,364,198</u>	<u>336,223,295</u>
Analysis of bonds and treasury bills		
Fixed rate	325,364,198	335,337,045
Floating rate	-	886,250
Total	<u>325,364,198</u>	<u>336,223,295</u>

The movement on the impairment losses is as follows:

	2017	2016
	JD	JD
Beginning balance	141,800	141,800
Additions	-	-
Impairment during the year	(141,800)	-
Ending balance	<u>-</u>	<u>141,800</u>

(11) Financial Assets Pledged as Collateral

	2017		2016	
	Financial assets pledged as collateral JD	Related financial liabilities JD	Financial assets pledged as collateral JD	Related financial liabilities JD
Financial asset at amortized cost	<u>4,589,000</u>	<u>4,589,000</u>	<u>13,476,000</u>	<u>13,476,000</u>

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

(12) Property and Equipment

The details of this item are as follows:

2017	Lands JD	Buildings JD	Furniture & Fixtures JD	Vehicles JD	Computers JD	Projects in Progress JD	Total JD
Cost:							
Balance - beginning of the year	2,144,042	22,165,744	41,848,381	1,686,748	30,078,897	1,718,695	99,642,507
Additions	-	435,148	1,034,914	149,392	1,843,082	1,532,980	4,995,516
Transferred	-	-	132,298	-	1,003,172	(1,135,470)	-
Disposals	-	-	(435,804)	-	(561,359)	-	(997,163)
Balance - end of the year	<u>2,144,042</u>	<u>22,600,892</u>	<u>42,579,789</u>	<u>1,836,140</u>	<u>32,363,792</u>	<u>2,116,205</u>	<u>103,640,860</u>
Accumulated depreciation:							
Balance - beginning of the year	-	4,004,779	29,372,673	1,113,527	22,818,314	-	57,309,293
Depreciation for the year	-	434,977	2,815,809	162,481	2,509,141	-	5,922,408
Disposals	-	-	(424,384)	-	(560,278)	-	(984,662)
Balance - end of the year	<u>-</u>	<u>4,439,756</u>	<u>31,764,098</u>	<u>1,276,008</u>	<u>24,767,177</u>	<u>-</u>	<u>62,247,039</u>
Net Book Value of Property and Equipment - End of the Year	<u>2,144,042</u>	<u>18,161,136</u>	<u>10,815,691</u>	<u>560,132</u>	<u>7,596,615</u>	<u>2,116,205</u>	<u>41,393,821</u>
2016							
Cost:							
Balance - beginning of the year	1,274,879	13,876,480	39,074,808	1,487,748	26,631,393	889,408	83,234,716
Additions	869,163	8,289,264	2,683,837	199,000	3,674,477	1,383,147	17,098,888
Transferred	-	-	354,792	-	199,068	(553,860)	-
Disposals	-	-	(265,056)	-	(426,041)	-	(691,097)
Balance - end of the year	<u>2,144,042</u>	<u>22,165,744</u>	<u>41,848,381</u>	<u>1,686,748</u>	<u>30,078,897</u>	<u>1,718,695</u>	<u>99,642,507</u>
Accumulated depreciation:							
Balance - beginning of the year	-	3,666,510	27,068,839	945,809	21,065,033	-	52,746,191
Depreciation for the year	-	338,269	2,559,622	167,718	2,178,528	-	5,244,137
Disposals	-	-	(255,788)	-	(425,247)	-	(681,035)
Balance - end of the year	<u>-</u>	<u>4,004,779</u>	<u>29,372,673</u>	<u>1,113,527</u>	<u>22,818,314</u>	<u>-</u>	<u>57,309,293</u>
Net Book Value of Property and Equipment - End of the Year	<u>2,144,042</u>	<u>18,160,965</u>	<u>12,475,708</u>	<u>573,221</u>	<u>7,260,583</u>	<u>1,718,695</u>	<u>42,333,214</u>

Fully depreciated property and equipment amounted to JD 38,336,080 as of December 31, 2017 (JD 36,398,525 as of December 31, 2016) and are still being used by the bank. The estimated cost to complete of the projects under construction amounted to JD 1,291,314 as of December 31, 2017 (JD 3,599,638 as of December 31, 2016).

(13) Intangible Assets - Net

This item consists of the following:

	Computer softwares	
	2017 JD	2016 JD
Balance - beginning of the year	14,903,284	10,191,209
Additions	575,601	2,623,285
Amortization for the year	(606,017)	(2,765,461)
Balance - end of the year	<u>14,872,868</u>	<u>10,049,033</u>

(14) Other Assets

The details of this item are as follows:

	2017 JD	2016 JD
Accrued income	10,583,723	10,803,301
Prepaid expenses	7,478,829	7,237,323
Repossessed assets - net *	12,818,968	11,849,384
Accounts receivable - net	2,517,324	807,028
Clearing checks	10,662,124	2,683,260
Settlement guarantee fund	25,000	25,000
Trading settlement account	-	144,486
Refundable deposits	570,201	499,820
Deposits at Visa International	1,999,401	1,765,431
Others	547,233	604,287
Total	<u>47,202,803</u>	<u>36,419,320</u>

Movement on repossessed assets during the year is as follows:

	2017 JD	2016 JD
Balance - beginning of the year	14,903,284	13,328,163
Additions	575,601	1,869,802
Disposals	(606,017)	(294,681)
Total	<u>14,872,868</u>	<u>14,903,284</u>
Impairment of repossessed assets	<u>(861,619)</u>	<u>(668,915)</u>
Impairment of repossessed assets as per the Central Bank of Jordan instructions	<u>(1,192,281)</u>	<u>(2,384,985)</u>
Total	<u>12,818,968</u>	<u>11,849,384</u>

**A summary of the impairment movement on repossessed assets:

	2017 JD	2016 JD
Balance - beginning of the year reposed	3,053,900	3,053,900
Balance - end of the year	<u>(1,000,000)</u>	<u>-</u>
	<u>2,053,900</u>	<u>3,053,900</u>

* As per the Central Bank of Jordan instructions the repossessed assets should be sold within two years of repossession, and can be extended under exceptional circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the bank has started to book a gradual provision for the repossessed assets which are being held for more than four years in accordance to the Central Bank of Jordan circular number 10/1/4076 dated March 27, 2014 and 10/1/7096 dated June 8, 2014. As per the Central Bank of Jordan Circular No. 10/1/16607 dated January 17, 2017 and in light of IFRS (9) adoption and its direct impact on the consolidated financial statements of the bank, it was decided to stop the Circular rules mentioned above for the year 2018 and continue on booking provisions in the year 2019.

(15/A) Banks and Financial Institutions Deposits

This item consists of the following:

	Inside Jordan		Outside Jordan		Total	
	2017 JD	2016 JD	2017 JD	2016 JD	2017 JD	2016 JD
Current and call accounts	38,314,784	18,413,140	4,935,046	8,676,899	43,249,830	27,090,039
Deposits maturing within 3 months or less	166,248,816	121,674,554	149,383,561	174,303,321	315,632,377	295,977,875
Deposits maturing within more than 3 months to 6 months	407,471	-	-	-	407,471	-
Deposits maturing within more than 6 months to 9 months	15,000,000	10,000,000	-	-	15,000,000	10,000,000
Deposits maturing within more than a year	43,000,000	25,889,180	30,000,000	-	73,000,000	25,889,180
Total	262,971,071	175,976,874	184,318,607	182,980,220	447,289,678	358,957,094

(15/B) Customers' Deposits

This item consists of the following:

	Consumer JD	Corporate JD	SMEs JD	Governmental and Public Sectors JD	Total JD
December 31, 2017					
Current and demand accounts	254,374,906	85,579,283	44,992,822	61,703,911	446,650,922
Saving accounts	457,349,099	3,663,774	3,481,364	94,760	464,588,997
Time and notice deposits	353,901,940	262,600,668	22,181,091	199,870,328	838,554,027
Certificate of Deposits	<u>70,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,900</u>
Total	<u>1,065,696,845</u>	<u>351,843,725</u>	<u>70,655,277</u>	<u>261,668,999</u>	<u>1,749,864,846</u>
December 31, 2016					
Current and demand accounts	251,480,965	122,303,996	35,000,081	65,378,681	474,163,723
Saving accounts	386,621,967	1,538,676	2,828,631	25,797	391,015,071
Time and notice deposits	<u>297,920,365</u>	<u>106,399,338</u>	<u>20,034,467</u>	<u>257,913,284</u>	<u>682,267,454</u>
Total	<u>936,023,297</u>	<u>230,242,010</u>	<u>57,863,179</u>	<u>323,317,762</u>	<u>1,547,446,248</u>

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 244,216,056, equivalent to 13.96% of total deposits as of December 31, 2017 (JD 294,349,416, equivalent to 19.02% of total deposits of December 31, 2016).
- There are no restricted deposits as of December 31, 2017 and 2016.
- Non-interest bearing deposits amounted to JD 641,654,320 as of December 31, 2017 (JD 661,471,137 as of December 31, 2016) representing 36.67% (2016: 42.75%) of total deposits.
- Dormant accounts amounted to JD 38,240,608 as of December 31, 2017 (2016: JD 38,624,515 as of December 31, 2016).

(16) Margin Accounts

	2017 JD	2016 JD
Margins on direct credit facilities	28,922,645	61,513,288
Margins on indirect credit facilities	13,669,100	13,294,341
Deposits against brokerage margin accounts	4,575,365	3,645,205
Others	<u>4,100,607</u>	<u>3,024,013</u>
Total	<u>51,267,717</u>	<u>81,476,847</u>

(17) Borrowed Funds

The details of this item are as follows:

	Amount JD	No. of Installments		Payable Every	Maturity Date	Collaterals	Interest Rate %
		Total	Outstanding				
December 31, 2017							
Amounts borrowed from the Overseas Private Investment Corporation (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from the French Development Agency	2,658,750	20	15	Semi-annually	2025	None	3.358%
Amounts borrowed from the Central Bank of Jordan*	9,500,000	10	10	Semi-annually	2028	None	2.7%
Amounts borrowed from the Central Bank of Jordan**	28,186,840	140	140	At maturity / Per Loan	2018-2026	Treasury Bills	1%-2%
Amounts borrowed from the Central Bank of Jordan*	2,232,042	14	13	Semi-annually	2028	None	2.5%
Amounts borrowed from the European Bank for Reconstruction and Development (EBRD)	5,064,286	7	5	Semi-annually	2020	None	3.25%
Amounts borrowed from the Central Bank of Jordan*	4,100,000	20	20	Semi-annually	2031	None	2.8%
Jordan Mortgage Refinance Company ***	30,000,000	1	1	At maturity	2019	None	4.4%
Jordan Mortgage Refinance Company ***	5,000,000	1	1	At maturity	2020	None	5.8%
Amounts borrowed from the Central Bank of Jordan	1,434,528	34	34	Semi-annually	2039	None	3.0%
Amounts borrowed from the European Bank for Reconstruction and Development (EBRD)	7,080,000	7	7	Semi-annually	2021	None	4.8%
Union Bank	2,000,000	6	6	Quarterly	2021	None	6.0%
Societe Generale Banque de Jordanie	977,778	45	44	Monthly	2021	None	6.75%
Amounts borrowed from international financial markets	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>114,906,448</u>	-	-	-	-	-	-

	Amount JD	No. of Installments		Payable Every	Maturity Date	Collaterals	Interest Rate %
		Total	Outstanding				
December 31, 2016							
Amounts borrowed from Overseas Private Investment Corporation (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from the French Development Agency	3,013,250	20	17	Semi-annually	2025	None	3.358%
Amounts borrowed from the Central Bank of Jordan	9,500,000	10	10	Semi-annually	2028	None	2.5%
Amounts borrowed from the Central Bank of Jordan	19,389,623	71	71	At maturity / per loan	2017-2022	Treasury Bills	1%-2.5%
Amounts borrowed from the Central Bank of Jordan	2,400,000	14	14	Semi-annually	2028	None	2.5
Amounts borrowed from the European Bank for Reconstruction and Development (EBRD)	7,090,000	7	7	Semi-annually	2020	None	1.75%-3.25%
Amounts borrowed from the Central Bank of Jordan	4,100,000	20	20	Semi-annually	2031	None	2.39%
Jordan Mortgage Refinance Company	<u>30,000,000</u>	1	1	At maturity	2019	None	4.4%
Amounts borrowed from international financial markets	<u>1,074,224</u>	1	1		None	None	-
Total	<u>92,165,097</u>	-	-	-	-	-	-

*The borrowed funds from the Central Bank of Jordan for SMEs loans were re-lent on an average interest rate of 8.5% and the loan repayment to the Central Bank of Jordan will start after 5 years from granting day.

**The borrowed funds from the Central Bank of Jordan for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 4.5%.

*** Residential loans acquired from Jordan the Mortgage Refinance Company amounted to JD 29,578,514 as of December 31, 2017 at a fixed rate of 7.1%.

