



# Reaching Toward Excellence

Annual Report  
2013

بنك الأردن Bank of Jordan

## Our Vision

To be a pioneering bank that excels in providing products and services, offers comprehensive financial solutions and acquires an advanced position in the Arab region.

## Our Mission

To build amicable relations with our customers, optimize the returns to shareholders and contribute to social advancement by providing comprehensive financial solutions through high-quality and efficient service channels and a modern business environment that comprises an excelling team of employees.

# Table of Contents

Board of Directors

Chairman's Letter

Board of Directors' Report 2013

Consolidated Financial Statements for the Year Ended December 31, 2013

Additional Information as required by the Jordan Securities Commission 2013

Disclosure and Transparency

Addresses of Bank of Jordan Branches

Bank of Jordan

Public Shareholding Limited Company, established in 1960,  
Commercial Registration No. 13, paid-up Capital JD155,100,000  
P.O. Box 2140 Amman 11181 Jordan, Tel.: 5696277 Fax: 5696291

E-mail: [boj@bankofjordan.com.jo](mailto:boj@bankofjordan.com.jo)

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

Call Center: 06 580 77 77

His Majesty

King Abdullah II Bin Al Hussein



His Royal Highness

Crown Prince Hussein Bin Abdullah II





# Board of Directors

## **Chairman**

Mr. Shaker Tawfiq Fakhouri

## **Vice Chairman**

Dr. Abdel Rahman Samih Toukan

## **Members**

Mr. Walid Tawfiq Fakhouri

Mr. Yahya Zakariya Al-Kadamani

Dr. Mazen Mohammed Al-Bashir

Dr. Yanal Mawloud Naghouj

Mr. Jan Joseph Shamoun

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

Mr. Haitham Abu Nasr Al Mufti

Representative of Al-Ekbal Jordanian General Trading (LLC)

Mr. Haitham Mohammed Samih Barakat

Representative of Arabian Gulf General Inv. & Transport Co.

Mr. Ammar Mahmoud Abu Namous

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

## **General Manager**

Mr. Shaker Tawfiq Fakhouri

## **Auditors**

Deloitte & Touche (M. E.) - Jordan

# Chairman's Letter

**Dear Shareholders,**

At the time of my last writing in the 2008 Annual Report, the sub-prime debt crisis that swept the world of finance a few months earlier was still casting a dark and gloomy shadow not only over banks and financial institutions, but over entire economies. The forecasters and various pundits at the time were hoping for a break in the clouds by the end of 2009. The rest of the world was praying they were right.

I write to you today as the first quarter of an equally turbulent 2010 draws to a close. Though the inter-bank market had mostly returned to normal activity by the end of last year, it is now the sovereigns' turn in the spotlight. The first 3 months of this year marked the resurgence of the US Dollar, most prominently against the Euro, and the main reason for that are the worries over Greece and their ability to service their debt obligations. Portugal, Italy and Ireland are feeling the strain as well. The financial markets are standing ready to take advantage of the weakness, awaiting every announcement out of Brussels, and speculating on a default that would test the resolve of the single currency zone.

The Arab world has not escaped unscathed either. Speculation over a potential default in Dubai, which is sovereign in all but name played its part in a turbulent time in the financial market as 2009 drew to a close. That scenario would also raise serious questions over the legality of Islamic-issue default and cross-default clauses in a Western court of law.

Now as we look forward to the remainder of the year and beyond, the liquidity measures put in place by central banks the world over, and the low interest rate environment that has been maintained in the hopes of nursing ailing economies back to full health look certain to be ending. As the shoots of recovery emerge, we can only hope the withdrawal of remedial measures does not stunt the recovery.

Within the Bank of Jordan, we have maintained our conservative financial and investment policies throughout the year. And despite the marked slowdown in the local economy where economic growth in 2009 registered a mere 2.8% (compared with 7.8% in 2008), we have managed, comparatively, to maintain our excellent performance. Total assets are up 13.2% (JOD222 million) to JOD1,908 million, deposits up by 11.1% (JOD141 million) to JOD1,418 million, and an increase in total credit facilities of 4.6% to JOD865 million. Given the market conditions, net profits have predictably dropped 22.8% to JOD25.4 million (2008: JOD32.9 million), yet shareholders' equity is up 7.3% to JOD193 million.

I am also very pleased to report on the continued growth of our Syrian Arab Republic venture, the Bank of Jordan-Syria. 2009 witnessed the opening of 6 new branches to reach a total of 7 branches since the bank's launch in late 2008. The paid up capital of the bank was increased by SYP 3 billion (USD60 million) to enable the bank to further grow its operations and grow its market share in what is a very nascent market with huge growth prospects. I look forward to reporting on this aspect of our business in years to come.



Operationally, Bank of Jordan continued to successfully expand its range of services tailored to our clients' needs, by further developing not only our IT infrastructure, but our internal processes as well. We have now completed the roll-out of smart cards to all of our debit and credit card clients further enhancing not only the quality of service offered to them, but most importantly the security of card transactions.

As part of our improved risk management and corporate governance processes, we have now established a "Chinese Wall" where sales & marketing are on one side, while risk management controls are on the other. We have also further enhanced our risk controls by re-evaluating our various credit exposures by client silos, and ensuring that each silo has sufficient capital usage attributed to whether the turbulent economic conditions. The bank has also contracted an independent company to implement and monitor an anti-money laundering system further enhancing our ability to meet our obligations to local and regional monetary authorities, as well as enhancing our credibility with financial institutions on a global level.

The Bank of Jordan, your bank, has a special celebration this year. Almost fifty years ago, this bank was founded, and has since weathered through countless challenges to become one of the leading local and regional financial institutions. Always growing, always serving our loyal clients who become more numerous by the day, and without a doubt always growing in stature, thanks to you, our devoted shareholders. It brings me immense pride and great pleasure to be leading this financial institution towards its half-centenary, celebrating not only past achievements, but planning and achieving great things to come on a daily basis.

In line with our previous disbursement, the Board of Directors is recommending to the General Assembly a cash dividend disbursement of 15% per share (JOD15 million).

In closing, on behalf of myself and the Board of Directors, I would like to extend our gratitude, thanks and appreciation to you the shareholders for supporting us through this challenging year, and to you we extend a promise that our hard work will continue unabated into the coming year. My final words are, as always, and as they should be, heartfelt thanks on behalf of you the shareholders to our dedicated employees, without whom our success in this year would not have been possible.

**Shaker Tawfiq Fakhouri**

Chairman of the Board of Directors  
and Chief Executive Officer

# **Board of Directors' Report 2013**

Jordan's Economic Performance 2013

Achievements in 2013

Analysis of Financial Position and Business Results for the Year 2013

Our Goals for 2014

Additional Information as Required by the Jordan Securities Commission 2013



# Economic Performance 2013

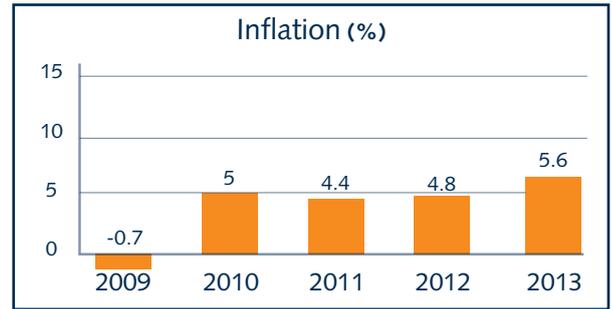
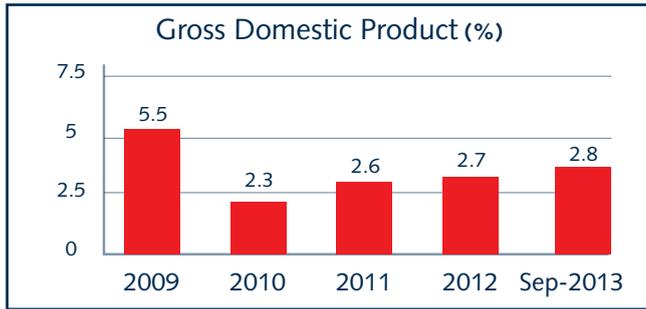
The Jordanian economy resumed its growth during the year 2013 after a wave of economic reforms taken by the Jordanian government in the years 2012 and 2013 during which the decision to liberalize prices of oil derivatives and to provide monetary support had a direct and significant impact in reducing the problems and difficulties of the state budget and fiscal sector, in addition to the reduction of bleeding of official reserves of foreign currency which recorded a growth of 81% from the end of 2012 till the end of 2013. In addition the Government continued measures of rationalization of government spending and a commitment to the implementation of the program of financial and economic reform, and work to allocate a greater share of the total expenses to support developmental and productive projects. Also the year 2013 witnessed the activation of spending of the Gulf grant estimated to be USD 5 billion to support infrastructure projects and the financing of productive projects, in addition to continuing to work to achieve the terms of the stand by agreement with the World Bank where two examinations of the Jordanian economy were conducted by the IMF mission during the year 2013 showing Jordan's commitment to the implementation of the national program of reform in spite of difficulties and escalation of external conditions including the Syrian crisis. The examinations also showed that the Jordanian economy continues its slow recovery and that inflation remains under control. The Jordanian economy achieved a growth rate of 2.8% during the first three quarters of 2013, maintaining the same rate of growth achieved in the same period of 2012. Meanwhile, the Jordanian Government decided to start raising price of electricity for industrial users from August 2013 and for domestic users during 2014 in order to reduce budget deficit resulting from continuing to support the price of electricity for domestic use until the national electricity company covers its operating expenses. It is also expected that bread subsidies will be replaced with direct financial support just as was the case with energy.

## **Consequently macroeconomic performance indicators came as following:**

- The GDP at constant prices grew by 2.8% during the first three quarters of 2013, maintaining the same growth rate achieved during the same period of 2012 .
- Inflation rose during 2013 to reach 5.6% compared with 4.8% during the year 2012 with an increase of 0.8%.
- The trading volume in the real estate sector increased by 13% during 2013 compared to 2012 to reach about JD 6.3 billion .
- Credit facilities extended by licensed banks during 2013 increased by 6.2% compared with the end of the year 2012 to reach JD 18.9 billion, and customer deposits increased by 10.5% to reach almost JD 27.6 billion in the year 2013.
- National exports recorded a slight increase during the first ten months of 2013, to reach JD 4 billion.
- Tourism income measured by travel receipts decreased by 4.2% during the first eleven months of 2013 compared to the same period of 2012 to record about JD 2.2 billion.
- The unemployment rate fell during the fourth quarter of 2013 to score 11.0% compared to 12.5% in the same period of 2012.
- Remittances of Jordanians working abroad increased by 4.4% during 2013 compared to 2012 to reach about JD 2.6 billion.
- Foreign direct investment in the Kingdom increased by about one billion during the first three quarters of 2013 to JD 18.7 billion.
- The volume of trading on the Amman Stock Exchange increased by 53% during 2013 compared to 2012, meanwhile share price index weighted by market capitalization decreased by 5.6% from the level recorded at the end of 2012 and closed at 4336.7 points.
- The net balance of public debt (internal and external) increased to about JD 18.6 billion during the first ten months of 2013, accounting for 77.4% of the projected GDP for the year 2013 compared with 75.5% at the end of the year 2012.
- The fiscal deficit excluding grants increased to about JD 1.44 billion during the first ten months of 2013, compared to JD 1.26 billion in the same period of 2012, representing an increase of 15%.

## **Gross Domestic Product:**

GDP at constant prices grew consistently during the first three quarters of 2013, due to the continuation of the unfavorable regional situation that still cast a shadow on the Jordanian economy and its various sectors, as it recorded a growth rate of 2.8% compared to the same period of 2012, thereby maintaining the same growth rate earned during the same period of 2012. This growth in real GDP outcome resulted from the growth of most economic sectors at varying rates, where some sectors of the economy recorded growth at an accelerated pace. The most important sector "constructions" grew by 8.4% compared to a slight growth of 0.2% in the same period of 2012. The "agricultural" sector grew by 1% compared with a decline of 9.6% during the first three quarters of 2012, while some sectors have seen the economic slowdown in performance during the first three quarters of 2013, most notably the "Finance, insurance and real estate" sector which grew by 3.8% compared to growth of 5% during the same period of the previous year, "Transport, storage and communication" sector which grew by 4% compared with a growth rate of 4.9%, "trade, hotels and restaurants" sector which grew by 3.6% compared with a growth rate of 7.1% , the "manufacturing" sector which grew by 1.7% compared to a growth of 2.4%, and "producers of government services" sector grew by 1.3% compared to a growth of 2% during the same period of 2012. On the other hand the following sectors recorded a decline in their performance compared to the same period in 2012: the "extractive industries" sector declined by 10.5% compared to a decline of 14.1% for the same period of 2012, the "electricity and water" sector fell by 0.6% compared to growth of 7.2% during the same period of 2012. The inflation rose during the year 2013 to record a rate of 5.6% compared to a rate of 4.8% at the end of 2012 with an increase of 0.8%.



## Public Finance:

Public finance indicators for the first ten months of 2013 showed an increase in domestic revenues and foreign aid to the amount of JD 819.9 million representing a growth rate of 21.2% to reach JD 4.7 billion where foreign aid increased by JD 453.7 million to reach JD 550.3 million. Whereas, local revenues increased by JD 366.2 million representing 9.7% to reach JD 4.1 billion. This rise in domestic revenues was a result of the high tax revenues of JD 378.1 million and decrease in non-tax revenue receipts by JD 11.8 million. The total expenditure during the same period increased by JD 556.3 million representing 11.1% to reach JD 5.6 billion. This rise was a result of an increase in current expenditures which amounted to JD 416.5 million representing 9.1% and an increase of capital expenditures of JD 139.8 million representing 30%. As a result of the previous developments the general budget after aid recorded a deficit of JD 897.5 million, compared to fiscal deficit of JD 1.2 billion in the same period of 2012. With regards to the size of debt; net public internal and external debt increased by about JD two billion, and 12% from its level at the end of the year 2012 up to JD 18.6 billion, accounting for 77.4% of estimated GDP for the year 2013.

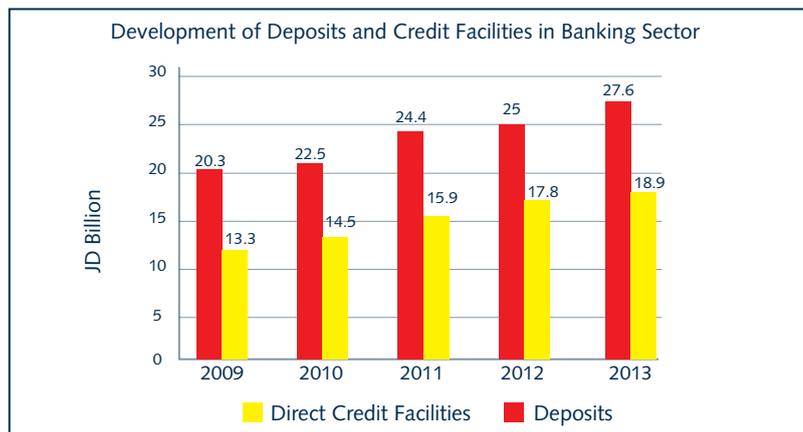
It is noteworthy that the net balance of domestic debt recorded at the end of the first ten months of 2013 increased by JD 778.1 million to reach JD 12.4 billion. This rise resulted from increased domestic public debt in the general budget of the government by JD 1.1 billion and a decline in net balance of domestic public debt within the independent public institutions by about JD 325.7 million.

It is also worth mentioning that Jordan managed to complete the issuance of bonds in USD in the international markets in the name of the Hashemite Kingdom of Jordan that are worth USD 1,250 million for a period of seven years at an interest rate of 2.503%. This is the first release of its kind in Jordan in global markets with U.S. government bail. This has increased the proceeds of the IPO to 180% of the size of the issue. The government undertook this issuance in order to achieve a balance between internal and external debt and lessen the government's competition with the private in obtaining the necessary funding for the implementation of projects through the local market.

## The Monetary and Banking Sector:

During 2013 Jordan's banking sector was characterized by its ability to keep abreast of developments arising from regional and global imbalances that accompanied the economic climate at the end of 2012. In particular the pressures suffered by the balance of foreign currency reserves at the Central Bank of Jordan (CBJ) caused by the crisis of energy supply and inflation of global oil prices. Since the beginning of 2013 the Jordanian banking saw the emergence of positive and powerful changes in terms of monetary indicators of which the strongest was a strong demand for the Jordanian dinar as a saving currency and rising dinar deposits which amounted to almost JD 3.3 billion and the state of rapid growth of the CBJ balance of foreign-exchange reserves which saw a rise by twice the tally achieved almost at the end of the previous year 2012. These positive developments came as a result of the efforts and achievements of significant contributions from all corners of Jordan's economy (banking sector, government and investors and citizens) and the accompanying regional and international support which materialized in activating the Gulf grant and the approval and activation of the comprehensive national correction program within acceptable social and political without negatively impacting economic growth rates. In the context of strengthening the laws that govern the banking business during the year 2013 the Central Bank of Jordan issued and implemented the policies dealing with customers fairly and transparently. Further, the CBJ integrated and built these policies as part of the culture of banks operating in Jordan with the purpose of ensuring that customers have a clear and sufficient understanding of the characteristics, conditions, costs and risks of services and products provided by banks so as to create a balanced relationship between banks and their customers and protecting the rights of all involved parties, in addition to the deployment of financial awareness among various segments of society. Also the Credit Information company (Credit Bureau) was established and licensed during 2013 to keep pace with the growing need for the exchange of credit information and contribute to its significant role in improving the management of credit risk and increasing access to credit, especially for small and medium enterprises (SMEs) and to help financial institutions that grant credit to estimate accurately the credit risk and reward good borrowers. In this regard, the Jordan Loan Guarantee Corporation was restructured and operational procedures and the scope were also developed in order to provide the necessary guarantees for the financing of small and medium enterprises (SMEs).

Central Bank of Jordan continued during 2013 to vigorously follow economic developments and took suitable action that ensures the maintenance of monetary stability and the creation of an attractive investment environment which stimulates growth and employment. Thus it cut interest rates on all of the main tools in its monetary policy twice during the year 2013 in order to stimulate credit provided to the private sector which reflects positively on the economic growth in the future. In terms of performance indicators of the monetary and banking sector, the Jordanian Kingdom's balance of reserves of foreign currency recorded USD 12 billion (JD 8.5 billion) until the end of 2013 and a growth rate of 81% from the end of the year 2012. Recorded domestic liquidity until the end of the first eleven months of 2013 rose by 9.9% compared with the level achieved at the end of 2012 to reach about JD 27.4 billion. And the balance of deposits of the banking sector increased by JD 2.6 billion representing a 10.5% increase compared with the end of the year 2012 to reach JD 27.6 billion, where deposits in dinar rose by 18.6% to reach JD 21 billion, while foreign currency deposits decreased by 9.2% for the same period to reach JD 6.6 billion. Whereas credit facilities recorded a growth of 6.2% to reach JD 18.9 billion. With regards to the distribution of credit facilities according to the economic activity, the rise intensified in the facilities granted to the mining sector which represented about 124.8%, the construction sector which represented 11%, while credit facilities within the item (other activity) increased which mostly extended to the retail sector which represented 8.2%, and the facilities granted to the industrial sector represented about 5.3%. The banking sector assets continued to rise to reach JD 42.8 billion, representing an increase of about 9% compared to its account at the end of the year 2012.



With regard to interest rates on deposits and advances in the banking market, they witnessed a rise during 2013 with the exception of demand deposits and overdrafts, where the rate of the weighted average interest rates on demand deposits reached 0.38% and on savings 0.87% and for time deposits 4.97%, a rise of 11 basis points for savings deposits and 78 basis points for time deposits, while the demand deposits declined by 4 basis points compared to its level at the end of the year 2012. With regards to the weighted average interest rate on facilities during the year 2013 it reached 9.20% of the overdraft with a decline of 8 basis points, while it increased for loans and advances by 8 basis points to 9.03%, and for discounted bills it rose by 54 basis points compared to its level at the end of the year 2012, to score 10.13%.

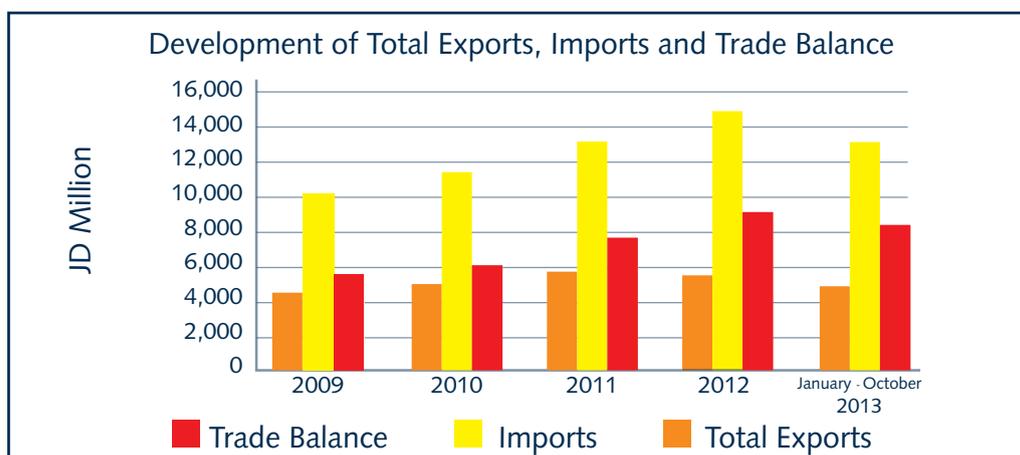
## Amman Stock Exchange:

Amman Stock Exchange recorded a mixed performance although most indicators were on the decline during the year 2013 where Market Capitalization declined by 4.7% until the end of 2013, compared with the end of the year 2012 going down to JD 18.2 billion, and the share price index weighted by market capitalizations declined to 4336.7 points compared to 4593.9 points at the end of the year 2012 at a rate of 5.6%. Meanwhile, the percentage of market capitalization to GDP declined to a record 83% at the end of 2013 compared to a rate of 93.5% at the end of the year 2012. While trading volume grew during the year 2013 by 53% to reach about JD 3 billion with an increase of about JD one billion, compared to the end of the year 2012. The net non-Jordanian investment in the stock exchange at the end of 2013 recorded a positive flow of JD 146.9 million, compared with a positive flow of JD 37.6 million in the year 2012. Therefore, the contribution of non-Jordanian ownership in companies listed on the stock exchange formed 49.9% of the total market value until the end of 2013 compared to 51.7% at the end of the year 2012.

## External Trade:

Most of the indicators of Foreign Trade of the Kingdom recorded a stable performance during 2013, raising the total foreign trade (national exports and imports) during the first ten months of 2013 by JD 897.5 million, representing about 6% compared with the same period of the previous year to size up to about JD 17 billion, while the recorded national exports rose slightly by about JD 3 million to reach nearly JD 4 billion. Iraq was ranked as the biggest destination of Jordan's exports amounting to 18.1% of the total national exports, followed by the U.S. market which amounted to 17.7%. The Kingdom's imports rose during the first ten months of the year 2013 by JD 894.7 million, representing an increase of 7.4% to reach to about JD 13 billion. The biggest destination of imports was the Saudi market amounting to 18% of Jordan's total imports, followed by the PRC market amounting to 10.4%.

With regards to the composition of commodity imports; crude oil and petroleum products accounted for 26.4% of total imports accounting for JD 3.4 billion approx. Thus as a result of these developments in foreign trade; the balance of trade deficit increased to JD 8.4 billion at a rate of 12.3% compared to the same period of 2012.



### The Economic Performance 2014:

Global projections issued by the International Monetary Fund indicate that the global economic growth will be 3.6% in 2014 versus 2.9% for the year 2013. This growth is expected to be driven by growth of both developed and emerging economies but to a lesser extent by emerging economies which are expected to enter a cool down period which is natural after a boom in economic activity that resulted from the batch's fiscal stimulus package to deal with the Great Depression. As for the Jordanian economy, it is expected to achieve a good economic performance during the year 2014 and is expected to grow by 3.3% during 2013 and 3.5% during 2014 supported by high spending on infrastructure projects financed by the grants from the Gulf, as well as continued improvement in the construction sector and increasing domestic consumption and improvement in the tourism sector. This growth is expected to exceed that which was achieved in 2012, which stood at 2.7%. Also inflation rate is expected to decline to 4.2% in 2014 boosted by expectations of lower global food prices, and reduced current account deficit (including grants) to reach to about 11-13% of GDP in the years 2013 and 2014 supported by lower energy imports as well as the continued application of prudent economic policies.

According to the General Budget Law for the year 2014, the size of the state's budget (the central government) reached JD 8.1 billion (JD 6.8 billion current expenditures and JD 1.3 billion capital expenditures) while the deficit in the budget is expected to reach JD 1.1 billion after grants which are estimated to be JD 1.2 billion. The budget of independent government institutions will reach JD 1.8 billion, and a deficit before financing of JD 1.3 billion. The focus on the capital budget in 2014 is to include the allocation of JD 589.6 million for projects under implementation and JD 573 million for the ongoing projects and about JD 106 million for new projects.

With regards to the Jordanian banking sector it is expected that its performance indicators will be positive and on the growing side during 2014 driven by robust demand for the Jordanian dinar as a savings currency, the continued rise of deposits in dinar, the decline in the proportion of dollarization, and the continuation of maintaining foreign currency at the Central Bank at comfortable levels, as well as to basing the Jordanian banking sector to a number of strong indicators which are: the capital adequacy ratio which stood at 19.01% for the year 2012 compared to a rate of 19.3% for the year 2011, the non-performing debt ratio which amounted to 7.7% down from 8.5% in the year 2011, and the legal liquidity ratio which amounted to 143.5% compared with 152.9% in the year 2011, which confirms the durability and safety of the Jordanian banking sector's indicators.

Also there will be a continued commitment to the implementation of the financial and economic reform program in 2014 in order to achieve the desired goals of which the most important are: to continue to control measures and rationalization of government spending, to improve direct fuel subsidies to targeted groups, to strengthen the social safety net, to complete the Income Tax Act which would strengthen the domestic revenue and improve the distribution of resources in a fair manner despite the negative impact on some sectors of the economy in the form of higher tax rates, in addition to the continued guidance of external financial resources (support , grants and loans) to various sources - whether from the Gulf grant or from funds generated by the strand by arrangement signed with the International Monetary Fund, to be spent on capital projects and support the development of the state budget. Work will be done also on further implementation of a medium-term strategy for energy that includes the diversification of energy sources down to target of achieving full cost of electricity by the national electricity company in line with the target energy subsidies to the beneficiaries which will include exemption of a slice of poor and middle class from the increase in electricity tariff that will be applied by the beginning of 2014.

## Achievements in 2013:

In a year that is characterized by continued challenges, Bank of Jordan achievements came at the various business segments to reflect the Bank's alignment with the requirements of the diverse customer segments, and to seize growth opportunities in emerging markets where the Bank operates. One of the major factors that have underpinned the foundations of this success is the adoption of the Bank's approach of innovation and modernization across all its core operations, and the provision of state of the art banking technology, with the continued launch of diversified products to serve the requirements of the Bank's customers, in accordance with the new Bank of Jordan retail strategy for the first time in the financial sector in order to enhance the competitive position of the Bank .

The balanced policies that were pursued and are still being pursued by Bank of Jordan through focusing the efforts of the Bank's administration and its departments on the implementation of a range of projects and action programs resulted in the achievement of positive growth rates in the various activities and work areas and in accordance with the set objectives, despite the continuing political instability regionally and globally and the prevailing economic challenges locally.

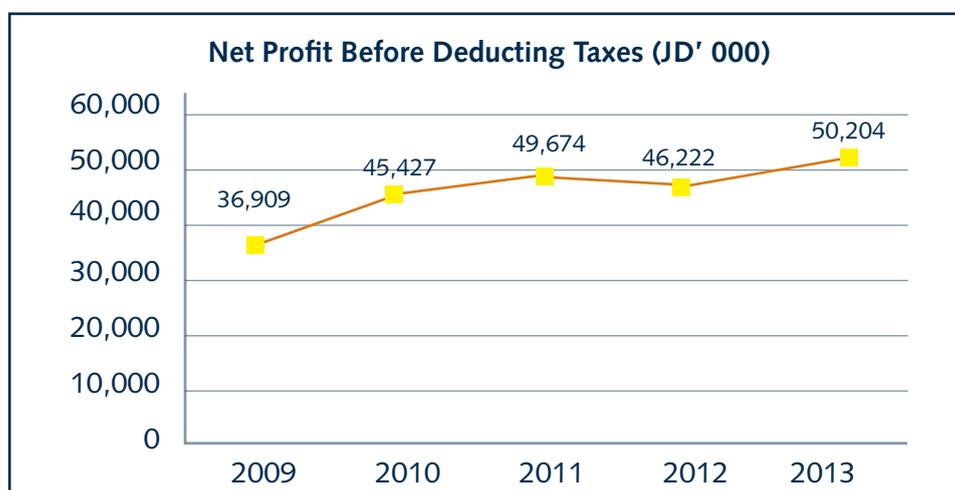
The results of the Bank for the year 2013 are the result of efforts exerted by a large number of dedicated and hard working employees. These achievements were also due to the full support and sound guidance and proper analysis of senior management, in addition to the balanced and optimum use of internal resources of the bank and the adoption of the latest policies and methods and banking systems which also helped to strengthen and improve the level of the Bank's operations and services to meet the evolving needs of the various sectors and segments of customers.

## Financial Results:

The financial results of Bank of Jordan in 2013 came as a result of continued progress in the performance as well as the application of best global accounting practices and the latest models and financial systems in the management of assets and liabilities and also from taking advantage of the challenges and turning them into opportunities for business development in order to reach the highest achievement levels. The financial results were reflected on the preservation of key financial ratios within regulatory requirements, where the capital adequacy ratio amounted to 16.3% and the legal liquidity ratio amounted to 138.17%, while the proportion of non-performing loans did not exceed - after deducting interest in suspense to total bank facilities - 8.72% compared with the standard global ratio of 10%. The provision coverage ratio of non-performing loans increased to 93% for the year 2013 compared to 83% for the year 2012.

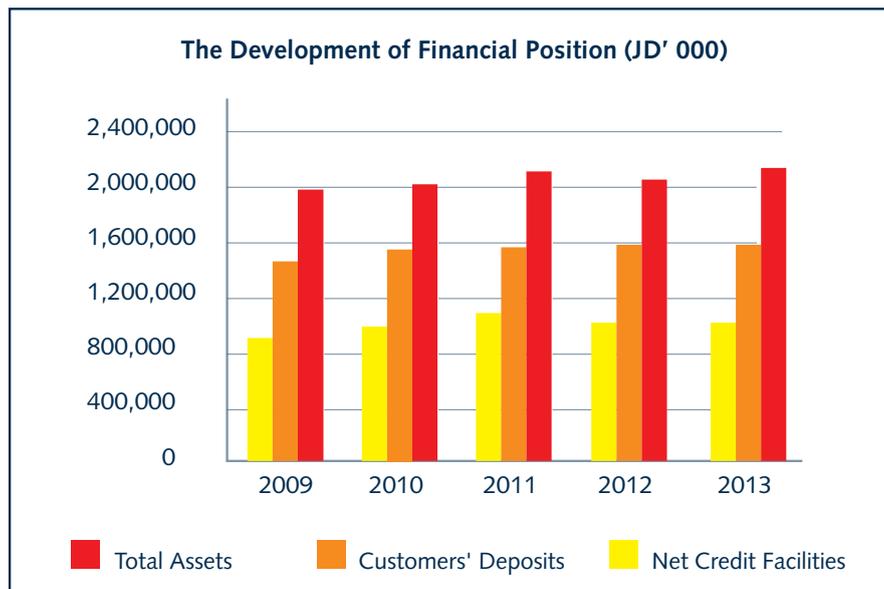
Despite the state of uncertainty in the region which affected the Jordanian and foreign market, Bank of Jordan managed to achieve positive results at the different level of the Bank's shareholders, where the net profit attributable to shareholders reached JD 40.7 million which represents an increase of 12.3% and JD 4.5 million compared to 2012.

The net profit of the bank before tax amounted to JD 50.2 million, compared to JD 46.2 million in the previous year, an increase of 8.6%. The value of the bank's assets reached JD 2,076.9 million compared to JD 2,016.6 million at the end of the previous year 2012, while the shareholders' equity increased to about JD 317 million representing a 14.6% increase.



In terms of sources of funds, customer deposits amounted to JD 1,544.2 million, whereas demand deposits increased by JD 51.2 million, a rise of 13.5%, to reach JD 429.8 million, and savings deposits grew to amount to JD 33.6 million (or 6.3%) to reach JD 564.9 million. While time deposits reached JD 444 million, down 16.9% from the end of the year 2012, and certificates of deposit amounted to JD 105.9 million, dropping by 2.5%.

The Bank continued to respond to the requirements of the funding needed for the various productive and feasible economic activities and maintained the quality of the credit portfolio in light of the increased credit risk in the markets in which the Bank operates, which resulted in a rise in credit facilities portfolio of JD 109.7 million growing at 11.8% compared to 2012 to reach JD 1,040.3 million. In terms of the evolution of credit facilities portfolio, retail facilities sector showed an increase of approximately JD 26.8 million, and by 11.7% to reach JD 257.1 million, while corporate facilities sector grew by about 20.2% to reach JD 482.2 million, and government and the public sectors' facilities by JD 25 million representing a rise of 29.7% to reach to JD 109.1 million, while the real estate loans amounted to JD 172.9 million, and the facilities provided for the small and medium enterprises sector (SMEs) amounted to JD 125.4 million. The Bank has also recruited its sources of funds in its financial assets portfolio, which rose by JD 45.7 million (or 9.9%) to reach JD 510.5 million.



With regards to the most prominent items of the consolidated income statement, the total income was JD 114.5 million, while the net interests and commissions' income amounted to JD 102.6 million, which accounted to 89.6% of the total income. Cash distributions from investment in financial assets increased to a record JD 3.2 million, while the profits of foreign currency reached JD 1.8 million, JD 1.4 million down from the year 2012. Whereas total expenses decreased by JD 6.7 million, representing 9.5% decrease compared to 2012 to reach JD 64.3 million.

## Competitive Position:

The Bank continued to apply its credit and investment policies to maintain and improve the efficiency and quality of its credit portfolio through investment and employment of effective sources of funds in various productive economic activities, according to market changes, where the Bank of Jordan kept its advanced position in the Jordanian financial market and the level of its assets, deposits and credit facilities and solvency ratios and returns. This is shown by the market share of customer deposits and total credit facilities which reached 4.2% and 5.1% respectively for the Banks' branches in Jordan. With regards to the competitive position in the Palestinian market Bank of Jordan's market share of customer deposits stood at 10.9% while the share of facilities amounted to 7.7%, of the total deposits and facilities of Jordanian banks operating in Palestine. With regards to the Bank of Jordan – Syria and despite the prevailing circumstances in the Syrian market, customers' deposit market share reached 4% while the market share for facilities amounted to 6.8% of the total deposits and facilities of private banks in the Syrian market, according to the latest data available.

## Corporate Governance:

Realizing that good corporate governance is a key to success, the Bank's Board of Directors is keen on applying corporate governance practices that comply with the regulations issued by the Central Bank of Jordan and the Corporate Governance Code for banks in Jordan. These practices, which have been incorporated into the Bank of Jordan Corporate Governance Code, also comply with the best international practices recommended by the Basel Committee. It is worth noting that Bank of Jordan also adheres to regulatory requirements and guidelines in other countries where it operates.

In addition, the Bank regularly – and whenever the need arises – revises and amends the code in order to reflect changes in the Bank's needs and expectations in addition to developments in the banking industry.

It is worth noting that the Bank has published an updated version of the code on a CD attached to the Annual Report (Arabic version). The Annual Report also has a dedicated section that demonstrates the extent to which the Management adheres to provisions of the code.

## Component One (Board of Directors)

### - Chairman of the Board:

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

- 1- Separation between the Chairman of the Board and the General Manager positions.
- 2- There should be no kinship (up to the third degree) between the Chairman of the Board (president) and the General Manager.
- 3- Separation in duties between the Chairman of the Board and the General Manager according to written instructions approved by the Board and revised when necessary.
- 4- In the case of the absence of the Executive Chairman, the bank should appoint an independent member of the board as a deputy chairman to act as an independent resource and conduit for shareholders. The Executive Chairman has to have a full-time job in the bank.
- 5- The status of the Chairman (whether executive or non-executive) is publicly disclosed.
- 6- The role of the Chairman of the Board:
  - The Chairman promotes a constructive relationship between the Board and the bank's senior management, and between the executive directors and the non-executive directors.
  - The Chairman promotes boardroom culture, which encourages constructive criticism and alternative views on certain issues under consideration, and encourages discussion and voting on these issues.
  - The Chairman ensures that directors and the bank's shareholders receive adequate and timely information.
  - The Chairman ensures a high standard of corporate governance by the Bank.

In accordance with the Bank's policies that aim to meet the requirements of the Corporate Governance Code for Bank of Jordan, which was drafted according to the directives of the Central Bank of Jordan, the Bank works on meeting all the requirements in accordance with the Bank's interests and in line with the Jordanian banking business environment as well as the legislative and legal frameworks ruling the Bank's operation. The Chairman occupies the General Manager's position; this is not in line with Item 1 above. However, the Vice-Chairman is independent as per Item 4 above of the Corporate Governance requirements.

### - Board of Directors:

While the Executive Management is responsible for running daily operations of the Bank, the Board is in charge of drawing up strategies that best serve the interests of the Bank, its shareholders and clients, in accordance with respective laws and regulations.

The Board of the Bank is comprised of 11 members who are elected by the General Assembly for a four-year term. The Board members should have high expertise that qualifies them to pass objective judgments during the Board meetings. The Chairman is elected by the members of the Board.

The Board convened 10 times during 2013. The Board has a specific agenda in each meeting, and the minutes of meetings and decisions are officially documented by the Board Secretary.

**Names of the Board members appear on page 8 of the Annual Report.**

As per the Corporate Governance Code, five committees stem from the Board of Directors to ease implementation of responsibilities. The committees are as follows: the Audit Committee, the Corporate Governance and Strategy Committee, the Nominations and Remunerations Committee, the Risk Management Committee, and the Executive Committee.

#### **- The Audit Committee:**

Three non-executive Board members were elected to form the Audit Committee. The Corporate Governance Code defines the tasks and authorities of the Committee. It also grants the Audit Committee the right to acquire any information from the Executive Management, and the right to ask any executive staff or Board member to attend its meetings.

#### **The Audit Committee consists of the following:**

Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Head of the Committee
Mr. Jan Joseph Shamoun	Member
Mr. Haitham Abu Naser Al Mufti	Member
Mr. Saleh Rajab Hammad	Board Secretary/Committee Rapporteur

#### **The Audit Committee held 8 meetings in 2013.**

#### **The Committee's responsibilities include the following:**

- 1- Reviewing amendments made to accounting policies and implementing international accounting standards, as per commitments made to this effect.
- 2- Reviewing the Bank's internal control systems.
- 3- Reviewing accounting issues that are intrinsic to the financial statements.
- 4- Monitoring internal auditing in the Bank.
- 5- Assessing the inclusion and objectivity of the external auditor in dealing with the Bank's operations.
- 6- Ensuring the accuracy of accounting and control procedures and the extent of compliance therewith.
- 7- Reviewing notes mentioned in the CBJ and the external auditor's reports, and following up on related procedures.
- 8- Reviewing financial reports and data which were referred to the Board of Directors, especially those related to the CBJ instructions; ensuring adequate provisions are allocated for doubtful loans and giving opinions regarding the Bank's non-performing loans or those classified as bad debts.
- 9- Examining the annual internal audit plan, reviewing notes mentioned in inspection reports, and following up on related procedures.
- 10- Looking into any issue referred by the Board of Directors or any other issue deemed necessary for discussion or expressing relevant opinion.
- 11- Meeting with the Bank's external auditor, the manager of the Internal Audit Department, and the compliance manager at least once a year. Executive managers shall not attend these meetings.
- 12- Ensuring that the Bank's general policies are in line with applicable laws and regulations, plus ensuring compliance therewith.
- 13- Ensuring the Bank has adopted a framework for professional practices.
- 14- Ensuring the Bank has an integrated internal control system which is constantly being improved whenever necessary.
- 15- Reviewing reports on violations (violation of laws, bylaws, regulations, and abuse of office) and implementing mechanisms necessary to avoid such violations.
- 16- Recommending to the Board appointment or dismissal, remuneration, and other contractual terms of the external auditor.
- 17- Ensuring there is no conflict of interest that might arise in case the Bank signs business deals or contracts or becomes a partner in projects with related parties.
- 18- Reviewing any potential business agreement between the related parties and the Bank and submitting recommendations to the Board about such deals before concluding them.

However, the Audit Committee does not substitute for the responsibilities of the Board of Directors or the Bank's Executive Management for the supervision and adequacy of the Bank's internal control system.

### **- The Corporate Governance and Strategy Committee:**

Five Board members were elected to serve on the Corporate Governance Committee, which is chaired by the Board Chairman/General Manager, as follows:

Mr. Shaker Tawfiq Fakhouri	Chairman & CEO – Head of the Committee
Dr. Mazen Mohammed Al-Bashir	Member
Mr. Ammar Mahmoud Abu Namous	Member
Mr. Jan Joseph Shamoun	Member
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Member
Mr. Saleh Rajab Hammad	Board Secretary/Committee's Rapporteur

### **The Corporate Governance and Strategy Committee held 5 meetings during 2013.**

#### **The Committee's responsibilities include the following:**

- 1- Preparing and reviewing the Corporate Governance Code of the Bank as per the laws and legislations regulating the Bank's operations.
- 2- Defining proper measures to ensure adherence to the Corporate Governance Code items.
- 3- Conducting an annual review of the Corporate Governance Code and ensuring that it is disseminated as widely as possible.
- 4- Preparing an annual evaluation to establish the extent to which the Bank observes and applies corporate governance and submitting the same to the Board of Directors and other relevant stakeholders.
- 5- Following up on any developments related to this issue.
- 6- Reviewing and overseeing all elements related to the Bank's strategy to issue relevant recommendations.
- 7- Ensuring the existence of general policies to effectively deliver on strategies.
- 8- Endorsing strategy, business and performance plans for all sectors, departments, and amendments introduced thereto.

### **- The Risk Management Committee:**

The Committee comprises three members of the Board in order to manage and deal with all kinds of risks faced by the Bank.

#### **The Risk Management Committee consists of the following:**

Mr. Shaker Tawfiq Fakhouri	Chairman & CEO– Head of the Committee
Dr. Mazen Mohammed Al-Bashir	Member
Mr. Jan Joseph Shamoun	Member
Mr. Saleh Rajab Hammad	Board Secretary/Committee's Rapporteur

### **The Risk Management Committee held 7 meetings during 2013.**

#### **The Committee's responsibilities include the following:**

1. Reviewing risk management policies and strategies (i.e. credit risks, market risks, operational risks, liquidity risks, credit concentration risks, interest rate risks, etc.) before submitting them to the Board for approval.
2. Defining strategies and methods to alleviate risks in accordance with the control requirements to limit the effects of risks on the Bank's financial safety and stability.
3. Ensuring the Executive Management takes responsibility for implementing the aforementioned policies and strategies under the supervision of the Risk Management Committee.
4. Reviewing and possibly amending the Executive Management remarks/suggestions regarding the structure and development of the Risk Management Department before submitting them to the Board for approval.
5. Overseeing rapid developments and increased complications observed and handled by the Risk Management department in the Bank and submitting relevant reports to the Board of Directors.
6. Acquiring information about any issue related to its responsibilities.

### **- The Executive Committee:**

**The Executive Committee was elected from six Board members as follows:**

Dr. Abdel Rahman Samih Toukan	Head of the Committee
Mr. Walid Tawfiq Fakhouri	Member
Dr. Mazen Mohammed Al-Bashir	Member
Dr. Yanal Mawloud Naghouj	Member
Mr. Haitham Mohammed Samih Barakat	Member
Mr. Ammar Mahmoud Abu Namous	Member
Mr. Mohammad Ahmad Odeh	Committee's Rapporteur/Facilities Committee's Rapporteur

**The Executive Committee held 46 meetings in 2013.**

**The Committee's responsibilities include the following:**

- Approving credit applications that exceed authorization of the Executive Management.
- Reviewing decisions related to dues, settlements, debt rescheduling, and exemptions that have been approved by the Chairman & CEO.
- Approving investment transactions that exceed authorization of the Executive Management.

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

The election of the three members of this committee was from the non-executive members of the Board. Most of these members, including the Committee Chairman, are independent members.

**The Nominations and Remunerations Committee consists of:**

Dr. Yanal Mawloud Naghouj	Head of the Committee
Mr. Yahya Zakariya Al-Kadamani	Member
Dr. Mazen Mohammed Al-Bashir	Member
Mr. Saleh Rajab Hammad	Board Secretary/Committee's Rapporteur

**The Nominations and Remuneration Committee held 10 meetings in 2013.**

**The Committee's responsibilities include the following:**

- 1- Providing the Board with background briefing material on vital issues related to the Bank upon request, and ensuring that Board members are kept up to date on relevant banking topics.
- 2- Conducting objective and regular (annual) evaluations on the effectiveness of the Board based on specific criteria, including comparison with other banks and similar financial institutions. The Committee shall also assess the soundness of financial statements and compliance with regulatory requirements.
- 3- Ensuring the independence of the independent Board member in line with the guidelines set out in this code.
- 4- Recommending to the Board the remuneration (including monthly salary and other benefits) of the General Manager.  
The Remuneration Committee also reviews the remunerations (including salaries) of other senior executive managers.
- 5- Ensuring the Bank has a remuneration policy which guarantees that benefits/salaries are attractive enough to lure and retain qualified individuals and that they are similar to benefits/salaries paid by peers in the local market.
- 6- Ensuring that a summary of the Bank's remuneration policy is disclosed in the Annual Report, including the remuneration of each Board member and the highest salaries paid during the year to executive managers who are not Board members.
- 7- Nominating Board members and duly considering candidates' abilities and qualifications. For re-nomination, the attendance of members and their effectiveness and participation in Board meetings shall be considered.
- 8- Ensuring that the Bank's senior management is staffed by highly professional individuals.
- 9- Implementing selection criteria for the executive management.

### **The Board Secretary:**

Minutes of meetings are significant for the Bank, shareholders, and supervisory agencies because they are a permanent register that demonstrate the Board's activities and deliverables, Board of Director's decisions and any other decisions made by committees operating under the Board. Given the vital role of the Board Secretary, it has been decided to appoint Mr. Saleh Rajab Hammad, Executive Manager/Compliance and Risk Department, as Board Secretary. Duties and responsibilities of the Board Secretary are incorporated in the Corporate Governance Code of the Bank.

## **Conflict of Interests:**

The Board of Directors emphasized in the Bank's Corporate Governance Code that all members of the Board must specify their relationships with the Bank, disclose the nature of this connection, avoid conflicts of interest, and abide by the substance of the Code of Conduct in this regard. A written disclosure must be given on an annual basis or in case of any development that so requires.

## **Component Two (Planning and Policy Formulation):**

The Board of Directors undertakes responsibility for devising the Bank's general strategy and its strategic course of action as well as defining the general objectives for the executive management and supervising their achievements.

## **Component Three (Control Environment)**

The Board of Directors undertakes responsibility to adopt a general framework for internal control in order to achieve the following:

- Effectiveness and efficiency of operations.
- Credibility of financial reports.
- Adherence to laws and regulations in force.

The Board hereby affirms the existence of a general framework for internal control that enables it to follow up on its tasks and take whatever measures are necessary within the following framework:

### **1. Internal Audit:**

The Bank realizes that having an effective internal audit department would fundamentally enhance the internal control systems and the general framework for managing risks related to the Bank's various activities. The internal audit administration performs its tasks within the following specifics:

- a- Preparing the Internal Audit Charter and sanctioning it by the Board of Directors. The charter details the functions of the audit administration including its responsibilities, authorities, and work methodology.
- b- Preparing internal auditing procedures that conform to the new organization of the bank.
- c- Ensuring the preparation of an annual audit plan to be approved by the Audit Committee. The plan should cover most of the Bank's activities as well as organizational units based on risks associated with its activities.
- d- Preparing an annual report about the adequacy of internal control and audit systems in order to eliminate risks and provide suitable recommendations to remove weaknesses.
- e- Ensuring the recruitment and appointment of employees possessing high academic qualifications and appropriate practical experience to audit all activities and operations. This process should include qualified staff to assess data security and IT risks.
- f- Following up on violations and remarks stated in the reports of supervisory agencies and the external auditor; ensuring that they are addressed and that the executive management has adequate controls to ensure such violations are not repeated.
- g- Ensuring that necessary procedures are in place to receive, process, and keep customer complaints as well as remarks related to the accounting system, internal control, and audit processes. Periodic reports concerning these matters have to be submitted.
- h- Keeping audit reports and sheets in a safe and organized manner for a period that conforms to applicable laws and regulations so that they can be examined by the regulatory authorities and the external auditor.
- i- Reviewing the reporting procedures in the Bank to ensure key information about financial, administrative, and operational matters are accurate, reliable and timely.
- j- Ensuring compliance with the Bank's internal policies, the international standards as well as related laws and regulations.
- k- Submitting reports to the Head of the Audit Committee.

### **2. External Audit:**

The External Auditor represents another level of control on the credibility of financial data issued by the Bank's accounting and information systems. In particular, this entails expressing clear and honest opinions about the fairness of these statements and the extent to which they mirror actual reality during a certain period. When dealing with external audit firms, the Board of Directors has to consider the Bank's interest and professionalism of the auditing firms, keeping in mind the importance of regular audit rotations and previous experiences with such offices.

### **3- Risk Management:**

The management of Bank of Jordan paid special attention to Basel II requirements as a framework to reinforce and enhance the Bank's capability to upgrade the control environment and challenge various types of risks.

To implement these requirements, practical steps were taken such as establishing administrations in the Bank specialized in managing different risks (credit, operations, and market) and manning them with qualified staff and systems.

The Bank has also worked on enhancing credit risk management practices through setting up specialized departments (including Corporate Credit Review Department/SME Credit Review Department, Retail Credit Review Department, and Credit Review Department for branches in Palestine). Furthermore, the Bank has updated and developed policies and procedures related to risk management aimed at ensuring credit quality. In addition, the Bank has implemented the Reveleus System for calculating the capital adequacy ratio.

As for operational risks, the Bank has been implementing the CARE system since 2003 and a Risk Profile has been created for each of the Bank's departments in addition to a database for operational errors. As for market risks, the Bank has set up a risk management unit comprised of qualified employees.

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

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

- a. The Bank's Risk Management submits periodic reports to the Executive Risk Management Committee whereas daily operations are referred to the General Manager.
- b. The Risk Management undertakes the following responsibilities:
  - Preparing risk policies for all types of risks and sanctioning them from the Board of Directors.
  - Analyzing all risks including credit, market, liquidity and operational risks.
  - Developing methodologies for measuring and controlling all types of risks.
  - Recommending risk limits and approvals to the Executive Risk Management Committee and submitting reports and exceptions to the risk management policy.
  - Providing the Board and the Executive Management with information about risk assessment and risk profile in the Bank. The Board regularly reviews the Bank's qualitative and quantitative risk statistics.
  - Approving the means that help risk management, such as:
    - \* Self-assessment of risks and setting risk indicators.
    - \* Preparation of a historical database of the losses in terms of their sources and classification according to type of risk.
    - \* Provision of the necessary systems suitable for risk management at the Bank.
- c. Committees such as Credit, Assets, and Liabilities' Management/Treasury, and Operational Risk assist Risk Management in performing its tasks in accordance with the authorizations defined for these committees.
- d. Incorporating information about risk management in terms of its structure, nature of operations, and progress in the Bank's annual report.
- e. Providing information about risks facing the Bank for the purposes of disclosure and publication to the public.

### **4. Compliance:**

In accordance with the Bank's commitment with the Basel II requirements, the Compliance Department was established to ensure compliance with laws, ethical regulations, legislation, and standards, defined by different supervisory bodies and the Bank's internal policies. Qualified human resources and automatic systems were provided to the Department.

On the Compliance Department level, all laws and regulations regulating the Bank's operations were gathered, and compliance awareness was spread among employees through booklets and training courses. An anti-money laundering policy was developed to comply with Anti-Money Laundering Law No. (46) for the year 2007.

#### **The Compliance Department has the following responsibilities:**

1. Drawing up the compliance policy as well as improving and reviewing it regularly (at least once a year) and whenever necessary.
2. Applying the compliance policy at the Bank.
3. Preparing an efficient methodology to ensure the Bank's compliance with effective laws and legislation in addition to any related regulations.
4. Submitting its periodic (bi-annual) reports on its work and on the compliance of the Bank's departments and employees with the Executive Risk Management Committee which will in turn refer them to the Board's Risk Management Committee.
5. Evaluating and following up on applying Corporate Governance practices in the Bank.

## 5. Financial Reports

**The Executive Management of the Bank shall undertake the following tasks:**

1. Preparing financial reports according to International Accounting Standards.
2. Presenting the reports to the Board members at each regular meeting.
3. Publishing financial data every three months.
4. Sending financial reports and full reports to the shareholders annually.

## 6. Code of Conduct:

The Bank has a Code of Conduct that was approved by the Board and circulated to all employees. Several training courses were organized to educate the Bank's employees on the concept of the Code. The compliance department ensures compliance with these concepts.

## Component Four (Treatment of Shareholders)

Under the law, each shareholder has the right to vote during the General Assembly meetings and the right to discuss issues placed on the General Assembly's ordinary and extraordinary agendas. Added to that, shareholders enjoy the right to suggest any other topics to be added for discussion on the General Assembly's ordinary agenda, after obtaining the approval of a number of shareholders (representing at least 10% of stocks recorded) in the meeting. In order to foster this relationship, the Bank works on encouraging shareholders, mainly minority shareholders, to attend the annual General Assembly meetings and to vote in person or in their absence by proxy.

**The Board shall provide shareholders with the following:**

- A copy of the Annual Report mailed to their respective mailing addresses.
- An invitation to the General Assembly meeting and its agenda.
- All of the information and publicity items addressed to the shareholders in general.

Furthermore, each shareholder has the right to get acquainted with the shareholders' register to get to know his/her own share. The Board shall be keen on the fair distribution of profits, which should be based on the number of stocks held by each shareholder.

## Component Five (Transparency and Disclosure)

Bank of Jordan Corporate Governance Guidelines are based on the principles of integrity, objectivity, transparency, disclosure, openness, and accountability for decisions adopted by the Bank. This stems from the Bank's belief that disclosure offers the only means to provide transparent, accurate, comprehensive, and timely information. This helps users assess the Bank's financial position, its achievements, activities, as well as risks facing the Bank and the risk management policies.

The Bank discloses all required information from different regulatory institutions. The Bank also publishes the Corporate Governance Guide to the extent of management adherence.

In accordance with the instructions of dealing with customers fairly and transparently No. (56/2012) Date 31/10/2012 the Bank established a dedicated unit to manage and address customers' complaints. The unit was equipped with qualified human resources and automated systems and all necessary means available to accommodate and resolve complaints. This unit was administratively subordinated to the compliance department in the Bank.

## Products and Services:

The Bank continued to work on strengthening its foundations that were laid down over 53 years ago, directing its resources towards the achievement of sustainable growth through the application of the latest business models to enhance the Bank's competitive position in the financial market, and raise the level of service provided to its customers to the highest standards of craftsmanship, precision and speed. During 2013 the Bank worked to develop a range of its products and services through enhancing the quality of services in the branches and increasing the speed of operations to improve efficiency and performance, and establishing the principle of cooperation to meet the customers' needs and keep pace with the developments and changes in the banking market and the economic situation of the local and regional levels, in addition to the development and modernization of delivery channels in order to increase the level of service provided, and enhance individual customer satisfaction, companies and small and medium enterprises (SMEs).

## Retail Services:

The retail banking services group continued to carry out its pivotal role in the overall growth and profitability of the Bank's assets, relying on a broad base of clients. It managed to achieve this thanks to the active marketing policy it pursued which resulted in the provision of products and services that met the aspirations of customer segments. In this regard, the retail management developed its banking business model based on a new strategy informed from the study of competitors, customers, and changes in the market. In this context, the retail management worked on the application of a range of programs and strategic projects during 2013, which resulted in the re-design of products and services according to the targeted customer segments and in ways that are unique and distinct from what competitors offered which in turn improved the Bank's competitive advantage resulting in improved performance and increased sales. The new strategy was rolled out early September of the year 2013 by launching the new financial bundles campaign, while Visa Electron cards were redesigned and produced in accordance with the specified segments in the strategy bearing the banking bundles, as well as welcoming gifts and promotional advertising. Moreover, the Bank focused on increasing its market share through promotions and sales support and the launch of a range of programs to guide the Bank's work towards the retail sector and the development of its products and services. For example, the Bank launched a campaign to postpone the premiums for personal loans, and another campaign to promote housing loans in which the Bank waived mortgage fees and provided competitive interest rates. Also a cash retrieval campaign was launched (Cash back) for credit card holders, in addition, personal loans programs were put forward that are guaranteed by mortgage real estate or a car. Work was also done on the development of the program "Al Hal" for personal loans.

For the retail services sector in Palestine, programs and services were developed, and terms and policies were modified for retail facilities, and a new personal loans program was prepared to meet our customers' needs in Palestine. Also, the Visa Platinum card was launched in Palestine.

The Bank continued to develop the level of service through the application of the mystery shopper program, in addition to the launching of a program to measure customer satisfaction in conjunction with a consulting company that specializes in this area, according to which the Bank achieved high customer satisfaction for the year 2013, which confirms the competitive advantage of Bank of Jordan. The Bank also ascended the ranks in the area of quality of service among banks in Jordan through studies in collaboration with a number of leading companies in this field.

## **Corporate Services:**

Despite the prevailing uncertainty in the economy, the corporate business development worked to focus its activities in accordance with a balanced marketing methodology to build a special relationship with the corporate clientele, in addition to attracting new customers and communicating with customers through site visits at their work and continuing to provide integrated financial services backed by a strong consulting methodology. The Bank continued to provide funding for productive economic projects while maintaining the quality of the credit portfolio. Among the most prominent sectors that were funded in 2013: trade sector, including food trade, automobile trade, pharmaceuticals trade, industry sector, and mining and energy sectors (both public and private). This is in line with the Bank's strategy to seize the best opportunities and finance and build a distinct corporate customer base.

The range of corporate banking services seeks to provide banking solutions to the most promising economic sectors, as well as study the market well and put forward the right strategy to contribute to the development of economic activities, as the Bank continued to provide the necessary funding for major projects through syndicated loans which reached JD 20.4 million at the end of 2013.

## **SMEs Services:**

In the context of services provided to small and medium enterprises (SMEs), the Bank continued to provide its services during 2013 through its eleven specialized centers that are deployed across the governorates of the Kingdom. The Bank continued to provide its long and short –term funding for commercial, services and industrial activities. Bank of Jordan also continued to develop and build relationships with institutions supporting SMEs sector and managed to increase the number of clients secured under the umbrella of the Jordan Loan Guarantee Corporation. The Bank has also been working on a collaboration project with a specialized company to develop a database of companies with the aim of facilitating access to clients from different sectors of the economy and managing relationships with them. The application of this project is planned for the year 2014. Depending on the re-classification of economic sectors in accordance with the International Classification ISTC4 an analytical report for SMEs portfolio has been issued to identify the economic sectors funded and research funding opportunities for other sectors.

## **Leasing Services:**

The Bank continued to diversify its financing options to customers. The Bank also established and launched "Jordan Leasing Company" including the preparation of procedures, checking of automated system, development products, the modification and development of financing contracts and receivables for the company in order to ensure the effective and efficient management of the newly established company. Service level agreements (SLA) were signed with related parties. Further, real estate financing products were launched through the company where the Bank managed to attract a number of housing companies, as well as continuing to provide leasing services for all assets and all sectors (retail, corporate and SMEs). Also bids from insurance companies were approved for the purpose of increasing the quality of the funds provided through the provision of insurance coverage required.

## **Network of Branches:**

In order to strengthen the network of local branches and distribution outlets and the development of the service environment in the branches during the year 2013 the Bank secured contracts, processed sites for the establishment of new branches in the Al Jabal Al Shamale area, and also in Medina Street and Khalda in order to further enhance the Bank's presence in these areas during 2014. In the context of application of the new retail strategy the Bank will establish VIP customers' service centers to serve specified customers' segments to further meet their needs, increase their level of satisfaction and to enhance the competitive advantage of the Bank ensuring its sustainability. With regards to the modernization of branches, renovation has been completed at Wadi Al Seer, Ajloun and Salt branches in addition to the transfer of the airport, Al Fuheis and Aqaba to new locations after the completion of the processing of the new sites. The modernization process took into account highlighting the latest engineering design patterns that are consistent with the corporate identity of the Bank to ensure a suitable environment for the Banks' customers.

At the level of our branches in Palestine, Alrimal office was transformed into a branch and moved to the new location in the Al Nasar area in Gaza City, while a new branch was opened, Al Eersal branch in Ramallah.

## **Electronic Banking Options:**

The Bank continued to develop and diversify the services offered through electronic distribution outlets through 2013. The Bank also continued to implement and follow up on customer requests through electronic channels. In the field of the service environment development, the number of branches using electronic Queuing Management System were increased to seventeen branches, as well as applying a priority system on the electronic queuing and telephone call centers for VIP clients.

In terms of expanding the network of ATMs, the Bank continued to expand the ATM network in Jordan and Palestine, where the number of ATMs reached 108 in Jordan of which 30 have Direct Cash Deposit, and 37 in Palestine in addition to 12 apparatus in Syria. In 2014 the new system of electronic channels will be released which will include internet banking for retail and corporate customers, SMS services and mobile banking, which will be developed and updated to meet the changing aspirations of customers.

## **Organizational Methods and Technical Resources:**

Based on the Bank's strategy that is aimed at improving infrastructure and providing an operating environment, system procedures and databases, policies and systems and to shorten the time period for the implementation of services, thereby contributing to reducing costs and improving the level of service provided to customers, the Bank continued the completion of projects and action programs at the level of organization, processes and operating in 2013. In the field of the development of automated systems used in the Bank, the first phase of the system of credit approvals E-Applications has been applied, in addition to applying the international number of the bank account (IBAN) and modification of operating procedures and related forms in Jordan and Palestine, in accordance with the requirements of regulatory authorities, in order to ensure the highest degrees of effectiveness and efficiency for electronic payment systems.

BOJ also completed the implementation of customer fair trading measures and modified BoJs' forms, procedures and automated systems so that they are consistent with these measures ensuring fairness and transparency with BoJs' customers. Further, the organizational structure of many departments – organization department, department of corporate and commercial credit, department of compliance, BoJ service call centre, in addition to Abdoun and Al Shmeisani Branches- were modified in accordance with work requirements and the newly implemented BoJ retail strategy and transparency measures. In this regard job descriptions of some departments in addition to newly created jobs were prepared. With regards to implementing the new retail strategy, necessary programs were completed such as automated customers' classification, creation of forms pertaining to banking bundles, in addition to modification of automated systems. As for regional management in Palestine, automated margins calculating system and non-performing accounts assessment systems were implemented. Also credit cards examination procedures (Revolving) were completed and implemented. In addition, the departments of compliance and risk were separated in accordance with Palestinian Monetary Authority.

With regards to Bank of Jordan - Syria, the Bank continued to maintain the continuity of the work and provide better services to customers, through a series of actions to ensure communication between the branches and the development of alternative plans to cope with worst-case scenarios. The Bank also continued the development of risk management processes, where the Bank currently has an independent framework for risk management in all countries in which it operates. To achieve the desired objectives of this process, Bank of Jordan continuously conducts the monitoring and control of all types of risks and processes in all departments and branches of the Bank to identify, assess, measure and manage risks and issue reports on the risks that may hinder the achievement of the objectives of the Bank. The Bank also regularly reviews risk management policies, tools, models and risk management systems in order to improve working methods and reverse changes in the market.

In the area of application of sophisticated risk management systems, the Bank continued to complete the credit rating project in order to develop a mechanism for evaluating and granting credit to retail customers and automate the process of credit analysis to increase their efficiency. With regards to development of the credit process the Bank adhered to a model of corporate governance for companies and credit worthiness stability standards and models and methods of unification credit study methodology. In response to the requirements of transparency, the Bank updated its internal procedures. It used an effective program to manage customer complaints and to find appropriate solutions in order to ensure the Bank's commitment to the highest standards. The program is designed in line with instructions of the Central Bank of Jordan and the vision of the Bank's strategy to build strong relationships with clients to ensure their loyalty and affiliation to the Bank. Therefore, the Bank prepared and applied the policy for dealing with customers in a transparent and fair manner. In addition the Bank established a special unit to manage and address customer complaints and supplied it with qualified human resources, which was also equipped with all the technical requirements to operate effectively, including the preparation and adoption of management mechanism to address customer complaints. In this context a retail credit policy was developed in accordance with the requirements of policies relating to treating customers fairly and transparently.

With regards to preparation for the requirements of the tax compliance law for foreign accounts (FATCA), the Bank prepared an action plan and a time frame to meet the requirements of this Act. Further, policies, procedures, organizational structures and models of banking and automated systems and reports were all modified in order to comply with the Act, as well as equipping branches and subsidiaries with all needed matters to comply with the Act.

It is worth mentioning that the Bank was ranked first in the financial sector in its readiness for compliance with requirements of the law. Work is also currently underway on the automated processing system to start using it there under. A special unit thus was established in order to update customers' data (Data Cleansing).

In this regard, the Bank modified its work procedures and forms were modified to meet the requirements (FATCA) and the requirements of the retail strategy and the other work requirements from the Bank. The Bank also undertakes to comply with the Basel Committee II in accordance with the requirements of the Central Bank of Jordan. The Bank is keen to strengthen and consolidate its corporate governance and discloses in its annual report its Corporate Governance Guide and the extent of compliance with it. Regarding the control of the security aspects of the Bank, the Bank applied the Management Security System (MSS) to evaluate and monitor all aspects of information security and technical aspects 24 hours, 365 days. Also a contract was signed with a specialized company to assess all aspects of security in the bank before the launch of the Automated Electronic Channels System.

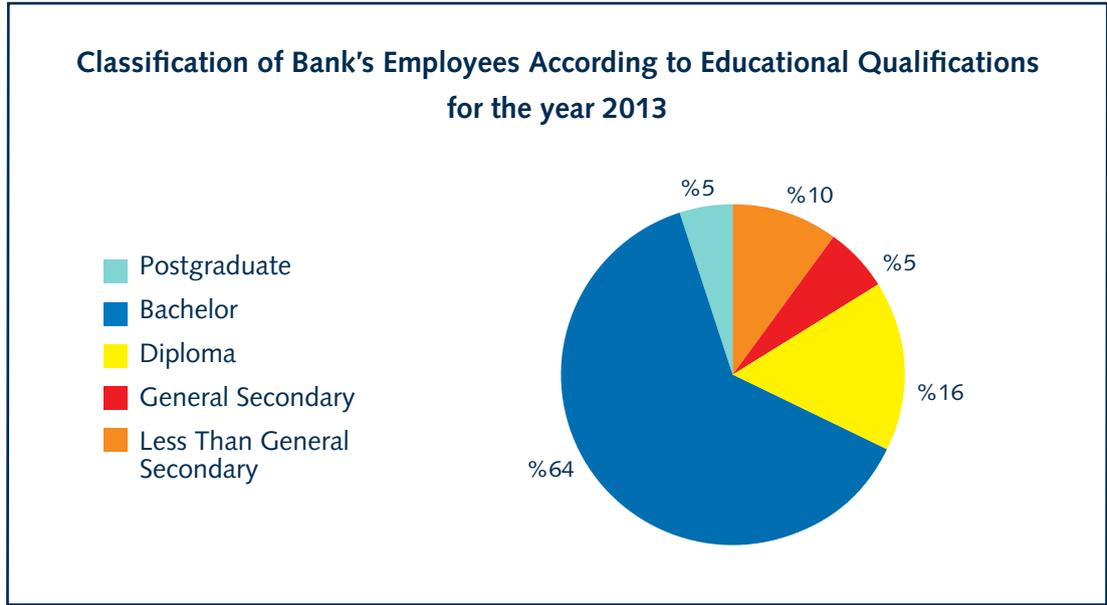
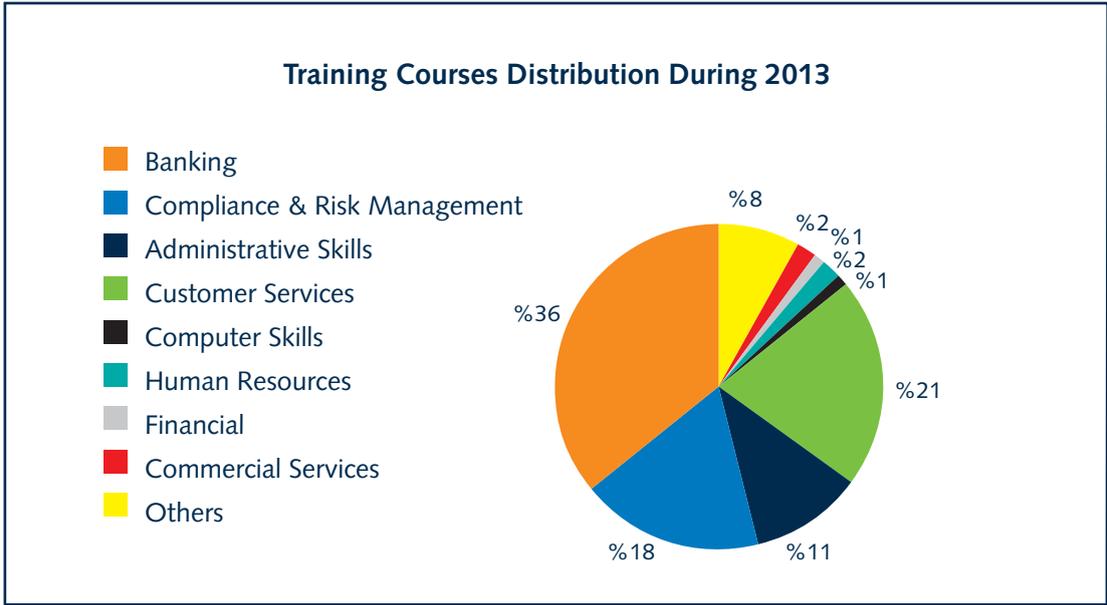
The Bank also continued to re-evaluate the files of operational risk for all business units, reviewing and rating base operational errors of the Bank and linking them with related risks, as well as automatically applying key risk indicators (KRI). In this regard, operational risk management policy was modified to keep abreast with the latest developments. The Bank also continued to conduct stress testing as well as to review and modify scenarios for these tests to commensurate with the nature and size of the risk to which the Bank could be exposed and make necessary corrections when needed. The Bank is also working on the application of advanced scenarios to monitor all the processes that take place to anti-money laundering and terrorist financing.

### **Human Resources:**

At Bank of Jordan we are well aware that the best way to become the best bank for our customers passes inevitably through the creation of an ideal working environment for our employees and the creation of working groups that are trained and qualified with a high degree of expertise and efficiency in banking and professionalism. We have continued our efforts to become the bank of choice for employees and this was achieved by focusing on the development of human capital and strengthening the commitment and affiliation of staff to the Bank. This task has become a priority for HR department where the executive management of the Bank implemented adoption of best practice in the management of human resources in order to service and support business units. Therefore, Human Resources Department worked during the year 2013 on the application of the first phase of special automated system of the human resources department (HRMS), which includes the application of payroll, self-service, and attendance systems so that all HR transactions in the Bank are automated. With regards to the performance appraisal system, work was completed on the introduction of all jobs' objectives electronically which were used to build a library of goals as an entry point for the application of the performance appraisal system automatically in order to increase the efficiency and effectiveness of the evaluation and performance review which is conducted annually and semi-annually. Also the human resources department started the actual application of the process of assessing the annual performance automatically therefore becoming the first bank in Jordan which implements an automated system for human resources as an integrated system which will be also implemented in associated institutions and subsidiaries in Jordan, Palestine and Syria to ensure harmony with Banks' systems and policies.

Among the fruitful initiatives that were successfully implemented with the purpose of developing staff, the Bank launched specialized development programs covering contact centre and retail loans sales department as well as a development program for tellers and customer service jobs. On the other hand, the Bank continued the program of adoption of internal trainers which aims to rehabilitate internal trainers certified by the bank in addition to the Induction Program for newly recruited staff, and finally holding a specialized training course for a number of executives as part of a program to develop leadership skills for managers of departments and branches.

With regards to our branches in Palestine, a new grading structure was designed and a salaries scale was put forward to commensurate with the level of salaries in the Palestinian market in order to achieve optimal investment in human resources and maintain competent staff. Also a training program was implemented for branches staff using the services of an external training firm. In addition an integrated training program was implemented related to the policy and procedures as well as communication skills with customers.



## Corporate Social Responsibility:

Bank of Jordan has always been a leading institution in the field of social responsibility where the Bank contributed to and successfully participated over the years in the development of several aspects of society, such as education, sports, arts, culture and humanitarian activities by supporting and sponsoring associations and civil society organizations and national institutions of different activities.

Based on the philosophy of Bank of Jordan "as a learning organization" and its view of scientific research as an essential means to build an upscale and prosperous community, and one of the main drivers of economic development the Bank supported heavily scientific research by providing support to scientific institutions and universities and facilitating scientific research by being accommodating to researchers who collect data and conduct research in the fields of economics, administration, banking and social studies.

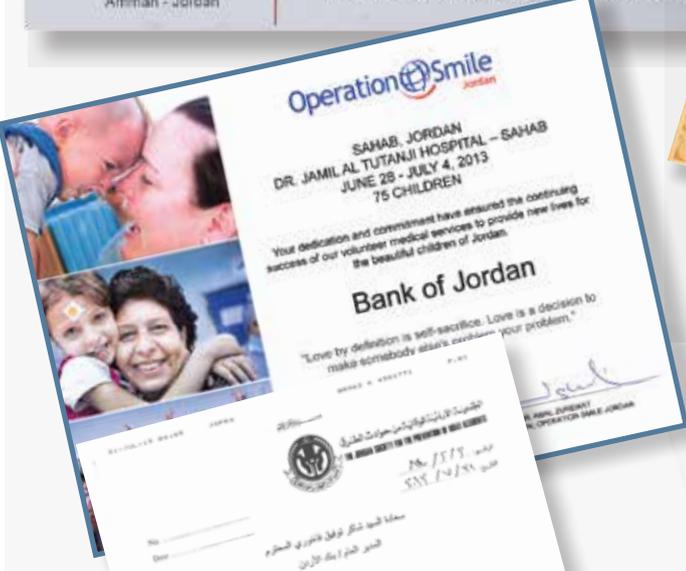
As a continuation of its educational initiatives Bank of Jordan continued its strategic partnership with the program "Hikayat Simsim" for the fifth year in a row, which is based on the publication of educational messages to children. Also the Bank worked on a collaboration with "Hikayat Simsim" on the launch of a new walkaround, which aims to teach children the principles of spending, participation, savings, and develop a sense of economic culture within them. The Bank also continued to provide support for the fifth year in a row to Children's Museum of Jordan, which has allowed free access to children and their families on the first Friday of every month. The Bank also signed a partnership agreement with Injaz which saw the Bank supporting and adopting company programs in Hussein Secondary School for Girls where students were helped to create their own companies that allowed students to develop their skills and entrepreneurial spirit. The Bank's commitment and support was honored by the Ministry of Education and the U.S. Agency for International Development especially for the support of "From the School to the Professions". In the context of the Bank's support for sports activities, the Bank has supported Gezira Sporting Club, and Chess Championship which was held in the Jordanian Club for the Deaf that aimed to integrate them to larger community.