(18) Sundry Provisions

	Balance - beginning of the year JD	Additions during the year JD	Utilised during the year JD	Reversed to income JD	Balance - End of the Year JD
2017					
Provision for lawsuits against the bank	4,421,931	-	(134,428)	-	4,287,503
Provision for end of service indemnity	8,436,599	1,349,958	(726,080)	(400,617)	8,659,860
Other contingent liabilities	<u>2,142,043</u>	<u>2,079,000</u>	<u>-</u>	<u>-</u>	<u>4,221,043</u>
Total	<u>15,000,573</u>	<u>3,428,958</u>	<u>(860,508)</u>	<u>(400,617)</u>	<u>17,168,406</u>
2016					
Provision for lawsuits against the bank	5,496,016	-	(34,585)	(1,039,500)	4,421,931
Provision for end of service indemnity	8,010,905	1,180,549	(754,855)	-	8,436,599
Other contingent liabilities	<u>63,043</u>	<u>2,079,000</u>	<u>-</u>	<u>-</u>	<u>2,142,043</u>
Total	<u>13,569,964</u>	<u>3,259,549</u>	<u>(789,440)</u>	<u>(1,039,500)</u>	<u>15,000,573</u>

(19) Income Tax

A) Income Tax Liabilities

The movements on the income tax provision were as follows:

	2017 JD	2016 JD
Balance - beginning of the year	20,892,898	23,599,266
Income tax paid	(16,468,215)	(20,104,075)
Income tax payable	12,896,778	15,559,626
Amortization of deferred tax liabilities	<u>-</u>	<u>1,838,081</u>
Balance - end of the year	<u>17,321,461</u>	<u>20,892,898</u>

Income tax appearing in the income statement represents the following:

	For the Year Ended December 31,	
	2016 JD	2015 JD
Income tax for the year	12,896,778	15,559,626
Amortization of deferred tax liabilities	(964,413)	-
Deferred tax assets	<u>(4,941)</u>	<u>(369,948)</u>
Income tax charge for the year	<u>11,927,424</u>	<u>15,189,678</u>

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rate on foreign branches and subsidiaries range between 0%-31% (income tax rate for banks in Palestine is 15% plus VAT of 16%)
- The bank reached a final settlement with the Income and Sales Tax Department for the year ended December 31, 2015 for the branches in Jordan. The Income and Sales Tax Department has not reviewed the accounts for the year 2016 up to the date of these consolidated financial statement.
- A final settlement was reached with the tax authorities for Palestine branches for the year ended December 31, 2016.
- 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 has reviewed 2010 and 2011 records and estimated the

tax payable for these years at JD 318,664 for the amount paid. This decision was objected by the company in the specialized courts where a decision was issued by the Court of First Instance in June 2016 to annul a claim, consider it voided and return it in order to be corrected to the Sales and Tax Department. This decision has been confirmed during the appeal stage in October 2016. Based on court's decision, the Income Tax Department reissued certificates with the same amounts. As a result, the company appealed against the decision, for which an objection was issued in June 2017 and therefore the appeal was filed before the courts which ended in July 2017. The court is still awaiting to correct the legal procedures, even though the legal period available after submitting the statements has passed by 4 years. The sales and Income Tax Department reviewed the company's records for the years 2012, 2013 and 2014 and estimated the tax payable for these years was JD 1,222,807 for the exceeding of paid amounts. The company had filed an appeal at specialized courts and no court decision has been made until this day. The Sales and Income Tax Department has not reviewed the accounts for the year 2015 and 2016 up to the date of these consolidated financial statement.

- Al-Watanieh Securities Company – Palestine reached a final settlement with the Income Tax Department for the year 2015. The Income and Sales Tax Department has not reviewed the accounts for the year 2016 up to the date of these consolidated financial statement.
- Tamallak for leasing Company financial statements has reached a final settlement with the Income and Sales tax Department for the year 2015. They have submitted their estimation for the year 2016 but the Income and Sales Tax Department has not reviewed the accounts for the year 2016, up to the date of these consolidated financial statement.
- In the opinion of the bank's management, income tax provisions as of December 31, 2017 are sufficient to face any future tax liabilities.

Deferred Tax assets and Liabilities

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

	2017						
	Amounts					Deferred Tax JD	2016 JD
	Balance - beginning of the Year JD	Released JD	Additions JD	Balance - End of the Year JD			
Deferred tax assets							
Allowance for impairment losses	4,341,278	(1,464,913)	589,238	3,465,603	1,148,145	1,519,447	
Interest in suspense	-	-	139,971	139,971	33,593	-	
Non-deductible expenses resulting from temporary differences	260,000	(100,000)	-	160,000	56,000	91,000	
Sundry provisions	1,088,385	-	2,079,000	3,167,385	1,108,585	380,935	
Impairment on repossessed assets	2,750,000	(1,000,000)	-	1,750,000	612,500	962,500	
Unrealized Losses - financial assets at FVTOCI	<u>15,804,805</u>	<u>(2,318,154)</u>	<u>727,369</u>	<u>14,214,020</u>	<u>2,784,183</u>	<u>3,316,477</u>	
	<u>24,244,468</u>	<u>(4,883,067)</u>	<u>3,535,578</u>	<u>22,896,979</u>	<u>5,743,006</u>	<u>6,270,359</u>	
Deferred tax liabilities							
Unrealized Gain - financial assets at FVTOCI	2,681,127	(371,882)	340,211	2,649,456	224,982	540,283	
Unrealized gain - financial assets at FVTPL (early IFRS 9 implementation)	5,665,008	(214,146)	-	5,450,862	545,086	567,027	
Difference in depreciation rates	<u>2,692,778</u>	<u>(2,692,778)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>942,472</u>	
	<u>11,038,913</u>	<u>(3,278,806)</u>	<u>340,211</u>	<u>8,100,318</u>	<u>770,068</u>	<u>2,049,782</u>	

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

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the year	6,270,359	2,049,782	4,265,762	2,149,293
Additions	1,157,240	161,216	2,151,556	14,644
Disposal	(1,684,593)	(1,440,930)	(146,959)	(114,155)
Balance - end of the year	<u>5,743,006</u>	<u>770,068</u>	<u>6,270,359</u>	<u>2,049,782</u>

Summary of Reconciliation between accounting profits and taxable profit:

	2017	2016
	JD	JD
Accounting profit	41,895,204	49,923,557
Non-taxable profit	(11,149,311)	(7,775,733)
Non-deductible expenses	8,833,140	5,806,073
Taxable profit	39,579,033	47,953,897
Effective rate of income tax	32.6%	30.4%

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

(20) Other Liabilities

	2017	2016
	JD	JD
Accrued interest	8,544,624	4,246,466
Accrued income	461,644	1,023,780
Accounts payable	5,989,197	2,898,141
Accrued expenses	9,551,022	6,616,674
Temporary deposits	15,480,984	13,880,874
Checks and withdrawals	5,358,022	4,420,043
Others	3,319,670	2,798,704
	<u>48,705,163</u>	<u>35,884,682</u>

(21) Paid-in Capital

The authorized and paid-up capital amounted to JD 180,000,000 divided into 180,000,000 shares at a par value of JD 1 per share as of December 31, 2017 and 2016.

The General Assembly decided in its ordinary meeting held on April 27, 2017 on distributing 12% of par value of one share.

(22) Reserves

Statutory Reserve

This item represents all the amounts that have been transferred to the annual profit before tax of 10% during the year and prior years as required by the banks and Companies Law. This reserve is not available for distribution to shareholders.

General Banking Risk Reserve

This item represents the General Banking Risk Reserve as required by the Central Bank of Jordan.

Cyclical Fluctuations Reserve

This balance represents 15% of the net profit for Palestine branches transferred to the cyclical fluctuations reserve yearly, the deduction continues until it reaches 20% of the paid-up capital for Palestine branches according to the Palestine Monetary Authority regulations.

The use of the following reserves is restricted by law:

Reserve Name	Amount JD	Restriction Law
Statutory reserve	69,955,203	Banks and Companies Laws
General banking risk	16,597,081	Central Bank of Jordan's regulations and Palestine Monetary Authority's regulations
Cyclical fluctuations	7,756,997	Palestine Monetary Authority regulations

(23) Fair Value Reserve - Net

The movement is as follows:

	2017 JD	2016 JD
Beginning balance	(10,347,484)	(6,917,105)
Unrealized gains (losses)	1,612,246	(194,219)
(Gain) from sale of financial assets at fair value through other comprehensive income	(53,133)	(3,418,582)
Deferred tax assets	(532,294)	82,911
Deferred tax liability	315,301	99,511
Ending balance	(9,005,364)	(10,347,484)

– The fair value reserve is presented net of deferred tax assets in the amount of JD 2,784,183 and net of deferred tax liabilities in the amount of JD 224,982.

(24) Retained Earnings

	2017 JD	2016 JD
Beginning balance	70,184,530	74,934,813
Profit for the year	30,336,470	35,056,003
Transferred to statutory reserve	(4,119,128)	(4,847,853)
Transferred to general banking risk reserve	(2,615,079)	(1,312,002)
Transferred to cyclical fluctuations reserve	(940,081)	(914,867)
Stock dividends	-	(20,000,000)
Cash dividends	(21,600,000)	(16,000,000)
Capital increase related expenses	(20,085)	(150,146)
Net gain from sale of financial assets at fair value through other comprehensive income	53,133	3,418,582
Ending balance	71,279,760	70,184,530

Retained earnings balance include unrealized gains amounting to JD 14,235,708 resulted from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Securities Commission's instructions, except for the amounts realized through the sale of the financial assets.

Retained earnings include deferred tax assets amounted to JD 5,743,006 as of December 31, 2017 which is not available for distribution in accordance with the Central Bank of Jordan's instructions (JD 6,270,359 as of December 31, 2016). The amount JD 9,005,364 represents negative change for the assets in fair value reserve through other comprehensive income restricted from use as per the Central Bank of Jordan's and the Securities Commission's instructions.

(25) Proposed Dividends

The Board of Directors recommend to the General Assembly on the meeting held February 11, 2018 the approval of the distribution of dividends to its shareholders in the amount of JD 21,600,000 equivalent to 12%.

(26) Interest Income

	2017 JD	2016 JD
Direct Credit Facilities:		
Consumer lending		
Overdrafts	1,483,529	1,550,596
Loans and bills	63,256,067	58,225,406
Credit cards	2,468,015	2,266,963
Margin accounts - financial services	257,707	297,989
Residential mortgages	13,252,224	10,951,681
Corporate lending		
Large corporations		
Overdrafts	5,899,560	5,432,764
Loans and bills	16,280,372	10,105,792
Small and medium enterprises lending		
Overdrafts	1,187,456	1,154,221
Loans and bills	3,718,527	3,007,363
Public and governmental sectors	10,727,265	8,958,122
Balances at central banks	7,565,841	353,813
Balances and deposits at banks and financial institutions	6,263,104	12,931,638
Financial assets at amortized cost	<u>10,688,624</u>	<u>14,028,016</u>
Total	<u>143,048,291</u>	<u>129,264,364</u>

(27) Interest Expense

	2017 JD	2016 JD
Banks and financial institution's deposits	9,660,869	4,936,732
Customers' deposits:		
Current and demand accounts	1,662,455	883,402
Saving accounts	3,003,194	1,389,080
Time and notice placements	27,864,716	18,817,866
Deposit Certificates	1,758	-
Margin accounts	801,294	1,303,764
Borrowed funds	<u>3,702,686</u>	<u>1,972,522</u>
Deposit guarantee fees	<u>3,502,223</u>	<u>3,367,063</u>
Total	<u>50,199,195</u>	<u>32,670,429</u>

(28) Net Commission

This item consists of the following:

	2017 JD	2016 JD
Direct credit facilities' commission	6,425,358	6,520,470
Indirect credit facilities' commission	1,431,372	1,614,188
Other commissions	12,213,544	12,006,470
Less: commission expense	(10,388)	(10,718)
Total Net Commission	<u>20,059,886</u>	<u>20,130,410</u>

(29) Gain from Foreign Currencies

This item consists of the following:

	2017 JD	2016 JD
Trading/interaction in foreign currencies	192,954	209,386
Revaluation of foreign currencies	<u>3,633,763</u>	<u>3,067,895</u>
Total	<u>3,826,717</u>	<u>3,277,281</u>

(30) Gains (Losses) from Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Realized Gains (Losses) JD	Unrealized (Loss) JD	Stock Dividends JD	Total JD
December 31, 2017				
Equities	26,800	(1,791,824)	1,879,766	114,742
Investment funds	(15,346)	-	-	(15,346)
Total	<u>11,454</u>	<u>(1,791,824)</u>	<u>1,879,766</u>	<u>99,396</u>
December 31, 2016				
Equities	(146,034)	(2,425,711)	2,028,769	(542,976)
Bonds	4,104	-	-	4,104
Investment funds	-	(199,069)	-	(199,069)
Total	<u>(141,930)</u>	<u>(2,624,780)</u>	<u>2,028,769</u>	<u>(737,941)</u>

(31) Dividends Income from Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	2017 JD	2016 JD
Dividend income from companies' shares	<u>1,106,046</u>	<u>1,117,217</u>

(32) Other Income

This item consists of the following:

	2017	2016
	JD	JD
Suspended interest transferred to revenue	901,482	335,458
Box rental income	124,579	108,409
Revenues from selling checkbooks	103,894	106,239
Collections of debts previously written off	1,069,785	1,123,593
Income from ATM and credit cards	5,016,685	4,687,531
(Losses) gains from sale of property and equipment	(4,872)	2,477
Gains from sale of assets repossessed by the bank	92,942	150,044
Buildings' rent revenue	2,967	2,770
Brokerage commission	429,431	780,977
Others	<u>293,855</u>	<u>175,166</u>
Total	<u>8,030,748</u>	<u>7,472,664</u>

(33) Employees' Expenses

This item consists of the following:

	2017	2016
	JD	JD
Employees' salaries, benefits and remuneration	33,891,990	32,463,861
Bank's contribution to social security	2,700,198	2,571,716
Bank's contribution to savings fund	477,686	472,800
End of service indemnity	240,589	634,850
Medical expenses	2,160,580	2,180,599
Employees' training	379,936	313,656
Employees' uniforms	161,357	67,527
Other expenses	<u>138,074</u>	<u>149,904</u>
Total	<u>40,150,410</u>	<u>38,854,913</u>

(34) Other Expenses

This item consists of the following:

	2017 JD	2016 JD
Rent	3,878,101	3,615,314
Cleaning and maintenance	1,834,176	1,758,198
Water, heat and electricity	2,564,599	2,438,632
License and governmental fees	1,025,751	1,446,194
Printings and stationery	588,202	706,287
Donations and subventions	742,145	651,657
Insurance expenses	1,160,624	1,039,204
Subscriptions	711,657	938,459
Telephone and telex	540,191	478,087
Legal fees and expenses	397,038	459,329
Professional fees	1,062,916	1,044,751
Mail and money transfer	579,528	446,863
Advertising expenses	3,641,489	2,553,791
Credit cards expenses	1,980,120	1,338,216
Board of Directors' expenses and remuneration	778,999	733,128
Information systems' expenses and compensation	5,944,336	4,517,987
Travel and transportation	671,466	852,068
Consultation expenses	126,263	206,699
Other expenses	701,688	682,913
Total	<u>28,929,289</u>	<u>25,907,777</u>

(35) Earnings Per Share

This item consists of the following:

	2017 JD	2016 JD
Profit for the year attributable to the bank's shareholders (JD)	30,336,470	35,056,003
Weighted average number of shares (share)	180,000,000	180,000,000
	Fils / JD	Fils / JD
Basic and diluted earnings per share (bank shareholders)	0/169	0/195

* The diluted earnings per share for the current year income is equal to the basic earnings per share, because the bank has not issued any financial tools that convert to stocks which may affect the earnings per share for the current year.

(36) Cash and Cash Equivalents - End of the Year

This item consists of the following:

	2017 JD	2016 JD
Cash and balances with central banks maturing within 3 months	519,193,270	225,410,667
Add: Balances at banks and financial institutions maturing within 3 months	153,418,551	333,854,252
Less: Banks and financial institutions' deposits maturing within 3 months	358,882,207	323,067,914
Restricted cash balances	<u>9,358,800</u>	<u>8,224,400</u>
Total	<u>304,370,814</u>	<u>227,972,605</u>

(37) Derivative Financial Instruments

The derivative financial instruments details as of year-end are shown in the table below:

	Positive Fair Value JD	Negative Fair Value JD	Total Notional Amount JD	Within 3 Months JD	Par Value Maturity		
					3 - 12 Months JD	1 - 3 Years JD	More than 3 Years JD
2017							
Interest rate swap	-	-	-	-	-	-	-
2016							
Interest rate swap	-	-	<u>182,173</u>	<u>182,173</u>	-	-	-

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

(38) Related Party Transactions

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

Company's Name	Ownership %	Paid-in Capital	
		2017 JD	2016 JD
Al-Watanieh Financial Services Company Limited Liability	100	5,000,000	5,000,000
Al-Watanieh Securities Company private shareholding	100	1,600,000	1,600,000
Tamallak for Financial Leasing Company	100	5,000,000	1,000,000
Safa Bank	79	53,175,000	53,175,000
Thimar for Investment Services*	100	70,900	70,900

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

	Related Parties			Total	
	Board of Directors and Relatives JD	Executive Management JD	Others* JD	December 31, 2017 JD	December 31, 2016 JD
Statement of Financial Position Items:					
Direct credit facilities	22,057,548	4,952,225	22,279,111	49,288,884	78,571,070
Deposits at the bank	18,275,227	2,383,585	11,614,615	32,273,427	37,423,859
Margin accounts	781,247	64,636	41,416	887,299	35,822,466
Off-Statement of Financial Position Items:					
Indirect credit facilities	2,976,103	-	414,631	3,390,734	2,838,501
Income Statements Items:					
Interest and commission income	2,344,836	2,013,183	2,195,339	6,553,358	4,473,194
Interest and commission expense	740,396	23,028	115,886	879,301	1,513,843

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

- Credit interest rates on credit facilities in Jordanian Dinar range between 4% and 9.5%
- Credit interest rates on credit facilities in foreign currency range between 4% and 4.75%
- Debit interest rates on deposits in Jordanian Dinar range between 0% and 5.5%
- Debit interest rates on deposits in foreign currency range between 0% and 3.5%

Salaries, wages and bonuses of executive management amounted to JD 2,304,966 as of December 31, 2017 (JD 2,374,809 as of December 31, 2016).

(39) 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, 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 the 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- 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 in 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 risk issues to the Risk Committee 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 in Cairo Amman Bank by using the comprehensive manner which is appropriate within their risk profile. It also implements Basel requirements.
- 5- The Internal Audit Department provides independent confirmation of the compliance of the working units with the policies and procedures of the risk committee 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 to many risks, the following are the main 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 fulfill 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 in their credit policy including credit ceilings and various credit conditions, which are renewed annually, according to several changing

factors and the results of the analysis and studies which are approved by the Board of Directors, which include mainly on principles of granting in the bank, stating authorities, collaterals and credit monitoring department the main frame of the Credit Risk Management. Moreover, 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:

In order to develop credit risk management at the bank, credit risks are performed internally which consists of customer credit risk rating; 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 of granted facilities. 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 related to risk management in the bank 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 and monitor over credit granting operations.

Credit decisions are checked against the credit policies and authority limits according to credit size and the collaterals against it, all documentations and contracts are reviewed before executing the credit to make sure of the segregation of functions.

Prior to granting facilities, legal documentation is done on the credit contracts and other documents related to the facilities, collaterals are checked against the credit condition agreed on and legal condition which retain the bank's rights.

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 identified by the Board of Directors to identify any increasing risk levels.

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

There are specialized and independent departments responsible for managing irregular credit facilities and handling the task of their administration and collection. The bank has allocated several monitoring departments to monitor and follow up credit and report any early warning indicators for follow-up and correction.

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

	2017 JD	2016 JD
On-Statement of Financial Position Items		
Cash and balances at central banks	440,508,243	161,162,928
Balances at banks and financial institutions	153,418,551	333,854,252
Deposits at banks and financial institutions	94,494,903	73,543,068
Direct credit facilities:		
Consumer lending	667,947,808	626,362,498
Residential mortgages	198,531,808	169,419,312
Large corporations	336,279,561	287,049,098
Small and medium enterprises	107,106,481	56,832,933
Lending to governmental sectors	228,071,091	216,615,307
Financial assets held at amortized cost - net	325,364,198	336,223,295
Financial assets pledged as collateral	4,589,000	13,476,000
Other assets	25,787,572	16,228,506
Total On-Statement of Financial Position Items	<u>2,582,099,216</u>	<u>2,290,767,197</u>
Off-Statement of Financial Position Items	49,861,134	32,092,230
Letters of credit	949,305	1,563,898
Acceptances	51,150,670	45,738,730
Letters of guarantee	116,648,187	92,169,757
Irrevocable commitments to extend credit	<u>218,609,296</u>	<u>171,564,615</u>
Total Off-Statement of Financial Position Items	<u>2,800,708,512</u>	<u>2,462,331,812</u>
Total On and Off-Statement of Financial Position Items	<u>2,462,331,812</u>	<u>2,582,485,211</u>

The table above represents the maximum credit risk for the bank as of December 31, 2017 and 2016 without taking the collaterals or effect of mitigation into consideration.

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

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

The management monitors the market value of these guarantees periodically and if the value of collateral decreased, the bank requests additional collateral to cover the deficit; in addition, the bank assesses the collateral against non-performing credit facilities periodically.

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

	Consumer JD	Residential Mortgages JD	Corporate JD	SMEs JD	Governmental and Public Sectors JD	Financial Institutions JD	Total JD
2017							
Low risk	4,837,122	770,243	10,441,799	5,818,377	800,114,213	-	821,981,754
Acceptable risk	657,703,481	191,257,252	318,337,907	99,749,367	154,601,721	305,108,581	1,726,758,309
Maturing:*							
Up to 30 days	875,389	151,653	1,968,190	900,367	-	-	3,895,599
From 31 to 60 days	195,097	15,423	2,544,282	71,711	-	-	2,826,513
Watch list	8,762,918	3,071,652	7,389,304	2,177,771	-	-	21,401,645
Non-performing:							
Substandard	7,446,602	1,187,881	3,400,910	491,514	-	-	12,526,907
Doubtful	3,576,955	1,708,387	1,561,838	2,822,954	-	-	9,670,134
Loss	23,689,315	3,360,335	15,251,568	6,652,466	-	-	48,953,684
Total	706,016,393	201,355,750	356,383,326	117,712,449	954,715,934	305,108,581	2,641,292,433
Less: Suspended interest	1,654,161	170,515	7,421,145	1,284,366	-	-	10,530,187
Less: provision for impairment losses	33,194,386	2,282,747	7,536,834	5,649,063	-	-	48,663,030
Net	671,167,846	198,902,488	341,425,347	110,779,020	954,715,934	305,108,581	2,582,099,216
2016							
Low risk	3,283,357	647,434	45,448,547	4,412,505	543,664,772	-	597,456,615
Acceptable risk	622,120,733	163,731,001	236,189,486	48,792,463	130,934,007	466,567,507	1,668,335,197
Maturing:*							
Up to 30 days	916,852	320,533	2,472,795	1,103,900	-	-	4,814,080
From 31 to 60 days	120,745	13,158	2,252,690	34,203	-	-	2,420,796
Watch list	6,736,893	3,288,188	12,049,354	2,042,306	-	-	24,116,741
Non-performing:							
Substandard	3,090,080	677,102	-	171,531	-	-	3,938,713
Doubtful	5,454,347	759,383	773,140	1,596,817	-	-	8,583,687
Loss	18,689,070	2,751,282	15,277,500	10,088,653	-	-	46,806,505
Total	659,374,480	171,854,390	309,738,027	67,104,275	674,598,779	466,567,507	2,349,237,458
Less: Suspended interest	1,413,098	101,012	7,332,991	1,947,824	-	-	10,794,925
Less: provision for impairment losses	29,543,906	1,992,190	8,898,201	7,241,039	-	-	47,675,336
Net	628,417,476	169,761,188	293,506,835	57,915,412	674,598,779	466,567,507	2,290,767,197

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

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

Distribution of collaterals against credit facilities measured at fair value:

	Consumer JD	Residential Mortgages JD	Corporate JD	SMEs JD	Governmental and Ppublic JD	Total JD
2017						
Low risk	4,837,122	770,243	10,441,799	5,818,377	2,005,608	23,873,149
Acceptable risk	41,236,465	204,689,598	138,471,229	44,625,224	-	429,022,516
Watch list	262,807	2,897,788	-	1,148,066	-	4,308,661
Non-performing:						
Substandard	115,675	871,845	5,652,485	16,496	-	6,656,501
Doubtful	88,743	2,062,274	-	1,545,450	-	3,696,467
Loss	<u>330,888</u>	<u>3,636,142</u>	<u>4,350,282</u>	<u>5,630,587</u>	<u>-</u>	<u>13,947,899</u>
Total	<u>46,871,700</u>	<u>214,927,890</u>	<u>158,915,795</u>	<u>58,784,200</u>	<u>2,005,608</u>	<u>481,505,193</u>
Comprising of:						
Cash margin	4,837,122	770,243	10,441,799	5,818,377	2,005,608	23,873,149
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	14,852,770	213,324,218	117,225,365	45,551,553	-	390,953,906
Loans guarantee corporation	6,049,662	-	617,203	1,398,782	-	8,065,647
Quoted shares	13,083,567	15,807	19,262,309	320,087	-	32,681,770
Vehicles and machinery	<u>8,048,579</u>	<u>817,622</u>	<u>11,298,219</u>	<u>5,695,402</u>	<u>-</u>	<u>25,859,822</u>
Total	<u>46,871,700</u>	<u>214,927,890</u>	<u>158,915,795</u>	<u>58,784,200</u>	<u>2,005,608</u>	<u>481,505,193</u>
2016						
Low risk	3,283,357	647,434	45,804,436	4,412,505	-	54,147,732
Acceptable risk	36,860,393	165,958,357	72,163,887	20,301,778	-	295,284,415
Watch list	355,898	2,945,082	8,589,713	1,416,230	-	13,306,923
Non-performing:						
Substandard	75,135	660,752	-	1,225,375	-	1,961,262
Doubtful	145,402	807,809	-	297,985	-	1,251,196
Loss	<u>135,350</u>	<u>2,535,477</u>	<u>3,518,758</u>	<u>8,169,350</u>	<u>-</u>	<u>14,358,935</u>
Total	<u>40,855,535</u>	<u>173,554,911</u>	<u>130,076,794</u>	<u>35,823,223</u>	<u>-</u>	<u>380,310,463</u>
Comprising of:						
Cash margin	3,283,357	647,434	45,804,436	4,412,505	-	54,147,732
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	9,997,741	172,844,302	61,221,584	23,585,608	-	267,649,235
Loans guarantee corporation	5,870,923	-	351,246	982,463	-	7,204,632
Quoted shares	6,875,787	-	4,982,763	2,708,684	-	14,567,234
Vehicles and machinery	<u>14,827,727</u>	<u>63,175</u>	<u>17,645,865</u>	<u>4,133,963</u>	<u>-</u>	<u>36,670,730</u>
Total	<u>40,855,535</u>	<u>173,554,911</u>	<u>130,076,794</u>	<u>35,823,223</u>	<u>-</u>	<u>380,310,463</u>

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 totaled to JD 7,976,992 as of December 31, 2017 (JD 5,840,549 as of December 31, 2016).