As part of Bank of Jordan's commitment to be at the forefront of supporting the activities of the Jordanian society and serving the goals of integration, collaboration and synergy by contributing to the activities of charities and supporting their work, the Bank continued to provide support for a campaign of philanthropy organized by the Hashemite Jordanian Commission annually in the month of Ramadan in addition to providing support for a number of institutions and associations, including: the South Society for Special Education, Humanitarian Aid Club, Jordan Medical Aid for Palestine, White Beds Society, Society Operation Smile, Association for Cerebral Palsy, Palestine International Foundation, Princess Taghreed Foundation for Development of Arts and Crafts, Welfare Association and Safety Association of Jordan. It is worth noting that Bank of Jordan's contributions totaled JD 294.9 thousand in 2013.






 Thank you  
 Bank of Jordan  
 for your sponsorship on 31 July 2013  
[www.StepsOrganization.org](http://www.StepsOrganization.org)  
 Amman - Jordan

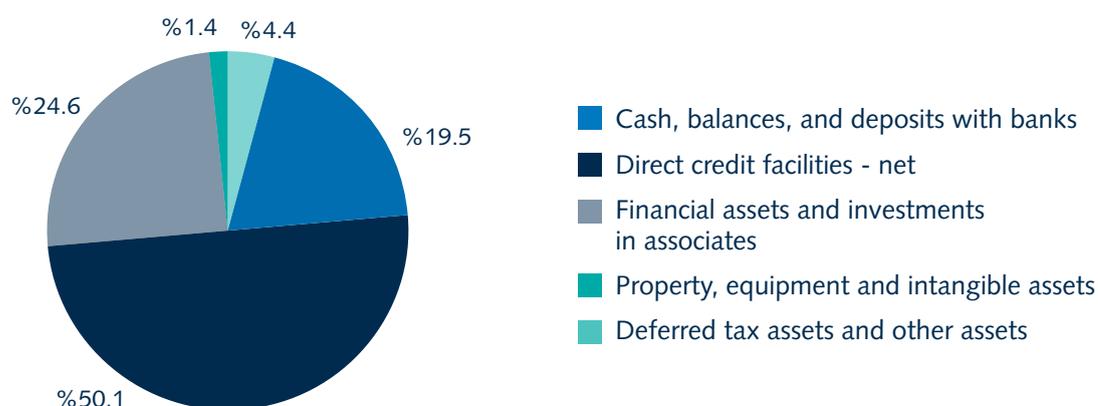


# Analysis of Financial Position and Business Results for the Year 2013

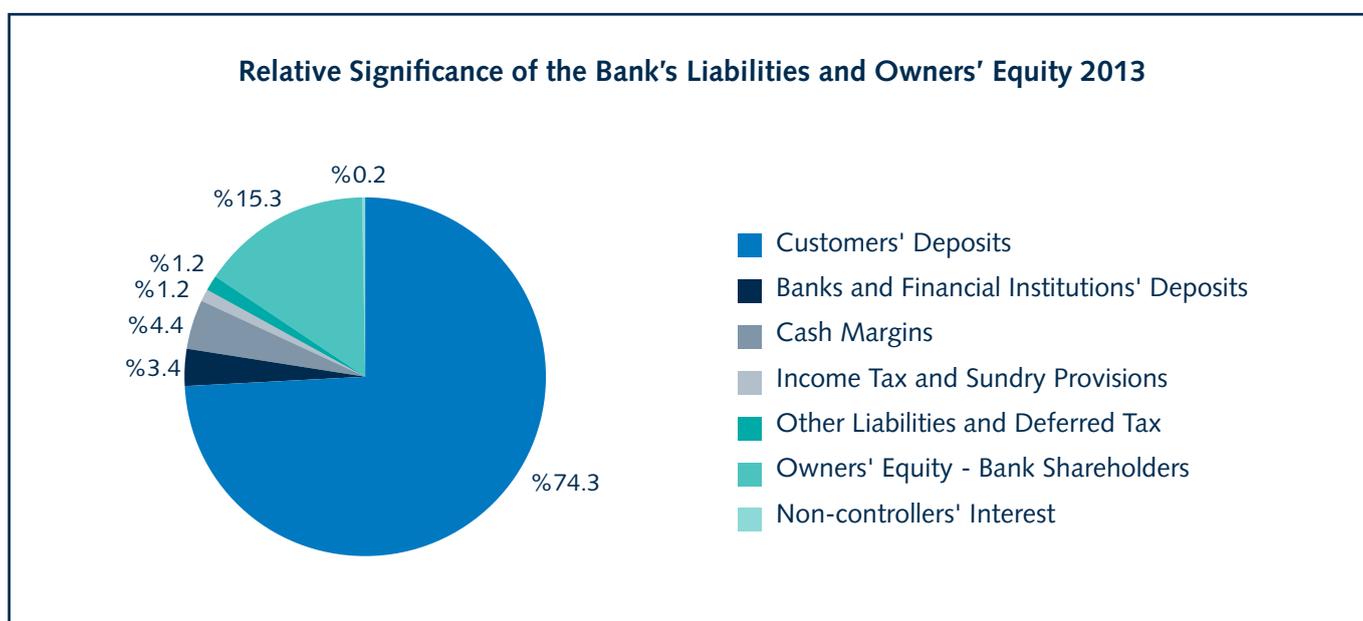
The Bank's total assets rose to JD 2,076.9 million at the end of 2013 compared to JD 2,016.6 million at the end of 2012, representing a growth of 3%. Efforts also continued in the development of equity and the maintenance of a balance between profitability and a secure investment, avoiding investments with high risks, the provision of liquidity and cash needed to meet financial obligations with the various deadlines and optimization of the use of available funds efficiently and effectively which succeeded in maintaining the Banks' strong financial position and the Bank's revenues' growth.

The Bank's Financial Position				
	JD (Millions)		Relative Significance %	
	2013	2012	2013	2012
Cash, Balances, And Deposits With Banks	405.0	504.2	19.5%	25.0%
Direct Credit Facilities - Net	1,040.3	930.6	50.1%	46.1%
Financial Assets And Investments In Associates	510.5	464.8	24.6%	23.1%
Property, Equipment And Intangible Assets	29.7	40.0	1.4%	2.0%
Deferred Tax Assets And Other Assets	91.4	77.0	4.4%	3.8%
<b>Total Assets</b>	<b>2,076.9</b>	<b>2,016.6</b>	<b>100%</b>	<b>100%</b>

Relative Significance of the Bank's Assets 2013



<b>Liabilities and Owners' Equity</b>				
	JD (Millions)		Relative Significance %	
	2013	2012	2013	2012
Customers' Deposits	1,544.2	1,552.6	74.3%	77.0%
Banks And Financial Institutions' Deposits	69.9	35.0	3.4%	1.7%
Cash Margins	92.1	84.7	4.4%	4.2%
Income Tax And Sundry Provisions	24.5	25.2	1.2%	1.3%
Other Liabilities And Deferred Tax	24.7	28.3	1.2%	1.4%
Owners' Equity - Bank Shareholders	317.0	276.5	15.3%	13.7%
Non-controllers' Interest	4.5	14.3	0.2%	0.7%
<b>Total Liabilities And Owners' Equity</b>	<b>2,076.9</b>	<b>2,016.6</b>	<b>100%</b>	<b>100%</b>

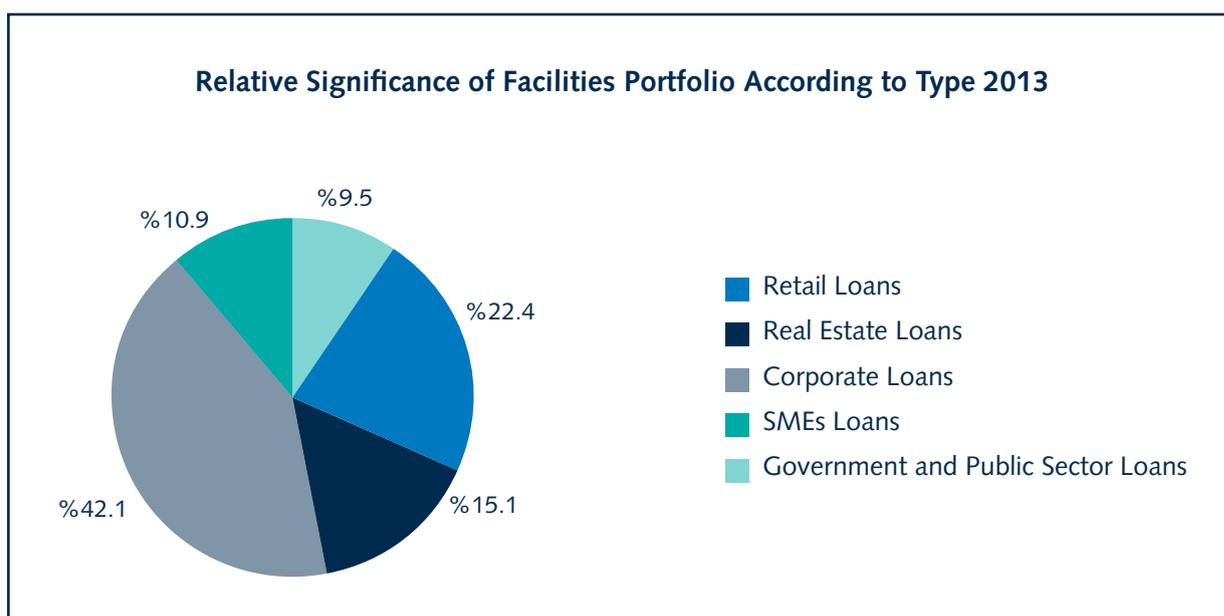


## Direct Credit Facilities

Total credit facilities increased in 2013 by JD 118.6 million and 11.5% from the year 2012, where the Bank followed a balanced credit policy under the supervision of the Executive Committee, in light of changes in interest rates and the expected return on the facilities, and after studying the market and credit risk in the markets in which the Bank operates, and maintaining the quality of the credit portfolio, as well as the collection of outstanding loans.

The percentage of non-performing facilities to the total facilities (net of interest in suspense) reached 8.72% compared with 9.88% for the year 2012 which is within the standard ratio. Also the financing of the various productive and feasible economic sectors continued, in addition to financing retail and corporate sectors as well as large, small and medium enterprises (SMEs) and the public sector, with the aim of risk diversification and the effective and efficient management of available funds.

Breakdown of credit facilities (after deducting interest and commission received in advance)				
	JD (Millions)		Relative Significance %	
	2013	2012	2013	2012
Retail Loans	257.1	230.3	22.4%	22.4%
Real Estate Loans	172.9	174.8	15.1%	17.0%
Corporate Loans	482.2	401.3	42.1%	39.0%
SMEs Loans	125.4	137.6	10.9%	13.4%
Government And Public Sector Loans	109.1	84.1	9.5%	8.2%
<b>Total</b>	<b>1,146.7</b>	<b>1,028.1</b>	<b>100%</b>	<b>100%</b>



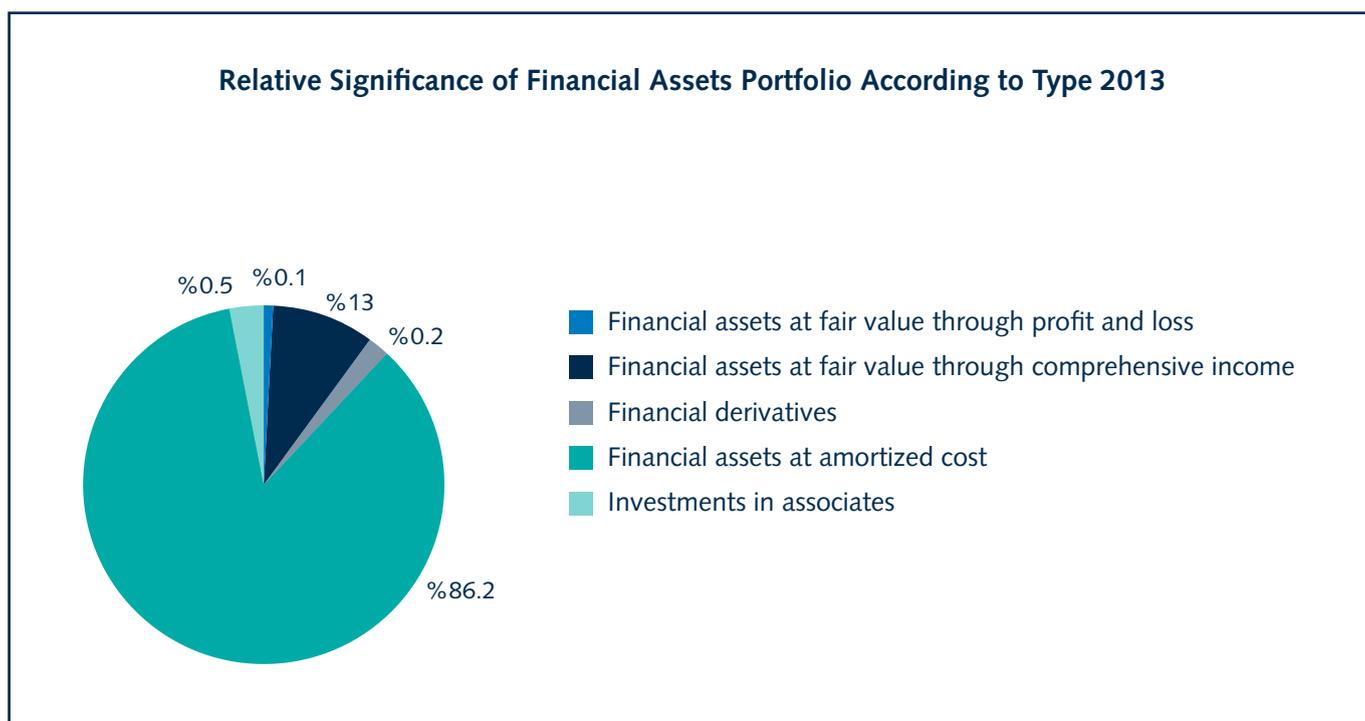
## Provision for Impairment of Direct Credit Facilities

The Bank continues to follow a clear policy to hedge against any expected loss, and the keeping of provisions against non-performing loans individually for each loan as well as for the portfolio, in accordance with the requirements of the International Accounting Standards and the monetary authorities and the recommendations of the auditors of the Bank accounts, in order to strengthen its financial position, where the coverage ratio of provision for non-performing loans reached (after deducting outstanding interest) 93% per customer for the year 2013 compared to 83% for the year 2012, while the provisions that were no longer required and were turned over to other debts during the year reached about JD 11.7 million in addition to the provision expenses for the year, which amounted to JD 13.7 million. The fair value of the guarantees provided for the credit facilities reached JD 378.1 million, compared to JD 422.9 million in the past year.

## Financial Assets Portfolio

The financial assets portfolio amounted to JD 45.7 million in 2013 with an increase of 9.8% over the year 2012. The increase was a result of the rising financial assets carried at amortized cost of JD 24.4 million (or 5.9%), which represents the Bank's investments in bonds and treasury bills and government bonds, to reach a relative importance up to 86.2% of the total portfolio of financial assets. Also financial assets at fair value through comprehensive income rose by JD 22.3 million with a growth of 51%, which represents equity investments in active markets.

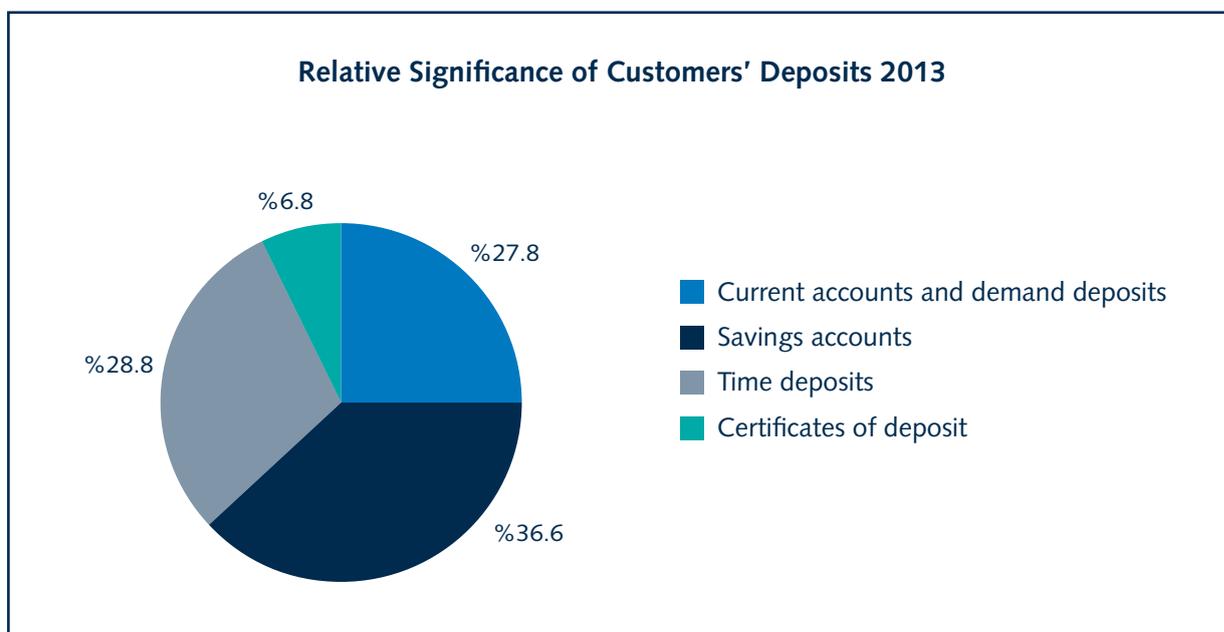
Financial Assets Portfolio				
	JD (Millions)		Relative Significance %	
	2013	2012	2013	2012
Financial Assets At Fair Value Through Profit And Loss	0.7	0.8	0.1%	0.2%
Financial Assets At Fair Value Through Comprehensive Income	66.0	43.7	13.0%	9.4%
Financial Derivatives	0.9	1.8	0.2%	0.4%
Financial Assets At Amortized Cost	440.2	415.8	86.2%	89.4%
Investments In Associates	2.7	2.7	0.5%	0.6%
<b>Total</b>	<b>510.5</b>	<b>464.8</b>	<b>100%</b>	<b>100%</b>



## Customers' Deposits

Total deposits of the Bank's customers reached JD 1,544.2 million at the end of 2013 compared to JD 1,552.6 million at the end of 2012 with a decrease of JD 8.4 million which represents a 0.5% decrease. Meanwhile, the Bank continues to attract low-cost deposits, promote its savings accounts and certificates of deposit and expand its depositor base. As a result, savings deposits increased for the year 2013 by 6.3% from the year 2012, and current accounts and demand deposits increased by 13.5%, whereas time deposits dropped by 16.9% and certificates of deposit by about 2.5%. The value of non-interest bearing deposits amounted to JD 659.2 million, compared to JD 594.4 million for the previous year.

Customers' Deposits According to Type				
	JD (Millions)		Relative Significance %	
	2013	2012	2013	2012
Current Accounts And Demand Deposits	429.8	378.6	27.8%	24.4%
Savings Accounts	564.9	531.3	36.6%	34.2%
Time Deposits	444.0	534.5	28.8%	34.4%
Certificates Of Deposit	105.5	108.2	6.8%	7.0%
<b>Total</b>	<b>1,544.2</b>	<b>1,552.6</b>	<b>100%</b>	<b>100%</b>



## Bank Owners' Equity

Owners' equity rose to JD 317 million in 2013 compared to JD 276.5 million in 2012, which represents an increase of JD 40.5 million and 14.6%. The legal reserve stood at JD 54.6 million in 2013, with an increase of JD 6 million and 12.4%, and voluntary reserve reached JD 13.7 million. Hence, the board of directors decided to submit its recommendations to the General Assembly to distribute a cash dividend of 15% of capital (equivalent to JD 23.3 million).

## Capital Adequacy

The capital adequacy ratio reached 16.3% in 2013 compared to 16.46% in 2012, which is twice the minimum required by the Basel Committee of 8% and also higher than the minimum required by the Central Bank of Jordan of 12%. The ratio of primary capital to risk weighted assets reached 15.49 % for the year 2013 compared to 16.03% in the previous year.

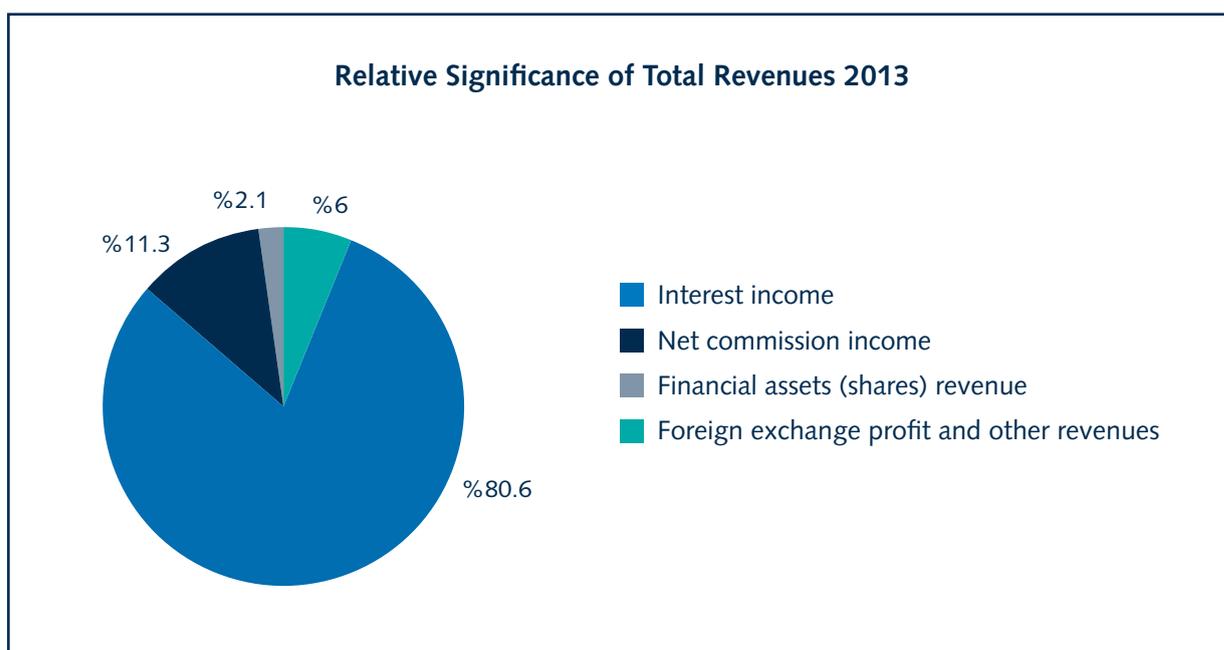
## Bank's Financial Results

The Bank's total revenues reached JD 146.5 million in 2013 compared to JD 150.4 million last year showing a decline of 2.6%. Also, total income reached JD 114.5 million, compared to JD 117.3 million in 2012. While net interest and commission income reached JD 102.6 million, compared to JD 104.6 million at the end of the year 2012.

Net profit before taxes and provisions amounted to JD 64.8 million for the year 2013, compared to JD 66.2 million in 2012. The net profit after deducting the income tax, provision for impairment of direct credit portfolio, and other provisions reached JD 36.4 million in 2013, compared to JD 33.2 million in 2012, which represents an increase of 9.7%.

Net profit before and after taxes and provisions			
	JD (Millions)		Difference
	2013	2012	2013
<b>Net Profit Before Taxes And Provisions</b>	64.8	66.2	(1.4)
Provision For Impairment Of Direct Credit Facilities	(13.7)	(18.2)	4.5
Sundry Provisions	(0.9)	(1.8)	0.9
<b>Net Profit Before Tax</b>	50.2	46.2	4.0
Income Tax Expences	(13.8)	(13.0)	(0.8)
<b>Net Profit</b>	<u>36.4</u>	<u>33.2</u>	<u>3.2</u>

Total Realized Revenues				
	JD (Millions)		Relative Significance %	
	2013	2012	2013	2012
Interest Income	118.1	120.5	80.6%	80.1%
Net Commission Income	16.5	17.3	11.3%	11.5%
Financial Assets (Shares) Revenue	3.1	3.1	2.1%	2.1%
Foreign Exchange Profit And Other Revenues	8.8	9.5	6%	6.3%
<b>Total</b>	<b>146.5</b>	<b>150.4</b>	<b>100%</b>	<b>100%</b>

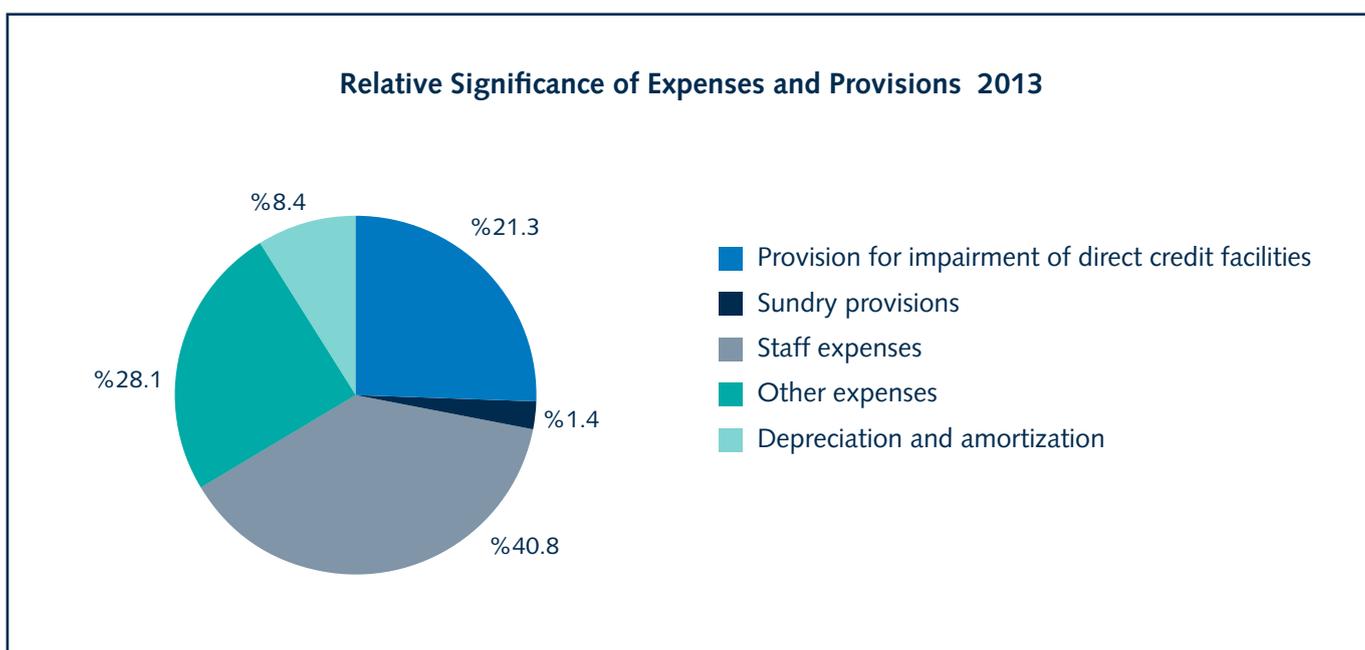


## Expenses and Provisions

The total expenses and provisions reached JD 64.3 million in 2013 compared to JD 71 million in 2012, a decrease of JD 6.7 million at a rate of 9.5%. This decrease was a result of savings in personnel expenses of JD one million, as well as savings in provision impairment facilities of JD 4.4 million representing 24.3%. Also, depreciation item fell by JD 868.2 thousand, while other expenses increased by about JD 532.6 thousand as a result of an increase in insurance fees and expenses of electricity, heating, license fees and taxes, donations and grants, subscriptions and maintenance and decrease in rent expenses, printing and stationery, telephone and postage, professional and legal fees, and other expenses.

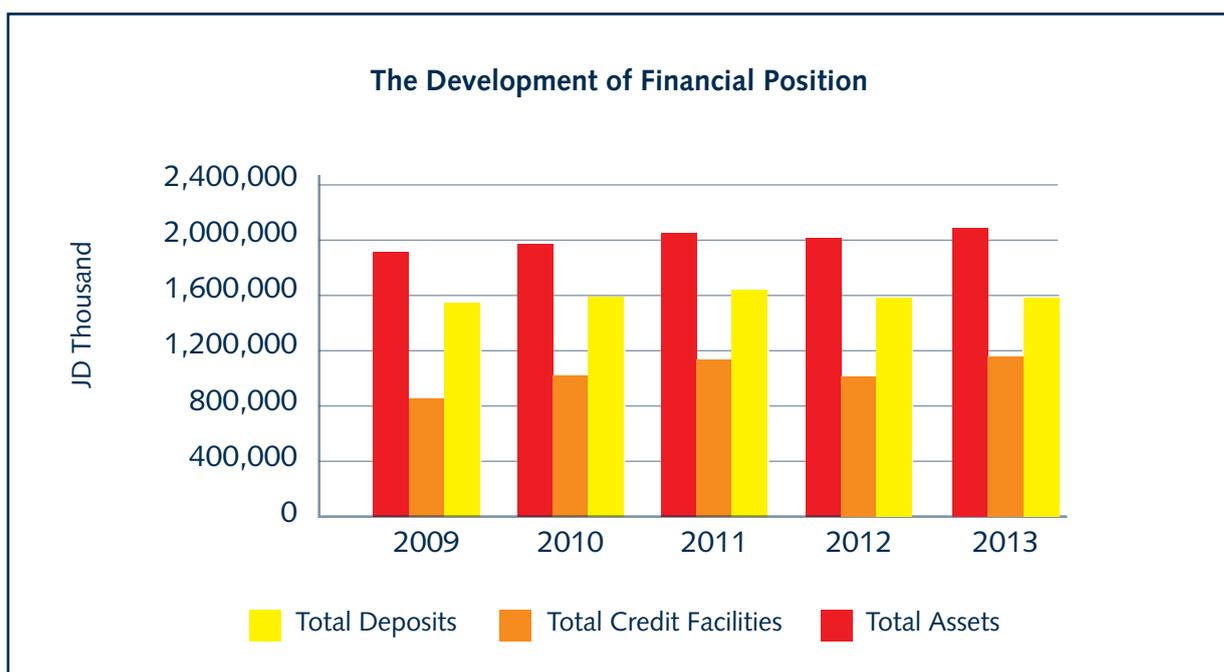
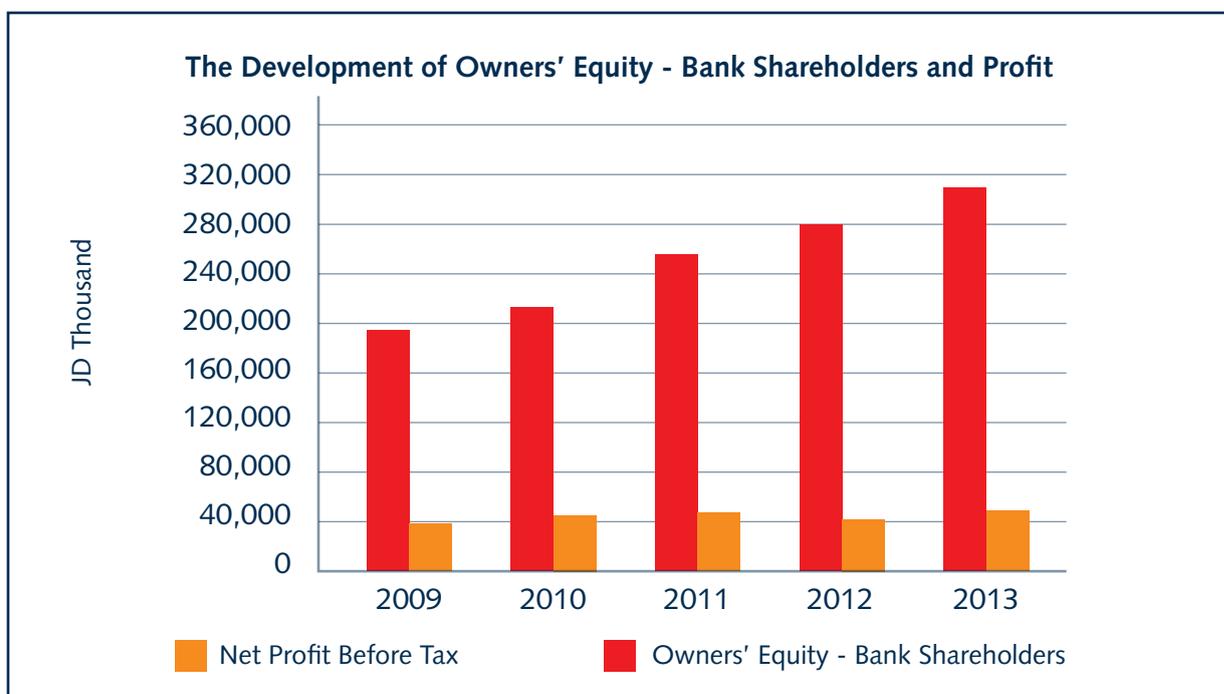
Whereas the salaries and executive management remunerations amounted to JD 1.4 million in 2013, compared to JD 1.9 million in the previous year 2012, while the fees of the auditors of Bank of Jordan reached JD 126.3 thousand and audit fees for Bank of Jordan - Syria amounted to JD 22.9 thousand, and for Excel for Financial Investments Company amounted to JD 5.2 thousand, and for Jordan Leasing Company amounted to JD 1.7 thousand.

Expenses and Provisions				
	JD (Millions)		Relative Significance %	
	2013	2012	2013	2012
Provision For Impairment Of Direct Credit Facilities	13.7	18.2	21.3%	25.6%
Sundry Provisions	0.9	1.8	1.4%	2.5%
Staff Expenses	26.2	27.3	40.8%	38.5%
Other Expenses	18.1	17.5	28.1%	24.7%
Depreciation And Amortization	5.4	6.2	8.4%	8.7%
<b>Total</b>	<b>64.3</b>	<b>71.0</b>	<b>100%</b>	<b>100%</b>



Main Financial Ratios		
	2013	2012
Return On Average Bank Shareholders' Equity	13.73%	13.55%
Return On Capital	26.3%	23.4%
Return On Average Assets	1.99%	1.78%
Profitability Per Employee (After Tax)	JD 20,573	JD 18,987
Interest Income / Average Assets	5.77%	5.92%
Interest Expense / Average Assets	1.56%	1.63%
Interest Margin / Average Assets	4.20%	4.29%
Credit Facilities' Impairment Provision / Non-performing Loans	93%	83%
Non-performing Loans / Total Credit Facilities	8.72%	9.88%

Financial indicators for the years (2009 – 2013)		Amount in JD Thousand				
Fiscal Year	2009	2010	2011	2012	2013	
Total Assets	1,907,992	1,969,064	2,052,858	2,016,628	2,076,937	
Total Credit Facilities	917,407	1,023,349	1,125,667	1,028,093	1,146,687	
Total Deposits (Customers & Banks)	1,526,392	1,586,989	1,631,418	1,587,636	1,614,122	
Owners' Equity – Bank Shareholders	192,668	214,408	259,194	276,510	316,986	
Non-controllers' Interest	21,455	21,351	18,114	14,267	4,506	
Net Profit Before Tax	36,909	45,427	49,674	46,222	50,204	



# Our Goals for 2014

- To continue to strengthen the financial and competitive position of the Bank in the markets in which it operates, (Jordan, Palestine ,Syria), and the preservation of key financial ratios of the Bank within the requirements of regulatory authorities in the countries in which it operates and the requirements of international standards.
- To focus on the concept of total quality in the provision of products and services for the retail sector, through the application of a number of projects and programs which include: customer satisfaction measurement program, Customer Relationship Management program CRM, in addition to the continued application of the retail strategy to meet the needs of all customer segments according to the segmentation of the market.
- To continue the Bank's contribution to the overall economic development in the markets in which it operates through meeting the financing needs of large and small and medium enterprises (SMEs), manage the relationship with these enterprises and develop the marketing mix that meets their expectations. The Bank will also continue to provide them comprehensive banking solutions, including financing solutions for customers who do not tend to deal in traditional funding by providing leasing services.
- To strengthen our network and our distribution outlets in order to reach target segments of customers in line with the new retail strategy. This is achieved by continuing to expand branch networking in targeted areas, work on the establishment of specialized service centers for VIP clients, update and maintain service environment through distribution outlets in line with business requirements and corporate identity of the Bank, and supplying them with the latest technology in the field of customer service channels.
- To continue to provide an operations environment and systematic procedures, databases and modern information systems, policies and systems that are able to meet the requirements of current and future business of the Bank and for the subsidiaries. This will enhance the Bank's ability to raise the level of service provided to its customers. Among the most prominent projects in this area was the completion of the application of the collection system in Jordan and Palestine, the application of the second phase of the re-organization of the regional administration of the branches of Jordan and Palestine and the data warehouse system (DWH) and the system of administrative approvals "E-Application" in Palestine's branches.
- To continue to move up the technological base, technical and communications systems in the Bank to attain leadership and excellence in the application of banking operations technology and associated risks, and to develop the level of service provided to customers . Among the most prominent projects that will be implemented in this area are the completion of the application of a new and advanced online banking service (Internet Banking) in Jordan and Palestine to keep pace with developments in the sector of electronic services in both countries and through cell-phone (Mobile Banking) and to change the short messaging system (SMS service), in addition to the immediate application of the national payments system (JoMoPay - EBPPS - ACH) and the central electronic payment (Payment HUP), in addition to updating the ATMs' system MXP.
- To continue to harmonize the Bank with the laws, legislation and banking and professional regulations issued by regulatory authorities in each of Jordan, Palestine, Syria and international regulatory bodies, the Bank will apply an automated system of monitoring customers' accounts for the purpose of verification of the compliance with the Foreign Accounts Tax Compliance (FATCA), and the application of the MSS project to assess and monitor all aspects of information security with respect to monitoring the security records of database and banking systems with high risk. The Bank will also prepare to apply the requirements of automated systems for the internal capital adequacy assessment process (ICAAP) and conduct stress testing and the requirements of Basil III.
- To continue to improve credit policies and credit risk management in accordance with international best practice, where the Score Card and the CDA credit analysis systems will be applied in both Jordan and Palestine. Also credit policies and programs will be developed to meet the customer's requirements and within acceptable credit risk, in addition to the development of control procedures over the retail credit portfolio products to reduce credit risks, and guide the granting of credit to the least risky segments and continue to develop credit studies and the development of parameters needed to make credit decisions. Furthermore, the Bank will continue to upgrade its applied credit risk rating system.
- To continue to work on initiatives aimed to make Bank of Jordan the employer of choice in Jordan's banking sector through the implementation of action plans and programs for human resources at the organizational, operational, developmental, and work environment levels and thus contribute to the enhancement of staff satisfaction and commitment to their work.
- To continue to strengthen and differentiate the Bank's positive social image and its commercial brand among all segments of society, by continuing to support socially responsible activities in the form of support and care to educational initiatives, cultural institutions and sporting clubs, and build strategic partnerships with targeted national institutions.





# Consolidated Financial Statements and Independent Auditor's Report 2013

Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Income	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Changes in Owners' Equity	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 74

# Independent Auditor's Report

**Deloitte.**

Deloitte & Touche (M.E.) - Jordan  
Jabal Amman, 5<sup>th</sup> Circle  
190 Zahran Street  
P.O. Box 248  
Amman 11118, Jordan

Tel : +962 (0) 6 5502200  
Fax : +962 (0) 6 5502210  
www.deloitte.com

## Independent Auditor's Report

AM/ 8572

To the Shareholders of  
Bank of Jordan  
Amman – The Hashemite Kingdom of Jordan

We have audited the accompanying consolidated financial statements of Bank of Jordan (Public Shareholding Limited Company) which comprises of the Consolidated Statement of Financial Position as of December 31, 2013, and the Consolidated Statements of Income, Comprehensive Income, Changes in Owners' Equity and Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bank of Jordan as of December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### ***Report on the Legal and Regulatory Requirements***

The Bank maintains proper accounting records duly organized and aligned with the accompanying consolidated financial statements and with the financial data presented in the Board of Directors' report. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

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

Amman – Jordan  
January 23, 2014

  
Deloitte & Touche (M.E.) - Jordan

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

Member of Deloitte Touche Tohmatsu Limited

# Consolidated Statement of Financial Position

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		JD	
	Note	December 31	
Assets		2013	2012
Cash And Balances With Central Banks		222,203,686	247,117,221
Balances With Banks And Financial Institutions	4	174,239,024	248,205,341
Deposits With Banks And Financial Institutions	5	8,508,000	8,862,500
Financial Assets At Fair Value Through Profit Or Loss	6	755,072	789,767
Financial Assets At Fair Value Through Comprehensive Income	7	65,988,144	43,688,161
Financial Derivatives	8	867,322	1,823,196
direct Credit Facilities - Net	37	1,040,347,184	930,627,322
financial Assets At Amortized Cost	9	440,199,205	415,833,645
Investments In Associates	10	2,724,672	2,732,903
Property And Equipment – Net	11	27,155,770	37,770,885
Intangible Assets	12	2,534,327	2,259,515
Deferred Tax Assets	13	16,613,171	14,151,149
Other Assets	19/b	74,801,421	62,766,320
<b>Total Assets</b>	14	<b>2,076,936,998</b>	<b>2,016,627,925</b>
Liabilities And Owners' Equity			
Liabilities			
Banks And Financial Institutions' Deposits	15	69,916,512	35,036,790
customers' Deposits	16	1,544,205,723	1,552,599,693
Cash Margins	17	92,141,505	84,671,584
Sundry Provisions	18	7,576,946	7,799,896
income Tax Provision	19/a	16,947,814	17,367,872
deferred Tax Liabilities	19/b	-	5,882,960
Other Liabilities	20	24,656,912	22,492,347
<b>Total Liabilities</b>		<b>1,755,445,412</b>	<b>1,725,851,142</b>
Owners' Equity			
Equity Attributable To Bank's Shareholders			
Paid-up Capital	21	155,100,000	155,100,000
statutory Reserve	22	54,601,184	48,583,716
voluntary Reserve	22	13,715,928	13,735,305
general Banking Risks Reserve	22	11,907,433	11,076,830
Special Reserve	22	2,319,566	1,788,281
Foreign Currencies Translation Differences	23	(11,643,042)	(4,524,549)
Fair Value Reserve – Net	24	33,450,490	6,880,281
Retained Earnings	25	57,534,189	43,869,842
<b>total Equity Attributable To The Bank's Shareholders</b>		<b>316,985,748</b>	<b>276,509,706</b>
Non-controllers' Interest		4,505,838	14,267,077
<b>Total Owners'equity</b>		<b>321,491,586</b>	<b>290,776,783</b>
<b>Total Liabilities And Owners'equity</b>		<b>2,076,936,998</b>	<b>2,016,627,925</b>

Chief Executive Officer / Board of Directors Chairman

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

# Consolidated Statement of Income

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan JD			
	Note	For the year ended December 31	
		2013	2012
interest Income	27	118,050,839	120,476,452
Interest Expense	28	32,025,346	33,168,822
<b>Net Interest Income</b>		86,025,493	87,307,630
Commissions Income – Net	29	16,549,784	17,319,145
<b>Net Interest And Commissions Income</b>		102,575,277	104,626,775
foreign Currencies Income	30	1,822,361	3,202,712
Gains From Financial Assets At Fair Value Through Profit Or Loss	31	(26,050)	16,440
Cash Dividends From Financial Assets At Fair Value Through Other Comprehensive Income		3,154,008	3,093,482
Other Income	32	6,971,507	6,331,020
<b>total Income</b>		114,497,103	117,270,429
<b>Expenses</b>			
Employee Expenses	33	26,213,876	27,266,464
Depreciation And Amortization	12,13	5,349,386	6,217,556
other Expenses	34	18,100,947	17,568,390
provision For Impairment Of Direct Credit Facilities	9	13,746,116	18,162,709
Sundry Provisions	18	874,458	1,818,982
<b>total Expenses</b>		64,284,783	71,034,101
<b>Profit From Operations</b>		50,212,320	46,236,328
Bank's Share Of Investment In Associates (Losses)	11	(8,231)	(14,114)
Profit Before Income Tax		50,204,089	46,222,214
Less: Income Tax Expense	19	(13,810,911)	(13,032,648)
<b>Profit For The Year</b>		36,393,178	33,189,566
<b>Attributable To</b>			
Bank's Shareholders		40,739,214	36,289,465
Non–controllers' Interest		(4,346,036)	(3,099,899)
		36,393,178	33,189,566
<b>Earnings Per Share For The Year Attributable</b>			
To The Banks' Shareholders	35	0.263	0.234
Basic	35	0.263	0.234
Diluted			

Chief Executive Officer / Board of Directors Chairman

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

## Consolidated Statement of Other Comprehensive Income

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		JD
	For the year ended December 31	
	2013	2012
Profit For The Year	33,189,566	33,189,566
Other Comprehensive Income Items		
Foreign Currencies Translation Differences	(1,788,864)	(1,788,864)
Gains On Sales Of Financial Assets At Fair Value Through Comprehensive Income	102,514	102,514
Change In Fair Value Reserve - Net Of Tax	5,230,461	5,230,461
Total Comprehensive Income	<u>36,733,677</u>	<u>36,733,677</u>
Total Comprehensive Income Attributable To		
The Bank's Shareholders	40,580,977	40,580,977
Non-controllers' Interest	(3,847,300)	(3,847,300)
	<u>36,733,677</u>	<u>36,733,677</u>

The accompanying notes from 1 to 46 constitute an integral part of these statements and should be read with them.

# Consolidated Statement of Changes in Owners' Equity

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

	Reserves			
	Paid-up Capital	Statutory	Voluntary	General Banking Risks
	JD	JD	JD	JD
<b>For The Year Ended December 31, 2013</b>				
Balance - beginning of the year	155,100,000	48,583,716	13,735,305	11,076,830
Adjustments ( Note 46)	-	-	-	-
Adjusted opening balance	155,100,000	48,583,716	13,735,305	11,076,830
Foreign currencies translation differences	-	(19,376)	(19,377)	(257,726)
Profit for the year	-	-	-	-
(Loss) from sale of financial assets at fair value through comprehensive income	-	-	-	-
Changes in fair value reserve - net of tax	-	-	-	-
Total Comprehensive Income	-	(19,376)	(19,377)	(257,726)
Transfer to reserves	-	6,036,844	-	1,088,329
Dividends paid *	-	-	-	-
Balance - end of the year	155,100,000	54,601,184	13,715,928	11,907,433
<b>For the Year Ended December 31, 2012</b>				
Balance - beginning of the year	155,100,000	43,295,048	8,928,707	10,876,048
Foreign currencies translation differences	-	(4,583)	(8,136)	(2,264)
Profit for the year	-	-	-	-
Gains on sale of financial assets at fair value through comprehensive income	-	-	-	-
Changes in fair value reserve - net of tax	-	-	-	-
Total Comprehensive Income	-	(4,583)	(8,136)	(2,264)
Transfer to reserves	-	5,293,251	4,814,734	203,046
Dividends paid	-	-	-	-
Balance - end of the year	155,100,000	48,583,716	13,735,305	11,076,830

\*According to the resolution of the Bank General Assembly in its ordinary meeting held on March 25, 2013, it was approved to distribute 15% of the capital of the Bank in cash to shareholders which is equivalent to JD 23,265,000.

\*\* In Accordance to the instructions of the regulatory bodies:

- The general banking risks reserve cannot be utilized without prior approval from the Central Bank of Jordan and Palestine Monetary Authority.
- Retained earnings include a restricted amount of JD 16,613,171 against deferred tax benefits as of December 31, 2013. This restricted amount cannot be utilized through capitalization or distribution unless actually realized, in addition to an amount of 882,311 JD related to profit from associate companies as instructed by the Central Bank of Jordan.
- Retained earnings include an amount of JD 7,397,993 as of December 31, 2013 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through actual sale as instructed by Central Bank of Jordan and Jordan Security Commission.

Special	Foreign Currencies Translation Differences	Fair Value Reserve-Net	Retained Earnings	Total Shareholders' Equity	Non-Controllers' Interest	Total Shareholders' Equity
JD	JD	JD	JD	JD	JD	JD
1,788,281	(4,524,549)	6,880,281	43,869,842	276,509,706	14,267,077	290,776,783
-	-	3,711,783	2,171,177	5,882,960	-	5,882,960
1,788,281	(4,524,549)	10,592,064	46,041,019	282,392,666	14,267,077	296,659,743
-	(7,118,493)	-	2,212,191	(5,202,781)	(5,415,203)	(10,617,984)
-	-	-	40,739,214	40,739,214	(4,346,036)	36,393,178
-	-	-	(536,777)	(536,777)	-	(536,777)
-	-	22,858,426	-	22,858,426	-	22,858,426
-	(7,118,493)	22,858,426	42,414,628	57,858,082	(9,761,239)	48,096,843
531,285	-	-	(7,656,458)	-	-	-
-	-	-	(23,265,000)	(23,265,000)	-	(23,265,000)
2,319,566	(11,643,042)	33,450,490	57,534,189	316,985,748	4,505,838	321,491,586
1,112,803	(3,657,895)	1,649,820	41,889,198	259,193,729	18,114,377	277,308,106
-	(866,654)	-	(159,826)	(1,041,463)	(747,401)	(1,788,864)
-	-	-	36,289,465	36,289,465	(3,099,899)	33,189,566
-	-	-	102,514	102,514	-	102,514
-	-	5,230,461	-	5,230,461	-	5,230,461
-	(866,654)	5,230,461	36,232,153	40,580,977	(3,847,300)	36,733,677
675,478	-	-	(10,986,509)	-	-	-
-	-	-	(23,265,000)	(23,265,000)	-	(23,265,000)
1,788,281	(4,524,549)	6,880,281	43,869,842	276,509,706	14,267,077	290,776,783

The accompanying notes from 1 to 46 constitute an integral part of these statements and should be read with them.

# Consolidated Statement of Cash Flows

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan JD			
	Note	For the year ended December 31	
Cash Flows From Operating Activities		2013	2012
Profit before income tax		50,204,089	46,222,214
Adjustments for:			
Depreciation and amortization	12,13	5,349,386	6,217,556
Provision for impairment in direct credit facilities	9	13,746,116	18,162,709
(Gain) Loss from sale of property and equipment	32	(174,032)	577,949
Loss (Gain) from financial assets at fair value through Profit or loss – unrealized	31	34,695	(8,277)
Effect of exchange rate fluctuations	30	(2,307,754)	(3,617,673)
Loss (gain) from financial assets at fair value sized by the bank against doubtful debts - unrealized debts	32	1,314,000	(73,000)
Sundry provisions	18	874,458	1,818,982
Reversed from Income tax on prior years	19	1,119,000	-
Loss from impairment of real estate held for sale	32	-	265,160
Bank's share of investment in associate losses	11	8,231	14,114
Foreign Currency Exchange Differences		9,749,244	3,697,919
Profit before changes in assets and liabilities		79,917,433	73,277,653
Changes in Assets and Liabilities:			
Decrease in restricted balances		1,508,620	144,386
Decrease (Increase) in deposits with banks and other financial institutions (maturing over 3 months)		354,500	(8,862,500)
Decrease in financial assets at fair value through Profit or loss		-	18,800
(Increase) Decrease in direct credit facilities		(123,465,978)	97,710,338
(increase) in other assets		(13,403,092)	(9,940,672)
(Decrease) Increase in customers deposits		(8,393,970)	54,600,045
Increase (decrease) in cash margins		7,469,921	(17,354,823)
Increase in other liabilities		2,003,386	2,316,590
Net change in assets and liabilities		(133,926,613)	118,632,164
Net cash flows (used in) from operating activities before taxes, end-of-service indemnity provision, and Lawsuits provision		(54,009,180)	191,909,817
Paid from end-of-service indemnity provision and lawsuits provision	19	(947,845)	(1,000,371)
Net cash flows (used in) from operating activities		(74,253,524)	177,573,384
Cash Flows From Investing Activities			
(Purchase) of financial assets at amortized cost		(116,467,510)	(274,757,764)
Sale/maturity of financial assets at amortized cost		92,101,950	237,650,323
(Purchase) financial assets at fair value through comprehensive income		(874,123)	(514,347)
Sale of financial assets at fair value through comprehensive income		895,789	374,764
(Purchase) of Financial derivatives		1,009,865	(1,823,196)
(Purchase) of property and equipment and advance payments to acquire property and equipment		(2,691,076)	(4,679,458)
Sale of property and equipment		453,736	200,233
Net cash flows (used in) investing activities		(26,583,379)	(43,783,664)
Cash Flows From Financing Activities			
Foreign currencies translation differences		(10,617,984)	(1,788,864)
Dividends paid to shareholders		(23,103,821)	(23,896,333)
Net cash flows (used in) financing activities		(33,721,805)	(25,685,197)
Effect of exchange rate fluctuations on cash and cash equivalents	30	2,307,754	3,617,673
Net (Decrease) Increase in Cash and Cash Equivalents		(132,250,954)	111,722,196
Cash and cash equivalents - beginning of the year		446,975,276	335,253,080
Cash and Cash Equivalents - End of the Year	36	314,724,322	446,975,276

# Notes to Consolidated Financial Statements

## 1. General

Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. However, the authorized and paid-up capital of the Bank was increased in stages last of which took place in 2011. Thus, authorized, subscribed and paid-up capital reached JD 155/1 million with a par value of JD 1 per share.

The Bank provides all financial and banking services within its scope of activities. Those services are offered through its 66 branches in Jordan, 15 branches in Palestine and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan-Syria).

The consolidated financial statements have been approved by the Board of Directors in its meeting No.569 held on January 23, 2014 subjected to approval by the General Assembly of Shareholders.

## 2. Summary Of Significant Accounting Policies

### Basis of Preparation

- The accompanying consolidated financial statements for the Bank and its subsidiaries were prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee stemming from the International Accounting Standards Board and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The consolidated financial statements were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income and derivatives measured at fair value at the date of preparation of the consolidated financial statements. Moreover, hedged assets and liabilities are stated at fair value.
- The consolidated financial statements are presented in Jordanian Dinar "JD", being the functional currency of the Bank.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2012 except for the effect of the adoption of new and modified standard as in note (47 – A).

### Basis of Consolidation

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

As of December 31, 2013, the Bank owns the following subsidiary companies:

Name of Subsidiary	Paid-up Capital	Bank's Ownership Percentage %	Subsidiary's Nature of Business	Place of Operation	Acquisition Date
Excel for Financial Investments Company	JD 3.5 Million	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan–Syria *	3,000 Million (Syrian – Lira)	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD 10 Million	100	Finance Lease	Amman	October 24, 2011
Oran For Computer Services Company **	JD 10 Million	100	Computer Services	Amman	December 26, 2013

The most important information of the subsidiaries for the year 2013 is as follows:

<b>Name of Subsidiary</b>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenues</u>	<u>Total Expenses</u>
Excel for Financial Investments Company	4,097,056	320,171	351,108	218,003
Bank of Jordan–Syria *	72,781,663	62,979,217	3,496,013	12,017,654
Jordan Leasing Company	10,996,084	418,458	581,650	199,470
Oran For Computer Services Company **	10,000,000	-	-	-

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

\* The results of Bank of Jordan–Syria have been incorporated in the consolidated financial statements due to the power of the Bank to govern the financial and operating policies of the subsidiary.

\*\* The Bank has established the Oran for Computer Services Company at the end of the year 2013. However, the bank is about to close it, as it is no longer needed.

- Non–Controllers' interest represents the portion of equity not held by the Bank in the subsidiary.

#### **Segmental Information**

- Business is a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Executive Director and the main decision maker at the Bank.

- Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

#### **Direct Credit Facilities**

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

- Interest and commission earned on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan, and in accordance with the instructions of the regulatory authorities in Syria and the Palestinian Monetary Authority whichever is more conservative.

- When the procedures to collect the provided for direct credit facilities are not feasible, they are written off against the provision account. Any surplus in the provision - if any - is reversed through the consolidated statement of income. Subsequent recoveries of amounts previously written off are credited to revenue.

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

##### **Financial Derivatives for Trading:**

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the consolidated statement of financial position. Fair value is measured according to the prevailing market prices; the change in fair value is recognized in the consolidated statement of income.

##### **Financial Derivatives for Hedging:**

For hedge accounting purposes, the financial derivatives are stated at fair value. Hedges are classified as follows:

- **Fair value hedge:** hedge for the change in the fair value exposures of the assets and liabilities of the Bank..

When the conditions of an effective fair value hedge are met, the resulting gains and losses from re-measuring the valuation of fair value hedge and the change in the fair value of the hedged assets or liabilities is recognized in the consolidated statement of income.

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

- **Cash flow hedge:** hedge for the change in the current and expected cash flow exposures of the Bank's assets and liabilities of the Bank.

When the conditions of an effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

- When the conditions of the effective hedge do not apply, the gain or loss resulting from change in the fair value of the hedging instrument is recorded in the consolidated statement of income in the same year.
- Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owners' equity in the consolidated statement of financial position.

#### **Financial assets at amortized cost**

- Financial assets at amortized cost are the financial assets which the Bank management intends, according to its business model, to hold for the purpose of collecting the contractual cash flows that are solely payments of principal and interest on the outstanding principal.
- Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium \ discount is amortized using the effective interest rate method, and recorded as debit or credit in the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is recorded in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.
- The amount of the impairment loss recognised at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.
- It is not allowed to reclassify any financial assets from / to this category except for certain cases specified at the International Financial Reporting Standards (and in the case of selling those assets before its maturity date, the results should be recorded in a separate account in the consolidated statement of comprehensive income, disclosures should be made in accordance with the requirements of relevant International Financial Reporting Standards).

#### **Financial assets at fair value through profit or loss**

- Financial assets at fair value through profit or loss are the financial assets purchased by the Bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short-term market prices or trading margins.
- Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded in the consolidated statement of income upon acquisition) and subsequently measured in fair value. Moreover, changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets or part of them are taken to the consolidated statement of income.
- Dividends and interests from these financial assets are recorded in the consolidated statement of income.
- It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standards.

#### **Financial assets at fair value through other comprehensive income**

- Those financial assets represent the investments in equity instruments held for long term.

- These financial assets are recognized at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or Loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

- No impairment testing is required for these assets.

- Dividends are recorded in the consolidated statement of income.

#### **Fair Value**

Fair value represents the closing market price (Asset Purchase/Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements.

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 current market value of a highly similar financial instrument.

- The estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms and risk characteristics.

- Options pricing models.

- Evaluation of long term assets and liabilities that bears no interest in accordance with discounted cash flows using effective interest rate. Premiums and discounts are amortized within interest revenues or expense in the consolidated statement of income.

The evaluation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors and any expected risks or benefits at the time of evaluation of the financial instruments. In case the fair value of an investment cannot be measured reliably, it is stated at cost less any impairment.

#### **Impairment in Financial Assets**

The Bank reviews the values of financial assets recorded on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indication exists, the recoverable value is estimated so as to determine the impairment loss.

#### **Investments in Associates**

- An associate is an entity over which the Bank has significant influence on the decisions related to Financial and operating policies (but does not control) and whereby the Bank owns 20% - 50% of its voting rights. Moreover, the Bank recognizes its share in the associate based on the equity method.

- Profits and losses resulting from transactions between the Bank and its associates are eliminated according to the ownership percentage of the Bank in these companies.

#### **Property and Equipment:**

- Property and equipment are stated at cost less accumulated depreciation and any impairment loss in its value. Moreover, depreciation is calculated (except for lands) when the assets are ready for use on the straight-line basis over the estimated useful lives of these assets as follows:

	%
Buildings	2 – 15
Equipment and Fixtures	15
Furniture	9
Vehicles	15
Computers	15
Improvements and Decorations	15

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

#### **Provisions**

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

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

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

#### **Income Tax**

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable upon the tax law, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions enforced in the countries where the Bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of assets and liabilities in the consolidated financial statements and the value of taxable amounts. Deferred tax is calculated on the basis of liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.

- Deferred tax assets and deferred tax liabilities are reviewed as of the date of the consolidated statement of financial position, and reduced in case it is expected that no benefit or need will arise from, partially or totally.

#### **Paid-up Capital**

Cost of issuing or purchasing the shares of the Bank

The cost of issuance or purchase of the shares of the Bank is recognized in the Retained Earnings (net after tax effect if any). If the purchase/issue transaction has not been completed, then the cost will be recognized as an expense in the consolidated statement of income.

#### **Treasury Shares**

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

#### **Accounts Managed on Behalf of Customers**

- These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the assets of the Bank.
- The fees and commissions on such accounts are shown in the consolidated statement of income.
- A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

#### **Offsetting**

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

### **Realization of Income and Recognition of Expenses**

- interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities, which have not been recognized as income and registered in interest and commissions in suspense.

Revenues and expenses are recognised according to the accrual basis.

- Commission is recorded as revenue when the related services are provided. Moreover, dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

### **Recognition of Financial Assets**

Purchase and sale of financial assets are recognized on the trading date (which is the date on which the Bank commits itself to purchase or sell the financial asset).

### **Mortgaged Financial Assets**

Mortgaged financial assets are assets mortgaged to third parties, which hold the right to sell or refinance the mortgage. Those assets are continuously evaluated according to the accounting policies designated for each of them and to its original class.

### **Foreclosed Assets**

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

### **Intangible Assets:**

#### **A - Goodwill:**

- Goodwill is recorded at cost which represent the excess of the acquisition costs or investments costs in a subsidiary over the net assets fair value of the subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognised as a separate item in intangible assets. Later on, goodwill will be reviewed and reduced by any impairment amount.
- Goodwill is allocated to cash generating unit(s) to test impairment in its value.
- Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value, and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognised in the consolidated statement of income.

#### **B - Other intangible assets :**

- Intangible assets purchased in an acquisition are stated at fair value on the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.
- Intangible assets are classified on the basis of either a definite or an indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is treated in the consolidated statement of income.
- No capitalization of intangible assets resulting from the Bank's operations is made. They are rather recorded as an expense in the consolidated statement of income for the year.
- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

The following is the accounting policy for the intangible assets of the Bank:

### **Computer Software:**

Software is shown at cost at the time of purchase and amortized at an annual rate of 15% - 20%.

### **Foreign Currency**

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing on the date of the transaction.
- Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the consolidated statement of financial position date as declared by the Central Bank of Jordan, Central Bank of Syria and the Palestinian Monetary Authority.
- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.
- Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.
- Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.
- When consolidating the financial statements, the assets and liabilities of foreign branches and subsidiary companies are translated into the functional currency of each entity at the average exchange rates of the Central Bank of Jordan prevailing on the consolidated statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Any exchange differences are taken directly to a foreign currency translation adjustment reserve within owners' equity. Exchange differences arising from the sale of foreign branches or subsidiaries are recorded as part of the revenues or expenses within the consolidated statement of income.

### **Cash and Cash Equivalents**

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

## **3. Accounting Estimates**

Preparation of the consolidated financial statements and the application of the accounting policies require the management of the Bank to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, disclosures and contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the balance of fair value reserves within capital and reserves. In particular, this requires the management of the Bank to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the aforementioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes arising from the conditions and circumstances of those assessments in the future.

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

- A provision for credit facilities is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcomes of these bases and estimates are compared against the adequacy of the provisions as per the instructions of the Central Banks where the Bank branches and subsidiary operate. The strictest outcomes that conform with (IFRSs) are used for the purpose of determining the provision.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss 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 is taken to the consolidated statement of income for the year.
- A provision for lawsuits raised against the Bank is taken. This provision is based on a legal study prepared by the legal advisor of the Bank. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- A provision for income tax is taken on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year.

- 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. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When assessing the financial assets and liabilities' fair value, the bank uses market information when available. In case level 1 inputs are not present, the bank will deal with independent, qualified parties to prepare evaluation studies. Proper evaluation methods and inputs used in preparing the evaluation are reviewed by the administration.

#### 4. Cash And Balances With Central Banks

This Item Consists Of The Following:	December 31	
	2013	2012
	JD	JD
Cash In Vaults	591,885,833	58,179,704
<b>Balances At Central Banks</b>		
Current Accounts And Demand Deposits	36,592,623	52,290,594
Term And Notice Deposits *	40,830,857	49,339,476
Statutory Cash Reserve	85,591,623	87,307,447
	<u>222,203,686</u>	<u>247,117,221</u>

- Except for the statutory cash reserve, restricted balances amounted to JD 2,386,356 as of 31 December 2013 (JD 3,894,976 as of 31 December 2012).

\* This balance includes JD 7,444,500 maturing within a period exceeding three months (JD 7,444,500 as of December 31, 2012).

#### 5. Financial assets at fair value through profit or loss

This Item Consists Of The Following:	December 31	
	2013	2012
	JD	JD
Shares Listed On Active Markets	647,929	694,148
Shares Unlisted On Active Markets	107,143	95,619
	<u>755,072</u>	<u>789,767</u>

#### 6. Financial assets at fair value through comprehensive income

This Item Consist Of The Following:	December 31	
	2013	2012
	JD	JD
Shares Listed On Active Markets	57,366,110	34,862,108
Shares Unlisted On Active Markets	8,622,034	8,826,053
	<u>65,988,144</u>	<u>43,688,161</u>

## 7. Balances with banks and financial institutions

This Item Consist Of The Following:	Local Banks and Financial Institutions December 31		Foreign Banks and Financial Institutions December 31		Total December 31	
	2013		2013		2013	
	JD	JD	JD	JD	JD	JD
Current Accounts And Demand Deposits	-	-	13,699,814	21,915,024	13,699,814	21,915,024
Deposits Maturing Within 3 Months Or Less	57,467,550	24,983,200	103,071,660	201,307,117	160,539,210	266,290,317
	57,467,550	24,983,200	116,771,474	223,222,141	174,239,024	248,205,341

- Non-interest bearing balances at banks and financial institutions amounted to JD 6,416,211 as of December 31, 2013 (JD 18,593,556 as of December 31, 2012).

- Restricted balances at banks and financial institutions amounted to JD 1,971,020 as of December 31, 2013 (JD 1,971,020 as of December 31, 2012).

## 8. Deposits with banks and financial institutions

This Item Consists Of The Following:	Local Banks and Financial Institutions December 31,		Foreign Banks and Financial Institutions December 31,		Total December 31,	
	2013		2013		2013	
	JD	JD	JD	JD	JD	JD
Deposits Maturing Within 3 To 6 Months	-	-	1,418,000	1,772,500	1,772,500	1,772,500
Deposits Maturing Within 6 To 9 Months	-	-	7,090,000	7,090,000	7,090,000	7,090,000
	-	-	8,508,000	8,862,500	8,862,500	8,862,500

- There are no restricted deposits as of December 31, 2013 and 2012.

<b>9. Direct credit facilities - net</b>		
This Item Consists Of The Following:	December 31	
	2013	2012
	JD	JD
<b>Individual (Retail Customers):</b>	<b>257,131,496</b>	<b>230,287,521</b>
Overdraft Accounts	10,919,422	7,585,873
Loans And Discounted Bills*	234,507,810	211,435,435
Credit Cards	11,704,264	11,266,213
<b>Real Estate Loans</b>	<b>172,920,704</b>	<b>174,818,183</b>
<b>Corporate:</b>	<b>607,572,557</b>	<b>538,883,274</b>
Large Corporate Customers	482,167,347	401,263,334
Overdraft Accounts	114,135,499	81,425,855
Loans And Discounted Bills*	368,031,848	319,837,479
SMEs	125,405,210	137,619,940
Overdraft Accounts	40,047,160	49,271,501
Loans And Discounted Bills*	85,358,050	88,348,439
<b>Government &amp; Public Sector</b>	<b>109,062,116</b>	<b>84,103,745</b>
<b>Total</b>	<b>1,146,686,873</b>	<b>1,028,092,723</b>
Less: Provision For Impairment In Direct Credit Facilities	(92,837,291)	(84,700,678)
Less: Suspended Interest	(13,502,398)	(12,764,723)
<b>Net Direct Credit Facilities</b>	<b>1,040,347,184</b>	<b>930,627,322</b>

\* Net of interest and commission received in advance amounting to JD 7,953,212 as of December 31, 2013 (JD 9,877,628 as of December 31, 2012).

- Non-performing credit facilities amounted to JD 112,322,605 representing (9.8%) of the direct credit facilities balance for the year (JD 113,116,625 representing 11% as of the end of the prior year).
- Non-performing credit facilities after deducting the suspended interest is JD 98,822,067 representing (8.72%) of direct credit facilities after deducting the suspended interest (JD 100,371,465 representing (9.88%) for the end of prior year).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 69,513,522 representing (6.06%) of total direct credit facilities for the year (JD 56,627,112 representing (5.5%) for the end of previous year). Moreover, credit facilities granted to the public sector in Palestine amounted to JD39,548,594 (JD 27,476,633 for the end of prior year).

**Provision for impairment in direct credit facilities:**

The Following Is The Movement On The Provision For Impairment In Direct Credit Facilities:

	Individual (retail customers)		Real estate	Corporate entities			Public Sector	Total
	JD	JD		Large corporate customers	SMEs	JD		
	JD	JD	JD	JD	JD	JD	JD	
2013								
Balance – Beginning Of The Year	17,023,944	5,504,610		51,117,201	11,054,923	-	84,700,678	
Foreign Currency Differences	(1,272,500)	-		(3,781,142)	(555,861)	-	(5,609,503)	
Provision For The Year Taken From Revenues	2,408,059	(167,685)		11,353,295	152,447	-	13,746,116	
Balance – End Of The Year	18,159,503	5,336,925		58,689,354	10,651,509	-	92,837,291	

**Provision for impairment in direct credit facilities:**

	Individual (retail customers)		Real estate	Corporate entities			Public Sector	Total
	JD	JD		Large corporate customers	SMEs	JD		
	JD	JD	JD	JD	JD	JD	JD	
2012								
Balance – Beginning Of The Year	14,891,588	4,121,466		39,368,724	8,746,342	-	67,128,120	
Foreign Currency Differences	(246,163)	(65,608)		(171,559)	(106,821)	-	(590,151)	
Provision For The Year Taken From Revenues	2,378,519	1,448,752		11,920,036	2,415,402	-	18,162,709	
Balance – End Of The Year	17,023,944	5,504,610		51,117,201	11,054,923	-	84,700,678	

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

	Individual (retail customers)		Real estate	Corporate entities		Public Sector	Total
	JD	JD		Large corporate customers	SMEs		
<b>2013</b>							
On A Single Client Basis	17,747,479	5,243,622	58,277,511	10,512,345	-	91,780,957	
On A Portfolio Basis	412,024	93,303	411,843	139,164	-	1,056,334	
Balance – End Of Year	18,159,503	5,336,925	58,689,354	10,651,509	-	92,837,291	

	Individual (retail customers)		Real estate	Corporate entities		Public Sector	Total
	JD	JD		Large corporate customers	SMEs		
<b>2012</b>							
On A Single Client Basis	16,591,372	5,464,142	50,592,535	10,681,284	-	83,329,333	
On A Portfolio Basis	432,572	40,468	524,666	373,639	-	1,371,345	
Balance – End Of Year	17,023,944	5,504,610	51,117,201	11,054,923	-	84,700,678	

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 11,653,175 as of December 31, 2013 (JD 23,995,062 as of December 31, 2012).

### Interest in suspense:

The following is the movement on the interest in suspense:

	Corporate entities				Total	
	Individual (retail customers)		Large corporate customers			SMEs
	JD	JD	JD	JD		JD
2013						
Balance – Beginning Of The Year	2,773,356	840,047	6,541,722	2,609,598	12,764,723	
Add: Interest Suspended During The Year	304,915	270,240	2,127,363	483,472	3,185,990	
Less: Interest In Suspense Reversed To Income	(346,780)	(118,479)	(1,615,207)	(194,552)	(2,275,018)	
Interest In Suspense Written Off During The Year	(25,877)	-	(106,074)	(41,346)	(173,297)	
Balance - End Of The Year	<u>2,705,614</u>	<u>991,808</u>	<u>6,947,804</u>	<u>2,857,172</u>	<u>13,502,398</u>	

	Corporate entities				Total	
	Individual (retail customers)		Large corporate customers			SMEs
	JD	JD	JD	JD		JD
2012						
Balance – Beginning Of The Year	2,441,866	712,507	7,006,486	1,877,796	12,038,655	
Add: Interest Suspended During The Year	1,489,127	129,157	1,818,554	928,194	4,365,032	
Less: Interest In Suspense Reversed To Income	(1,128,178)	(1,617)	(2,263,080)	(157,567)	(3,550,442)	
Interest In Suspense Written Off During The Year	(29,459)	-	(20,238)	(38,825)	(88,522)	
Balance - End Of The Year	<u>2,773,356</u>	<u>840,047</u>	<u>6,541,722</u>	<u>2,609,598</u>	<u>12,764,723</u>	

## 10. Financial assets at amortized cost

This item consists of the following:	December 31	
	2013	2012
	JD	JD
Financial Assets With Market Prices:		
Governmental Bonds Or Bonds Guaranteed By The Government	412,722,897	379,292,245
Bonds And Debentures Of Companies	27,476,308	18,115,791
Total Financial Assets With Market Prices	440,199,205	397,408,036
Financial Assets Without Market Prices:		
Treasury Bills Or Guaranteed By The Government	-	18,425,609
Total Financial Assets Without Market Prices	-	18,425,609
Financial Assets At Amortized Cost – Net	440,199,205	415,833,645

### Analysis of bonds and bills:

	December 31	
	2013	2012
	JD	JD
Fixed-rate-of-return Financial Assets	415,510,855	390,897,145
Variable-rate-of-return Financial Assets	24,688,350	24,936,500
	440,199,205	415,833,645

The maturities of these assets are as follows:

Up to One Month	More than 1 Month Up to 3 Months	More than 3 Months Up to 6 Months	More than 6 Months Up to 1 Year	More than 1 Year Up to 3 Years	More than 3 Years
JD	JD	JD	JD	JD	JD
8,000,063	39,305,059	49,164,731	15,469,258	217,308,313	10,951,781

The proceeds of the financial assets at amortized cost are to be paid in semi-annual instalments.

## 11. Investments in associates

The summarized movement on the investment of the Bank in associates is as follows:	2013	2012
	JD	JD
Balance – Beginning Of The Year	2,732,903	2,747,017
Bank's Share From The (Losses) Of The Associate Company	(8,231)	(14,114)
Balance – End Of The Year *	2,724,672	2,732,903

\* The share of the Bank of the associates' assets, liabilities and revenues is as follows:

	December 31	
	2013	2012
	JD	JD
Total Assets	2,747,957	2,749,820
Total Liabilities	(23,285)	(16,917)
Net Assets	2,724,672	2,732,903
Net (Loss) For The Year	(9,042)	(13,315)

- 26.97%, the share of the Bank in the total assets and liabilities of North Industrial Company for the year 2013, which is shown above has been calculated according to the most recent audited financial statements as of December 31, 2012. Moreover, National Industries Company is under liquidation, and a full provision has been booked against the value of the investment of the Bank in this company.