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 totaled to JD 19,053,887 as of December 31, 2017 (JD 12,980,534 as of December 31, 2016).

3) Bonds and Treasury Bills:

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

Risk Rating Class	External Rating Agency	Included in Financial Assets at Amortized Cost and Financial Assets Pledged as Collaterals JD
Baa1	Moody’s	714,058
BAA3	Moody’s	677,334
Non-rated		46,165,200
Governmental		282,396,606
Total		<u>329,953,198</u>

4) The distribution of credit exposures in accordance by the following geographical regions:

	Inside Jordan JD	Other Middle Eastern Countries JD	Europe JD	Asia JD	Americas JD	Other JD	Total JD
2017							
Balances at central banks	376,298,420	64,209,823	-	-	-	-	440,508,243
Balances at banks and financial institutions	70,752,023	47,779,462	19,861,004	815,430	14,210,632	-	153,418,551
Deposits at banks and financial institutions	83,023,100	11,471,803	-	-	-	-	94,494,903
Direct credit facilities:							
Consumer lending	568,742,755	99,205,053	-	-	-	-	667,947,808
Residential mortgages	147,781,730	50,750,078	-	-	-	-	198,531,808
Large corporations	223,761,913	112,517,648	-	-	-	-	336,279,561
Small and medium enterprises	63,377,781	43,728,700	-	-	-	-	107,106,481
Lending to governmental and public sectors	164,401,392	63,669,699	-	-	-	-	228,071,091
Bonds and treasury bills within:							
Financial assets at amortized cost	305,878,875	18,450,278	1,035,045	-	-	-	325,364,198
Financial assets pledged as collateral	<u>4,589,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,589,000</u>
Other assets	<u>17,238,335</u>	<u>6,543,385</u>	<u>2,005,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,787,572</u>
December 31, 2017	<u>2,025,845,324</u>	<u>518,325,929</u>	<u>22,901,901</u>	<u>815,430</u>	<u>14,210,632</u>	<u>-</u>	<u>2,582,099,216</u>
December 31, 2016	<u>1,850,501,566</u>	<u>412,738,554</u>	<u>23,841,209</u>	<u>811,803</u>	<u>2,874,065</u>	<u>-</u>	<u>2,290,767,197</u>

5) The distribution of credit exposures in accordance by the following economic sector:

	Financial JD	Industrial JD	Commercial JD	Real Estate* JD	Agriculture JD	Trading JD	Consumer JD	Public and Governmental JD	Total JD
2017 -									
Balances at central banks	-	-	-	-	-	-	-	440,508,243	440,508,243
Balances at banks and financial institutions	153,418,551	-	-	-	-	-	-	-	153,418,551
Deposits at banks and financial institutions	94,494,903	-	-	-	-	-	-	-	94,494,903
Direct credit facilities	22,071,940	56,740,751	294,415,140	261,509,365	3,630,524	3,550,130	667,947,808	228,071,091	1,537,936,749
Bonds and treasury bills within:									
Financial assets at amortized cost	31,317,281	-	16,239,311	-	-	-	-	277,807,606	325,364,198
Financial assets pledged as collateral	-	-	-	-	-	-	-	4,589,000	4,589,000
Other assets	<u>3,805,906</u>	<u>3,109,037</u>	<u>11,427,309</u>	<u>370,680</u>	<u>114,608</u>	<u>-</u>	<u>3,220,038</u>	<u>3,739,994</u>	<u>25,787,572</u>
December 31, 2017	<u>305,108,581</u>	<u>59,849,788</u>	<u>322,081,760</u>	<u>261,880,045</u>	<u>3,745,132</u>	<u>3,550,130</u>	<u>671,167,846</u>	<u>954,715,934</u>	<u>2,582,099,216</u>
December 31, 2016	<u>466,567,507</u>	<u>30,972,854</u>	<u>255,856,122</u>	<u>226,537,103</u>	<u>6,589,356</u>	<u>5,062,871</u>	<u>624,582,605</u>	<u>674,598,779</u>	<u>2,290,767,197</u>

* The real estate sector includes loans granted to corporates and mortgage loans.

Development of Credit Risk Measurement and Managing Credit Risk

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

Market Risk

It 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 rate 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 stop loss 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 Asset and Liability Management Committee reviews the sensitivity gaps of interest rates during its regular meetings and studies its effect on the bank's profitability in the light of any expected changes in market interest rates.

Interest Rate Risk Management

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

The following table demonstrates the sensitivity analysis of interest rates:

Currency	Increase in Interest Rate Basis Points	Sensitivity of Net Interest Income (Profit or Loss) JD	Change (Decrease) in Interest Rate Basis Points	Sensitivity of Net Interest Income (Profit or Loss) JD
2017				
USD	100	(748,772)	100	748,772
EURO	100	(788,770)	100	788,770
GBP	100	32,131	100	(32,131)
YEN	100	(22)	100	22
Other Currency	100	235,877	100	(235,877)
2016				
USD	100	(707,188)	100	707,188
EURO	100	(396,882)	100	396,882
GBP	100	(15,789)	100	15,789
YEN	100	(7,583)	100	7,583
Other Currency	100	180,780	100	(180,780)

Interest rate re-pricing gap

	Less than 1 Month JD	1-3 Months JD	3-6 Months JD	6-12 Months JD	1-3 Years JD	More than 3 Years JD	Non- interest Bearing JD	Total JD
Assets								
Cash and balances at central banks	226,358,800	-	-	-	-	-	292,834,470	519,193,270
Balances at banks and financial institutions	134,983,298	-	-	-	-	-	18,435,253	153,418,551
Deposits at banks and financial institutions	-	-	19,983,352	18,000,001	56,511,550	-	-	94,494,903
Financial assets at fair value through profit or loss	-	-	-	-	-	-	22,275,220	22,275,220
Direct credit facilities	666,593,979	240,573,103	307,391,604	35,610,092	114,704,600	173,063,371	-	1,537,936,749
Financial assets at fair value through OCI	-	-	-	-	-	-	32,789,902	32,789,902
Financial assets at amortized cost	13,464,645	32,174,417	26,318,419	63,196,102	95,958,459	94,252,156	-	325,364,198
Financial assets pledged as collateral	-	-	-	520,000	200,000	3,869,000	-	4,589,000
Property and equipment	-	-	-	-	-	-	41,393,821	41,393,821
Intangible assets	-	-	-	-	-	-	9,945,324	9,945,324
Other assets	-	-	-	-	-	-	47,202,803	47,202,803
Deferred tax assets	-	-	-	-	-	-	5,743,006	5,743,006
Total Assets	1,041,400,722	272,747,520	353,693,375	117,326,195	267,374,609	271,184,527	470,619,799	2,794,346,747
Liabilities								
Banks and financial institutions' deposits	281,286,617	47,054,826	-	15,000,000	73,000,000	-	30,948,235	447,289,678
Customers' deposits	502,345,749	198,608,723	188,582,712	151,109,740	76,534,201	1,237,548	631,446,173	1,749,864,846
Margin accounts	2,455,505	3,854,485	4,995,595	6,767,912	10,318,296	4,804,091	18,071,833	51,267,717

	Less than 1 Month JD	1-3 Months JD	3-6 Months JD	6-12 Months JD	1-3 Years JD	More than 3 Years JD	Non- interest Bearing JD	Total JD
Borrowed funds	35,727	323,382	1,598,395	1,074,744	51,951,902	58,848,074	1,074,224	114,906,448
Sundry provisions	-	-	-	-	-	-	17,168,406	17,168,406
Income tax liabilities	-	-	-	-	-	-	17,321,461	17,321,461
Deferred tax liabilities	-	-	-	-	-	-	770,068	770,068
Other liabilities	-	-	-	-	-	-	48,705,163	48,705,163
Total Liabilities	786,123,598	249,841,416	195,176,702	173,952,396	211,804,399	64,889,713	765,505,563	2,447,293,787
Interest rate sensitivity gap	255,277,124	22,906,104	158,516,673	(56,626,201)	55,570,210	206,294,814	(294,885,764)	347,052,960
2016								
Total Assets	962,996,026	287,004,408	317,767,714	122,950,723	222,083,264	170,994,140	407,386,958	2,491,183,233
Total Liabilities	742,617,283	256,959,337	107,926,389	70,098,680	137,113,937	61,177,851	777,979,744	2,153,873,221
Interest rate sensitivity gap	220,378,743	30,045,071	209,841,325	52,852,043	84,969,327	109,816,289	(370,592,786)	337,310,012

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 annually. Foreign currencies positions are monitored on a daily basis to make sure that the bank will not exceed those acceptable levels. Strategic policies are followed to maintain the position in the acceptable level.

The table below indicates the currencies to which the bank had significant exposure. 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:

	2017			2016		
	Increase in Exchange Rate	Effect on Profit or Loss	Sensitivity on Equity	Increase in Exchange Rate	Effect on Profit or Loss	Sensitivity on Equity
	%	JD	JD	%	JD	JD
EURO	1+	(1,687)	-	1+	(2,154)	-
GBP	1+	(1,804)	-	1+	(1,263)	-
YEN	1+	(3)	-	1+	-	-
Other Currency	1+	151,473	-	1+	208,252	-

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

Concentration in foreign currency risk:

	US Dollar	Sterling	Japanese	Euro	Other	Total
	JD	Pound	Yen	JD	JD	JD
2017	JD	JD	JD	JD	JD	JD
Assets						
Cash and balances at central banks	45,528,892	560,459	-	94,008,494	47,083,598	187,181,443
Balances at banks and financial institutions	90,685,418	8,352,470	-	2,235,963	20,927,883	122,201,734
Deposits at banks and financial institutions	3,545,000	-	-	17,023,100	-	20,568,100
Financial assets at fair value through profit or loss	410,774	-	-	-	4,246	415,020
Direct credit facilities	172,047,014	-	2,189	328,612	184,540,299	356,918,114
Financial assets at fair value through other comprehensive income	944,931	-	-	40,260	10,328,611	11,313,802
Financial assets at amortized cost	74,281,884	-	-	-	2,804,114	77,085,998
Intangible Assets	514,283	-	-	-	-	514,283
Property and equipment - net	6,855,283	-	-	-	165,701	7,020,984
Other assets	8,543,655	5,094	-	55,896	6,206,148	14,810,793
Total Assets	403,357,134	8,918,023	2,189	113,692,325	272,060,600	798,030,271
Liabilities						
Banks and financial institutions' deposits	190,650,286	3,832,300	-	89,620,792	28,849,179	312,952,557
Customers' deposits	281,137,693	4,913,136	2,189	21,529,108	190,721,555	498,303,681
Margin accounts	12,983,948	26,507	-	3,121,975	2,925,164	19,057,594
Borrowed funds	19,330,974	-	-	-	-	19,330,974
Income tax liability	(1,642,657)	-	-	-	-	(1,642,657)
Other liabilities	7,613,285	160,225	-	192,379	1,789,281	9,755,170
Total Liabilities	510,073,529	8,932,168	2,189	114,464,254	224,285,179	857,757,319
Net concentration on statement of financial position	(106,716,395)	(14,145)	-	(771,929)	47,775,421	(59,727,048)
Contingent liabilities off-statement of financial position	55,291,349	403,106	390,152	21,914,457	7,881,308	85,880,372
2016						
Total Assets	383,331,917	10,604,837	761,775	63,539,089	204,790,698	663,028,316
Total Liabilities	445,123,180	10,731,175	761,818	64,218,025	192,307,713	713,141,911
Net concentration on statement of financial position items	(61,791,263)	(126,338)	(43)	(678,936)	12,482,985	(50,113,595)
Contingent liabilities off-statement of financial position	36,113,931	61,807	451,403	11,585,036	9,167,739	57,379,916

Equity Price Risk

Equity price risk arises from changes in fair values of investments in equities. 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.