**The details of investments in associates are as follows:**

		December 31, 2012					
		Cost					
	Percentage of Ownership	Book Value - Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of (Losses)	Industry Type	
Company's Name	%	JD	JD	JD	JD		
Jordanian Companies:							
National Industries Co. (Under Liquidation)	46.74	1	-	1	-	Industrial	
Palestinian Companies:							
North Industrial Co.	26.97	2,732,902	-	2,724,671	(8,231)	Industrial	
		<u>2,732,903</u>	<u>-</u>	<u>2,724,672</u>	<u>(8,231)</u>		

**The details of investments in associates are as follows:**

		December 31, 2012					
		Cost					
	Percentage of Ownership	Book Value - Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of (Losses)	Industry Type	
Company's Name	%	JD	JD	JD	JD		
Jordanian Companies:							
National Industries Co. (Under Liquidation)	46,74	1	-	1	-	Industrial	
Palestinian Companies:							
North Industrial Co.	26,97	2,747,016	-	2,732,902	(14,114)	Industrial	
		<u>2,747,017</u>	<u>-</u>	<u>2,732,903</u>	<u>(14,114)</u>		

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

## 12. Property and equipment - net

This item consists of the following:

	Land		Buildings		Equipment Furniture and Fixtures		Vehicles		Computer		Decorations and Improvements		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2013</b>														
Cost:														
Beginning Balance	3,956,448	18,715,391	21,009,190	1,362,112	12,973,781	20,183,073	78,199,995							
Additions	-	5,536	1,048,500	-	599,068	1,356,261	3,009,365							
(Disposals)	(100,978)	-	(641,026)	(33,793)	(345,156)	(564,105)	(1,685,058)							
Foreign Currencies Differences	(576,839)	(5,483,922)	(1,003,426)	(85,032)	(679,970)	(1,618,760)	(9,447,949)							
Ending Balance	3,278,631	13,237,005	20,413,238	1,243,287	12,547,723	19,356,469	70,076,353							
Accumulated Depreciation:														
Beginning Balance	-	5,782,956	13,122,582	956,986	9,344,997	13,399,610	42,607,131							
Annual Depreciation	-	201,205	1,613,597	145,100	1,023,825	1,710,475	4,694,201							
(Disposals)	-	-	(546,870)	(33,791)	(331,690)	(493,002)	(1,405,353)							
Foreign Currencies Differences	-	(308,468)	(234,389)	(43,195)	(420,626)	(617,690)	(1,624,368)							
Ending Balance	-	5,675,693	13,954,920	1,025,100	9,616,506	13,999,393	44,271,612							
Net Book Value Of Property And Equipment	3,278,631	7,561,312	6,458,318	218,187	2,931,217	5,357,076	25,804,741							
Payments On Acquisition Of Property And Equipment*	-	882,523	163,364	-	281,662	23,480	1,351,029							
Net Property And Equipment At The End Of The Year	3,278,631	8,443,835	6,621,682	218,187	3,212,879	5,380,556	27,155,770							
<b>2012</b>														
Cost:														
Beginning Balance	4,197,058	21,069,798	21,615,113	1,470,616	14,080,822	19,580,657	82,014,064							
Additions	1,603	-	2,440,628	-	1,085,052	2,432,658	5,959,941							
(Disposals)	-	(51,716)	(2,550,594)	(72,800)	(2,006,324)	(1,179,435)	(5,860,869)							
Foreign Currencies Differences	(242,213)	(2,302,691)	(495,957)	(35,704)	(185,769)	(650,807)	(3,913,141)							
Ending Balance	3,956,448	18,715,391	21,009,190	1,362,112	12,973,781	20,183,073	78,199,995							
Accumulated Depreciation :														
Beginning Balance	-	5,595,336	13,541,194	841,163	10,083,755	12,494,146	42,555,594							
Annual Depreciation	-	309,776	1,940,809	170,464	1,243,859	1,894,512	5,559,420							
(Disposals)	-	(51,714)	(2,238,370)	(41,860)	(1,922,784)	(827,959)	(5,082,687)							
Foreign Currencies Differences	-	(70,442)	(121,051)	(12,781)	(59,833)	(161,089)	(425,196)							
Ending Balance	-	5,782,956	13,122,582	956,986	9,344,997	13,399,610	42,607,131							
Net Book Value Of Property And Equipment	3,956,448	12,932,435	7,886,608	405,126	3,628,784	6,783,463	35,592,864							
Payments On Acquisition Of Property And Equipment*	-	1,124,979	318,150	-	-	734,892	2,178,021							
Net Property And Equipment At The End Of The Year	3,956,448	14,057,414	8,204,758	405,126	3,628,784	7,518,355	37,770,885							

\* The financial obligations relating to the acquisition of Property and Equipment amounted to JD 449,283 for the year 2013, and were settled in accordance with the contractual conditions on the purchase of these assets.  
- Fully depreciated property and equipment amounted to JD 27,776,374 for the year 2013 (JD 23,593,942 for the year 2012).

### 13. Intangible assets

This Item Consists Of Software As Follows:	For the year ended December 31	
	2013	2012
	JD	JD
Balance - beginning of the year	2,259,515	2,683,432
Additions	1,012,010	234,219
Amortization for the year	(655,184)	(658,136)
Foreign currencies differences	(82,014)	
Balance - End of the Year	2,534,327	2,259,515

### 14. Other assets

This Item Consists Of The Following:	December 31	
	2013	2012
	JD	JD
Transactions in transit	-	630,578
Accrued interest income	9,915,240	8,669,812
Prepaid expenses	1,758,023	1,553,022
Assets foreclosed by the Bank in repayment of debts *	42,027,842	29,072,991
Financial Assets foreclosed by the bank in repayment of debts	5,621,000	6,935,000
Clearance checks	3,139,799	5,471,505
Advanced Payments on the acquisition of land & real estate	1,806,852	
Prepaid Tax Expenses	4,450,095	
Accounts Receivables & Other debit balances	6,082,570	10,433,412
	74,801,421	62,766,320

\* The following is the movement on the assets foreclosed by the Bank:

	Seized Property	
	2013	2012
	JD	JD
Balance - Beginning Of The Year	29,072,991	21,633,040
Additions	13,413,141	8,829,768
Disposals	(458,290)	(1,124,657)
Impairment (Losses) - (Note 32)	-	(265,160)
Balance - End Of The Year	42,027,842	29,072,991

- According to the Jordanian Banks' Law, buildings and plots of land foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for two more years in exceptional cases.

## 15. Banks and financial institutions' deposits

This Item Consists Of The Following:	December 31, 2013			December 31, 2012		
	Inside the Kingdom of Jordan	Outside the Kingdom of Jordan	Total	Inside the Kingdom of Jordan	Outside the Kingdom of Jordan	Total
	JD	JD	JD	JD	JD	JD
Current Accounts And Demand Deposits	-	4,993,312	4,993,312	-	396,857	396,857
Time Deposits	16,735,500	48,187,700	64,923,200	10,000,000	24,639,933	34,639,933
	16,735,500	53,181,012	69,916,512	10,000,000	25,036,790	35,036,790

## 16. Customers' deposits

This Item Consists Of The Following:	December 31, 2013				
	Individuals	Large Corporate	SMEs	Public Sector and Government	Total
	JD	JD	JD	JD	JD
Current Accounts And Demand Deposits	258,116,757	81,735,255	66,769,002	23,183,059	429,804,073
Saving Accounts	550,019,392	522,055	14,184,272	221,275	564,946,994
Time And Notice Deposits	283,666,798	65,185,517	22,469,318	72,641,556	443,963,189
Certificates Of Deposit	102,654,978	-	2,836,489	-	105,491,467
Total	1,194,457,925	147,442,827	106,259,081	96,045,890	1,544,205,723

	December 31, 2012				
	Individuals	Large Corporate	SMEs	Public Sector and Government	Total
	JD	JD	JD	JD	JD
Current Accounts And Demand Deposits	224,573,211	61,438,341	71,859,839	20,696,716	378,568,107
Saving Accounts	515,163,287	1,074,595	14,865,726	241,881	531,345,489
Time And Notice Deposits	237,574,961	107,355,116	61,256,477	128,308,842	534,495,396
Certificates Of Deposit	104,723,479	91,344	3,375,878	-	108,190,701
Total	1,082,034,938	169,959,396	151,357,920	149,247,439	1,552,599,693

- Deposits of the Jordanian Government and the public sector inside Jordan amounted to JD 78,525,369 equivalent to (5.08%) of total customers' deposits for the year (JD 133,769,158 equivalent to 8.6% for the prior year).
- Non-interest bearing deposits amounted to JD 659,225,735, equivalent to (42.69%) of total customers' deposits for the year (JD 594,415,758, equivalent to 38.29% of total deposits for the prior year).
- Restricted deposits amounted to JD 7,355,283 equivalent to (0.48%) of total customers' deposits for the year (JD 2,161,731 equivalent to 0.14% of total deposits for the prior year).
- Dormant deposits amounted to JD 49,931,344 for the year (JD 49,358,669 for the prior year).

## 17. Cash margins

This Item Consists Of The Following:	December 31,	
	2013	2012
	JD	JD
Cash Margins On Direct Credit Facilities	68,882,803	78,319,209
Cash Margins On Indirect Credit Facilities	23,258,702	23,707,198
Total	92,141,505	102,026,407

<b>18. Sundry provisions</b>					
This Item Consists Of The Following:	Beginning Balance	Provided for During the Year	Used During the Year	Foreign Currencies Differences	Ending Balance
2013	JD	JD	JD	JD	JD
Provision For End-of-service Indemnity	7,091,709	776,410	(944,832)	-	6,923,287
Provision For Lawsuits	613,270	-	(2,747)	-	610,523
Other Provisions	94,917	98,048	(266)	(149,563)	43,136
	<u>7,799,896</u>	<u>874,458</u>	<u>(947,845)</u>	<u>(149,563)</u>	<u>7,576,946</u>
2012					
Provision For End-of-service Indemnity	6,232,391	1,792,821	(933,503)	-	7,091,709
Provision For Lawsuits	650,969	-	(37,699)	-	613,270
Other Provisions	81,571	26,161	(29,169)	16,354	94,917
	<u>6,964,931</u>	<u>1,818,982</u>	<u>(1,000,371)</u>	<u>16,354</u>	<u>7,799,896</u>

<b>19. Income tax</b>		
A- Income Tax Provision	2013	2012
The Movement On The Income Tax Provision Is As Follows:	JD	JD
Beginning of year balance	17,367,872	10,728,749
Income tax paid	(19,296,499)	(13,336,062)
Income tax for the year	<u>18,876,441</u>	<u>19,975,185</u>
End of Year Balance	<u>16,947,814</u>	<u>17,367,872</u>
Income Tax In The Consolidated Statement Of Income Represents The Following:	2013	2012
Income tax on the year's profit	18,876,441	19,975,185
Tax adjustment for Prior Years	(1,119,000)	-
Deferred tax assets for the year-addition	(4,602,086)	(7,719,082)
Amortization of deferred tax assets	<u>655,556</u>	<u>776,545</u>
	<u>13,810,911</u>	<u>13,032,648</u>

- Legal income tax rate in Jordan amounts to 30% whereas the legal income tax rate considering the Bank's investments in Palestine amounts to 20% and in Syria (a subsidiary) to 25%.
- A final settlement was reached with the Income and Sales Tax Department in Jordan up to the end of the year 2010. Moreover the bank submitted its tax returns for the years 2011 and 2012 and has paid the required amounts according to the law, however, no final settlement has been reached with the Income and Sales Tax Department for these years yet. The Income and Sales Tax Department claims the Bank for tax differences for the year 2011 amounting to JD 1,750,030. The bank has objected this assessment. In the opinion of the management and tax consultant that the bank will not entail any obligations in excess of the provision booked in the consolidated financial statements.
- Bank of Jordan (Palestine centre and branches) has signed a Tax Settlement Agreement with the Ministry of Finance in regards with all the amounts of income tax and value added tax due on the Bank for the years 2008 and 2009, the bank has paid whereby an amount of USD 740,000 (equivalent to JD 524,660) as a final payment for the taxes due for the both mentioned years. This settlement was considered final, ending any conflict/dispute regarding any tax claims for the years 2008 and 2009. Moreover, this settlement was recorded at the Palestinian court of Cassation, which has decided to repeal the impugned judgment and the ratification of the settlement and consider it enforceable. The bank obtained a final tax settlement from the income and value added tax departments for the years 2010 and 2011.
- A final settlement was reached with the Income and Sales Tax Department up to the year 2011 regarding Excel for Financial Investments Company (subsidiary). Moreover, the Company has submitted its tax returns for the year 2012 and paid the declared taxes.
- Jordan Leasing Company (subsidiary) has reached a final settlement with the Income and Sales Tax Department up to the year 2012.

b. Deferred Tax Assets/Liabilities	2013						2012	
	Accounts Included	Balance - Beginning of the Year	Amounts Released	Amounts Added	Balance- End of the Year	Deferred Tax	Deferred Tax	
		JD	JD	JD	JD	JD	JD	
<b>A. Deferred Tax Assets</b>								
Provisions for non-performing debts	17,000,000	-	3,750,000	20,750,000	6,225,000	5,100,000		
Provision for non-performing debts - prior years	4,793,659	953,279	-	3,840,380	1,296,999	1,583,343		
Provision for staff end-of-service indemnity	7,091,709	944,832	776,410	6,923,287	2,192,918	2,213,292		
Interest in suspense	1,066,776	1,806	-	1,064,970	359,885	352,495		
Provision for lawsuits held against the Bank	613,270	2,747	-	610,523	187,313	187,399		
Impairment in assets foreclosed by the Bank	338,687	-	-	338,687	105,604	104,813		
Impairment in assets available for sale	7,079,808	-	-	7,079,808	2,123,942	2,123,942		
Other provisions	9,943,460	5,193,697	10,159,477	14,909,240	3,727,310	2,485,865		
Evaluation of financial assets foreclosed by the bank in repayment of debts	47,927,369	-	1,314,000	1,314,000	394,200	-		
		7,096,361	15,999,887	56,830,895	16,613,171	14,151,149		
<b>b. Deferred Tax Liabilities</b>								
Effect of early adoption of IFRS (9)	7,237,256	7,237,256	-	-	-	2,171,177		
Reserve for the valuation of financial assets	10,549,593	10,549,593	-	-	-	3,711,783		
	17,786,849	17,786,849	-	-	-	5,882,960		

- Deferred tax liabilities include an amount of JD 3,711,783 as of December 31, 2012 representing tax liabilities on the unrealized gains arising from the valuation of financial assets at fair value through comprehensive income that is shown in the fair value reserve in owners' equity at a tax rate of 30%. Moreover, these gains are not subject to tax in Palestine. Also, JD 2,171,177 which represents deferred tax liabilities on restricted gains within retained earnings arising from the early adoption of IFRS (9). In the opinion of the Bank management and the legal and tax consultants, the gains derived from such assets are not subject to tax, accordingly all tax liabilities balances were reversed as described in Note (46).

- The movement on deferred tax assets/liabilities is as follows:	2013		2012	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - Beginning Of The Year	14,151,149	5,882,960	7,402,232	3,604,494
Added During The Year	4,602,086	-	7,719,082	3,249,255
Amortized During The Year	(655,556)	(5,882,960)	(776,545)	(970,789)
Foreign Currencies Differences	(1,484,508)	-	(193,620)	-
Balance - End Of The Year	16,613,171	-	14,151,149	5,882,960

**c. The following is a summary of the reconciliation between accounting profit and taxable profit:**

	2012	2012
	JD	JD
Accounting Profit	50,204,089	46,222,214
Tax-exempt Profit	(4,563,531)	(7,000,518)
Tax-unacceptable Expenses	14,829,717	20,973,007
Taxable Profit	60,470,275	60,194,703
Income Tax Rate	31.2%	33.2%
	18,876,441	19,975,185

- Deferred tax amounting to JD 16,613,171 as of December 31, 2013 resulting from the timing differences relating to the special provisions for non-performing debts, the staff end-of-service indemnity provision, net interest in suspense, and other provisions taken to the consolidated statement of income in prior years are calculated at an average tax rate of 29.53%. In the opinion of management, these tax benefits will be utilized in connection with the expected future profits.

**20. Other liabilities**

This Item Consists Of The Following:	December 31	
	2013	2012
	JD	JD
Accrued Interest Payable	7,297,107	7,747,595
Accepted Cheques	6,301,548	5,159,044
Temporary Deposits	1,410,445	5,637,085
Dividends Payable	1,240,901	1,079,722
Deposits On Safe Boxes	149,787	143,681
Sold Real Estate Margins	1,745,290	-
Other Liabilities *	6,511,834	2,725,220
	24,656,912	22,492,347

\* The details of other liabilities are as follows:

	December 31	
	2013	2012
	JD	JD
Transactions in transit	2,533,845	-
Social security deposits	204,809	221,655
Income tax deposits	297,873	1,280,391
Accrued expenses	3,101,100	896,619
Incoming transfers	168,445	127,550
Board of Directors' remuneration	55,000	55,000
Other credit balances	150,762	144,005
	6,511,834	2,725,220

## 21. Paid-up capital

- The authorized capital of the Bank is JD 155,100,000 as of December 31, 2013 (JD 155,100,000 as of December 31, 2012)
- The authorized capital of the Bank is JD 155,100,000 by year-end, divided into 155,100,000 shares at a par value of JD 1 each.

## 22. Reserves

### - Statutory Reserve

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

### - Voluntary Reserve

The amounts accumulated in this account are transferred from the annual net income before taxes at 10% during the previous years. This reserve will be used for the purposes approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends.

### - General Banking Risks Reserve

This item represents the general banking risks reserve in line with the instructions of the Central Bank of Jordan, and other supervisory Authorities.

### - Special Reserve

This reserve represents the periodic fluctuation reserve calculated according to the instructions of the Palestinian Monetary Authority concerning the branches of the Bank operating in Palestine.

### - The restricted reserves are as follows:

<u>Reserve</u>	<u>Amount</u> JD	<u>Nature of Restriction</u>
Legal Reserve	54,601,184	Companies and Banks Laws
General Banking Risks Reserve	11,907,433	Supervisory authorities requirements
Special Reserve	2,319,566	Supervisory authorities requirements

## 23. Foreign Currencies Translation Differences

This item represents the differences resulting from the translation of net investment in foreign subsidiary (Bank of Jordan-Syria) upon consolidating the financial statements.

The movement on this item is as follows:		
	2013	2012
	JD	JD
Balance – Beginning Of The Year	(4,524,549)	(3,657,895)
Changes In The Translation Of Net Investment In The Subsidiary During The Year*	<u>(7,118,493)</u>	<u>(866,654)</u>
Balance – End Of The Year	<u>(11,643,042)</u>	<u>(4,524,549)</u>

## 24. Fair value reserve - net

The Details Of The Fair Value Reserve As Follows:	December 31	
	2013	2012
	JD	JD
Balance - beginning of the year	6,880,281	1,649,820
Adjustments (Note 46)	3,711,783	-
Adjusted balance – beginning of the year	10,592,064	1,649,820
Unrealized gain \ Shares - net	22,858,426	7,526,468
Deferred tax liabilities	-	(2,296,007)
Balance – End of the Year	<u>33,450,490</u>	<u>6,880,281</u>

\* The fair value reserve is presented as net of deferred tax liabilities as of December 31, 2013.

## 25. Retained earnings

This Item Consists Of The Following:	2013	2012
	JD	JD
Balance - Beginning Of The Year	43,869,842	41,889,198
Effect Of Early Adoption Of IFRS (9)	2,171,177	-
Dividends Distributed To Shareholders	46,041,019	(23,265,000)
Profit For The Year	(23,265,000)	36,289,465
Transferred To Reserves	40,739,214	(10,986,509)
Gains On Sale Of Financial Assets Through Comprehensive Income	(7,656,458)	102,514
Increase In Paid-up Capital	(536,777)	-
Foreign Currencies Translation Differences	<u>2,212,191</u>	<u>(159,826)</u>
Balance - End Of The Year *	<u>57,534,189</u>	<u>43,869,842</u>

\* Retained earnings include an amount of JD 16,613,171 restricted against deferred tax benefits as of December 31, 2013 (JD 14,151,149 as of December 31, 2012).

- As per the requirements of the Central Bank of Jordan, the revaluation profits of associate company at an amount of JD 822,311 included in the retained earnings cannot be utilized until realized.
- Retained earnings include an amount of JD 7,397,993 as of December 31, 2013 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Commission.

## 26. Proposed dividends

The Board of Directors recommended the distribution of 15% of capital equivalent as cash dividends to the shareholders, equivalent to JD 23,265,000, this is subject to the approval of the General Assembly of Shareholders. Whereas in the year 2013, cash dividends of 15% of capital were distributed to shareholders equivalent to JD 23,265,000 JD from the revenues of 2012.

<b>27. Interest income</b>		
This Item Consists Of The Following:	2013	2012
	JD	JD
Direct Credit Facilities:		
<b>Individual (Retail Customers):</b>	27,747,848	26,258,279
Overdraft Accounts	1,152,976	736,452
Loans And Discounted Bills	22,417,746	21,280,649
Credit Cards	4,177,126	4,241,178
<b>Real Estate Loans</b>	13,592,008	14,384,303
<b>Corporate Entities:</b>	37,062,231	47,880,607
Large Corporate Customers:	26,960,046	32,342,272
Overdraft Accounts	6,001,086	6,143,181
Loans And Discounted Bills	20,958,960	26,199,091
SMEs:	10,102,185	15,538,335
Overdraft Accounts	3,339,394	4,695,824
Loans And Discounted Bills	6,762,791	10,842,511
<b>Government And Public Sector</b>	8,017,284	5,670,163
Balances With Central Banks	578,177	420,574
Balances And Deposits With Banks And Financial Institutions	3,285,739	3,273,949
Financial Assets At Amortized Cost	27,767,552	22,588,577
<b>Total</b>	<u>118,050,839</u>	<u>120,476,452</u>

<b>28. Interest expense</b>		
This Item Consists Of The Following:	2013	2012
	JD	JD
Banks and financial institution deposits	1,355,879	1,726,061
Customers' deposits:		
Current and demand deposits	164,979	213,696
Saving accounts	2,113,150	2,113,023
Time and notice deposits	19,156,753	21,866,588
Certificates of deposit	6,094,059	3,853,336
Borrowed Funds	14,369	-
Cash margins	1,033,074	1,310,839
Fees of deposits guarantees	2,093,083	2,085,279
	<u>32,025,346</u>	<u>33,168,822</u>

### 29. Commissions income - net

This Item Consists Of The Following:	2013	2012
	JD	JD
Commission Income:		
Direct Credit Facilities	5,251,128	5,985,917
Indirect Credit Facilities	2,890,162	3,090,212
Other Commissions	8,778,078	8,651,268
Less: Commission Expense	(369,584)	(408,252)
Net Commissions Income	<u>16,549,784</u>	<u>17,319,145</u>

### 30. Foreign currency income

This Item Consists Of The Following:	2013	2012
	JD	JD
From Trading\dealing	(485,393)	( 414,961)
From Revaluation	<u>2,307,754</u>	<u>3,617,673</u>
	<u>1,822,361</u>	<u>3,202,712</u>

### 31. Gains from financial assets at fair value though profit or loss

This Item Consists Of The Following:	Realized gains	Unrealized gains	Dividends	Total
Year 2013	JD	JD	JD	JD
Companies' Shares	-	(34,695)	8,645	(26,050)
	<u>-</u>	<u>(34,695)</u>	<u>8,645</u>	<u>(26,050)</u>

This Item Consists Of The Following:	Realized gains	Unrealized gains (losses)	Dividends	Total
Year 2012	JD	JD	JD	JD
Companies' Shares	94	8,277	8,069	16,440
	<u>94</u>	<u>8,277</u>	<u>8,069</u>	<u>16,440</u>

<b>32. Other income</b>		
This Item Consists Of The Following:	2013	2012
	JD	JD
Revenues from prior years returned to income	2,779,305	409,945
Gains from the sale of foreclosed assets	811,107	1,509,579
Telephone, post, and swift	540,056	530,565
Real estate rent	112,841	76,803
Gains (losses) from the sale of property and equipment	174,032	(577,949)
Interest in suspense reversed to income (Losses) gains of impairment of financial assets	2,275,018	3,550,442
foreclosed by the bank in repayment of debts	(1,314,000)	73,000
Impairment (loss) in lands and real estate	-	(265,160)
Other income	<u>1,593,148</u>	<u>1,023,795</u>
	<u>6,971,507</u>	<u>6,331,020</u>

<b>33. Employees expenses</b>		
This Item Consists Of The Following:	2013	2012
	JD	JD
Salaries, Bonuses, And Employees' Benefits	20,962,912	20,167,363
Bank's Contribution To Social Security	1,633,700	1,591,506
Bank's Contribution To Provident Fund	1,358,731	1,089,385
Medical Expenses	1,190,888	1,086,244
Staff Training Expenses	426,423	168,605
Transportation And Travel Expenses	<u>641,222</u>	<u>503,267</u>
	<u>26,213,876</u>	<u>24,606,370</u>

<b>34. Other expenses</b>		
This Item Consists Of The Following:	2013	2012
	JD	JD
Rent	2,854,613	2,940,831
Printing and stationery	772,669	1,063,278
Telephone, SWIFT, and postage	1,429,064	1,684,905
Maintenance, repairs, and cleaning	2,303,933	2,146,975
Fees, taxes, and licences	2,814,619	2,416,132
Advertising and subscriptions	2,334,753	2,227,340
Insurance expenses	1,228,112	903,087
Electricity and heating	2,335,604	1,974,472
Donations	244,216	213,746
Hospitality	189,914	215,291
Professional and legal fees	931,564	1,042,564
Miscellaneous	606,886	684,769
Board of Directors remunerations	<u>55,000</u>	<u>55,000</u>
	<u>18,100,947</u>	<u>17,568,390</u>

### 35. Earnings per share

This Item Consists Of The Following:	2013	2012
	JD	JD
Profit for the year (Bank's shareholders)	40,739,214	36,289,465
Weighted average number of shares	155,100,000	155,100,000
Net income for the year/share (shareholder of the Bank):		
Basic	0.263	0.234
Diluted	0.263	0.234

### 36. Cash and cash equivalents

The Details Of This Item Are As Follows:	December 31	
	2013	2012
	JD	JD
Cash and balances with central banks maturing within 3 months	214,759,186	239,672,721
Add: Balances with banks and other financial institutions maturing within 3 months	174,239,024	248,205,341
Less: Banks and financial institutions' deposits maturing within 3 months	(69,916,512)	(35,036,790)
Restricted accounts	(4,357,376)	(5,865,996)
	<u>314,724,322</u>	<u>446,975,276</u>

### 37. Financial derivatives instruments

The Details Of Financial Derivatives As Of Year-end Are As Follows:	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities		
				During 3 Months	From 3 To 12 Months	Total
				JD	JD	JD
2013	JD	JD	JD	JD	JD	JD
Foreign Currencies Forward Contracts (Purchase)	876,456	9,134	14,624,826	14,624,826	-	14,624,826
Total	876,456	9,134	14,624,826	14,624,826	-	14,624,826
	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities		
	During 3 Months	From 3 To 12 Months	Total	JD	JD	JD
2012	JD	JD	JD	JD	JD	JD
Foreign Currencies Forward Contracts (Purchase)	1,893,886	70,690	60,996,134	60,669,134	-	60,669,134
Total	1,893,886	70,690	60,996,134	60,669,134	-	60,669,134

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

### 38. Related parties transactions

Within its normal activities, the Bank enters into transactions with its major shareholders, members of the Board of Directors, executive management and the associate company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing, and no provision for probable credit losses has been taken thereon.

The consolidated financial statements include the following balances and transactions with related parties:

The consolidated financial statements include the following balances and transactions with related parties:							
	Major Shareholders	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	Total December 31	
						2013	2012
Consolidated Statement Of Financial Position Items:	JD	JD	JD	JD	JD	JD	JD
Credit Facilities	18,641	3,380,116	451,158	-	34,273,182	38,123,097	10,463,266
Deposits	1,415,727	271,630	937,798	139,962	20,138,958	22,904,075	3,420,743
Cash Margins	6,300	-	-	-	75,937	82,237	52,788
Off- Consolidated Statement Of Financial Position Items:							
Letters Of Guarantee	100,084	3,000	-	-	51,298	154,382	188,988
						Total For the Year Ended December 31	
						2013	2012
Consolidated Statement Of Income Items:	JD	JD	JD	JD	JD	JD	JD
Credit Interest And Commission	19,951	43,375	16,592	-	848,084	986,922	530,945
Debit Interest And Commission	75,223	2,651	27,776	31,953	68,011	217,736	116,448

The lowest interest rate on the employees housing loans was 4.9%, whereas the lowest interest rate on related parties' loans was 3.61%, and the highest interest rate received on loans was 10%. The highest interest rate paid to related parties was 6.5% and the lowest interest rate paid was 0.025%.

Salaries and Remunerations of Executive Management:		
	December 31	
	2013	2012
	JD	JD
Salaries And Benefits	1,393,523	1,872,931
Transportation And Board Secretary	45,000	36,000
Total	1,438,523	1,908,931

## 39. Risk management

### First: Descriptive Disclosures:

The Bank manages banking risks through identifying the risks that it might be exposed to and methods of challenging and mitigating them. This is achieved through implementing a group of restructuring projects using best standards and banking acts that aim at separating risk management activities from those related to development of business and operations (execution).

In this context, the Bank has formed a Risk Management Committee, comprising executive management, so as to analyse, scrutinize, and monitor risks, and submit reports periodically to the Risk Management Committee, under the Board of Directors. The Risk Management Committee's main duty is to ensure the presence of an effective internal monitoring function in accordance with the policies and scope of work set for it by the Board of Directors.

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

- Preparing policies and getting them approved by the Board of Directors.
- Analysing the risk types (credit, market, or operations).
- Developing measurement and control methodologies for each risk type.
- Providing the Board of Directors and executive management reports and information about quantitative and qualitative measurements of the Bank risks.

The Bank has prepared the requirements needed for the purpose of Basel III calculation and the stress testing as well as preparing an internal valuation for Capital adequacy ICAAP.

### Credit Risks

Credit risks arise from the probable inability and/or lack of desire of the borrower or third party to fulfil its obligations in a timely manner. These risks include on-consolidated financial statements items as loans and bonds and off-consolidated financial statements items such as guarantees and/or documentary credits causing financial losses to the Bank.

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

1. setting up independent specialized departments for the management of credit as follows:
  - Companies Credit Risk Department (for management of companies credit risks).
  - Small and Medium Size Enterprises (SMEs) Risk Management Department (for management of SMEs credit risks).
  - Individuals Credit Risk Department (for management of individuals credit portfolios risks).
2. Separation of Business Development Department from Credit Risk Departments.
3. Implementing a set of approved policies and procedures that outline principles for defining, measuring, and managing the type of risk.
4. Applying a customers' credit rating system that classifies customers into ten levels through:
  - Rating borrower's risks (economic sector, management, financial status, experience, etc.).
  - Rating credit risks (risks are weighed according to credit nature and type).
  - Rating guarantees (risks are weighed according to nature and type of guarantee).
5. Determining credit concentrations at the credit type level, economic sector, geographical distribution, credit portfolios, etc. Credit risks are managed by departments according to their specialization.
6. Implementing an authorization and relationship management system:

Bank of Jordan adopts an authorization system that includes authority granting, delegation, and control and relationship management of the various credit activities.

7. Determining credit risk mitigation methods:

Bank of Jordan adopts various methods to mitigate credit risks such as the following:

- Providing the proper credit structure that matches its purpose and repayment period.
- Ensuring the completion of all control aspects relating to the utilization of credit and the sources of its payment.
- Obtaining proper guarantees to hedge against any risks in this regard.
- Analysing and evaluating credit transactions by credit risks departments.
- Periodically evaluating guarantees according to the nature, type, and degree of risks to reinforce guarantees and ensure their adequacy constantly.
- Setting up specialized committees for approving credit.

8. Controlling credit execution by the credit control department in addition to a unit concerned with documentation, completion of legal audit, and execution.

9. Applying the credit management mechanisms (CREMS and E-loan).

10. Setting up a specialized department for following up on the collection of dues and non-performing debts.

11. Setting up Executive Credit Risks Committee ensuing from the Board of Directors for reviewing risks, investments, and credit policies and strategies.

12. Determining the duties of the various credit risks departments concerning the mechanism and periodicity of controls and issuance/submission of reports to the Board of Directors and Executive Management.

13. Analysing economic fluctuations and changes in the structure and quality of credit portfolios.

14. Stress Testing:

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

- The default of general trade finance by 15%, the default of tourism sector by 15%, the increase of credit facilities granted to manufacturing sector by 25% and the default of construction sector by 10%.
- The default of major 3 customers in the following sectors (Tourism, Industrial, Construction and General Trade) have been classified as non-performing.

15. Control Reports:

- The credit risks departments, each according to its specialization, control and evaluate all credit operations through a set of control procedures:
  - Daily control:  
Monitoring/Controlling credit violations, un-renewed due credit ceilings, due accounts, and others.
  - Controlling the quality and distribution of the credit portfolio.
  - Rating credit risks, economic sector, credit type, guarantees, concentration, credit asset quality trends, and others.
  - Controlling credit exposure at the customer level (total exposure), geographic area, credit type, economic sector, maturity date, guarantee type, and others.

These reports are submitted periodically to the Executive Risks Committee under the Board of Directors. Timely reports on daily operations are submitted to the CEO, on a timely basis.

## **Operational Risks**

Operational risks arise from the inefficiency or failure of internal operations, employees, or systems or it may stem from external events including legal risks. The Bank's Operational Risks Department was set up in the year 2003. It has qualified staffers and automatic systems. It is affiliated with Risk Management.

The Bank manages operational risks based on the following criteria:

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

## **Compliance Risks**

These represent the risks that arise from the probable failure by the Bank to comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws, and code of ethics issued by the international and local regulatory bodies, including the internal policies of the Bank.

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

- Preparing the compliance policy, approving it by the Board of Directors, and enforcing it. This policy includes the principles for defining, measuring, and controlling risks.
- Applying an automatic system for managing compliance risks.
- Evaluating and adopting all work policies and procedures and ensuring their compliance with laws, regulations, and instructions governing the work of the Bank.
- Preparing and applying compliance matrices, which include limiting the violation of laws and regulations and ensuring compliance with them periodically according to the nature and type of the matrix.
- Studying, appraising, and analysing customers' complaints to better understand those complaints, their concentration, and impact.
- Promulgating and applying the code of ethics to all employees of the Bank.

- Qualifying and training all employees of the Bank.
- Providing the Board of Directors and Executive Management with periodic reports that include violations and non-compliance at the unit level of the Bank.
- As for anti-money laundering activities, an autonomous unit within the Compliance Department has been set up with appropriate and qualified capabilities and systems, the Bank uses to manage the unit of Anti-money laundering and terrorist finance as follows:
  1. Preparing a policy for anti-money laundering approved from the board of directors, and implementing it effectively. The policy is in line with the instruction of Anti-Money Laundering and Terrorist Finance number 51 for the year 2010.
  2. Implementation of automated system to check daily customers transactions.
  3. Rating of customers in accordance to their risk grade.
  4. Periodically automated check to ensure that none of the Banks customers are included on prohibited lists.
  5. Check of customers with high risks.
  6. Awareness of the Bank employees each as per their specialities.

The Bank has also established a unit to meet the requirements of tax compliance for foreign accounts (FATCA) and supplying them with qualified human resources, and the requirements of compliance operation management for FATCA law were prepared within the following basis:

- The preparation and adoption of a policy to deal with the law of the FATCA.
- The preparation and adoption of a compliance program with the law of FATCA.
- Rehabilitation and training of all employees of the Bank to deal with the requirements of the law FATCA.
- Contract with a specialized company to implement an automated system to manage the requirements of FATCA.
- Adjustment models open accounts to meet the requirements of the law FATCA.
- Develop a mechanism to update customer data on an ongoing basis.

### **Liquidity Risk**

Liquidity risk represents the inability of the Bank to make available the necessary funding to meet its obligations on their maturity dates or to finance its activities without incurring high costs or losses. Moreover, liquidity risks are divided into two types:

- Funding Liquidity Risk  
This risk represents the inability of the Bank to change assets into cash, such as the collection of receivables, or to obtain funding to meet its obligations.
- Market Liquidity Risk  
This risk represents the inability of the Bank to sell the asset in the market or selling the asset at a huge financial loss due to weak liquidity or demand in the market.

The Bank manages liquidity as follows:

- Installing a set of liquidity management policies and procedures, approved by the Board of Directors, that specifies the criteria for definition, measurement, control, follow-up, and management of liquidity risk.
- Setting up a liquidity crisis management plan that includes the following:
  - Special procedures for the management of liquidity risk.
  - A special committee to manage liquidity risk.
  - A liquidity contingency plan.
- Developing liquidity risk tools, measurement, management, and monitoring through:
  - Preparing liquidity risk reports according to the maturity scale.
  - Monitoring ceilings and quality of the investment portfolio.
  - Identifying sources of funds, and classifying/analyzing them according to their nature.
  - Controlling legal liquidity and daily cash liquidity. This means keeping an adequate amount of liquid assets (cash and cash equivalents) to meet obligations.
  - Matching maturities of assets and liabilities, taking into consideration all internal and external cash flows.
  - Performing stress testing.
- Submitting periodic reports to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/Board of Directors.

## Second: Quantitative Disclosures:

(39/A) Credit Risk

Exposure to credit risk (after impairment provisions and before collateral held or other mitigation factors):		
	2013	2012
	JD	JD
<b>On- Statement Of Financial Position Items</b>		
Balances with central banks	163,015,103	188,937,517
Balances with banks and financial institutions	174,239,024	248,205,341
Deposits with banks and financial Institutions	8,508,000	8,862,500
<b>Credit facilities:</b>	1,040,347,184	930,627,322
Individual (retail customers)	236,266,379	210,490,221
Real estate loans	166,591,971	168,473,526
Corporate entities	528,426,718	467,559,830
Large corporate customers	416,530,189	343,604,411
SMEs	111,896,529	123,955,419
Government & public sector	109,062,116	84,103,745
Financial assets at fair value	66,743,216	44,477,928
Financial derivatives instruments	867,322	1,823,196
Financial assets at amortized cost (Bonds & Treasury Bills)	440,199,205	415,833,645
Other assets	35,498,251	36,426,232
<b>Off- Statement of Financial Position Items</b>		
Letters of guarantee	84,920,655	87,036,385
Letters of credit	69,674,433	33,872,793
Acceptances	22,187,936	17,622,662
Un-utilized facilities	113,237,275	95,018,224
<b>Total</b>	<b><u>2,219,437,604</u></b>	<b><u>2,108,743,745</u></b>

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

- Obtaining suitable guarantees and recording them correctly against any potential risks. These guarantees represent cash guarantees, and non-cash guarantees such as real estate, vehicles, equipment and stock mortgages in addition to guarantees and credit derivatives binding to all parties involved and legally exercisable at all competent courts.
- Having a credit rating system for the customers of the Bank and relying on the credit ratings issued by international credit agencies for banks and companies.
- Performing periodic evaluations of guarantees according to the nature, kind, and degree of risk to ensure their adequacy against the credit granted.
- Conducting a legal audit of all contracts and documents and their applicability according to the system, laws and regulations of the Bank.
- Having financial derivatives that mitigate market risks.

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

		December 31, 2013							
		Corporate entities							
		Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government & Public Sector	Banks & other Financial Institutions	Total	
Grades:		JD	JD	JD	JD	JD	JD	JD	
Low Grade		-	-	-	-	528,081,055	163,015,103	691,096,158	
Standard Grade		248,888,763	157,885,906	485,899,739	112,911,918	-	191,278,166	1,196,864,492	
From Which Past Due*:									
Up To 30 Days		1,042,085	438,966	13,357,368	3,355,807	-	-	18,194,226	
From 31 To 60 Days		263,427	89,757	3,723,911	1,255,421	-	-	5,332,516	
Watch List		3,331,950	4,571,994	16,119,310	11,450,485	-	-	35,473,739	
<b>Non - Performing:</b>		22,274,470	10,462,804	61,178,837	18,406,494	-	-	112,322,605	
Substandard		1,065,217	196,311	527,770	456,169	-	-	2,245,467	
Doubtful		2,003,135	1,157,349	1,657,019	1,542,856	-	-	6,360,359	
Losses Written-off		19,206,118	9,109,144	58,994,048	16,407,469	-	-	103,716,779	
<b>Total</b>		274,495,183	172,920,704	563,197,886	142,768,897	528,081,055	354,293,269	2,035,756,994	
Less: Interest In Suspense		(2,705,614)	(991,808)	(6,947,804)	(2,857,172)	-	-	(13,502,398)	
Less: Allowance For Impairment Losses		(18,159,503)	(5,336,925)	(58,689,354)	(10,651,509)	-	-	(92,837,291)	
<b>Net</b>		253,630,066	166,591,971	497,560,728	129,260,216	528,081,055	354,293,269	1,929,417,305	

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

		December 31, 2012							
		Corporate entities				Banks & other Financial Institutions			
		Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government & Public Sector	Banks & other Financial Institutions		Total
Grades:		JD	JD	JD	JD	JD	JD	JD	JD
Low Grade		-	-	-	-	481,821,599	188,937,517		670,759,116
Standard Grade		220,343,503	133,432,192	387,305,391	100,244,454	-	264,375,485		1,105,701,025
From Which Past Due*:									
Up To 30 Days		4,291,245	1,360,706	18,507,194	1,835,690	-	-		25,994,835
From 31 To 60 Days		1,942,740	240,125	2,766,247	209,280	-	-		5,158,392
Watch List		3,442,688	4,462,429	56,240,966	18,936,233	-	-		83,082,316
<b>Non - Performing:</b>		23,292,798	36,807,053	34,461,012	18,555,762	-	-		113,116,625
Substandard		2,421,676	8,660,245	3,600,758	1,756,475	-	-		16,439,154
Doubtful		2,729,161	4,663,121	8,633,351	4,858,161	-	-		20,883,794
Losses Written-off		18,141,961	23,483,687	22,226,903	11,941,126	-	-		75,793,677
<b>Total</b>		247,078,989	174,701,674	478,007,369	137,736,449	481,821,599	453,313,002		1,972,659,082
Less: Interest In Suspense		(2,773,356)	(840,047)	(6,541,722)	(2,609,598)	-	-		(12,764,723)
Less: Allowance For Impairment Losses		(17,023,944)	(5,504,610)	(51,117,201)	(11,054,923)	-	-		(84,700,678)
<b>Net</b>		227,281,689	168,357,017	420,348,446	124,071,928	481,821,599	453,313,002		1,875,193,681

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

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

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

December 31, 2013						
	Corporate entities					
	Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government and Public Sector	Total
Grades:	JD	JD	JD	JD	JD	JD
Low Grade	-	-	-	-	-	-
Standard Grade	36,491,780	144,675,029	73,643,660	42,528,267	-	297,338,736
Watch List	179,130	4,922,686	7,801,551	10,313,865	-	23,217,232
<b>Non-performing:</b>	3,600,383	7,418,640	33,016,153	13,532,516	-	57,567,692
Substandard	321,772	427,029	7,454,889	1,742,579	-	9,946,269
Doubtful	274,685	1,211,419	2,928,346	2,000,184	-	6,414,634
Losses Written-off	3,003,926	5,780,192	22,632,918	9,789,753	-	41,206,789
<b>Total</b>	40,271,293	157,016,355	114,461,364	66,374,648	-	378,123,660
<b>As:</b>						
Cash Margins	10,964,162	-	16,631,480	18,439,415	-	46,035,057
Real Estate	13,018,125	157,016,355	75,213,275	44,550,385	-	289,798,140
Listed Shares	524,093	-	17,818,042	204,245	-	18,546,380
Equipment And Vehicles	15,764,913	-	4,798,567	3,180,603	-	23,744,083
<b>Total</b>	40,271,293	157,016,355	114,461,364	66,374,648	-	378,123,660

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

		December 31, 2012								
		Individual (Retail Customers)		Real Estate		Corporate entities		Government and Public Sector		Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD
Grades:										
Low Grade		-	-	-	-	-	-	-	-	-
Standard Grade		32,593,870	146,797,606	71,576,380	73,671,543	-	-	-	-	324,639,399
Watch List		137,432	4,596,844	25,479,679	14,648,187	-	-	-	-	44,862,142
<b>Non-performing:</b>		4,885,936	9,822,773	23,524,809	15,211,881	-	-	-	-	53,445,399
Substandard		195,090	891,748	1,925,175	1,444,113	-	-	-	-	4,456,126
Doubtful		329,196	1,837,409	3,465,210	4,497,113	-	-	-	-	10,128,928
Losses Written-off		4,361,650	7,093,616	18,134,424	9,270,655	-	-	-	-	38,860,345
<b>Total</b>		<b>37,617,238</b>	<b>161,217,223</b>	<b>120,580,868</b>	<b>103,531,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422,946,940</b>
<b>As:</b>										
Cash Margins		5,207,007	156,248	17,366,065	18,832,266	-	-	-	-	41,561,586
Real Estate		15,586,393	161,047,957	77,673,607	71,468,595	-	-	-	-	325,776,552
Listed Shares		533,747		18,336,600	3,315,578	-	-	-	-	22,185,925
Equipment And Vehicles		16,290,091	13,018	7,204,596	9,915,172	-	-	-	-	33,422,877
<b>Total</b>		<b>37,617,238</b>	<b>161,217,223</b>	<b>120,580,868</b>	<b>103,531,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422,946,940</b>

### 1. Rescheduled Loans

These represent loans classified previously as non-performing, removed from non-performing credit facilities according to proper scheduling, and reclassified as debts under watch list. Total rescheduled loans amounted to JD 8,453,702 as of December 31, 2013 (JD 48,430,405 as of December 31, 2012).

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

### 2. Restructured Loans

Restructuring means to rearrange facilities instalments by increasing their duration, postponing some instalments, or increasing their grace period. They are classified as debts under watch list and amounted to JD 65,371,673 as of December 31, 2013 (JD 37,667,987 as of December 31, 2012).

3. Debit Securities and Treasury Bills				
The schedule below shows the distribution of bonds and bills according to the international agencies' classification:	Rating Agency	Classification	Within Financial Assets at Amortized Cost	Total
Rating Grade		JD	JD	JD
Foreign Bank Bonds	Moody's	Aa3	5,823,247	5,823,247
Foreign Bank Bonds	Moody's	A2	2,922,454	2,922,454
Foreign Bank Bonds	Moody's	A1	5,862,257	5,862,257
Unrated			12,868,350	12,868,350
Government			373,678,731	373,678,731
Guaranteed by the Government			39,044,166	39,044,166
Total			<u>440,199,205</u>	<u>440,199,205</u>

4. Concentration of credit risk exposure according to geographical distribution as follows:														
(Distributed in accordance to the country of residence for the counterparty)	Inside Jordan		Other Middle East Countries		Europe		Asia *		America		Rest of the World		Total	
		JD		JD		JD		JD		JD		JD		JD
Cash And Balances With Central Banks		105,166,849		57,848,254		-		-		-		-		163,015,103
Balances With Banks And Financial Institutions		57,467,550		89,471,510		21,516,268		494,055		5,213,953		75,688		174,239,024
Deposits With Banks And Financial Institutions		-		-		8,508,000		-		-		-		8,508,000
Credit Facilities:		898,840,467		139,734,217		1,772,500		-		-		-		1,040,347,184
Individual (Retail Customers)		208,275,665		27,990,714		-		-		-		-		236,266,379
Real Estate		164,125,383		2,466,588		-		-		-		-		166,591,971
Corporate Entities:		456,925,897		69,728,321		1,772,500		-		-		-		528,426,718
Large Corporate Customers		370,690,303		44,067,386		1,722,500		-		-		-		416,530,189
SMEs		86,235,594		25,660,935		-		-		-		-		111,896,529
Government & Public Sector		69,513,522		39,548,594		-		-		-		-		109,062,116
Financial Assets At Fair Value		60,853,325		5,870,648		19,243		-		-		-		66,743,216
Financial Derivatives Instrument		-		867,322		-		-		-		-		867,322
Bonds, Debentures, And Bills:														
Financial Assets At Amortized Cost		414,956,247		25,242,958		-		-		-		-		440,199,205
Other Assets		23,941,934		11,523,598		32,719		-		-		-		35,498,251
Total 2013		1,561,226,372		330,558,507		31,848,730		494,055		5,213,953		75,688		1,929,417,305
Total 2012		1,368,042,769		394,942,786		103,091,399		823,910		8,236,690		56,127		1,875,193,681

\* Excluding Middle East Countries.

**5. Concentration of credit risk exposure according to economic activities as follows:**

Economic Sector	Finance	Manufacturing	Trade	Real Estate	Construction	Agriculture	Restaurants, Hotels and Public Facilities	Shares	Individual (Retail Customers)	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	163,015,103	-	-	-	-	-	-	-	-	-	163,015,103
Balances with banks and financial institutions	174,239,024	-	-	-	-	-	-	-	-	-	174,239,024
Deposits with banks and financial institutions	8,508,000	-	-	-	-	-	-	-	-	-	8,508,000
Credit Facilities:	12,450,315	185,619,987	174,281,418	166,591,971	42,528,728	15,403,448	94,989,484	3,153,338	236,266,379	109,062,116	1,040,347,184
Financial assets at fair value	4,050,134	49,443,508	399,209	7,082,319	113,600	-	5,654,446	-	-	-	66,743,216
Financial derivatives instrument	867,322	-	-	-	-	-	-	-	-	-	867,322
Bonds, debentures, and bills:											
Within the financial assets at amortized cost	14,607,958	2,233,350	10,635,000	-	-	-	39,044,166	-	-	373,678,731	440,199,205
Other assets	20,089,330	369,353	557,392	15,507	-	41,040	5,632,810	30,916	3,133,641	5,628,262	35,498,251
Total 2013	397,827,186	237,666,198	185,873,019	173,689,797	42,642,328	15,444,488	145,320,906	3,184,254	239,400,020	488,369,109	1,929,417,305
Total 2012	473,953,046	179,730,055	212,660,390	192,631,428	49,641,463	12,216,551	86,551,356	7,503,602	219,109,230	441,196,560	1,875,193,681

### 39.b Market Risks:

#### **Descriptive Disclosures:**

These risks arise from the fluctuations in the fair values or the future cash flows of financial instruments due to the changes in market prices such as interest rate, currency exchange rate, and shares prices. Moreover, market risks arise from the existence of open positions in interest rates, currency exchange rates, and investments in share. These risks are monitored according to specific policies and procedures and through special committees and work centers and include the following:

- Interest rate risks.
- Currency exchange rate risks.
- Fluctuation in share price risks.

Market risks are the risks of exposure of the positions on and off the Consolidated Statement of Financial Position of the Bank to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investment portfolios, both for the purpose of trading or exchange.

Market risks arise from:

Changes that may occur in the political and economic conditions in markets.

- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments, and futures selling and buying of futures.
- Foreign currency fluctuations.
- Gaps in maturities of assets and liabilities and interest rate re-pricing.
- Creating of uncovered positions.

#### **Interest Rate Risks**

Interest rate risks arise from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities, according to the various time limits or review of interest rates in a certain period. Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy undertaken by the Asset and Liability Management Committee. The Bank follows a policy of hedging all financial assets and financial liabilities whenever the need arises. Hedging is against anticipated future risks.

The Bank has developed analysis scenarios to measure the sensitivity of interest rate risk in addition to providing a system for controlling the difference in the history of re-pricing. This ensures control, reduces risk, and takes into account acceptable risk and balancing maturities of assets with liabilities, as well as the gaps and benefits of hedging their prices.

#### **Foreign Currency Risks**

Foreign currency risks are the risks arising from changes in the values of financial instruments as a result of fluctuations in the prices of foreign currencies using good policies to manage its foreign currency positions.

The investment policy of the Bank includes a set of controls that limit this type of risk monitored by the market risk unit such as the following:

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

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

	December 31	
	2013	2012
Currency Type	JD	JD
US Dollar	(6,160,403)	(45,189,523)
Sterling Pound	(8,200,964)	16,750
Euro	(6,553,525)	(9,577,969)
Japanese Yen	30,244	829,966
Other Currencies	(7,243,276)	4,364,437
	<u>(28,127,924)</u>	<u>(49,556,339)</u>

### Share Price Risks

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

### Market Risk Management

The Bank follows financial policies for risk management within a specified strategy. Moreover, the Bank has an Asset and Liability Management Committee that supervises and controls risks and performs the optimal strategic distribution of assets and liabilities both on and off the consolidated statement of financial position. Moreover, a market risk unit was established, staffed with qualified human resources, and equipped with electronic systems. These risk management procedures include the following:

- Preparation and implementation of an investment policy approved by the Board of Directors and the Central Bank of Jordan.
- Preparation and application of a market risk management policy approved by the Board of Directors including the criteria for the definition, measurement, and monitoring of this type of risk.
- Preparation of a mechanism for management of ceilings of local and foreign investments.
- Development of market risk measurement, management, and monitoring tools through:
  - Value at risk (VAR).
  - Basis point analysis.
  - Stress testing.
  - Defining stop loss limit.
  - Preparation of investment concentration reports (geographical distribution, economic sector, currency, tool, etc).
  - Controlling investment ceilings.
  - Controlling investment operations, open financial positions, and local and international stocks.
- Preparation of periodic reports to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/ Board of Directors.

Quantitative disclosures:

1. Interest rate risks			
	December 31, 2013		
	Increase in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	(123,208)	-
Sterling Pound	2%	(164,019)	-
Euro	2%	(131,071)	-
Japanese Yen	2%	605	-
Other Currencies	2%	-144866	-
	(Decrease) in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	(123,208)	-
Sterling Pound	2%	(164,019)	-
Euro	2%	(131,071)	-
Japanese Yen	2%	605	-
Other Currencies	2%	-144866	-

1. Interest rate risks			
	December 31, 2012		
	Increase in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	(903,790)	-
Sterling Pound	2%	335	-
Euro	2%	(191,559)	-
Japanese Yen	2%	16,599	-
Other Currencies	2%	87,289	-
	(Decrease) in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	903,790	-
Sterling Pound	2%	(335)	-
Euro	2%	191,559	-
Japanese Yen	2%	(16,599)	-
Other Currencies	2%	(87,289)	-

<b>2. Foreign Currencies Risks</b>			
	December 31, 2012		
	Increase in Currency Exchange Rate (1%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
US Dollar	5%	(308,020)	-
Sterling Pound	5%	(410,048)	-
Euro	5%	(327,676)	-
Japanese Yen	5%	1,512	-
Other Currencies	5%	(362,164)	-
December 31, 2011			
	Increase in Currency Exchange Rate (1%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
US Dollar	5%	(2,259,476)	-
Sterling Pound	5%	838	-
Euro	5%	(478,898)	-
Japanese Yen	5%	41,498	-
Other Currencies	5%	218,222	-

<b>3. Fluctuation in Share Price Risks</b>			
	December 31, 2013		
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	5%	32,396	2,630,619
Palestine Stock Exchange	5%	-	245,578
December 31, 2012			
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	5%	39,488	1,572,058
Palestine Stock Exchange	5%	-	171,048

### Interest Rate Sensitivity Gap:

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

2013	Interest Rate Sensitivity											Interest Rate %	
	Assets												
	Less than 1 Month	1 to 3 Months	More than 3 to 6 Months	More than 6 Months to 1 Year	More than 1 to 3 Years	Over 3 Years	Non-Interest Bearing Items	Total					
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Cash And Balances With Central Banks	31,000,000	-	-	-	-	7,444,500	183,759,186	222,203,686					3.6
Balances With Banks And Financial Institutions	154,352,601	13,470,212	-	-	-	-	6,416,211	174,239,024					1.9
Deposits With Banks And Financial Institution	-	-	1,418,000	7,090,000	-	-	-	8,508,000					
Financial Assets At Fair Value Through Profit/loss	-	-	-	-	-	-	755,072	755,072					
Financial Assets At Fair Value Through Comprehensive Income	-	-	-	-	-	-	65,988,144	65,988,144					
Financial Derivatives Instruments	529,155	338,167	-	-	-	-	-	867,322					
Direct Credit Facilities - Net	93,858,597	171,910,262	168,536,566	266,325,946	168,375,946	171,339,867	-	1,040,347,184					9.7
Financial Assets At Amortized Cost	8,000,063	39,305,059	49,164,731	115,469,258	217,308,313	10,951,781	-	440,199,205					6.6
Investments In Associates	-	-	-	-	-	-	2,724,672	2,724,672					
Property And Equipment – Net	-	-	-	-	-	-	27,155,770	27,155,770					
Intangible Assets	-	-	-	-	-	-	2,534,327	2,534,327					
Deferred Tax Assets	-	-	-	-	-	-	16,613,171	16,613,171					
Other Assets	-	-	-	-	-	-	74,801,421	74,801,421					
<b>Total Assets</b>	<b>287,740,416</b>	<b>225,023,700</b>	<b>219,119,297</b>	<b>388,885,204</b>	<b>385,684,259</b>	<b>189,736,148</b>	<b>380,747,974</b>	<b>2,076,936,998</b>					
<b>Liabilities</b>													
Banks And Financial Institutions' Deposits	54,190,981	-	-	10,218,637	-	-	5,506,894	69,916,512					2.5
Customers' Deposits	145,672,795	128,622,797	99,312,513	132,474,405	205,017,591	173,879,887	659,225,735	1,544,205,723					2.3
cash Margins	5,686,186	2,384,061	8,223,168	14,692,847	8,240,145	3,636,092	49,279,006	92,141,505					1.2
Sundry Provisions	-	-	-	-	-	-	7,576,946	7,576,946					
deferred Tax Liabilities	-	-	-	-	-	-	16,947,814	16,947,814					
Other Liabilities	-	-	-	-	-	-	24,656,912	24,656,912					
<b>Total Liabilities</b>	<b>205,549,962</b>	<b>131,006,858</b>	<b>107,535,681</b>	<b>157,385,889</b>	<b>213,257,736</b>	<b>177,515,979</b>	<b>763,193,307</b>	<b>1,755,445,412</b>					
<b>Interest Re-pricing Gap</b>	<b>82,190,454</b>	<b>94,016,842</b>	<b>111,583,616</b>	<b>231,499,315</b>	<b>172,426,523</b>	<b>12,220,169</b>	<b>(382,445,333)</b>	<b>321,491,586</b>					
2012													
Total Assets	426,704,544	99,137,003	128,933,394	278,570,884	471,949,481	225,084,446	386,248,173	2,016,627,925					
Total Liabilities	216,555,539	172,603,540	33,930,487	110,130,923	258,073,264	229,507,198	705,050,191	1,725,851,142					
Interest Re-pricing Gap	210,149,005	(73,466,537)	95,002,907	168,439,961	213,876,217	(4,422,752)	(318,802,018)	290,776,783					

Concentration of Foreign Currency Risk:							
December 31, 2013							
Currency	US Dollar	Sterling Pound	Euro	Japanese Yen	Other	Total	
Items	JD	JD	JD	JD	JD	JD	JD
Assets							
Cash And Balances With Central Banks	55,191,107	373,041	2,603,020	6,487	39,069,081	97,242,736	
Balances With Banks And Financial Institutions	59,034,023	1,332,829	14,609,759	27,209	54,108,993	129,112,813	
Deposits With Banks And Financial Institutions	8,508,000	-	-	-	-	8,508,000	
Financial Derivatives Instruments	-	-	-	-	813,331	813,331	
Direct Credit Facilities - Net	197,402,887	-	2,446,434	-	68,325,541	268,174,862	
Financial Assets (At Amortized Cost & At Fair Value & Investments In Associates)	60,219,898	-	-	-	-	60,219,898	
Other Assets	1,926,551	149	31,916	45	15,476,642	17,435,303	
Total Assets	382,282,466	1,706,019	19,691,129	33,741	177,793,588	581,506,943	
Liabilities							
Banks And Financial Institutions' Deposits	10,647,720	1,428	1,786,166	-	-	12,435,314	
Customers' Deposits	309,403,524	9,611,963	22,632,562	1,978	162,134,006	503,784,033	
cash Margins	26,899,759	65,439	3,199,763	1,519	7,222,216	37388696	
Other Liabilities	41,491,866	228,153	(1,373,837)	-	15,680,642	56,026,824	
Total Liabilities	388,442,869	9,906,983	26,244,654	3,497	185,036,864	609,634,867	
Net Position Inside Financial Position 2013	(6,160,403)	(8,200,964)	(6,553,525)	30,244	(7,243,276)	(28,127,924)	
Commitments And Contingent Liabilities Off The Statement Of Financial Position During The Year 2013	104,342,211	1,949,466	11,674,766	15,188	33,722,673	151,704,304	
December 31, 2012							
Currency	US Dollar	Sterling Pound	Euro	Japanese Yen	Other	Total	
Items	JD	JD	JD	JD	JD	JD	JD
Assets							
Total Assets	346,571,056	14,176,339	19,909,888	835,435	249,477,409	630,970,127	
Total Liabilities	391,760,579	14,159,589	29,487,857	5,469	245,112,972	680,526,466	
Net Position Inside Financial Position 2012	(45,189,523)	16,750	(9,577,969)	829,966	4,364,437	(49,556,339)	
Commitments And Contingent Liabilities Off The Statement Of Financial Position During The Year 2012	74,702,690	13,669	14,515,868	28,185	41,710,625	130,971,037	

**Liquidity Risk First:** The table below represents the distribution of liabilities (not discounted) on the basis of the remainder of the contractual maturity at the date of the consolidated financial statements:

<b>December 31, 2013</b>										
	Up to 1 Month	More than 1 to 3 Months	More than 3 to 6 Months	More than 6 Months to 1 Year	More than 1 to 3 Years	Over 3 Years	Without Maturity	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Liabilities:</b>										
Banks And Financial Institutions' Deposits	59,697,874	-	-	10,218,638	-	-	-	69,916,512		
customers' Deposits	520,104,151	132,882,322	113,691,485	172,492,930	284,114,643	267,011,669	53,908,523	1,544,205,723		
cash Margins	17,397,667	9,373,896	17,321,387	21,084,719	17,548,712	9,415,124	-	92,141,505		
Sundry Provisions	103,136	312,859	210,000	410,687	988,348	5,551,916	-	7,576,946		
Income Tax Provision	-	10,569,930	1,200,000	2,077,884	2,000,000	1,100,000	-	16,947,814		
other Liabilities	12,112,958	4,468,341	5,997,103	2,023,978	54,532	-	-	24,656,912		
Total Liabilities	609,415,786	157,607,348	138,419,975	208,308,836	304,706,235	283,078,709	53,908,523	1,755,445,412		
Total Assets (Anticipated Maturity)	448,089,758	218,236,325	226,111,226	417,862,229	417,057,470	191,375,978	158,204,012	2,076,936,998		
<b>December 31, 2012</b>										
	Up to 1 Month	More than 1 to 3 Months	More than 3 to 6 Months	More than 6 Months to 1 Year	More than 1 to 3 Years	Over 3 Years	Without Maturity	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Liabilities</b>										
Banks And Financial Institutions' Deposits	26,996,858	8,039,932	-	-	-	-	-	35,036,790		
Customers' Deposits	513,105,627	221,658,209	129,352,613	144,092,718	273,680,801	221,351,056	49,358,669	1,552,599,693		
cash Margins	18,321,983	9,584,462	16,592,318	13,627,950	8,119,804	18,425,067	-	84,671,584		
Sundry Provisions	159,917	620,000	405,000	440,000	1,400,000	4,774,979	-	7,799,896		
Income Tax Provision	16,019,550	-	-	1,348,322	-	-	-	17,367,872		
deferred Tax Liabilities	-	-	100,000	100,000	300,000	5,382,960	-	5,882,960		
Other Liabilities	9,783,598	3,541,068	3,240,753	5,893,689	33,239	-	-	22,492,347		
Total Liabilities	584,387,533	243,443,671	149,690,684	165,502,679	283,533,844	249,934,062	49,358,669	1,725,851,142		
Total Assets (Anticipated Maturity)	651,944,579	112,746,315	131,942,132	288,650,243	561,713,846	229,600,411	40,030,399	2,016,627,925		

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

- Financial derivatives liabilities, which have been totally settled:

December 31, 2013		
	Up to 3 Months	Total
	JD	JD
Currency Derivatives:		
Outflow	(13,757,504)	(13,757,504)
Inflow	14,624,826	14,624,826
Total	867,322	867,322

December 31, 2012		
	Up to 3 Months	Total
	JD	JD
Currency Derivatives:		
Outflow	(58,439,946)	(58,439,946)
Inflow	60,263,142	60,263,142
Total	1,823,196	1,823,196

Off-consolidated statement of financial position items:				
	December 31, 2013			
	Up to 1 Year	1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters Of Credit And Acceptances	91,835,369	-	-	91,835,369
Un-utilized Facilities	113,237,275	-	-	113,237,275
Letters Of Guarantee	84,920,655	-	-	84,920,655
Capital Commitments	727,628	-	-	727,628
Total	290,720,927	-	-	290,720,927
	December 31, 2012			
	Up to 1 Year	1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters Of Credit And Acceptances	59,618,347	-	-	59,618,347
Un-utilized Facilities	95,018,224	-	-	95,018,224
Letters Of Guarantee	87,036,385	-	-	87,036,385
Capital Commitments	1,532,596	-	-	1,532,596
Total	243,205,552	-	-	243,205,552

#### 40. Information On The Business Segments Of The Bank

1. The business segments of the Bank are:

The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-maker through the following main segments:

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

Below is the information about the business segments of the Bank distributed according to activity:

	Total											
	Retail		Corporate		Treasury		Financial Brokerage Services		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total Income	51,818,024	32,806,097	29,310,751	344,412	217,819	114,497,103	117,270,429					
Direct Facilities Impairment Provision	(2,040,951)	(11,705,165)	-	-	-	(13,746,116)	18,162,709					
Segment Result	49,777,073	21,100,932	29,310,751	344,412	217,819	100,750,987	99,107,720					
Other Expenses	(27,043,679)	(19,258,582)	(4,050,400)	(186,006)	-	(50,538,667)	52,871,392					
Banks Share Of (Losses) From Investment In An Associate	-	(8,231)	-	-	-	(8,231)	(14,114)					
Profit Before Tax	22,733,394	1,834,119	25,260,351	158,406	217,819	50,204,089	46,222,214					
Income Tax	(6,815,894)	(3,460,417)	(3,464,380)	(25,301)	(44,919)	(13,810,911)	13,032,648					
Profit For The Year	15,917,500	(1,626,298)	21,795,971	133,105	172,900	36,393,178	33,189,566					
Other Information												
Capital Expenditures	1,549,378	631,165	353,441	-	157,092	2,691,076	4,679,458					
Depreciation And Amortization	2,431,478	2,011,415	625,290	25,301	255,902	5,349,386	6,217,556					
Total Assets	458,728,044	590,038,835	850,190,828	4,097,056	173,882,235	2,076,936,998	2,016,627,925					
Total Liabilities	1,204,683,922	353,599,454	154,174,759	14,095	42,973,182	1,755,445,412	1,725,851,142					

## 2. Information about Geographical Distribution:

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

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

	Inside the Kingdom		Outside the Kingdom		Total	
	2013	2012	2013	2012	2013	2012
	JD	JD	JD	JD	JD	JD
Total Revenues	132,933,631	130,945,293	22,566,759	26,853,319	146,514,218	150,425,137
Total Assets	1,736,398,885	1,526,440,191	500,934,182	656,838,256	2,076,936,998	2,016,627,925
Capital Expenditures	2,273,251	2,430,254	417,825	2,249,204	2,691,076	4,679,458

## 41. Assets and liabilities maturities:

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

	December 31, 2013		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
<b>Assets</b>			
Cash and balances with Central Banks	154,958,087	67,245,599	222,203,686
Balances with banks and financial Institutions	174,239,024	-	174,239,024
Deposits with banks and financial institutions	8,508,000	-	8,508,000
Financial assets at fair value through profit or loss	755,072	-	755,072
Financial assets at fair value through comprehensive income	-	65,988,144	65,988,144
Financial derivatives instruments	867,322	-	867,322
Direct Credit facilities – net	700,631,371	339,715,813	1,040,347,184
Financial assets at amortized cost	211,939,111	228,260,094	440,199,205
Investments in associates	-	2,724,672	2,724,672
Property and equipment – net	-	27,155,770	27,155,770
Intangible assets	-	2,534,327	2,534,327
Deferred tax assets	480,000	16,133,171	16,613,171
Other Assets	57,921,551	16,879,870	74,801,421
<b>TOTAL ASSETS</b>	<b>1,310,299,538</b>	<b>766,637,460</b>	<b>2,076,936,998</b>
<b>LIABILITIES</b>			
Banks and financial institutions' deposits	69,916,512	-	69,916,512
Customers' deposits	939,170,888	605,034,835	1,544,205,723
Cash margins	65,177,669	26,963,836	92,141,505
Sundry provisions	1,036,682	6,540,264	7,576,946
Income tax provision	13,847,814	3,100,000	16,947,814
Other liabilities	24,602,380	54,532	24,656,912
<b>TOTAL LIABILITIES</b>	<b>1,113,751,945</b>	<b>641,693,467</b>	<b>1,755,445,412</b>
<b>Net</b>	<b>196,547,593</b>	<b>124,943,993</b>	<b>321,491,586</b>

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

	December 31, 2012		
	Up to 1 Year	Over 1 Year	Total
Assets	JD	JD	JD
Cash And Balances With Central Banks	239,672,721	7,444,500	247,117,221
Balances With Banks And Financial Institutions	248,205,341	-	248,205,341
Deposits With Banks And Financial Institutions	8,862,500	-	8,862,500
Financial Assets At Fair Value Through Profit Or Loss	789,767	-	789,767
Financial Assets At Fair Value Through Comprehensive Income	-	43,688,161	43,688,161
Financial Derivatives Instruments	1,823,196	-	1,823,196
Direct Credit Facilities – Net	563,648,933	366,978,389	930,627,322
Financial Assets At Amortized Cost	93,222,607	322,611,038	415,833,645
Investments In Associates	-	2,732,903	2,732,903
Property And Equipment – Net	-	37,770,885	37,770,885
Intangible Assets	-	2,259,515	2,259,515
Deferred Tax Assets	590,000	13,561,149	14,151,149
Other Assets	28,468,204	34,298,116	62,766,320
<b>Total Assets</b>	<b>1,185,283,269</b>	<b>831,344,656</b>	<b>2,016,627,925</b>
Liabilities			
Banks And Financial Institutions' deposits	35,036,790	-	35,036,790
Customers' Deposits	1,008,209,167	544,390,526	1,552,599,693
cash Margins	58,126,713	26,544,871	84,671,584
Sundry Provisions	1,624,917	6,174,979	7,799,896
income Tax Provision	17,367,872	-	17,367,872
deferred Tax Liabilities	200,000	5,682,960	5,882,960
Other Liabilities	22,459,108	33,239	22,492,347
<b>Total Liabilities</b>	<b>1,143,024,567</b>	<b>582,826,575</b>	<b>1,725,851,142</b>
<b>Net</b>	<b>42,258,702</b>	<b>248,518,081</b>	<b>290,776,783</b>

## 42. Capital management:

### Capital Components:

#### - Paid-up Capital:

The paid-up capital of Bank of Jordan consists of 155/1 million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of branching locally and regionally.

#### - Regulatory Capital:

Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (II) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of:

- (Paid-up capital, legal reserve, voluntary reserve, and retained earnings).
- (Undisclosed reserves, general banking risks reserve, subordinated debts, and the positive fair value reserve at 45% or deduct the negative change balance in full).
- Foreign currency translation difference

**- Regulatory Authorities' Requirements:**

The regulatory authorities' instructions entail that the minimum capital shall be JD 100 million. Moreover, banks have been requested to increase their capital adequacy ratio to no less than 12% according to the Central Bank of Jordan instructions. The ratio of owners' equity to total assets must not be less than 6%.

**- Achieving the Objectives of Capital Management:**

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

- The change in regulatory capital resulted in an increase of JD 21/34 million as capital was increased through the growth in reserves and retained earnings. Regulatory capital and the capital adequacy ratio are as follows:

	In Thousands	
	2013	2012
Primary Capital Items	JD	JD
Subscribed and paid-up capital	155,100	155,100
Statutory reserve	54,601	48,583
Voluntary reserve	13,716	13,736
Other reserves	2,319	1,788
Retained earnings	12,705	2,687
Minority interest in the capital of subsidiaries	1,139	-
Less: Total intangible assets	(2,534)	(2,260)
Foreclosed property over 4 years	(19,469)	(17,410)
50% in the investments in banks and insurance companies	<u>(2,118)</u>	<u>(2,070)</u>
<b>Total Primary Capital</b>	<u>215,459</u>	<u>200,154</u>
<b>Additional Capital Items</b>		
Translation of foreign currencies	(11,643)	(4,525)
Assessment of financial assets	15,053	3,096
Banking risk reserve	10,025	8,781
Less: 50% in the investments in banks and insurance companies	<u>(2,118)</u>	<u>(2,070)</u>
<b>Total additional capital</b>	<u>11,317</u>	<u>5,282</u>
<b>Total regulatory capital</b>	<u>226,776</u>	<u>205,436</u>
<b>Total risk weighted assets</b>	1,391,205	1,253,709
Capital adequacy ratio (%)	16.30%	%16.39
Regulatory capital adequacy ratio (%)	15.49%	%15.96

### 43. Fair value hierarchy

A. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis: Some financial assets and liabilities of the bank are evaluated at fair value at the end of each fiscal period, the following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

	Fair Value December 31, 2013	The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	Relation Between the Fair Value & the Important Intangible Inputs
<b>Financial Assets/Financial Liabilities</b>					
<b>Financial Assets at Fair Value</b>					
<b>Financial Assets at Fair Value Through Income Statement</b>					
Shares that have available market price	647,929	Level One	Stated rates in financial markets	Does not apply	Does not apply
Shares that do not have available market price	107,143	Level Two	Financial statements issued by companies		
<b>Total</b>	<u>755,072</u>				
Forward contracts (foreign currency)	876,456	Level One	Stated rates in financial markets	Does not apply	Does not apply
<b>Financial Assets at Fair Value through Comprehensive Income</b>					
Shares that have available market price	57,366,110	Level One	Stated rates in financial markets	Does not apply	Does not apply
Shares that do not have available market price	8,622,034	Level Two	Financial statements issued by companies	Does not apply	Does not apply
<b>Total</b>	<u>65,988,144</u>				
<b>Total Financial Assets at Fair Value</b>	<u>67,619,672</u>				
<b>Financial Liabilities at Fair Value</b>					
Forward contracts (foreign currency)	9,134	Level One	Stated rates in financial markets	Does not apply	Does not apply
<b>Total Financial Liabilities at Fair Value</b>	<u>9,134</u>				

\* There were no transfers between level 1 and level 2 during the year 2013

B - The fair value of financial assets and financial liabilities of the bank (non-specific fair value on an ongoing basis):

Except as detailed in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the bank approximate their fair value, as the management of the Bank believes that the carrying value of the items is equivalent to the fair value and this is due to either maturity or short-term interest rates that have been repriced during the year.