Market Indices	Change in Equity Price %	2017	Effect on Equity JD	Change in Equity Price %	2016	Effect on Equity JD
		Effect on Profit or Loss JD			Effect on Profit or Loss JD	
Amman Stock Exchange	5+	45,706	495,044	5+	49,197	454,158
Palestine Securities Exchange	5+	924,157	192,574	5+	725,988	209,633
New York Stock Exchange	5+	10,290	-	5+	-	-
Other Markets	5+	1,760	-	5+	91,641	-

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

The bank's management seeks to diversify sources of funding and prevent the concentration in the funding sources. In addition to the capital base and customer deposits, 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 in crisis time and keep it from deteriorating. 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 Assets and Liabilities Committee.

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, techniques and models to measure, 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 of best practices and techniques which are applied by Basel III.

Cash reserves with central banks

The bank maintains statutory cash reserve with the central banks amounting to JD 93,057,652.

1) The table below summarizes the maturity profile of the bank's financial liabilities based on contractual (undiscounted) repayment obligations as of the date of the financial statements:

	Less than 1 Month	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3 or More Years	No Fixed Maturity	Total
2017	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institutions' deposits	312,720,909	47,298,756	-	15,311,037	76,027,431	-	-	451,358,133
Customers' deposits	743,794,170	308,117,891	280,603,105	226,018,471	202,352,463	1,237,548	-	1,762,123,648
Margin accounts	3,788,118	6,003,445	8,001,489	11,723,542	17,323,490	5,078,498	-	51,918,582
Borrowed funds	35,741	357,808	1,618,644	1,083,404	55,903,083	77,604,068	1,074,224	137,676,972
Sundry provisions	335,398	450,965	1,640,622	2,860,658	8,317,839	3,762,924	-	17,368,406
Income tax liabilities	2,100,000	-	10,100,354	3,670,153	1,450,954	-	-	17,321,461
Deferred tax liabilities	-	-	-	-	223,164	-	546,904	770,068
Other liabilities	26,038,225	8,266,204	7,984,083	2,198,622	2,359,270	1,858,757	-	48,705,161
Total Liabilities	1,088,812,561	370,495,069	309,948,297	262,865,887	363,957,694	89,541,795	1,621,128	2,487,242,431
Total Assets								
(as per its expected maturities)	<u>1,035,567,373</u>	<u>272,747,520</u>	<u>353,797,676</u>	<u>117,326,195</u>	<u>267,374,609</u>	<u>271,184,527</u>	<u>475,628,138</u>	<u>2,793,626,038</u>
2016								
Liabilities								
Banks and financial institutions' deposits	278,629,748	34,845,628	10,069,453	17,658,425	18,985,872	-	-	360,189,126
Customers' deposits	738,013,085	319,160,951	185,065,725	123,715,483	185,485,426	-	-	1,551,440,670
Margin accounts	5,165,773	4,480,352	6,879,380	11,604,553	22,177,742	33,582,205	-	83,890,005
Borrowed funds	1,123,564	13,293,278	971,795	1,321,964	43,742,117	54,769,047	-	115,221,765
Sundry provisions	483,106	631,852	535,593	1,961,615	7,923,149	3,465,258	-	15,000,573
Income tax liabilities	3,650,000	-	8,200,000	7,058,900	1,983,998	-	-	20,892,898
Deferred tax liabilities	-	-	-	-	537,702	-	1,512,080	2,049,782
Other liabilities	18,130,473	7,355,336	4,631,532	2,639,576	1,416,092	1,249,065	462,608	35,884,682
Total Liabilities	1,045,195,749	379,767,397	216,353,478	165,960,516	282,252,098	93,065,575	1,974,688	2,184,569,501
Total Assets								
(as per its expected maturities)	<u>962,996,026</u>	<u>287,004,096</u>	<u>317,767,247</u>	<u>122,950,100</u>	<u>222,083,264</u>	<u>170,994,140</u>	<u>407,386,968</u>	<u>2,491,181,841</u>

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

Financial assets/liabilities that are settled net (offset) which include financial derivatives:

	Less than 1 Month JD	1-3 Months JD	6-12 Months JD	1-3 Years JD	3 or More Years JD	Total JD
December 31, 2017						
Interest rate swap	-	-	-	-	-	-
	-	-	-	-	-	-
December 31, 2016						
Interest rate swap	-	182,173	-	-	-	182,173
	-	182,173	-	-	-	182,173

3) Contingent liabilities

	Less than 1 Year JD	1-5 Years JD	5 Years or More JD	Total JD
2017				
Acceptances and letters of credit	50,810,439	-	-	50,810,439
Letters of guarantee	51,150,670	-	-	51,150,670
Irrevocable commitments to extend credit	116,648,187	-	-	116,648,187
Total	218,609,296	-	-	218,609,296
2016				
Acceptances and letters of credit	33,656,128	-	-	33,656,128
Letters of guarantee	45,738,730	-	-	45,738,730
Irrevocable commitments to extend credit	92,169,757	-	-	92,169,757
Total	171,564,615	-	-	171,564,615

Operational Risk

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

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

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

As a result of the willingness of the bank management to keep pace with technology in internal policies and procedures continuously, the general framework for the operational risk management is implemented by a dedicated staff that aims to facilitate and support all the bank's departments to carry out their duties in managing these risks.

The bank implements several operational risk measurement methodologies aimed at identifying and assessing the risks to which the bank may be exposed, in order to take appropriate control measures that facilitate the decision making process in reducing these risks, the most important of which are self-assessment of risks and control measures, review the actual and potential losses resulting from ongoing operations, monitor and follow-up key risk indicators to develop control and avoid future losses.

Compliance Risk

Pursuant to CBJ's instruction and in line with the international directions and updates as well as Basel's regulations, with the aim to ensure compliance of the bank and its internal policies and procedures with all applicable laws, regulations, international banking standards and best practices as well as safe 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's 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 are updated and amended regularly in accordance with the latest regulatory updates that should be adhered to.
- Review and assess all pre-existing 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 of the bank and its international branches and subsidiaries.
- Advise and assist the bank's executive management for compliance risk management.

With regards to anti-money laundering, an independent AML Department was formed and restructured within the Compliance and AML/CFT Division. The division recruited highly qualified and trained staff along with the automated AML/CFT Systems and Software Solutions to perform its work in accordance with policies and procedures approved by the Board of Directors and in accordance with Anti-Money Laundering Law No.46 of 2007 and its amendments, together with AML/CFT instructions issued by the Central Bank of Jordan and international best practices 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 pre-existing 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:

1. Ensure the bank's compliance with all AML/CFT policies and procedures as approved by the competent authority within the bank.
2. Ensure the bank's compliance with all applicable laws and regulations issued by competent authorities.
3. Prohibit and protect the bank's reputation and image from any allegation of involvement with money laundering and terrorist financing.
4. Prohibit the use of banking products and services in money laundering and terrorist financing transactions.
5. Participate in national and international efforts and initiatives relevant to anti-money laundering and combating terrorism financing.
6. 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.

(40) Segment Information

A. Information on the bank's Segment

For management purposes, the bank is organized into three major business segments which are measured according to reports used by the General Manager and key decision makers at the bank, through the following major sectors:

- **Retail banking:** Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit card facilities and fund 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

Following is the bank's segment information:

	Retail Banking JD	Corporate Banking JD	Treasury JD	Other JD	Total	
					2017 JD	2016 JD
Total revenues	<u>101,602,015</u>	<u>42,256,930</u>	<u>30,071,709</u>	<u>2,240,430</u>	<u>176,171,084</u>	<u>160,799,803</u>
Impairment loss on credit facilities	5,795,993	(2,003,447)	-	-	3,792,546	3,213,480
(reversed from) provision on repossessed assets	-	-	-	(1,000,000)	(1,000,000)	-
Sundry provision	<u>(400,617)</u>	-	<u>2,079,000</u>	-	<u>1,678,383</u>	<u>1,039,500</u>
Segmental results	<u>75,369,413</u>	<u>29,308,347</u>	<u>13,582,770</u>	<u>3,240,430</u>	<u>121,500,960</u>	<u>124,915,894</u>
Unallocated expenses	-	-	-	-	<u>79,605,756</u>	<u>74,992,337</u>
Profit before tax	-	-	-	-	41,895,204	49,923,557
Income tax	-	-	-	-	<u>11,927,424</u>	<u>15,189,678</u>
Net profit	-	-	-	-	<u>29,967,780</u>	<u>34,733,879</u>
Other information						
Segmental Total Assets	<u>866,330,687</u>	<u>671,606,062</u>	<u>1,157,868,050</u>	<u>98,541,948</u>	<u>2,794,346,747</u>	<u>2,491,183,233</u>
Segmental Total Liabilities	<u>920,966,118</u>	<u>714,985,767</u>	<u>728,146,872</u>	<u>83,195,030</u>	<u>2,447,293,787</u>	<u>2,153,873,221</u>
Capital expenditure	-	-	-	-	8,145,498	19,722,173
Depreciation and amortization	-	-	-	-	9,176,099	8,009,598



B. Geographical Information

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

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

	Inside Jordan		Outside Jordan		Total	
	2017 JD	2016 JD	2017 JD	2016 JD	2017 JD	2016 JD
Total revenue	137,298,756	132,519,713	38,872,328	28,280,090	176,171,084	160,799,803
Total assets	2,120,123,419	1,951,854,991	674,223,328	539,328,242	2,794,346,747	2,491,183,233
Capital expenditure	4,194,213	8,445,796	3,951,285	11,276,377	8,145,498	19,722,173

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

As per the Central Bank of Jordan, the adequate capital adequacy ratio must not be less than 14.125%.

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

Description of what is considered capital

As per the Central Bank of Jordan's regulations capital consists of Tier 1 capital, which comprises share capital, share premium, reserves, declared reserves, retained earnings, non-controlling interest allowed to be recognized, other comprehensive income items less proposed dividends, goodwill, cost of treasury stocks, deficit in requested provisions, deferred tax assets related to non-performing loans and any other restricted amounts. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt that may be transferred to shares, preference shares not accrued interest and non-controlling allowed to be recognized. The third component of capital is Tier 3 (which is aid to Tier 2 capital) 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 as per the Central Bank of Jordan's regulations.

On November 31, 2016, the Central Bank of Jordan issued instructions regarding capital adequacy in accordance with Basel III and canceled the instructions of regulatory capital adequacy according to Basel II.

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

	2017 JD	2016 JD
Ordinary Share Rights		
Paid-up capital	180,000,000	180,000,000
Retained earnings after subtracting the expected accumulated distributions	49,679,760	48,584,530
Change in fair value reserve	(9,005,364)	(10,347,484)
Statutory reserve	69,955,203	65,836,075
Other reserves approved by the Central Bank	7,756,997	6,816,916
Minority rights allowed to be recognized	1,580,191	697,391
Total ordinary share capital	299,966,787	291,587,428
Regulatory adjustments (capital deductible)		
Intangible assets	9,945,324	10,046,891
Deferred tax assets that should be deducted	4,964,213	5,461,073
Net ordinary shareholders' equity	285,057,250	276,079,464
Additional capital		
Minority rights allowed to be recognized		
Net primary capital (Tier I)		
Tier II Capital		
General banking risk reserve	16,597,081	13,982,002
Minority rights allowed to be recognized	316,038	139,478
Tier II capital	16,913,119	14,121,480
Adjustment (deducted from capital)		
Investment in subsidiaries capital unconsolidated with banks' accounts	-	-
Net Tier II	16,877,873	14,121,480
Regulatory capital	301,970,369	290,200,944
Total risk weighted assets	2,007,515,373	1,761,586,241
Capital adequacy (%)	15.04%	16.47%
Capital adequacy (primary capital) (%)	14.20%	15.67%
Subordinated capital (%)	0.84%	0.80%

(42) Maturity Analysis of Assets and Liabilities

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

2017	Within 1 Year JD	More than 1 Year JD	Total JD
Assets			
Cash and balances at central banks	519,193,270		519,193,270
Balances at banks and financial institutions	153,418,551	-	153,418,551
Deposits at banks and financial institutions	37,983,353	56,511,550	94,494,903
Financial assets at fair value through profit or loss	22,275,220	-	22,275,220
Financial assets at fair value through other comprehensive income	-	32,789,902	32,789,902
Direct credit facilities	431,554,067	1,106,382,682	1,537,936,749
Financial assets at amortized cost	135,673,583	189,690,615	325,364,198
Financial assets pledged as collateral	520,000	4,069,000	4,589,000
Property and equipment	3,701,370	37,692,451	41,393,821
Intangible assets	6,419,169	3,526,155	9,945,324
Deferred tax assets	875,010	4,867,996	5,743,006
Other assets	<u>25,371,801</u>	<u>21,831,002</u>	<u>47,202,803</u>
Total Assets	<u>1,336,985,394</u>	<u>1,457,361,353</u>	<u>2,794,346,747</u>
Liabilities			
Banks and financial institutions' deposits	374,289,678	73,000,000	447,289,678
Customers' deposits	1,532,270,631	217,594,215	1,749,864,846
Margin accounts	29,381,547	21,886,170	51,267,717
Borrowed funds	3,211,933	111,694,515	114,906,448
Sundry provisions	5,287,643	11,880,763	17,168,406
Other liabilities	44,487,136	4,218,027	48,705,163
Deferred tax liabilities	546,904	223,164	770,068
Income tax liabilities	<u>15,870,507</u>	<u>1,450,954</u>	<u>17,321,461</u>
Total Liabilities	<u>2,005,345,979</u>	<u>441,947,808</u>	<u>2,447,293,787</u>
Net Assets	<u>(668,360,585)</u>	<u>1,015,413,545</u>	<u>347,052,960</u>