	December 31, 2013		The Level of Fair Value
	Book value	Fair Value	
<b>Financial Assets of non-specified Fair Value</b>	JD	JD	JD
Balances at Central Banks	163,015,103	163,018,076	Level two
Balances at Banks and Financial Institutions	174,239,024	174,593,179	Level two
Deposits at Banks and Financial Institutions	8,508,000	8,562,884	Level two
Loans and Bills and others	969,880,528	971,797,773	Level two
Financial Assets at Amortized Cost	440,199,205	447,726,186	Level two
Total Financial Assets of non-specified Fair Value	<u>1,755,841,860</u>	<u>1,765,698,098</u>	
<b>Financial Liabilities of non-specified Fair Value</b>			
Deposits at Banks and Financial Institutions	69,916,512	70,310,527	Level Two
Customer's Deposits	1,544,205,723	1,550,816,646	Level Two
Cash Insurance	92,141,505	92,411,440	Level Two
Total Financial Liabilities of non-specified Fair Value	<u>1,706,263,740</u>	<u>1,713,538,613</u>	

\* The fair value of the financial assets and liabilities for level 2 and level 3 were determined in accordance to agreed upon pricing models, which reflect the credit risk of the involved parties.

#### 44. Commitments and contingent liabilities

A. Contingent Liabilities:

	2013	2012
	JD	JD
Letters Of Credit	69,647,433	41,995,685
Acceptances	22,187,936	17,622,662
Letters Of Guarantee:	84,920,655	87,036,385
Payment	29,665,333	24,881,111
Performance	31,917,646	38,737,864
Other	23,337,676	23,417,410
Un-utilized Credit Facilities	<u>113,237,275</u>	<u>95,018,224</u>
Total	<u>289,993,299</u>	<u>241,672,956</u>

B. Contractual Liabilities:

	2013	2012
	JD	JD
Contracts For Purchasing Of Property And Equipment	449,283	513,902
Contracts For Operating And Financing Lease	<u>278,345</u>	<u>1,018,694</u>
Total *	<u>727,628</u>	<u>1,532,596</u>

\* These commitments mature in less than a year.

## 45. Lawsuits against the bank

The Bank is a defendant in lawsuits demanding cancellation of the claims of the Bank against others, lifting of real estate mortgages, compensation for damages, and non-cashing of checks. These lawsuits amounted to JD 50,364,846 as of December 31, 2013 (JD 60,690,885 as of December 31, 2012). According to the management and legal counsel of the Bank, no material financial liability is likely to be incurred as a result of these lawsuits above the provision recorded which amounted to JD 610,523 as of December 31, 2013 (JD 613,270 as of December 31, 2012). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated Statement of Income or against the recorded provision when paid.

## 46. Comparative Figures

During the first half of the year 2013, the Bank has corrected the accounting error relating to the deferred tax liabilities calculated on the unrealized gains resulting from the valuation of financial assets at fair value through comprehensive income as it's in the opinion of the Bank management and the legal and tax consultants, no tax liabilities are likely to be incurred on the gain from these investments, accordingly, all the deferred tax liabilities balance has been amortized on the fair value reserve and the retained earnings which has been adjusted on the related accounts in the beginning of the year 2013 as it is difficult to relate the comparative figures retrospectively.

The financial effect for this adjustment is as follows:

	January 1, 2013	Adjustments	Adjusted Balance
Statement of Financial Position	JD	JD	JD
Deferred tax liabilities	5,882,960	(5,882,960)	-
Fair value reserve	6,880,281	3,711,783	10,592,064
Retained earnings	43,869,842	2,171,177	46,041,019

## 47. Adoption of new and revised International Financial Reporting Standards (IFRSs)

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

The following new and revised IFRSs have been adopted in the preparation of the financial statements for which they did not have any material impact on the amounts and disclosures of the consolidated financial statements; however, they may affect the accounting for future transactions and arrangements except for the disclosures related to IFRS 12 and 13:

IFRS 10 Consolidated Financial Statements.	Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.
IFRS 11 Joint Arrangements.	Replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.
IFRS 12 Disclosure of Interests in Other Entities.	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
IFRS 13 Fair Value Measurement	Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.

IAS 19 Employee Benefits (2011)	An amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.
IAS 27 Separate Financial Statements (2011)	Amended version of IAS 27, which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.
IAS 28 Investments in Associates and Joint Ventures (2011)	<p>This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.</p>
Amendments to IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities	Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.
Annual Improvements IFRSs 2009-2011 Cycle	IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34.
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	Provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

#### 47.b. New and revised IFRSs issued but not yet effective

The following new and revised IFRSs have been issued but are not effective yet:

The Bank has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

	Effective for annual periods beginning on or after
Amendments to IAS 32 Financial Statements Offsetting Financial Assets and Liabilities.	1 January 2014.
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities.	1 January 2014.
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014.
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.	1 January 2014.
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions.	1 July 2014.
IFRIC 21 Levies	1 January 2014.



# Additional Information as Required by the Jordan Securities Commission 2013

Names and Brief Résumés of Board of Directors and  
Executive Managers

Major Shareholders' Equity

Board of Directors' Equity

Executive Managers' Equity

Addresses of Bank of Jordan Branches

Organizational Structure

# Additional Information as Required by the Jordan Securities Commission 2013

## A. Chairman's Letter

## B. Board of Directors' Report

### 1. a- Description of Main Activities:

The Bank provides a comprehensive range of banking products and services. These include accepting all types of deposits (demand, savings, and time deposits), and issuing certificates of deposit, letters of credit, and letters of guarantee to all clients in the various economic sectors locally and abroad. The Bank also provides financial leasing services.

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

The Bank has 66 branches and 11 exchange offices in Jordan, in addition to 15 branches and one office in Palestine. The address of each branch and office is listed at the end of the report under the section "Addresses of Bank of Jordan Branches".

The total number of Bank employees has reached 1,769. The table below illustrates the number of employees in each branch and office.

Branch	No. of Employees	Branch	No. of Employees	Branch	No. of Employees	Branch	No. of Employees
Head Office	811	Wadi Al Seer	6	Al Madina Al Monawara St.	8	Abdoun	12
Regional Management	166	Deir Abi Saeed	6	Aqaba	12	Hurrieh St. – Moghablain	6
Shmeisani	21	Sweileh	10	Al Bayader	8	Al Rawnaq	9
Amman	8	Al Fuheis	9	Industrial Area –	6	Sport City	7
Kerak	7	Abu Nsair	8	Al Bayader		Taj Mall	10
Irbid	14	Madaba	10	Al Mafraq	12	North Hashmi	8
Al Hussun St.	8	First Circle	12	North Azraq	11	Ramallah	24
Eidoun St.	7	Airport	8	Jabal Al weibdeh	9	Hebron	19
Ma'an	7	Hakama St. – Irbid	10	Tareq	9	Jenin	20
Rumtha	13	Zarqa	9	Zarqa Free Zone	6	Nablus	24
Al Turrah	5	Faisal St. – Zarqa	10	Marj Al Hamam	8	Gaza	19
Salt	12	New Zarqa	8	Al Jeezah	8	Al Ram	9
Jerash	9	North Shuneh	10	Ras Al Aein	9	Al Eizaryeh	8
Al Mahatta	8	Kufranjah	5	Al Yasmeen	9	Industrial Area – Ramallah	6
Yarmouk St. – Al Nasser	6	Al Qweismeh	10	Sweifieh	12	Bethlehem	9
Marka	12	Third Circle	7	Al Wehdad	11	Tulkarm	10
Ajloun	9	Mecca St.	12	Al Ruseifa	8	Arraba	6
Jabal Al Hussein	13	University of Jordan	7	Khalda	8	Qabatiya	6
Al Khalidi	6	Thirty St. – Irbid	11	Abu Alanda	9	Rafidia	7
Al Jubaiha	9	Al Nuzha	8	City Mall	12	Al Naser	7
Commercial Market	8	Gardens	18	Al Rabiye	8	Al Eersal	7

## 1. c- Capital Investment Volume:

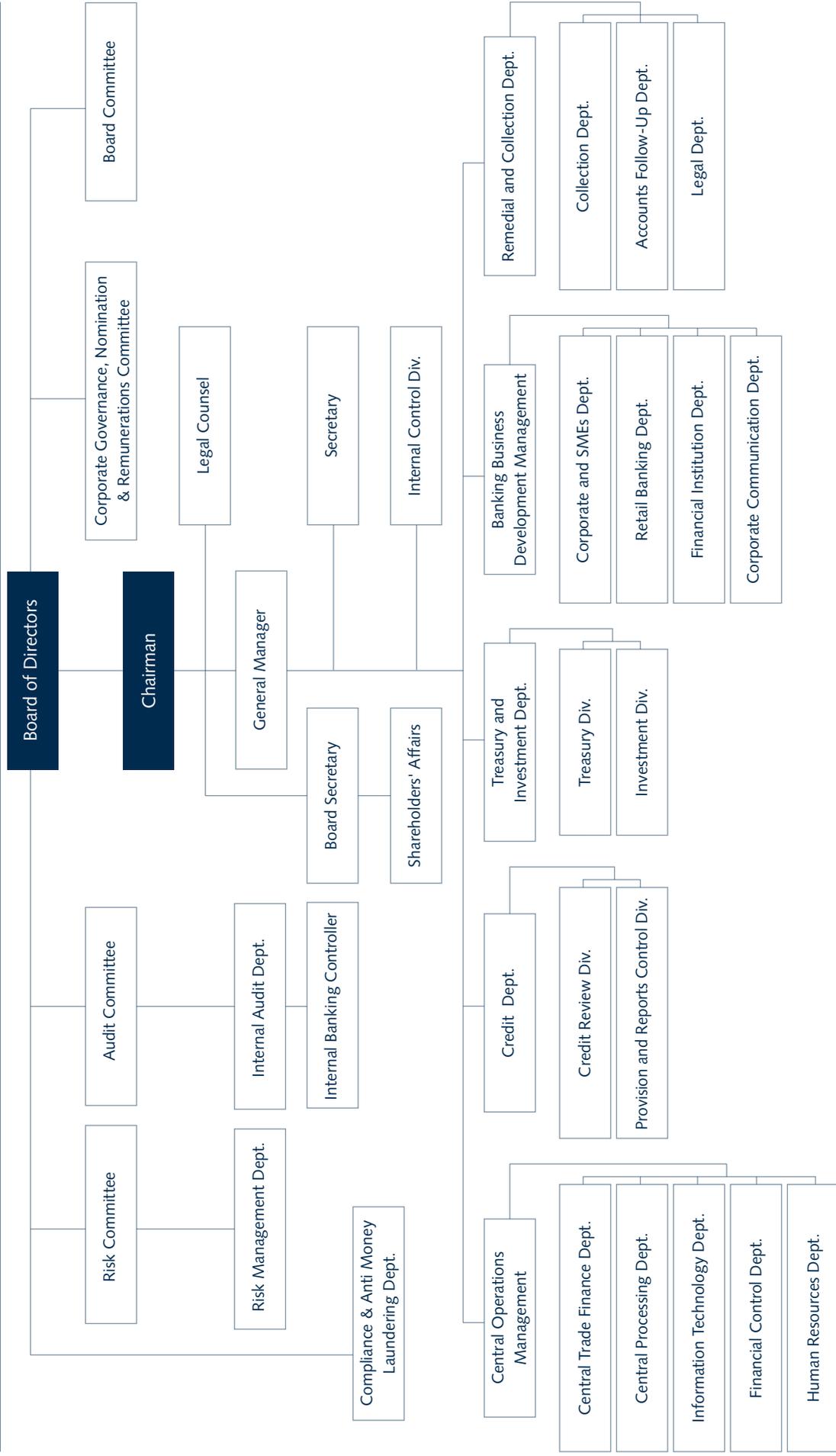
JD 317 million as of December 31<sup>st</sup>, 2013

## 2. Subsidiaries:

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

<b>Name of Company</b>	Bank of Jordan - Syria
<b>Type of Company</b>	Joint Stock Company
<b>Date of Association</b>	28/5/2008
<b>Core Business</b>	All Banking Operations
<b>Paid-up Capital</b>	SYP 3,000,000,000
<b>Bank's Ownership Percentage</b>	49%
<b>Address</b>	Sabaa Bahrat Square, Baghdad St. - Damascus P.O. Box 8058 Damascus, Syria Tel: 00963-11-22900100 Fax: 00963-11- 2315368
<b>Number of Employees</b>	163 employees
<b>Branch Location and Number of Employees</b>	<p><b>Abu Rumaneh Branch</b> Arab League Square, Al-Deyafeh Tel: 00963-11-3354500 Fax: 00963-11-3354506 P.O. Box 8058 Damascus, Syria Employees: 8</p> <p><b>Al Faisal St. Branch / Aleppo</b> Al Malek Faisal St. - Aleppo Tel: 00963-21-2228070 Fax: 00963-21-2228081 P.O. Box 8058 Damascus, Syria Employees: 6</p> <p><b>Baroon Branch / Aleppo</b> Baroon St. - Aleppo Tel: 00963-21-2126996 Fax: 00963-21- 2125985 P.O. Box 8058 Damascus, Syria Employees: 6</p> <p><b>Harasta Branch (Temporarily closed)</b> Hrasta – Damascus Suburban Tel: 00963-11-5376711 Fax: 00963-11-5376717 P.O. Box 8058 Damascus, Syria Employees: None</p> <p><b>Homs Branch (Temporarily closed)</b> Square 94, Abou Tammam St. - Homs Tel: 00963-31-2220605 Fax: 00963-31-2222305 P.O. Box 8058 Damascus, Syria Employees: None</p> <p><b>Lattakia Branch</b> Al-Korneish Al-Gharbee St.- Lattakia Tel: 00963-41-457166 Fax: 00963-41-456768 P.O. Box 8058 Damascus, Syria Employees: 9</p> <p><b>Sahnaya Branch (Temporarily closed)</b> Sahnaya – Damascus Suburban Tel: 00963-11-63900333 Fax: 00963-11-8140614 P.O. Box 8058 Damascus, Syria Employees: None</p> <p><b>Baghdad St. Branch</b> Sabaa Bahrat Square - Damascus Tel: 00963-11-22900100 Fax: 00963-11-2317730 P.O. Box 8058 Damascus, Syria Employees: 9</p> <p><b>Abaseen Branch</b> Abaseen Square - Damascus Tel:00963-11-4645322 Fax: 00963-11-4645326 P.O. Box 8058 Damascus, Syria Employees: 7</p> <p><b>Al Azeziah Branch / Aleppo</b> Al Azeziah Area – Alzahraa Cinema St. - Aleppo Tel:00963-21-2122667 Fax:00963-21-2125672 P.O Box 8058 Damascus, Syria Employees: 4</p> <p><b>Tartous Branch</b> Al Thawra St. - Tartous Tel: 00963-43-313733 Fax:00963-43-313793 P.O.Box 8058 Damascus, Syria Employees: 6</p> <p><b>Al Hamdanieh Branch / Aleppo (Temporarily closed)</b> Al Hamadanieh - Aleppo Tel:00963-21-5120152 Fax:00963-21-5120156 P.O.Box 8058 Damascus, Syria Employees: None</p> <p><b>Jarmana Branch</b> Al Raees Square - Damascus Suburban Tel:00963-95-6001616 P.O Box: 8058 Damascus, Syria Employees: 5</p>
<b>Projects Owned by the Bank and their Capitals</b>	None

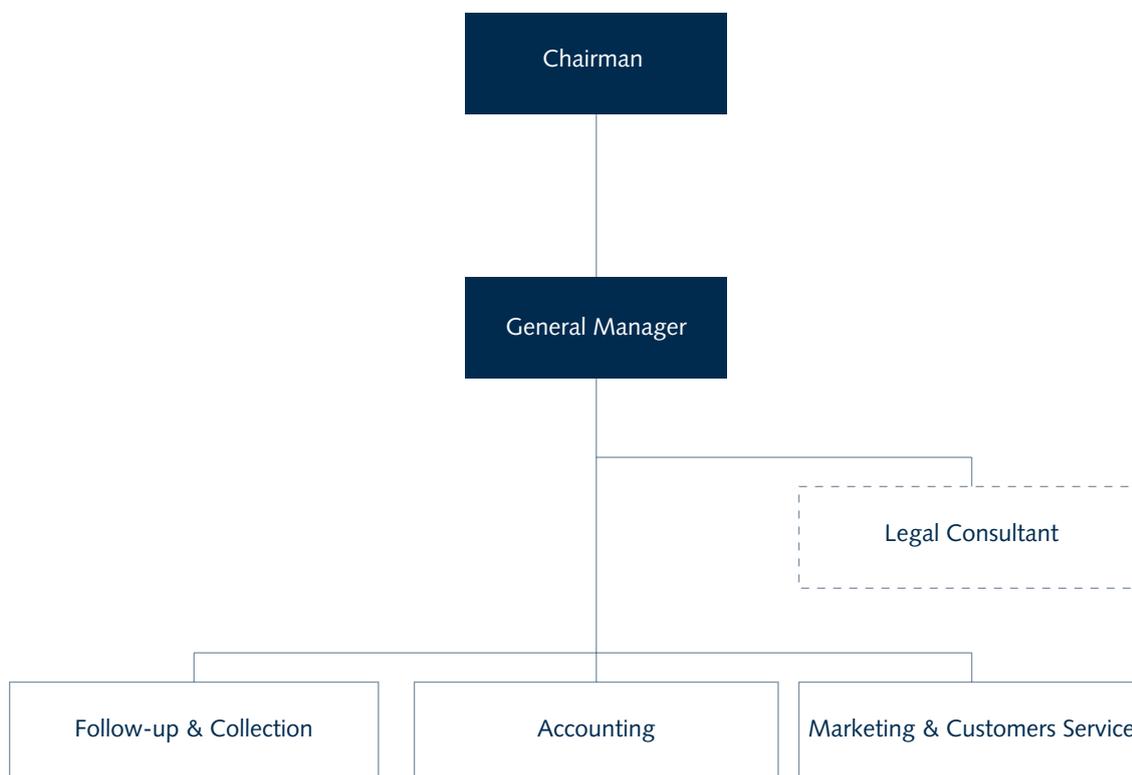
# Organizational Structure / Bank of Jordan – Syria



**b. Jordan Leasing Company - Limited Private Shareholding/ Hashemite Kingdom of Jordan**

<b>Name of Company</b>	Jordan Leasing Company
<b>Type of Company</b>	Limited Private Shareholding Company
<b>Date of Association</b>	24/10/2011
<b>Core Business</b>	Financial Leasing
<b>Paid-up Capital</b>	JD 10,000,000
<b>Bank's Ownership Percentage</b>	100%
<b>Address</b>	Bldg. No. 165, Mecca St. - Amman P.O. Box 2140 Amman 11181 Jordan Tel: 5542695 Fax: 5542698
<b>Number of Employees</b>	7 employees
<b>Branches</b>	None
<b>Projects Owned by Company and their Capitals</b>	None

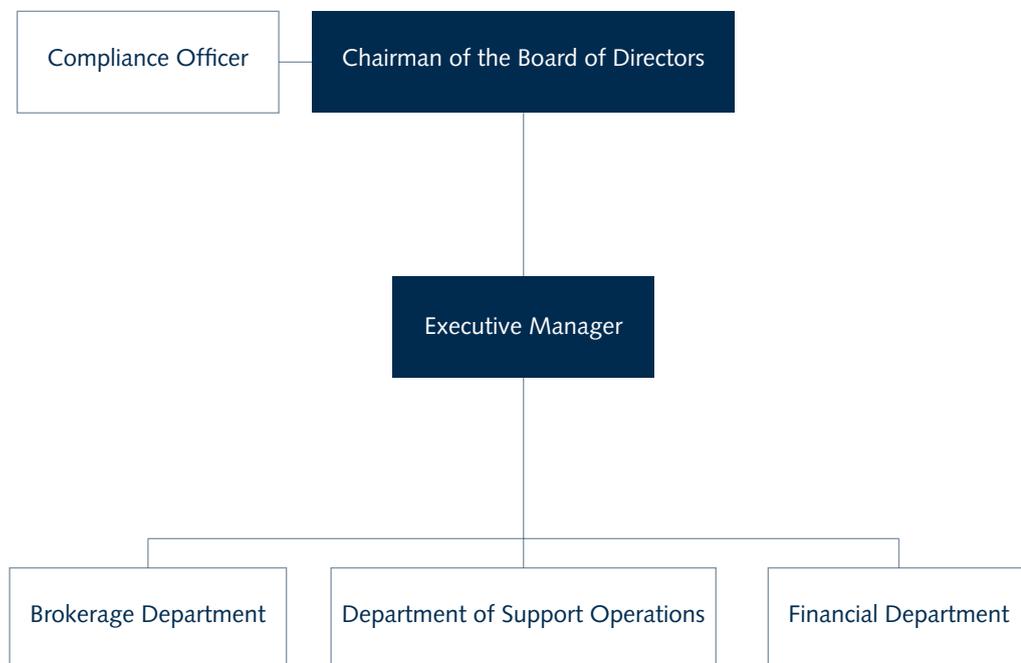
**Organizational Structure / Jordan Leasing Company**



**C. Excel for Financial Investments - Limited Private Shareholding Company / Hashemite Kingdom of Jordan**

<b>Name of Company</b>	Excel for Financial Investments Company
<b>Type of Company</b>	Limited Private Shareholding Company
<b>Date of Association</b>	23/3/2006
<b>Core Business</b>	Brokerage Services (Buying and Selling Securities)
<b>Paid-up Capital</b>	JD 3,500,000
<b>Bank's Ownership Percentage</b>	100%
<b>Address</b>	Bldg. No. 95, Al Sharif Abdul Hamid Sharaf St. Intersection with Ibn Abd Rabbuh St., Al Shmeisani - Amman P.O. Box 942453 Amman 11194 Jordan Tel: 5654990 Fax: 5675951
<b>Number of Employees</b>	8 employees
<b>Branches</b>	None
<b>Projects Owned by Company and their Capitals</b>	None

**Organizational Structure/ Excel for Financial Investments Company**



### 3. a- Names and Resumes of Board of directors:



**Mr. Shaker Tawfiq Fakhouri**  
Chairman & CEO

**Date of Birth:** 14/11/1969                      **Date of Appointment:** 21/1/1995  
**Date of Membership:** 14/6/2001  
**Nature of Membership:** Executive/Non-Independent

---

**Educational Background:**

- M.A. in Business Administration and Professional Accounting from Canisius College, Buffalo/USA, 1995.
  - B.A. in Economics from the University of Southern California/USA, 1990.
- 

**Professional Experience:**

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

**Other Current Board Memberships:**

- Chairman of the Board of Directors of Jordan Leasing Company.
  - Board Chairman of Excel for Financial Investments Co.
  - Vice Chairman of Bank of Jordan - Syria.
  - Board Member of the Arab Islamic Bank – Ramallah, Palestine.
  - Member of the Board of Trustees – Yarmouk University.
  - Member of the Board of Trustees – King Abdullah II Center for Excellence.
  - Board Member of The Association of Banks in Jordan.
  - Board Member of the Middle East Company for Insurance.
- 



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

**Date of Birth:** 5/2/1935                      **Date of Membership:** 31/5/1997  
**Nature of Membership:** Non-Executive/Independent

---

**Educational Background:**

- PhD in Economics from Vanderbilt University/USA, 1967.
  - M.A. in Economics from Vanderbilt University/USA, 1959.
  - B.A. in Economics from the American University of Beirut/Lebanon, 1958.
- 

**Professional Experience:**

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

**Former Board Memberships:**

- Board Member of the Jordan Cement Factories Company.
- Board Member of the Industrial Development Bank.
- Board Member of Jordan Ahli Bank.
- Committee Member of Jordan Commercial Bank (previously Jordan Gulf Bank).
- Board Member of Jordan Hotels & Tourism Company.



**Mr. Walid Tawfiq Fakhouri**  
Board Member

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

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

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

---

**Educational Background:**

- M.A. in Business Administration from City University/UK, 2000.
- B.A. in Science Marketing from Western International University/UK, 1992.

---

**Professional Experience:**

- Chief Executive Officer and Chairman of the Board of Al-Tawfiq Investment House/Jordan, as of 2007.
- Chairman of the Board of the Arab Islamic Bank/Palestine, from 2001 to date.
- Member of the Executive Committee of the Islamic Corporation for Development of the Private Sector - Islamic Development Bank/Jeddah, as of 9/2009.
- Assistant General Manager of Bank of Jordan, from 9/2003 until 4/2004.
- Managing Director of Arab Islamic Bank/Palestine, from 9/1999 until 6/2001.
- Assistant General Manager of Bank of Jordan, from 4/1999 until 9/1999.
- Executive Manager of Bank of Jordan, from 7/1995 until 4/1999.

---

**Other Current Board Memberships:**

- Board Chairman of the Arab Islamic Bank/Palestine.
- Board Chairman of Trust International Transport Company.
- Vice Chairman of Al-Eqbal Investment Company.
- Vice Chairman of Zahrat Al Urdon Real Estate & Hotels Investments Company.
- Vice Chairman of Excel for Financial Investments Company.
- Board Member in the International Tobacco and Cigarettes Company.

---

**Former Board Memberships:**

- Board Member of Jordan Express Tourist Transportation Company (JETT).
- Board Member of Al-Yarmouk Insurance Company.
- Board Member of Arab Union International Insurance Company.
- Board Member of Industrial Development Bank.
- Board Member of Al-Ekbal Printing and Packaging Company.

---

**Professional Experience Gained Through Work in Private Business:**

- A total of 17 years of experience in financial and investment services, including 10 years in the field of Islamic financial and investment services.



**Mr. Yahya Zakariya Al-Kadamani**  
Board Member

**Date of Birth:** 1/1/1957

**Date of Membership:** 7/3/2009

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

---

**Educational Background:**

- B.A. in Business Administration from Minnesota University/USA, 1979.

---

**Professional Experience:**

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

---

**Other Current Board Memberships:**

- Vice Chairman of the Board of Directors of Arab Islamic Bank/Palestine.

---

**Former Board Memberships:**

- Board Member of Jordan Express Tourist Transportation Company (JETT), from 1981 until 1999.
- Board Member of the International Tobacco and Cigarettes Company.
- Board Member of Al-Ekbal Printing & Packaging Company.



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

**Date of Birth:** 6/7/1955      **Date of Membership:** 22/10/2008  
**Nature of Membership:** Non-Executive/Non-Independent

---

**Educational Background:**

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

**Professional Experience:**

- Founder and Director of the Jordan Center of Family Medicine, as of 10/1991.
  - Family physician in the private sector, as of 1992.
  - Part-time lecturer at Liverpool University, University of Jordan, Jordan University of Science and Technology, during the period between 1987 until 2000.
  - President of the Jordanian Society of Family Physicians, serving several terms as of 7/1993 until 2012.
- 

**Other Current Board Memberships:**

- Board Chairman and Chief Executive Officer of the Consultant and Investment Group Company (Istishari Hospital).



**Dr. Yanal Mawloud Naghouj**  
Board Member

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

---

**Educational Background:**

- B.A. in Literature/Philosophy and Social Studies from Beirut Arab University/Lebanon, 1986.
  - B.Sc. in Medicine and Surgery from Alexandria University/Egypt, 1987.
- 



**Mr. Jan Joseph Shamoun**  
Board Member

**Date of Birth:** 1/1/1951      **Date of Membership:** 7/3/2009  
**Nature of Membership:** Non-Executive/Independent

---

**Educational Background:**

- Business Administration from PIGIER Institute/Lebanon, 1973.
- 

**Professional Experience:**

- Board Chairman of Dana for General Trading (LLC), as of 3/2009 to date.
  - Board Chairman of Al-Faris Company for Agricultural Products (LLC), as of 5/2006 to date.
  - Board Chairman of Al-Nahrain Company for Trading (Authorized SEAT Dealers) from 1994 until 1999.
  - Founding Partner and Board Chairman of Arab Trade Consultants Company, as of 1993.
  - Founding Partner of Shamoun and Calis Company for Trading, from 1981 until 1993.
  - General Manager of Lion Trading Company, from 1978 until 1981.
  - Partner in Joseph Shamoun and Sons Company, from 1973 until 1978.
- 

**Former Board Memberships:**

- Board Member of the Arab Union International Insurance Company.
- Board Member of Amman Surgical Hospital.



**Mr. "Shadi Ramzi"**  
**Abd Al-Salam Al-Majali**  
Board Member

**Date of Birth:** 6/7/1962

**Date of Membership:** 7/3/2009

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

**Educational Background:**

- M.Sc. in Software Engineering (Computer Science/Systems Analysis) from George Washington University, Washington D.C./USA, 1985.
- B.Sc. in Mathematics & Military Sciences from The Citadel USA – The Military College of South Carolina/USA, 1983.

**Professional Experience:**

- CEO of King Abdullah II Design and Development Bureau, as of 7/2010 to date.
- CEO of Aqaba Development Corporation, from 1/2010 until 7/2010.
- General Manager of Saraya Aqaba, from 2/2007 until 12/2009.
- Revenues and Customs Commissioner in Aqaba Special Economic Zone Authority (ASEZA), from 1/2004 until 2/2007.
- Gulf Area Manager of Qatar for the Middle East Contracting Company, from 9/2002 until 12/2003.
- Tala Bay CEO, from 10/2000 until 9/2002.
- General Manager of Trans Jordan for Communication Services Company, from 5/1997 until 9/2000.
- General Manager of Al-Nisr for Advanced Telecommunications Company, from 2/1997 until 11/2003.
- Vast military experience, serving in the military from 1985 until 1996.

**Other Current Board Memberships:**

- Chairman of the Board of The King Abdullah II Design & Development Bureau (KADDB).
- Member of the Board of Trustees - The Royal Tank Museum.
- Member of the Board of Trustees - Jordan University for Science and Technology (JUST).

**Former Board Memberships:**

- Member of the Board of Aqaba Water Company, from 1/2010 until 8/2010.
- Member of the Board of the Aqaba Port and Containers Company, from 1/2010 until 8/2010.
- Member of the Board of Directors of Aqaba Airport Company, from 1/2010 until 8/2010.
- Member of the Board of Trustees –Mutah University, from 11/2009 until 8/2010.
- Member of the Board of Trustees - Applied Science University, from 1/2006 until 10/2009.
- ASEZA Commissioner, from 1/2004 until 2/2007.
- Board Member of Jordan Electricity Distribution Company, from 6/2006 until 3/2007.
- Board Chairman of Aqaba International School, from 6/2006 until 2/2007.
- Board Member of the Yemeni Payphone Company, from 9/1998 until 9/2000.
- Board Member of the Middle East Defense and Security Agency, from 8/1997 until 11/2003.
- Vice Chairman of The King Abdullah Special Operation Training Center (KASOTC), from 12/2010 until 2/2013.
- Member of Greater Amman Municipality Council, from 8/2010 until 8/2013.



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

**Date of Birth:** 17/9/1950

**Date of Membership:** 7/3/2009

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

**Educational Background:**

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

**Professional Experience:**

- Former Board Chairman of King Abdullah II Design and Development Bureau.

**Other Current Board Memberships:**

- Board Chairman of Al Weibdeh for Tourist Restaurants Co.
- Board Member of the International Company of Science and Technology.
- Board member of Alfa for Mining and Technology

**Former Board Memberships:**

- Member of the Association Committee of King Abdullah II Design and Development Bureau.
- Board Member of the Royal Automobile Museum.
- Vice Chairman of the Special Operations Forces Exhibition and Conference (SOFEX).
- Member of the Royal Commission for Motor Sports.
- Board Chairman of CLS Company/Jordan.
- Board Chairman of JoSecure International Company.
- Board Chairman of Jordan Electronic Logistics Support.



**Mr. Haitham Mohammed Samih Barakat**

Board Member/Representative of Arabian Gulf General Inv. & Transport Co.

**Date of Birth:** 1/5/1960

**Date of Membership:** 7/3/2009

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

---

**Educational Background:**

- B.Sc. in Electrical Engineering from the Portland State University/USA, 1984.
- 

**Professional Experience:**

- General Manager of the Advanced Engineering Group/Jordan, 2007.
- Founder and CEO of Quartz Electro Mechanic Company/Ras Al-Khaima, UAE, 2006.
- Founder and Partner of the Advanced Electrical Engineering Company/Qatar, 2001.
- CEO of Kuwait Electrical Poles & Lighting Industries Company WLL (KEPLIC)/Kuwait, as of 1999.
- Founder and CEO of the Qatar Electromechanical Company/Qatar, as of 1998.
- Founder and CEO of Faddan Electromechanical Contracting Company/Jordan, from 1994 until 1997.
- Deputy General Manager of the National Industries Company/Jordan, from 1/2004 until 7/2004.
- Deputy General Manager of Faddan for Trading and Contracting Company/Kuwait, from 1984 until 1990.

**Other Current Board Memberships:**

---

- Board Member of the United Cable Industries Company/Jordan.
- Founding Member of the Clean Energy Company/Jordan.
- Board Member of the Arab Islamic Bank/Palestine.

**Former Board Memberships :**

---

- Board Member of Al-Saqr Insurance Company.

**Professional Experience Acquired from Private Business:**

---

- Over 25 years of experience in Jordan, the Gulf, and the USA including founding and managing various engineering companies in several countries.

**Other Professional Experience:**

---

- Experience in project management and development.



**Mr. Ammar Mahmoud Abu Namous**

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

**Date of Birth:** 16/12/1968

**Date of Membership:** 16/6/2011

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

---

**Educational Background:**

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

**Professional Experience:**

- Advocate since 1994 to date.

## b- Names and Résumés of Senior Executive Managers:

### Mr. Nicola Yousef Bahou

Executive Assistant  
General Manager/  
Organization, Banking  
Operations, and Automation  
Management

Date of Birth: 17/7/1965

Date of Appointment: 3/5/2005

---

#### Educational Background:

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

---

#### Professional Experience:

- Executive Assistant General Manager/Organization, Banking Operations, and Automation Management at Bank of Jordan, since 3/2013.
- Assistant General Manager/Organization, Banking Operations, and Automation Management at Bank of Jordan, since 5/2005.
- Held many executive and administrative positions at HSBC Bank, from 1983 until 2005.
- Member of the Chartered Management Institute of London.

---

#### Other Current Board Memberships:

- Board Member of Bank of Jordan – Syria.
- Board Member of Excel for Financial Investments Company.
- Board Member of Jordan Express Tourist Transportation Company (JETT).

### Mr. Johnny Samir Zeidan

Regional Manager/  
Palestine Branches

Date of Birth: 20/7/1967

Date of Appointment: 7/4/2008

---

#### Educational Background:

- B.A. in Business Administration from Bethlehem University/Palestine, 1990.

---

#### Professional Experience:

- General Manager of Palestine Mortgage and Housing Corporation/Palestine, from 1/2006 until 4/2008.
- Private Sector Officer at the United States Agency for International Development (USAID) for West Bank & Gaza, from 10/1996 until 1/2006.
- Head of Financial Control Department at Jordan Ahli Bank/Palestine, from 2/1996 until 10/1996.
- Income Generation Officer at United Nations Relief and Works Agency/Palestine (UNRWA), from 4/1992 until 2/1996.
- Head of General Insurance Production at the Arab Insurance Agency/Palestine, from 4/1991 until 4/1992.
- General Cost Controller at the Notre Dame Hotel of Jerusalem, from 9/1989 until 4/1991.

---

#### Other Current Board Memberships:

- Board Member of the Palestine Institute for Financial and Banking Studies.

---

#### Former Board Memberships:

- Board Member of the Palestinian Insurance Federation.
- Board Member of the Association of Banks in Palestine.

**Mr. Osama Samih Sukkari**  
Legal Advisor

**Date of Birth:** 27/4/1955

**Date of Appointment as a Legal Advisor and Head of Legal Department:** 1/4/1994

---

**Educational Background:**

- B.A. in Law from Beirut Arab University/Lebanon, 1977.
- 

**Professional Experience:**

- Extensive experience in legal consultations and lawsuits, as of 1981.
- 

**Other Current Board Memberships:**

- Board Member of Al-Shamikha for Real Estate Investments Company.
  - Board Member of Bank of Jordan – Syria.
- 

**Former Board Memberships:**

- Vice Chairman of the Board of Directors of Jordan Leasing Company.
- Member of the Insurance Council of the Social Security Corporation.
- Board Member of Excel for Financial Investments Company.
- Board Member of Al-Mowahadah for Transportation Company.
- Board Member of the National Industries Company.
- Board Member of Al-Takamolyyeh Investments Company.

**Mr. Saleh Rajab Hammad**

- \* Executive Manager/Compliance & Risk Department
- \* Board Secretary

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

**Date of Appointment:** 1/12/1994

---

**Educational Background:**

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

**Professional Experience:**

- Manager of Compliance and Operational Risk Department at Bank of Jordan, as of 12/1994.
  - Long-standing experience in auditing and operations.
  - Attended several courses on risk management and the Basel II requirements organized in Jordan and abroad.
  - Holds several professional certificates including CCO, and CORE certificates.
  - Programmer and Systems Analyst at Cairo Amman Bank, from 11/1987 until 11/1994.
- 

**Other Current Board Memberships:**

- Vice Chairman of the Jordan Leasing Company.
- Board Member of the Consultant and Investment Group Co. (Ltd.)
- Board Member of Al-Eqbal Investment Co. (PLC).

**Mr. Salama Mahmoud  
Abu Nusair**

**Executive Manager/  
Credit Department**

**Date of Birth:** 14/10/1954

**Date of Appointment:** 1/11/2009

---

**Educational Background:**

- B.A. in Accounting from the University of Jordan, 1978.