2016	Within 1 Year JD	More than 1 Year JD	Total JD
Assets			
Cash and balances at Central Banks	225,410,667		225,410,667
Balances at banks and financial institutions	333,854,252	-	333,854,252
Deposits at banks and financial institutions	50,880,088	22,662,980	73,543,068
Financial assets at fair value through profit or loss	25,822,584	-	25,822,584
Financial assets at fair value through other comprehensive income	-	31,502,293	31,502,293
Direct credit facilities	374,052,291	982,226,857	1,356,279,148
Financial assets at amortized cost	147,106,579	189,116,716	336,223,295
Financial assets pledged as collateral	-	13,476,000	13,476,000
Property and equipment	3,654,090	38,679,124	42,333,214
Intangible assets	6,199,434	3,849,599	10,049,033
Deferred tax assets	700,000	5,570,359	6,270,359
Other assets	15,957,892	20,461,428	36,419,320
Total Assets	<u>1,183,637,877</u>	<u>1,307,545,356</u>	<u>2,491,183,233</u>
Liabilities			
Banks and financial institutions' deposits	340,484,414	18,472,680	358,957,094
Customers' deposits	1,347,977,807	199,468,441	1,547,446,248
Margin accounts	27,916,900	53,559,947	81,476,847
Borrowed funds	16,663,636	75,501,461	92,165,097
Sundry provisions	3,612,166	11,388,407	15,000,573
Income tax liabilities	18,908,900	1,983,998	20,892,898
Deferred tax liabilities	1,512,080	537,702	2,049,782
Other liabilities	33,219,525	2,665,157	35,884,682
Total Liabilities	<u>1,790,295,428</u>	<u>363,577,793</u>	<u>2,153,873,221</u>
Net Assets	<u>(606,657,551)</u>	<u>943,967,563</u>	<u>337,310,012</u>

(43) Fiduciary Accounts

Fiduciary accounts amounted to JD 454,068 as of December 31 2017, (JD 1,360,696 as of December 31, 2016). Such assets or liabilities are not included in the bank's statement of financial position.

(44) Contingent Liabilities and Commitments

A. The total outstanding commitments and contingent liabilities are as follows:

	2017	2016
	JD	JD
Letters of credit:		
Received	49,861,134	32,092,230
Acceptances	949,305	1,563,898
Letters of guarantee:		
Payments	18,206,891	16,285,995
Performance	16,595,948	18,015,063
Other	16,347,831	11,437,672
Irrevocable commitments to extend credit	<u>116,648,187</u>	<u>92,169,757</u>
	<u>218,609,296</u>	<u>171,564,615</u>

B. The contractual commitments of the bank are as follows:

	2017	2016
	JD	JD
Contracts to purchase property and equipment	<u>1,595,607</u>	<u>3,599,638</u>

* Annual rent of the bank's main building and branches amounted to JD 3,878,101 as of December 31, 2017 (JD 3,615,314 as of December 31, 2016).

(45) Lawsuits

In the normal course of business, the bank appears as a defendant in a number of lawsuits amounting to JD 44,321,010 as of December 31, 2017 (JD 43,857,724 as of December 31, 2016). In the opinion of the bank's management and law consultant, provisions for these lawsuits are sufficient. Provision for possible legal obligations amounted to JD 4,287,503 as of December 31, 2017 (JD 4,421,931 as of December 31, 2016).

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

(46) Application of new and revised International Financial Reporting Standards (IFRS)

A. New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these consolidated financial statements of the bank.

Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses

The bank has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the bank's consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The bank has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

Annual Improvements to IFRS Standards 2014 - 2016 Cycle – Amendments to IFRS 12

The bank has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the group (see note 46-b).

IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the bank's consolidated financial statements as none of the group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

B. New and revised IFRS in issue but not yet effective

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

Annual Improvements to IFRS Standards 2014-2016 Cycle amending IFRS 1 and IAS 28

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to IFRS Standards 2015-2017

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2019.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively;
- assumptions for taxation authorities' examinations;
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- the effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 Investment Property

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 28 Investment in Associates and Joint Ventures

The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The bank will apply IFRS 16 in the effective date which is the annual periods beginning on or after January 1, 2019. The bank is in the process of evaluating the impact of IFRS 16 on the bank's consolidated financial statements.

Amendments to IFRS 9 Financial Instruments

The amendments are related to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The bank adopted IFRS 9 (phase 1) that was issued in 2009 related to classification and measurement financial assets. The bank will adopt the finalized version of IFRS 9 from the effective date of January 1, 2018; apply it retrospectively and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

The bank is continuing to analyze the impact of the changes, total provision expected to be recorded as on January 1, 2018 amounted to JD 4.2 Million noting that the total amount of provision to be booked against IFRS 9 amounted to JD 54,5 Million. This assessment is based on currently available information and is subject to changes that may arise when the bank presents its first financial statements as on December 31, 2018 that includes the effects of its application from the effective date.

IFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

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

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. - Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The bank intends to adopt the standard using the cumulative effect approach, which means that the bank will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The bank is continuing to analyze the impact of the changes and its impact will be disclosed in the first consolidated financial statements as of December 31, 2018 that includes the effects of its application from the effective date.

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS 9 is first applied.

IFRS 7 Financial Instruments: Disclosures

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The amendments are effective when IFRS 9 is first applied.

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of January 1, 2021.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)

The amendments are related to the treatment of the sale or contribution of assets from an investor to their associate or joint venture.

The amendments' effective date deferred indefinitely and the adoption is still permitted.

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

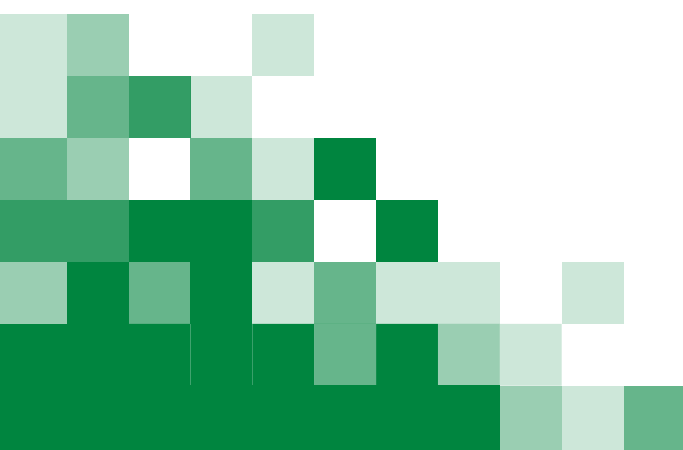
Management anticipates that IFRS 15 and IFRS 9 will be adopted in the bank's financial statements for the annual period beginning January 1, 2018 and that IFRS 16 will be adopted in the bank's financial statements for the annual period beginning January 1, 2019.



**Corporate
Governance
Manual**

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Annual Report



Cairo Amman Bank's Agreements 2017



CAB's Cooperation Agreement with the Hashemite University



Smart Card Distribution Center in Yarmouk University



CAB's Cooperation Agreement with JoMoPay

1- Introduction

1.1 Background

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

1.2 Corporate Governance

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

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

1. Preparing and publishing the Corporate Governance Manual.
2. Board of Directors composition, meetings, roles, and responsibilities.
3. Authorities and accountability.
4. Board of Directors committees.
5. Suitability of Board of Directors 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 Board of Directors, 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 Board of Directors authorities to the General Manager and the Executive Management.

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

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

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

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

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

1.3.11 General policies regarding the relationship with stakeholders.

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

1.4 Legal Framework

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

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

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

1.5 Definitions

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

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

2- Organization Chart and Governance Relationships

2.1 Organization Chart

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

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

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

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

2.1.3 On the bank level, the Board of Directors should comply with the following:

- The Board of Directors should approve the strategies and policies of the bank and its group as a whole. Board of Directors 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 Board of Directors should be aware of the bank's organizational chart especially the complicated structures by understanding the links and relationships between the bank and the group and the adequacy of the corporate governance as part of the group. In addition, strategies and corporate governance policies should be in line with CBJ instructions and any other applicable instructions. In case of any conflict, a prior approval of CBJ should be obtained.

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

3- Board of Directors

3.1 Roles and Responsibilities

Roles and responsibilities of the Board include:

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

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

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

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

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

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

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

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

3.1.9 Approving effective internal control system and undertaking an annual assessment thereof, and ensuring that the structure of such systems is reviewed by the bank's internal and external auditor at least once a year. The Board of Directors 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 Board of Directors should be aware of the operational work environment and related risks, and ensure availability of adequate tools and infrastructure for risk management that is able to determine, examine and monitor all type of risks the bank is exposed to.

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

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

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

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

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

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

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

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

3.2 Board Composition

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

3.2.2 All Board of Directors members are non-executive including four independent members.

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

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

3.3 Functions and Responsibilities of the Secretary of the Council

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

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

3.3.3 Ensuring that all Board of Directors sign their attendance and decisions taken in meetings.

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

3.3.5 Maintain the records and documents of meetings conducted by the Board of Directors.

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

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

3.3.8 To provide the central bank with the expediency reports signed by the members of the council.

3.4 Member Qualifications & Nomination

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

4.3 Board Committees

4.3.1 Audit Committee:

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

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

4.3.2 Risk & Compliance Management Committee:

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

Duties of the Risk Management Committee include:

- Review the risk management framework of the bank.
- Review the risk management strategy.
- Ensure that there is no variation between the actual risks taken by the bank and the risk appetite approved by Board of Directors.
- Stay updated concerning any developments that affect risk management within the bank, and report such developments to the Board of Directors 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 Board of Directors and following up on addressing such risks.

4.3.3 Nomination & Remuneration Committee:

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

Duties of the Nomination & Remuneration Committee include:

- Nominate the persons qualified for Board of Directors membership taking into account their abilities and qualification.
- Nominate the persons qualified for the Senior Executive Management.
- Ensure that Board of Directors 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 Board of Directors members and review it annually.
- Evaluate the performance of the Board of Directors and the General Manager using impartial criteria.
- Ensure that a well-formulated policy is in place for remunerations of the bank's personnel, reviewing it on a regular basis, and implementing it. The committee also provides the recommendations to specify the remunerations and other benefits of the General Manager, the remaining members of the Senior Executive Management, and key management personnel
- Upon request, the committee should provide the board members with important information and summaries concerning the bank, and ensure that they are constantly updated with any development in the banking business.

4.3.4 Corporate Governance

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

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

* Corporate Governance Committee

4.3.5 IT Governance Committee:

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

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

4.3.6 Strategy Committee:

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

4.3.7 Investment and Real Estate Committee:

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

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

4.3.8 Facilitation Committee

5- Suitability, Evaluation and Remunerations

5.1 Criteria Selection of Board Members, Senior Executive Management and Key Management Personnel

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

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

The criteria selection of the chairman and members of the Board of Directors:

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

Conditions of Board of Directors' Independence:

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

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

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

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

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

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

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

5.1.6 The Board of Directors should adopt a comprehensive career replacement plan that should be continuously updated.

5.2 Performance Evaluation

5.2.1 The Board of Directors shall approve an evaluation framework to evaluate the performance of the Board of Directors 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 Board of Directors performance.
- Communication between Board of Directors and shareholders, and periodicity of such communication.
- Frequency of the meetings between the Board of Directors and the Senior Executive Management.
- The Board of Directors member's role in the Board of Directors 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 Board of Directors, members and the Board of Directors committees on an annual basis and inform, the CBJ of evaluation results.

5.2.3 The Board of Directors 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 Board of Directors adopted an evaluation system to evaluate the performance of the bank's personnel other than the Board of Directors 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 Board of Directors, 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 Board of Directors 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 Board of Directors concerning the Authority Matrix including their legal, administrative and financial authorities. The Board of Directors should approve this Authority Matrix.

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

7- Shareholders' Rights

7.1 Shareholder Rights

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

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

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

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

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

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

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

8- Conflict of Interest and Code of Conduct

8.1 General Policies and Procedures

8.1.1 The Board of Directors 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 Board of Directors 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 Board of Directors member should inform Board of Directors of his personal interest in the business and contracts made for the bank, and get this documented in the minutes of the Board of Directors meeting. The Board of Directors'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 Board of Directors validates the Executive Management's compliance with the adopted policies.

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

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

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

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

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

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

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

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

- Owns control upon the bank directly or indirectly.
- Is a subsidiary or affiliate entity.
- Is a member in the same group in which the bank is a party.
- Is a member in the bank's Board of Directors 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 Board of Directors 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 Board of Directors meeting.

10 Disclosure Requirements

10.1 Disclosure and Transparency

10.1.1 The Board of Directors 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 Board of Directors and the related committees oversee compliance of the Executive Management with these regulations.

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

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

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

10.1.5 The annual report must include, at the minimum:

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

11- Internal Control Systems

11.1 Overview

11.1.1 Internal control systems play a key role in ensuring that the Board of Directors 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 Board of Directors ensures that the internal and external auditors regularly review the structures of such systems.

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

11.2 Internal Audit

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

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

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

Duties of Internal Audit Function include:

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

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 Board of Directors 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 Board of Directors.

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 Board of Directors 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 content. Each shareholder, during the general assembly meeting, shall have the right to discuss the external auditor's report, and to seek clarification on the matters contained therein.

11.4 Risk Management

11.4.1 The bank has its own Risk Management department that provides the Risk Committee and the Senior Executive Management detailed reports.

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

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

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

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

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

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

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

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

11.5 Compliance & Anti-Money Laundering

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

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

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

12- Stakeholders' Rights

12.1 Introduction

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

12.1.2 The Board of Directors 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 acts 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 and 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 Board of Directors ensures that the bank assists in the charitable and social activities to fulfil its social responsibilities.

12.6 Customers

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

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

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

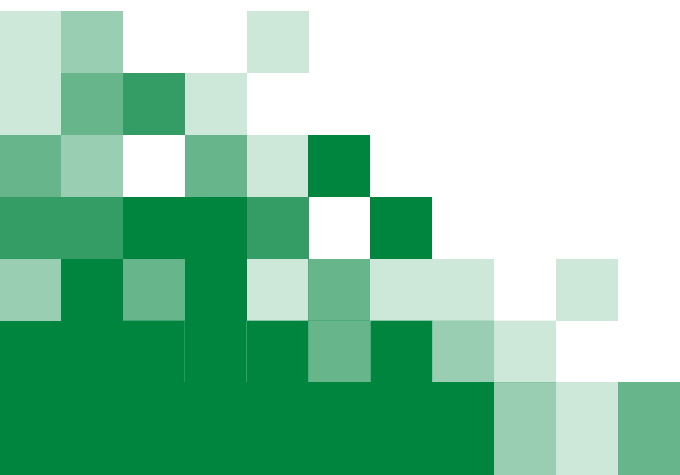
The bank is committed to the implementation of all mandatory and directive rules embodied in the code with the exception of the following directive rules:

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

Governance Report

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Annual Report



CAB is a leading bank in implementing principles of good corporate governance. For many years, CAB has formed standing committees deriving from its Board of Directors, such as the Audit Committee, the Nominations and Remunerations Committee, the Corporate Governance Committee, the Risk Management and Compliance Committee, and the IT Governance Committee. Several other committees have been formed such as the Facilities Committee, the Strategies Committee, and the Investments and Real Estate Committee. They seek to support the Board of Directors in its work and tasks, and to prepare policies, procedures and regulations according to the requirements and instructions of relevant monitoring and official entities.

Member's Name	Name of the Member's Representative If The Member is a Legal Person	Executive/Non-executive	Independent/Non-independent	Membership in the Boards of Joint-Stock Companies
Mr. Yazid Adnan Mustafa Al-Mufti	-	Non-executive	Non-independent	Zara Investment (Holding) Company Middle East Insurance Company Eqbal Investment Company Al-Watanieh Securities Company Safa Bank – Palestine Development and Investment Company (PADICO)
The late Dr. Farouq Ahmad Hassan Zuaier	-	Non-executive	Non-independent	Palestine Telecommunications Company Vegetable Oil Industries Company
Mr. Khaled Sabih Taher Al-Masri	-	Non-executive	Non-independent	Jordan Hotel and Tourism Company Zara Investment (Holding) Company Jordan Himmeh Mineral Company
Banque Misr	Mr. Mohamed Mahmoud Ahmed	Non-executive	Non-independent	Banque Misr Liban Federation of Egyptian Banks Union of Arab Banks EGOTH General Authority for Investment – Egypt Ain Shams University Arab Contractors Company Banking Institute – Central Bank of Egypt
Mr. Hassan Ali Hussein Abu Al-Ragheb	El-Etrebi	Non-executive	Independent	First Insurance Company
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	-	Non-executive	Non-independent	Zara Investment (Holding) Company Jordan Hotel and Tourism Company Jordan National Electric Power Jordan Himmeh Mineral Company
Mr. Arfan Khalil Kamel Ayass	-	Non-executive	Independent	First National Bank – Lebanon
Mrs. Soha Basil Andraws Ennab	-	Non-executive	Independent	Euro Arab Insurance Group
ASTRA	Mr. Ghassan Ibrahim Fares Akeel	Non-executive	Non-independent	Arabia Cooperative Insurance Company
Mr. Tarek Mufleh Moh'd Akeel	-	Non-executive	Independent	-
Mr. Sharif Mahdi Hosni Al-Saifi	-	Non-executive	Non-independent	-
Social Security Corporation	Rania Mousa Fahid Al-Araj	Non-executive	Non-independent	-

* There were no independent members in 2017

Name of Governance Liaison Officer at the bank

- Governance Liaison Officer at CAB / Mr. Antone Vector Antone Sabella / Head of Compliance and AML

Board of Directors offshoot committees

1. Corporate Governance Committee
2. Audit Committee
3. Nominations and Remunerations Committee
4. Strategies Committee
5. Risk Management and Compliance Committee
5. Board Facilities Committee
6. Investments and Real Estate Committee
7. IT Governance Committee
8. Facilities Committee

Chairman and members of the Audit Committee and their financial and accounting qualifications

Member's Name	Executive/Non-executive	Membership in the Boards of Joint-Stock Companies
Arfan Khalil Kamel Ayass Chairman / Independent	Master's in accounting Bachelor's in accounting Certified Public Accountant (CPA)	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
Mrs. Soha Basil Ennab	Bachelor's in business management	Financial and Administrative / Al Mithaliya Investment Company (2007-2016) Over 26 years of banking experience, including: - Deputy General Manager at Société Générale Bank – Jordan (2003-2007) - Assistant Bank Manager at Cairo Amman Bank (1992-2003) - Resident Deputy Chairperson at Citi Bank Jordan (1981-1992)
Ghassan Ibrahim Fares Akeel	Master's in management Bachelor's in accounting Certified Public Accountant (CPA)	General Manager of Astra Group Experience in auditing through his work as an audit manager at Arthur Andersen

* The Audit Committee held six meetings in 2017

** The Audit Committee met with an external auditor once during 2017



Executive positions at CAB and the names of the people holding them

Position	Name
Director General	Mr. Kamal Ghareeb Abdul Rahim Al-Bakri
Deputy Director General for Operations and Supporting Services	Mr. Khaled Mahmoud Abdullah Qasim
Deputy Director General for Credit and Treasury	Mrs. Rana Sami Jadallah Al-Sunna
Deputy Director General for Banking Products and Services	Mr. Nizar Tayseer Saleh Mohammed
Treasury and Investment Director	Mrs. Reem Younis Mohammad Al-Eses
Operations Director	Miss Jan Shawkat Mahmoud Yadaj Zakaria
Risk Director	Mr. Yousef Abdul fatah Suleiman Abu Al-Haija
Compliance and AML Director	Mr. Antone Vector Antone Sabella
Internal Audit Director	Mrs. Margaret Muheeb Issa Makhamreh
Finance and Shareholder Affairs Director	Mr. Fuad Younes Abddel lateef Saleh

Corporate Governance Committee	<p>Mr. Tarek Akel / Chairman / Independent</p> <p>Mr. Hassan Abu Al-Ragheb / Deputy Chairman / Independent</p> <p>Mr. Yazid Al-Mufti / Member</p>
Nominations and Remunerations Committee	<p>Mrs. Soha Ennab / Chairwoman / Independent</p> <p>Mr. Hassan Abu Al-Ragheb / Deputy Chairman / Independent</p> <p>Mr. Khaled Al-Masri / Member</p>
Risk Management and Compliance Committee	<p>Mr. Yazid Al-Mufti / Chairman</p> <p>Mr. Mohammed El-Etreby / Deputy Chairman</p> <p>Mr. Tarek Akel / Member / Independent</p> <p>Mrs. Soha Ennab / Member / Independent</p> <p>Mrs. Rania Al-Aaraj / Member</p>



Total Meetings Held during 2016	Board of Directors	Facilitation Committee	Audit Committee	Corporate Governance and Compliance Committee	Nomination and Remuneration Committee	Risk Committee	Investment and Real Estate Committee	Strategies Committee	IT Governance Committee
	6	16	6	3	6	5	3	3	2
Mr. Yazid Adnan Mustafa Al-Mufti	6(6)	16(16)		3(3)		5(5)	2(2)	3(3)	
The late Dr. Farouq Ahmad Hassan Zuaier	4(6)	15(16)					3(3)		
Mr. Khaled Sabih Taher Al-Masri	6(6)				6(6)		1(3)		2(2)
Mr. Mohamed Mahmoud Ahmed El-Etrabi	6(6)					5(5)			
Mr. Yasin Khalil Mohamad Yasin Al-Talhouni	2(6)						0(3)		
Mr. Arfan Khalil Kamel Ayass	6(6)		6(6)						
Mr. Ghassan Ibrahim Fares Akeel	5(6)		4(6)					3(3)	
Mr. Hassan Ali Hussein Abu Al-Ragheb	5(6)			2(3)	6(6)				
Mr. Shareef Mahdi Hosni Al-Seifi	6(6)	16(16)					3(3)		
Mrs. Suha Basil Andraws Ennab	6(6)		6(6)		6(6)	5(5)		3(3)	
Mr. Tarek Mufleh Moh'd Akel	6(6)	12(16)		3(3)		5(5)		3(3)	2(2)
Mrs. Rania Mousa Fahid Al-Araj	4(4)	15(16)				4(5)			1(2)
Emad Khaled Mohammad Al Harazneh	2(2)								

- CAB confirms its commitment to implementing all the provisions and items mentioned in the Corporate Governance Guide adopted by its Board of Directors and published on its website.

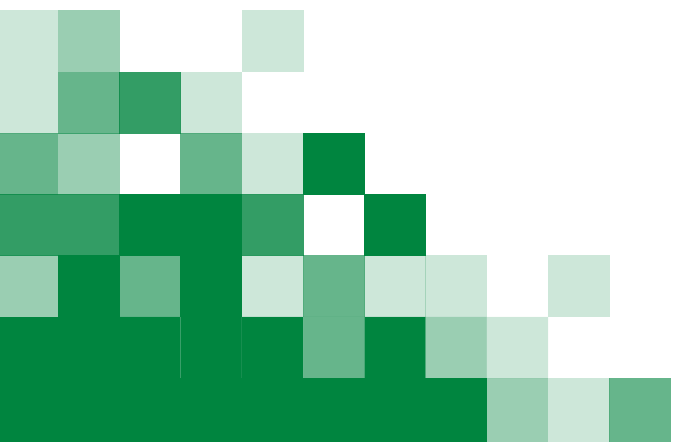
- CAB has adopted an IT Governance and Management Guide and published it on its website according to the instructions of the Central Bank of Jordan. CAB confirms its commitment to implement the Guide and its items.



**Bank
Branches &
Offices**

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Annual Report



Cairo Amman Bank's Gallery 2017



CAB's Symposium – 3rd Round



Young Artists Gallery 7x7



Chinese Ministry of Culture's Collectibles Exhibition

Bank Branches & Offices

Head Office, Arar St.