---

**Professional Experience:**

- Corporate Credit Administration & Control Department Regional Manager at Housing Bank for Trade & Finance (HBTF), from 2006 until 10/2009.
- Corporate Banking Regional Manager at The Housing Bank for Trade & Finance (HBTF), from 1999 until 2005.
- Corporate & Commercial Banking Assistant Regional Manager at the National Commercial Bank (NCB)/Saudi Arabia, from 1994 until 1999.
- Head of Credit/Marketing & Customer Care Department at the National Commercial Bank (NCB)/Saudi Arabia, from 1985 until 1994.
- Accountant & Internal Auditor at National Commercial Bank (NCB)/Saudi Arabia, from 1978 until 1985.
- Passed a number of advanced banking courses and workshops.

---

**Former Board Memberships:**

- Board Member of the Jordanian Textiles Company, representing the Housing Bank for Trade & Finance (HBTF).
- Board Member of the Jordan Pipes Manufacturing Company, representing the Housing Bank for Trade & Finance (HBTF).

**Mr. Turki Yousef  
Al-Jabour**

**Executive Manager/Internal  
Audit Department**

**Date of Birth:** 9/10/1952

**Date of Appointment:** 1/11/1994

---

**Educational Background:**

- B.A. in Accounting from the University of Jordan, 1976.

---

**Professional Experience:**

- Vast experience in auditing and banking, including:
  - Manager of Internal Audit Department at Bank of Jordan, as of 12/2007.
  - Manager of Bank of Jordan/Amman branch, from 4/2006 until 12/2007.
  - Manager of Internal Audit Department at Bank of Jordan, from 11/1994 until 4/2006.
  - Senior Inspector at Cairo Amman Bank, from 1/1987 until 10/1994.
  - Huge experience in auditing and accounting gained through years of work with major auditing firms, including Al-Sha'er Auditing Firm.
  - Lecturer on Banking Operations and Auditing at training courses organized by Bank of Jordan.
  - Attended several advanced courses and seminars on administration and banking.

#### 4. Shares of Major Shareholders with Equity in Excess of 5% in 2013 and a Comparison with the Previous Year 2012:

Name	Nationality	No. of Shares 2013	Percentage 2013	No. of Shares 2012	Percentage 2012
Mr. Tawfiq Shaker Fakhouri	Jordanian	36,286,204	23.4%	36,286,204	23.4%
Al-Ekbal Jordanian General Trading (LLC)	Jordanian	19,958,077	12.9%	19,958,077	12.9%
Al Pharaenah Int'l for Industrial Investments Co.	Jordanian	15,328,427	9.9%	15,328,427	9.9%
Al Araka for Investments Co.	Jordanian	9,489,347	6.1%	9,489,347	6.1%

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

Mentioned within the Bank's achievements in 2013 (page????).

#### 6. Dependences on specific suppliers or key clients (Locally or Aboard).

No	Name of Suppliers	Percentage of Total Supplies
1	Arab Orient Insurance Co.	11.1%

There is no dependence on specific key clients (whether locally or abroad), who account for 10% or more of the Bank's total sales.

7. - The Bank does not have any governmental protection, or any privileges, nor do any of its products or services, as stated by laws and regulations or others.

- The Bank has not obtained any patents or concession rights.

8. - There are no decisions issued by the government or international organizations or any other entity that would have any material effect on the Bank's operations, products, or competitive capabilities.

- The Bank adheres to all laws, regulations, and international standards that are related to its business.

- International Quality Standards do not apply to the Bank.

#### 9. A-An Organizational Structure of the Bank and its Subsidiaries:

- Bank of Jordan Organizational Structure can be found on the last page ( ...).

- Bank of Jordan – Syria Organizational Structure can be found on page (...).

- Jordan Leasing Company Organizational Structure can be found on page ( ...).

- Excel Company Organizational Structure can be found on page ( ...).

B. Number of Employees and Educational Qualifications:				
Academic Qualification	No. of Employees/ Bank of Jordan	No. of Employees/ Bank of Jordan – Syria	No. of Employees/ Jordan Leasing Co.	No. of Employees/ Excel for Financial Investments Co.
PhD	2	-	-	-
Master's Degree	86	6	1	4
Higher Diploma	6	1	-	-
Bachelor's Degree	1,136	117	4	3
Diploma	273	35	1	-
General Secondary Education	89	4	1	-
Pre-Secondary Education	177	-	-	1
<b>Total</b>	<b>1,769</b>	<b>163</b>	<b>7</b>	<b>8</b>

### C. Details of Training Programs in 2013:

Description	No. of Courses	No. of Participants
In-house Courses (Organized by the Bank's Training Department)	474	9,129
External Courses	45	75
<b>Total</b>	<b>519</b>	<b>9,204</b>

### Areas of Training:

Topic	No. of Courses	No. of Participants
Banking	189	3,762
Compliance and Risk Management	91	1,772
Administrative Skills	56	1,061
Customer Services	110	1,740
Computer Skills	4	57
Human Resources	9	112
Financial	7	65
Commercial services	10	112
Others	43	523
<b>Total</b>	<b>519</b>	<b>9,204</b>

### 10. Description of Risks:

Mentioned within the Bank's achievements on page (??). These risks include:

- **Credit Risk:** this risk arises from the probable inability and/or lack of desire of the borrower or third party to fulfill its obligations in a timely manner. These risks include on-consolidated financial statements items such as loans and bonds and off-consolidated financial statements items such as guarantees and/or documentary credits causing financial losses to the Bank.
- **Operational Risk:** this risk arises from the inefficiency or failure of internal operations, employees, or systems or it may stem from external events including legal risks.
- **Compliance Risk:** this arises from the probability that the Bank may not comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws (including the Bank's internal policies), and code of ethics issued by international and local regulatory authorities.
- **Liquidity Risk:** this risk represents the Bank's inability to make available the necessary funding to meet its obligations on maturity dates or to finance its activities without incurring high costs or losses.
- **Market Risk:** this risk refers to the exposure of the positions on and off the Bank's consolidated statement of financial position to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investments portfolios, both for the purpose of trading or exchange.

Market risks arise from:

- Changes that may occur in the political and economic conditions in the markets.
- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments and buying and selling futures.
- Foreign currency fluctuations.
- Gaps in the maturities of assets and liabilities and interest rate re-pricing.
- Creating of uncovered positions.

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

- Foreign Currency Risk: this risk arises from the changes in the values of financial instruments as a result of the fluctuations in the prices of foreign currencies, using good policy to manage its foreign currency positions.

- Share Price Risk: this risk results from the changes in the fair value of investments in shares.

#### 11. Bank Achievements in 2013:

Mentioned in the Board of Directors' Report under a separate section (page????), supported with figures and a description of the Bank's main events in 2013.

12. There is no financial impact of non-recurring operations during 2013 and no intervention in the Bank's main activities.

#### 13. Realized Profits/Losses, Dividends, Bank Shareholders' Equity, and the Closing Price of Share 2009-2013:

Financial Indicators for the past five years (2009-2013)						In JD (Thousand)	
Fiscal Year	Bank Shareholders' Equity	Non-Controllers' Interest	Net Profit Before Tax	Cash Dividends		Distribution of Bonus Shares	Closing Price of Share (JD)
				Amount	%		
2009	192,668	21,455	36,909	15,000	15%	-	2.15
2010	214,408	21,351	45,427	16,500	15%	45,100	2.96
2011	259,194	18,114	49,674	23,265	15%	-	2.05
2012	276,510	14,267	46,222	23,265	15%	-	2.30
2013	316,986	4,506	50,204	23,265	15%	-	2.50

2010	Bonus shares were distributed at a rate of 41% of capital on 6/4/2011.
------	--

#### 14. Analysis of Bank's Financial Position and Business Results for the Year 2013:

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

No.	Financial Ratios	2013	2012
1	Return on Average Shareholders' Equity	13.73%	13.55%
2	Return on Capital	26.3%	23.4%
3	Return on Average Assets	1.99%	1.78%
4	Profitability per Employee (After tax)	JD 20,573	JD 18,987
5	Interest Income to Average Assets	5.77%	5.92%
6	Interest Expense to Average Assets	1.56%	1.63%
7	Interest Margin to Average Assets	4.20%	4.29%
8	Non-Performing Loans to Total Credit Facilities	8.72%	9.88%

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

The Bank's strategic future plans, projects, and the Board of Directors' projections, are all mentioned within Bank of Jordan's Goals for 2014, listed under a separate section (page???)

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

Statement	Auditors' Remuneration (JD)
Bank of Jordan	126,318
Bank of Jordan – Syria	22,850
Excel for Financial Investments Company	5,246
Jordan Leasing Company	1,749
<b>Total</b>	<b>156,163</b>

Tax consulting fees to be paid for auditors of Bank of Jordan-Syria amounted to JD 1,750.

**17. Statement of the Number of Financial Securities Issued by the Bank:****A. Number of Shares Owned by Members of the Board of Directors and/or their Relatives:**

Name	Status	Nationality	No. of Shares 2013	No. of Shares 2012
Mr. Shaker Tawfiq Fakhouri	Chairman &CEO	Jordanian	7,050	7,050
Aya Shaker Fakhouri	Daughter	Jordanian	5,979	5,979
Tala Shaker Fakhouri	Daughter	Jordanian	5,979	5,979
Sarah Shaker Fakhouri	Daughter	Jordanian	5,979	5,979
Salma Shaker Fakhouri	Daughter	Jordanian	1,072	1,072
Tamara Shaker Fakhouri	Daughter	Jordanian	2,725	2,725
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board of Directors	Jordanian	91,031	91,031
Mr. Walid Tawfiq Fakhouri	Board Member	Jordanian	8,196	8,196
Mrs. Shatha Abdel Majid Al-Dabbas	Wife	Jordanian	286	286
Rakan Walid Fakhouri	Son	Jordanian	19,883	16,400
Mariam Walid Fakhouri	Daughter	Jordanian	35,243	32,721
A'esha Walid Fakhouri	Daughter	Jordanian	7,445	5,795
Ahmad Walid Fakhouri	Son	Jordanian	6,389	4,875
Mr. Yahya Zakariya Al-Kadamani	Board Member	Jordanian	950,000	920,000
Mrs. Amaal Amin AtTurk	Wife	Jordanian	203,000	200,000
Dr. Mazen Mohammad Al Bashir	Board Member	Jordanian	107,050	107,050
Dr. Farihan Fakhri Al Barghouti	Wife	Jordanian	39,347	39,347
Dr.Yanal Mawloud Naghouj	Board Member	Jordanian	228,775	228,775
Mr. Jan Joseph Shamoun	Board Member	Jordanian	316,414	316,414
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	Jordanian	25,847	25,847
Al-Ekbal Jordanian General Trading (LLC)	Board Member	Jordanian	19,958,077	19,958,077
Mr. Haitham Abu Nasr Al Mufti	Representative of the Company	Jordanian	-	-
Arabian Gulf General Inv. & Transport Co.	Board Member	Jordanian	8,197	43,203
Mr. Haitham Mohammed Samih Barakat	Representative of the Company	Jordanian	-	-
Al Pharaenah Int'l for Industrial Investments Co.	Board Member	Jordanian	15,328,427	15,328,427
Mr. Ammar Mahmoud Abu Namous	Representative of the Company	Jordanian	-	-

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

Name	Status	Nationality	No. of Shares 2013	No. of Shares 2012
Mr. Nicola Yousef Bahou	Executive Assistant General Manager/Organization, Banking Operations, and Automation Management	Jordanian	110,000	95,000
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager/Banking Business Development until 30/3/2013	Jordanian	550,000	535,000
Mr. Johny Samir Zeidan	Regional Manager/Palestine Branches	Jordanian	-	-
Mr. Osama Samih Sukkari	Legal Advisor	Jordanian	18,741	18,741
Mrs. Najwa Mohammad Saeed Manku	Wife	Jordanian	84,600	84,600
Mr. Saleh Rajab Hammad	Executive Manager/ Compliance and Risk Department Board Secretary	Jordanian	18,755	13,755
Mr. Salama Mahmoud Abu Nusair	Executive Manager/Credit Department	Jordanian	-	-
Mr. Turki Yousef Al-Jabour	Executive Manager/Internal Audit Department	Jordanian	20,000	20,000

**C. Companies Controlled by the Chairman, Board Members, the Executive Managers and/or their Relatives, and the Number of Shares Held by Those Companies in Bank of Jordan for the Years 2013 and 2012:**

Name	Position	Company	Equity Share in Bank of Jordan 2013	Equity Share in Bank of Jordan 2012
Mr. Walid Tawfiq Fakhouri	Board Member	Al Tawfiq Investment House - Jordan	2,483	2,483
Dr. Mazen Mohammed Al Bashir	Board Member	Investment Advisory Group Company (Istishari Hospital)	-	-
Mr. Jan Joseph Shamoun	Board Member	Dana for General Trading (LLC)	-	-
		Arab Trade Consultants Co.	-	-
		Al-Faris Company for Agricultural Products (LLC)	-	-
Mr. Haitham Abu Nasr Al Mufti	Board Member	The International Company of Science and Technology	-	-
		Alfa for Mining and Technology Co.	-	-
		Al Luweibdeh for Tourist Restaurants Co.	-	-
Mr. Osama Samih Sukkari	Legal Advisor	Osama Sukkari & Associates – Attorneys at Law	-	-

There are no companies controlled by other Board Members and/or their relatives, nor by the Executive Managers and/or their relatives.

## 18. The Benefits and Remuneration of the Board Chairman, Board Members, and Executive Managers:

### A. Benefits and Remuneration of the Chairman and Board Members for the Year 2013:

Name	Position	Annual Salary JD	Transport Allowance JD	Remuneration JD	Total JD
Mr. Shaker Tawfiq Fakhouri	Chairman & CEO	270,000	27,000	231,260	528,260
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board of Directors	-	27,000	5,000	32,000
Mr. Walid Tawfiq Fakhouri	Board Member	-	27,000	5,000	32,000
Mr. Yahya Zakariya Al- Kadamani	Board Member	-	28,500	5,000	33,500
Dr. Mazen Mohammed Al Bashir	Board Member	-	27,000	5,000	32,000
Dr. Yanal Mawloud Naghouj	Board Member	-	27,000	5,000	32,000
Mr. Jan Joseph Shamoun	Board Member	-	27,000	5,000	32,000
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	-	27,000	5,000	32,000
Mr. Haitham Abu Nasr Al Mufti	Board Member / Representative of Al-Ekbal Jordanian General Trading (LLC)	-	27,000	5,000	32,000
Mr. Haitham Mohammed Samih Barakat	Board Member / Representative of Arabian Gulf General Inv. & Transport Co.	-	27,000	5,000	32,000
Mr. Ammar Mahmoud Abu Namous	Representative of Al Pharaenah Int'l for Industrial Investments Co.	-	27,000	5,000	32,000
<b>Total</b>		<b>270,000</b>	<b>298,500</b>	<b>281,260</b>	<b>849,760</b>

## B. Benefits and Remuneration of the Executive Managers for the Year 2013:

Name	Position	Annual Salary JD	Remuneration JD	Allowance for Transportation & Assuming Secretary Position JD	Total JD
Mr. Nicola Yousef Bahou	Executive Assistant General Manager/Organization, Banking Operations, and Automation Management	194,483	72,555	-	267,038
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager/ Banking Business Development until 30/3/2013	27,981	27,797	-	55,778
Mr. Johny Samir Zeidan	Regional Manager/Palestine Branches	121,646	10,015	-	131,661
Mr. Osama Samih Sukkari	Legal Advisor	143,168	77,878	-	221,046
Mr. Saleh Rajab Hammad	Executive Manager/Compliance and Risk Department Board Secretary	66,241	21,114	18,000	105,355
Mr. Salama Mahmoud Abu Nusair	Executive Manager/Credit Department	71,526	11,489	-	83,015
Mr. Turki Yousef Al-Jabour	Executive Manager/Internal Audit Department	52,646	8,457	-	61,103
Mr. Emad Khalid Salem Alzu'bi	Executive Manager/Financial control Department from 3/3/2013 until 15/9/2013	46,045	-	-	46,045
<b>Total</b>		<b>723,736</b>	<b>229,305</b>	<b>18,000</b>	<b>971,041</b>

## 19. Donations, Grants, and Contribution to the Local Community:

The Bank's donations and support of activities related to the protection of the environment and the local community stood at JD 294.9 as detailed below:

Activities	Amount (JD)
Supporting the Children's Museum	50,905
Donations to Jordan Hashemite Fund for Human Development	42,699
Donation to Welfare Association /Palestine	35,500
Bank of Jordan Educational Initiative/Partnership Agreement with Hikayat Simsim	50,676
Supporting Social and Charitable Organizations and Activities	89,119
Supporting Educational Activities	8,486
Supporting Cultural Activities	7,597
Supporting Environmental Activities	5,500
Supporting Sports Activities	1,760
Miscellaneous	2,650
<b>Total</b>	<b>294,892</b>

## **20. Contracts, Projects and Commitments Signed Between the Bank and its Subsidiaries, Affiliates, Chairman, Board Members, the General Manager, Employees in the Bank or their relatives:**

Excel for Financial Investments Limited Private Shareholding Company, a subsidiary of the Bank, purchases and sells securities to the account of the Bank's portfolio in the Amman Stock Exchange, as per the decisions and resolutions issued by the Bank's Investment Committee, against commissions the company receive for each purchase or sales transaction.

There are no other contracts between the Bank and its subsidiaries, affiliates, Chairman, Members of the Board, the General Manager, employees or their relatives, except for usual banking transactions, (disclosed in exhibit No. (38) on Financial Statements), for which commercial interest rates and commissions apply. All credit facilities granted to related parties are considered performing credit facilities for which no provisions have been earmarked.

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

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

Bank continued its support and commitment to provide services to environmental activities by providing support to many agencies that deal with the environment. The value of this support amounted to JD 5,500. The money was spent on supporting the Young Women's Christian Association (YWCA) in Amman by providing material support to a workshop on noise pollution, and the Jordanian Society for the prevention of road accidents (JSPRA) to help spread traffic awareness.

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

Bank of Jordan has always been a leading institution in the field of social responsibility, where it successfully contributed and participated over the years in the development of several aspects of society such as education, sports, arts, culture and humanitarian activities through the sponsorship of numerous civil society organizations and national institutions. The most prominent achievements of the Bank's community service included the continuation of the Bank of Jordan support and focus on education through a partnership agreement with the program "Hikayat Simsim", as well as the continued support to the Children's Museum Jordan for the fifth year in a row by supporting the museum's open day initiative. The Bank has also provided support for the Jordanian Hashemite Fund for Human Development (JOHUD), and Welfare Association / Palestine, and the South Society for Special Education and Charity Federation. In terms of supporting sporting activities and youth, the Bank supported "Sheikh Hussein Sports Club", donated to "Gazira Sporting Club", and supported the Amman Academy School / Amman through sponsoring a "Bank of Jordan" team in the junior league, mentioned within the Bank's achievements in 2013 (page 17).

## C. Annual Financial Statements - 2013

The Bank's annual financial statements, audited by the Bank's auditors Deloitte and Touche (Middle East- Jordan) and a comparison with the previous year (2012), can be found in the second part of the report (Page ??).

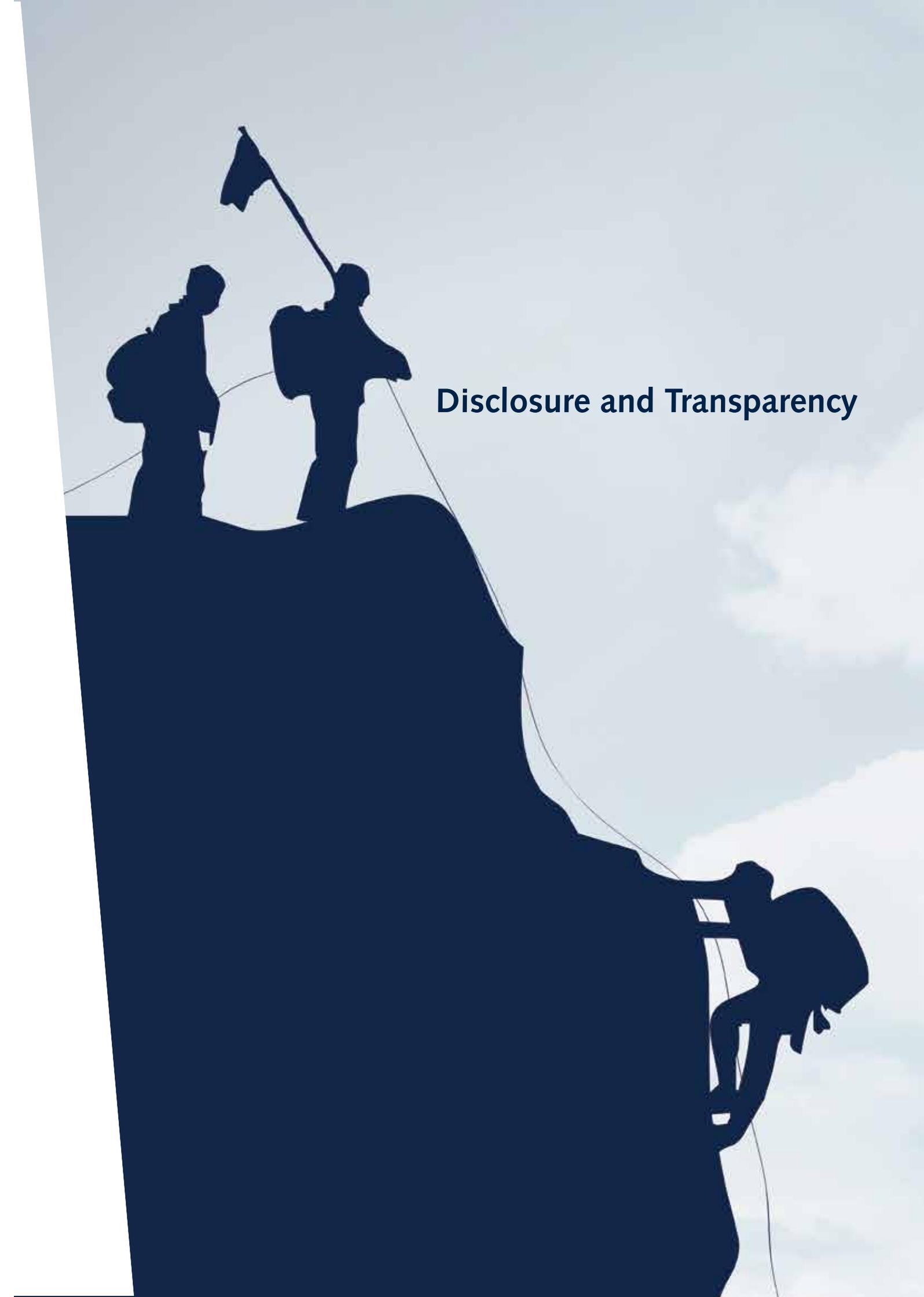
## D. Report of the Bank's Auditors

The report from the Bank's auditors, Deloitte and Touche, which include the Bank's annual financial statements, reveals that the audit process was conducted in accordance with international auditing standards. It can be found at the beginning of the 2013 annual financial statements (Page ??).

## E. Acknowledgment

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

1. The Board of Directors of Bank of Jordan concedes that, to the best of its knowledge and belief, there are no material matters that may affect the continuity of the Bank's operations during the fiscal year 2014.
2. The Board of Directors of Bank of Jordan acknowledges responsibility for the preparation of the 2013 financial statements and that the Bank operates an effective monitoring and evaluation system.
3. The Chairman & CEO and the Financial Manager acknowledge that the information and data mentioned in the Bank of Jordan 2013 Annual Report are true, accurate, and complete.

The image features a dark silhouette of a mountain peak against a light, cloudy sky. Three mountaineers are visible: two are standing on the peak, one holding a flag aloft, and a third is climbing a rope on the side of the mountain. The text 'Disclosure and Transparency' is overlaid on the right side of the image.

## Disclosure and Transparency



## Disclosure and Transparency

Based on the instructions of dealing with customers fairly and transparently No. 56/2012 issued by the Central Bank of Jordan on 31/10/2012, a unit was established to manage and address customer complaints. The unit was equipped with qualified human resources and automated systems to be controlled and managed administratively by the compliance department. The Bank addresses and manages customer complaints within the following principles:

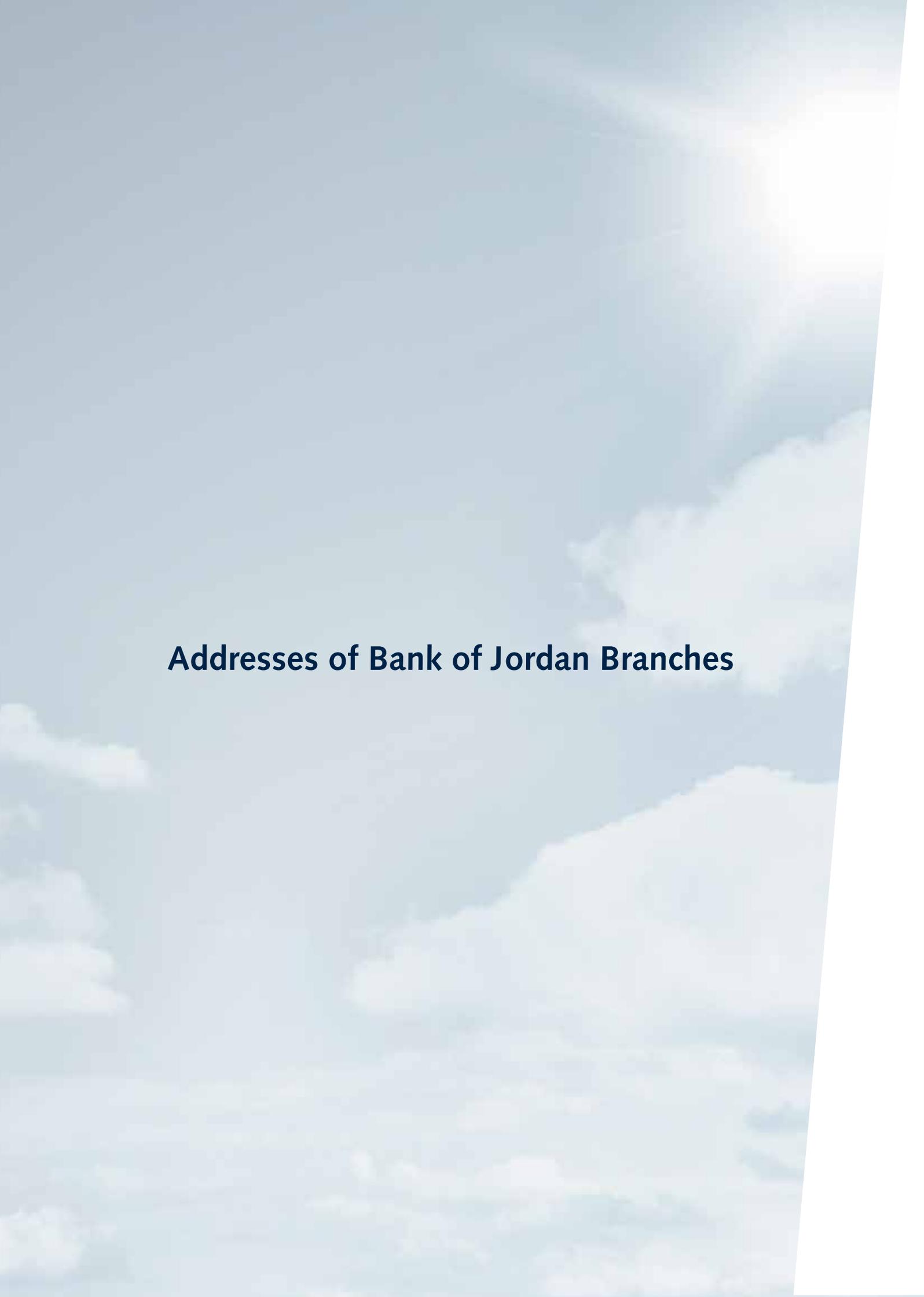
- Preparation of a mechanism to manage and address customer complaints that is then generalized to the whole Bank.
- Preparation of a policy to deal with customers fairly and transparently that is then adopted and disseminated to the whole Bank.
- The provision of different communication channels for receiving customer complaints is in the following ways:
  - Direct call to the unit dialing (06-5692572) or a toll-free number (080 022 335).
  - Email complainthandling@bankofjordan.com.jo
  - Fax to 06-5600918.
  - Telephone complaints allotted to the bank's branches in times of official business.
  - Personal visit to the General Administration Building.
  - Call Center for complaints made after official hours.
- Adoption of Service Level Agreement (SLA) and escalation procedures in the event of delay to respond to customer complaints from various units of the Bank in order to meet customer requirements within the specified time frame.
- Study and evaluation of customer complaints to find out actual facts of these complaints and concentration, classification and impact.
- Provision of the Board of Directors and senior management with periodic disclosures including a summary of complaints by the degree of risk concentration and classified according to the degree of risk and the actions taken to reduce their recurrence in the future.
- Provision of Central Bank of Jordan with the statistics periodically (quarterly) of complaints received by the unit.

Following is statistical report of the complaints that were received from customers in 2013 through various channels distributed according to banking services, banking products, ATM, and job performance.

Financial services	Banking products	ATM	Job performance
499	585	170	143

### These complaints were resolved within the following framework:

- Complaints were a reference number which were also provided to customers with the aim of follow-up.
- Complaints were studied, analyzed and responded to within the time frame specified by the degree and nature of complaints classification.
- Recommendation of the following proposed actions to reduce the recurrence of such complaints in the future:
  - Modify work procedures, if necessary.
  - Take action against negligent staff.
  - Rehabilitation and training of staff on working procedures, products, communication skills with customers, etc...
  - Development of the Bank's various sites to receive customers and improve the service provided to them.



## **Addresses of Bank of Jordan Branches**

# Addresses of Bank of Jordan Branches

## Jordan Branch Network

### Head Office – Al Shmeisani

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

Tel.: 5696277 Fax: 5696291 P.O. Box 2140

Amman 11181 Jordan

## Amman Area

### Al Shmeisani – Main Branch

Tel.: 5696329 Fax: 5696092 P.O. Box 2140

Amman 11181 Jordan

### Amman – Downtown Branch

Tel.: 4624348 Fax: 4657431 P.O. Box 2140

Amman 11181 Jordan

### Commercial Market Branch

Tel.: 4617003 Fax: 4624498 P.O. Box 2140

Amman 11181 Jordan

### Al Mahatta Branch

Tel.: 4655707 Fax: 4651728 P.O. Box 2140

Amman 11181 Jordan

### Yarmouk St./Al Nasser Branch

Tel.: 4910037 Fax: 4910038 P.O. Box 2140

Amman 11181 Jordan

### First Circle Branch

Tel.: 4625131 Fax: 4653914 P.O. Box 2140

Amman 11181 Jordan

### Third Circle Branch

Tel.: 4616528 Fax: 4656632 P.O. Box 2140

Amman 11181 Jordan

### Al Khalidi Branch

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

Amman 11181 Jordan

### Jabal Al-Hussein Branch

Tel.: 4656004 Fax: 4653403 P.O. Box 2140

Amman 11181 Jordan

### Gardens Branch

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

Amman 11181 Jordan

### Al Madina Al Monawara St. Branch

Tel.: 5513953 Fax: 5514938 P.O. Box 2140

Amman 11181 Jordan

### Jabal Al Weibdeh Branch

Tel.: 4646980 Fax: 4615605 P.O. Box 2140

Amman 11181 Jordan

### Tareq Branch

Tel.: 5053898 Fax: 5053908 P.O. Box 2140

Amman 11181 Jordan

### Marka Branch

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

Amman 11181 Jordan

### Al Qweismeh Branch

Tel.: 4778626 Fax: 4745301 P.O. Box 2140

Amman 11181 Jordan

### Abu Alanda Branch

Tel.: 4164204 Fax: 4162697 P.O. Box 2140

Amman 11181 Jordan

### Al Bayader Branch

Tel.: 5852009 Fax: 5815391 P.O. Box 2140

Amman 11181 Jordan

### Industrial Area – Al Bayader Branch

Tel.: 5861057 Fax: 5813642 P.O. Box 2140

Amman 11181 Jordan

### Sweileh Branch

Tel.: 5349823 Fax: 5342318 P.O. Box 2140

Amman 11181 Jordan

### Al Fuheis Branch

Tel.: 4720832 Fax: 4720831 P.O. Box 2140

Amman 11181 Jordan

### Abu Nusair Branch

Tel.: 5237481 Fax: 5249080 P.O. Box 2140

Amman 11181 Jordan

### Jabal Al Nuzha Branch

Tel.: 4645933 Fax: 4645934 P.O. Box 2140

Amman 11181 Jordan

### Wadi Al Seer Branch

Tel.: 5814255 Fax: 5816552 P.O. Box 2140

Amman 11181 Jordan

### Ras Al Aein Branch

Tel.: 4748314 Fax: 4786311 P.O. Box 2140

Amman 11181 Jordan

### Al Yasmine Branch

Tel.: 4392693 Fax: 4391242 P.O. Box 2140

Amman 11181 Jordan

### Marj Al Hamam Branch

Tel.: 5713568 Fax: 5713569 P.O. Box 2140

Amman 11181 Jordan

### Sweifieh Branch

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

Amman 11181 Jordan

**Al Wehdat Branch**

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

**Mecca St. Branch**

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

**Khilda Branch**

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

**Al Jubaiha Branch**

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

**University of Jordan Branch**

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

**City Mall Branch**

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

**Al RabiyeH Branch**

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

**Abdoun Branch**

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

**Al Rawnaq Branch**

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

**Hurrieh St./Mogablain Branch**

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

**Sport City Branch**

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

**Taj Mall Branch**

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

**North Hashmi Branch**

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

**Central Jordan****Salt Branch**

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

**Zarqa Branch**

Tel.: 05/3985091/2 Fax: 05/3984741 P.O. Box 2140  
Amman 11181 Jordan

**Faisal St. Branch – Zarqa**

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

**New Zarqa Branch**

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

**Zarqa Free Zone Branch**

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

**Al Ruseifa Branch**

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

**Airport Branch**

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

**Al Geezah Branch**

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

**Madaba Branch**

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

**North Jordan****Irbid Branch**

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

**Al Hussun St. Branch**

Tel.: 02/7279066/5 Fax: 02/7270496 P.O. Box 2140  
Amman 11181 Jordan

**Eidoun St. Branch**

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

**Thirty St. Branch**

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

**Hakama St. Branch**

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

**Deir Abi Saeed Branch**

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

**Ramtha Branch**

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

**Al Turrah Branch**

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

**Ajloun Branch**

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

**Kufranjah Branch**

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

**Jerash Branch**

Tel.: 02/6351453 Fax: 02/6351433 P.O. Box 2140  
Amman 11181 Jordan

**Al Mafrq Branch**

Tel.: 02/6233317 Fax: 02/6233316 P.O. Box 2140  
Amman 11181 Jordan

**North Shuneh Branch**

Tel.: 02/6587177 Fax: 02/6587377 P.O. Box 2140  
Amman 11181 Jordan

**North Azraq Branch**

Tel.: 05/3834308 Fax: 05/3834307 P.O. Box 2140  
Amman 11181 Jordan

**South Jordan****Kerak Branch**

Tel.: 03/2351043 Fax: 03/2353451 P.O. Box 2140  
Amman 11181 Jordan

**Ma'an Branch**

Tel.: 03/2132090 Fax: 03/2131855 P.O. Box 2140  
Amman 11181 Jordan

**Aqaba Branch**

Tel.: 03/2013118 Fax: 03/2014733 P.O. Box 2140  
Amman 11181 Jordan

**Exchange Offices****Jaber Border Office – Arrivals**

Tel.: 02/6254074

**Jaber Border Office – Departures**

Tel.: 02/6254073

**Ramtha Border – Travellers**

Tel.: 02/7382425

**Ruweished Office**

Tel.: 02/6295320

**Umari Office**

Tel.: 05/3838014

**Aqaba Port– Arrivals/ Departures Office**

Tel.: 03/2022702

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

Tel.: 02/6550473

**King Hussein Bridge - Arrivals Office**

Tel.: 05/3581146 Fax: 05/3581147

**King Hussein Bridge - Departures Office**

Tel.: 05/3539138 Fax: 05/3581147

**Palestine Branch Network****Regional Management**

Tel.: 0097022952703/2 Fax: 0097022952705 P.O. Box 1328

**Ramallah Branch**

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

**Nablus Branch**

Tel.: 0097092381120/5 Fax: 0097092381126 P.O. Box 107

**Jenin Branch**

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

**Jenin Municipality Office**

Tel.: 0097042505233 Fax: 0097042505231 P.O. Box 183

**Qabatiya Branch**

Tel.: 0097042512482 Fax: 0097042512483 P.O. Box 183

**Gaza Branch**

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

**Al Naser Branch**

Tel.: 0097082857230 Fax: 0097082859258 P.O. Box 528

**Hebron Branch**

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

**Al Ram Branch**

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

**Al Eizaryeh Branch**

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

**Industrial Area Branch/ Ramallah**

Tel.: 0097022963785 Fax: 0097022963788 P.O. Box 1484

**Tulkarm Branch**

Tel.: 0097092687882 Fax: 0097092687884 P.O. Box 18

**Bethlehem Branch**

Tel.: 0097022749938 Fax: 0097022749941 P.O. Box 207

**Arraba Branch**

Tel.: 0097042469444 Fax: 0097042469442 P.O. Box 183

**Rafidia Branch**

Tel.: 0097092343647 Fax: 0097092343747 P.O. Box 107

**Al Eersal Branch**

Tel.: 0097022976315 Fax: 0097022976320 P.O. Box 1328

# Organizational Structure / Bank of Jordan