Number of Employees: 728

Tel.: 06 500 6000

Fax: 06 500 7100

P.O. Box 950661, Amman 11195, Jordan

Branches

Salt Branch

Number of Employees: 18

Tel.: 05 355 0636

Fax: 05 355 6715

P.O. Box 1101, Al Salt 19110, Jordan

King Abdullah St. Branch-Salt

Number of Employees: 11

Tel.: 05 350 0173

Fax: 05 350 0173

P.O. Box 214, Al Balqa' 19328, Jordan

Baqa'a Branch

Number of Employees: 9

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: 8

Tel.: 06 537 3061

Fax: 06 537 3064

P.O. Box 180, Fuheis 19152, Jordan

Um Uthaina Branch

Number of Employees: 7

Tel.: 06 553 4371

Fax: 06 553 4290

P.O. Box 17634, Amman 11195, Jordan

Ma'adi Branch

Number of Employees: 12

Tel.: 05 357 0030

Fax: 05 357 1904

P.O. Box 27, Ma'adi 18261, Jordan

Rusaifeh Branch

Number of Employees: 7

Tel.: 05 375 1822

Fax: 05 374 2275

P.O. Box 41, Al Rusaifeh 13710, Jordan

Jabal Al Shamali Branch-Rusaifeh

Number of Employees: 8

Tel.: 05 375 5785

Fax: 05 375 5796

P.O. Box 120225, Rusaifeh, 13712 Jordan

Zarqa Branch

Number of Employees: 12

Tel.: 05 398 2729

Fax: 05 393 1424

P.O. Box 39, Zarqa 13110, Jordan

Army St. Branch-Zarqa

Number of Employees: 15

Tel.: 05 396 8013

Fax: 05 396 8033

P.O. Box 151180, Zarqa 13115, Jordan

Baghdad St. Branch-Zarqa

Number of Employees: 11

Tel.: 05 393 1980

Fax: 05 393 1988

P.O. Box 150746, Zarqa 13115, Jordan

New Zarqa Branch

Number of Employees: 18

Tel.: 05 386 4118

Fax: 05 386 4120

P.O. Box 12291, Zarqa 13112, Jordan

Tafileh Branch

Number of Employees: 9

Tel.: 03 225 0756

Fax: 03 225 0754

P.O. Box 28, Amman 66141, Jordan

Abdoun Branch

Number of Employees: 8

Tel.: 06 592 0131

Fax: 06 592 0141

P.O. Box 851455, Amman 11185, Jordan

Rabieh Branch

Number of Employees: 7

Tel.: 06 552 4216

Fax: 06 552 4267

P.O. Box 17915, Amman 11195, Jordan

Al Madina Al Monawara St. Branch

Number of Employees: 14

Tel.: 06 556 0285

Fax: 06 553 7957

P.O. Box 1301, Amman 11953, Jordan

Jordan University Hospital Branch

Number of Employees: 9

Tel.: 06 551 4072

Fax: 06 533 3248

P.O. Box 13046, Amman 11942, Jordan

Jordan University Branch

Number of Employees: 22

Tel.: 06 534 2225

Fax: 06 5333278

P.O. Box 13146, Amman 11942, Jordan

Abu Nsair Branch

Number of Employees: 10

Tel.: 06 510 5719

Fax: 06 510 5116

P.O. Box 2459, Amman 11941, Jordan

Khalda 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: 17

Tel.: 06 533 2585

Fax: 06 533 2485

P.O. Box 316, Amman 11910, Jordan

Marka Branch

Number of Employees: 10

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: 18
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: 8
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: 15
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: 13
Tel.: 06 586 5808
Fax: 06 586 3140
P.O. Box 715, Amman 11118, Jordan

Aswaq Al Salam Branch

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

Wadi Saqra Branch

Number of Employees: 16
Tel.: 06 500 6000
Fax: 06 500 7124
P.O. Box 950661, Amman 11195, Jordan

Bayader Branch

Number of Employees: 22
Tel.: 06 658 5990
Fax: 06 581 4933
P.O. Box 140285, Amman 11814, Jordan

Jabal Al Weibdeh Branch

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

Marj Al Hamam Branch

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

Qasr Al Adel Branch

Number of Employees: 7
Tel.: 06 567 7286
Fax: 06 567 7287
P.O. Box 950661, Amman 11195, Jordan

Jabal Amman Branch

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

Nuzha Branch

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

Abdali Branch

Number of Employees: 10
Tel.: 06 565 0853
Fax: 06 560 2420
P.O. Box 928507, Amman 11190, Jordan

Shmeisani Branch

Number of Employees: 13
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: 9
Tel.: 06 505 4170
Fax: 06 505 3916
P.O. Box 273, Amman 11947, Jordan

Hashmi Shamali Branch

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

Prince Hamza Hospital Branch

Number of Employees: 5
Tel.: 06 505 5226
Fax: 06 505 5204
P.O. Box 1047, Amman 11947, Jordan

Mecca St. Branch

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

Al Yarmouk St. Branch-Aqaba

Number of Employees: 12
Tel.: 03 201 5533
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

Al-Thanya Branch-Karak

Number of Employees: 16
Tel.: 03 238 7627
Fax: 03 238 7626
P.O. Box 6, Karak 61151, Jordan

Mu'tah University Branch

Number of Employees: 14
Tel.: 03 723 0182
Fax: 03 723 0181
P.O. Box 88, Mu'tah 61710, Jordan

Ghour Safi Branch

Number of Employees: 8
Tel.: 03 230 0437
Fax: 03 230 0438
P.O. Box 57, Karak, Jordan

Mafraq Branch

Number of Employees: 16
Tel.: 02 623 5516
Fax: 02 623 5518
P.O. Box 1308, Mafraq 25110, Jordan

Ramtha Branch

Number of Employees: 8
Tel.: 02 738 4126
Fax: 02 738 4128
P.O. Box 526, Ramtha 21410, Jordan

Jordan University of Science & Technology Branch

Number of Employees: 14
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: 18
Tel.: 02 727 0181
Fax: 02 727 0180
P.O. Box 336, Irbid 21110, Jordan

Irbid Branch

Number of Employees: 14
Tel.: 02 727 3390
Fax: 02 727 9207
P.O. Box 336, Irbid 21110, Jordan

Bani Kenanah Branch

Number of Employees: 8
Tel.: 02 758 5191
Fax: 02 758 5211
P.O. Box 109, Irbid 21129, Jordan

Founding King Abdullah University Hospital Branch

Number of Employees: 7
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

King Abdullah Square Branch-Irbid

Number of Employees: 11
Tel.: 02 724 0071
Fax: 02 724 0069
P.O. Box 2066, Irbid 21110, Jordan

Travel Depot Branch-Irbid

Number of Employees: 17
Tel.: 02 724 9815
Fax: 02 725 0715
P.O. Box 3757, Irbid 21110, Jordan

Jerash Branch

Number of Employees: 15
Tel.: 02 634 1868
Fax: 02 634 1870
P.O. Box 96, Jerash, Jordan

Ajloun Branch

Number of Employees: 14
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: 12
Tel.: 03 213 5071
Fax: 03 213 4985
P.O. Box 13, Ma'an 71111, Jordan

Al al-Bayt University Branch

Number of Employees: 7
Tel.: 02 623 1856
Fax: 02 623 4655
P.O. Box 130066, Mafraq 25113, Jordan

Pavilion Mall Branch

Number of Employees: 8
Tel.: 06 500 6161
Fax: 06 439 3525
P.O. Box 25110, Amman 1237, Jordan

Prince Hasan St. Branch-Mafraq

Number of Employees: 7
Tel.: 02 623 0555
Fax: 02 623 0556
P.O. Box 25110, Mafraq 1237, Jordan

Hashemite University Branch

Number of Employees: 7
Tel.: 05 382 6677
Fax: 05 382 6688
P.O. Box 330111, Zarqa 13133, Jordan

Offices

Deir Abu Sa'eed Office

Number of Employees: 5
Tel.: 02 652 2190
Fax: 02 652 2195
P.O. Box 55, Irbid 26810, Jordan

Free Zone Office - Zarqa

Number of Employees: 3
Tel.: 05 382 6700
Fax: 05 382 6070
P.O. Box 12291, Zarqa 13112, Jordan

Jordan University Students Office

Number of Employees: 4
Tel.: 06 534 2225
Fax: 06 534 1594
P.O. Box 13146, Amman 11942, Jordan

Shoubak Office

Number of Employees: 3
Tel.: 03 216 5476
Fax: 03 216 5477
P.O. Box 13, Ma'an 71111, Jordan

Al Shounah Al Janoubieh Office

Number of Employees: 3
Tel.: 05 358 1322
Fax: 05 358 1321
P.O. Box 27, Ma'adi 18261 Jordan

Al Shounah Al Shamalyah Office

Number of Employees: 4
Tel.: 02 658 0816
Fax: 02 658 0818
P.O. Box 3757, Irbid 21110, Jordan

Amman Customs Office

Number of Employees: 3
Tel.: 06 470 5447
Fax: 06 470 5475
P.O. Box 38971, Amman 11593, Jordan

Passenger Terminal Office - Aqaba

Number of Employees: 2
Tel.: 03 201 9117
Fax: 03 201 5550
P.O. Box 1166, Aqaba 77110, Jordan

Cozmo Office

Number of Employees: 5
Tel.: 06 582 1634
Fax: 06 585 3480
P.O. Box 140285, Amman 11814, Jordan

Wadi Mousa Office

Number of Employees: 3
Tel.: 03 215 4975
Fax: 03 215 4974
P.O. Box 13, Ma'an 71111, Jordan

Yarmouk University Students Office

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

Jordan University Students Office - Aqaba

Number of Employees: 3
Tel.: 03 205 8027
Fax: 03 205 8029
P.O. Box 1177, Aqaba 77110, Jordan

Ma'an Office

Number of Employees: 3
Tel.: 03 213 6590
Fax: 03 213 6594
P.O. Box 13, Ma'an 71111, Jordan

Jerash Office

Number of Employees: 4
Tel.: 02 635 4010
Fax: 02 635 4012
P.O. Box 950661, Jerash 71111, Jordan

Jordan University for Science and Technology Students Office

Number of Employees: 3
Tel.: 02 709 5713
Fax: 02 709 5168
P.O. Box 3030, Amman 22110, Jordan

Marketing and Consulting Centers

Consulting Center - Irbid

Tel.: 02 725 7527
Fax: 02 725 7530
P.O. Box 950661, Amman 11195, Jordan

Palestine Branches

Regional Management

Number of Employees: 240
Tel.: 02 297 7230
Fax: 02 295 2763
P.O. Box 1870, Al Masyoun, Ramallah

Al Masyoun Branch - Ramallah

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

Nablus Branch

Number of Employees: 28
Tel.: 09 239 3001
Fax: 09 238 1590
P.O. Box 50, City Center, Main Cycle, Nablus

Al Ahliya College Branch - Ramallah

Number of Employees: 19
Tel.: 02 298 3500
Fax: 02 295 5437
P.O. Box 2359, Al Ahliya College St., Ramallah

Al Shallaleh Branch - Hebron

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

Haifa Street Branch - Jenin

Number of Employees: 15
Tel.: 04 241 8000
Fax: 04 243 9470
P.O. Box 66, Haifa St., Jenin

Al Irsal Street Branch - Ramallah

Number of Employees: 12
Tel.: 02 294 8100
Fax: 02 295 1433
P.O. Box 4343, Al Bireh, Ramallah

Tulkarem Branch

Number of Employees: 22
Tel.: 09 268 8140
Fax: 09 267 2773
P.O. Box 110, Hospital St., Tulkarem

Bethlehem Branch - Bab al-Zoqaq

Number of Employees: 15
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: 9
Tel.: 02 232 3627/9
Fax: 02 232 1982
P.O. Box 55, Ain Al Sultan, Next to the Russian Museum, Jericho

Faisal Street Branch - Nablus

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

Wadi Al Tuffah Branch - Hebron

Number of Employees: 15
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, Al-Jabour Tower, Khan Younes

Al Saraya Branch - Gaza

Number of Employees: 9
Tel.: 08 282 4950/1
Fax: 08 282 4830
P.O. Box 167, Omar Al Mukhtar St., Gaza

Deir Al Balah Branch

Number of Employees: 7
Tel.: 08 253 1220
Fax: 08 253 9947
P.O. Box 6007, Al Shuhada St., Dier Al Balah

Rafah Branch

Number of Employees: 10
Tel.: 08 213 6251
Fax: 08 213 6250
P.O. Box 8205, Abu Baker St., Rafah

Al Rimal Branch - Gaza

Number of Employees: 12
Tel.: 08 282 1077
Fax: 08 282 1088
P.O. Box 5350, Omar Al Mukhtar St., Across the Anonymous Soldier, Gaza

Al Mahd Square Branch - Bethlehem

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

Ain Sara Branch - Hebron

Number of Employees: 9
Tel.: 02 221 6801
Fax: 02 222 1140
P.O. Box 663, Al Haras St., Hebron

An-Najah University Office

Number of Employees: 5
Tel.: 09 234 3550
Fax: 02 297 7167
P.O. Box 499, New Campus, Rafeedia - Nablus

Abu Baker Street Office - Jenin

Number of Employees: 15
Tel.: 04 250 5270
Fax: 04 250 3110
P.O. Box 67, Abu Baker St., Jenin

Kingdom of Bahrain Branch

Number of Employees: 3

Tel.: +973 1 666 1000

Fax: +973 1 666 1001

Manama - Kingdom of Bahrain

P.O. Box 925102, Amman 11110, Jordan

Subsidiaries

Safa Bank

Tel.: +970 2 294 1333

Fax: +970 2 295 7975

P.O. Box 1313, Ramallah, Palestine

Al Watanieh Securities Company

Tel.: +970 2 298 0420

Fax: +970 2 298 7277

P.O. Box 1983, Ramallah, Palestine

Tamallak Leasing Company

Tel.: 06 500 6651

Fax: 06 520 1772

P.O. Box 941715, Amman 11194, Jordan

Al Watanieh for Financial Services Company

Awraq Investments

Tel.: 06 550 3800

Fax: 06 550 3802

P.O. Box 925102, Amman 11110, Jordan

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Cairo Amman Bank

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Annual
Report