



Annual Report 2012

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 excellent team of employees.

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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

Website: www.bankofjordan.com

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

This work is under production

Board of Directors' Report 2012

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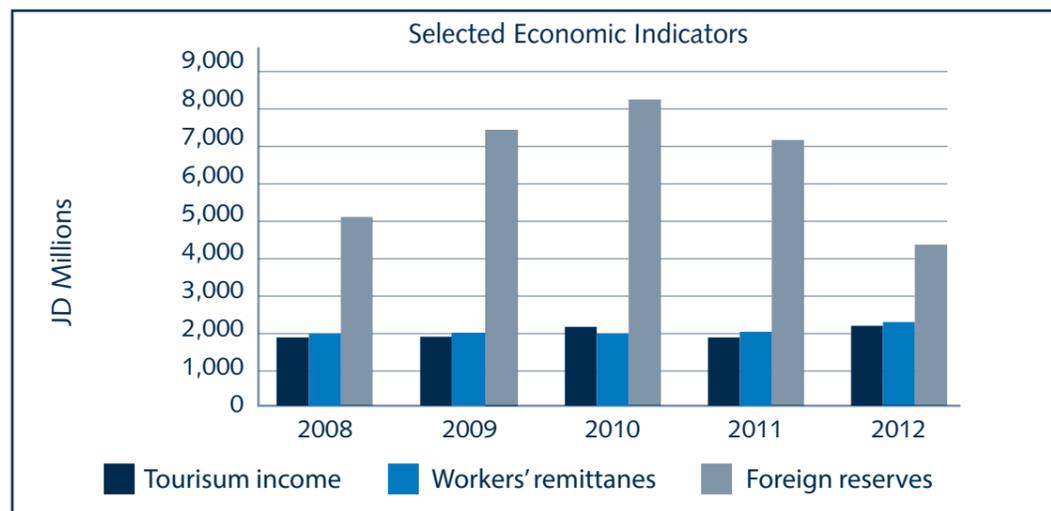


Economic Performance - 2012

An adverse external environment and the emerging wave of local social activism triggered by the socio-political unrest in neighboring countries have put the national economy under huge strain. In addition, regional unrest specifically in Egypt and Syria, with which Jordan is bound by vital trade and investment relations, has put further pressure on GDP growth, competitiveness, external trade, the general budget, debt, and foreign reserves. The turmoil, which was compounded by local protests demanding economic relief, more subsidies, and political liberalization has also resulted in lower FDI inflows, remittances, and foreign grants, as well as higher energy costs.

Consequently, the macroeconomic indicators came in as follows:

- GDP at constant prices grew by 2.8% during the first three quarters of 2012 compared with a 2.4% growth for the same period in 2011.
- Inflation stood at 4.8% in 2012 compared to 4.4% in 2011; up 0.4%.
- The trading volume in the real estate sector retracted by 12.5% in 2012 from a year earlier, reaching JD5.6 billion.
- Credit facilities extended by licensed banks increased by 12.4% in 2012 to JD17.8 billion compared to the previous year, and customer deposits grew by 2.4% to JD25 billion at the end of 2012.
- Domestic exports went down by 0.7% during the first nine months of 2012 to around JD3.6 billion.
- Tourism income (measured by travel receipts) increased by 15.3% during 2012 to JD2.5 billion.
- Unemployment rose in the fourth quarter of 2012 to 12.5% against 12.1% recorded in the corresponding quarter in 2011.



- Workers' remittances increased by 3.5% in 2012 to around JD2.5 billion from the year before.
- Foreign reserves with the Central Bank of Jordan declined to USD6.6 billion at the end of 2012, down by 37% from 2011.
- Foreign direct investment saw net inflows of JD781.2 million during the first three quarters of 2012 compared with JD784.3 million registered in the corresponding period in 2011.
- The trading volume at the Amman Stock Exchange saw a year-to-year decline of 31% while the share price index weighted by market capitalization went down by 1.4%.
- The net public debt (internal and external) rose to around JD16.3 billion during the first ten months of 2012; 73.3% of the estimated GDP for 2012 against 65.4% at the end of 2011.
- The fiscal deficit (excluding grants) dropped to around JD1.26 billion year-to-October against JD1.51 billion recorded in the same period in 2011; down by 16.8%.

To stand up to challenges, chiefly disruptions in Egyptian gas supplies that had to be substituted by more expensive heavy fuel oil to generate electricity, the government announced a comprehensive five-year economic reform program. The scheme was also necessary to cope with the influx of 350,000 Syrian refugees who have put a heavy burden on local resources.

After consultations with the IMF and the World Bank to help realize the goals and policies of the program and improve Jordan's credit ranking by international financial institutions, a three-year stand-by arrangement was concluded with the IMF. Under the arrangement, the government seeks to improve the tax administration at the short and medium terms and to introduce amendments to the educational and work policies. On the longer run, the program mainly aims at maintaining monetary and financial stability through embracing macro and micro policies in order to alleviate the impact of external shocks. Added to that, the scheme seeks to support economic growth and the external sector through enhancing the investment climate. The main goals of the program are:

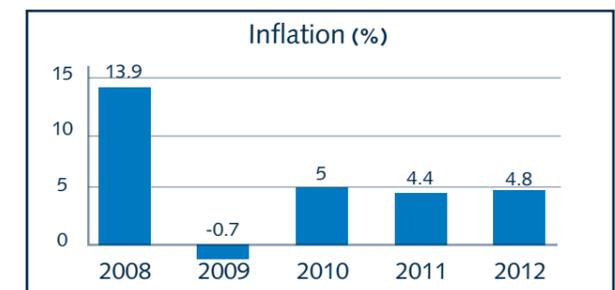
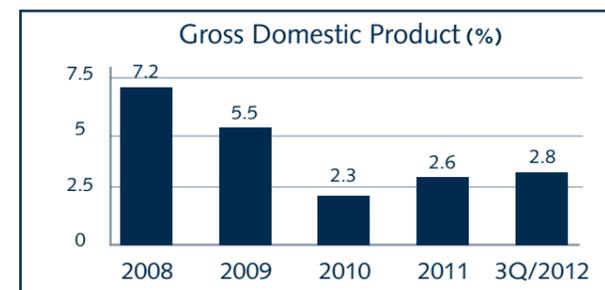
- 1- Boosting confidence in the Jordanian economy, a step that would gradually lead to a higher growth of 4.5% by end of the program, from 3% currently.
- 2- Lowering the general budget deficit (after grants) to GDP ratio at the medium term from 6.5% in 2012 to 3% at the end of the program.
- 3- Maintaining the dinar's peg to the dollar as the main pillar of the monetary policy.
- 4- Taming down inflation to previous levels of 3%.
- 5- Lowering the losses of the National Electric Power Company gradually in efforts to move the company back to cost recovery levels by mid 2016.
- 6- Lowering the current account deficit to GDP ratio to 4.3% by the end of the program from 14.1% estimated for 2012.
- 7- Strengthening financial discipline, focusing on the proper allocation of funds, and improving the efficiency of public expenditure.
- 8- Reforming the tax system including tax rates for individuals and corporations and cancelling sales tax exemptions on certain goods.
- 9- Merging independent agencies and cancelling some of those entities based on an ad hoc law.

In efforts to cut the budget deficit, the government lifted subsidies on fuel products in November and started paying cash assistance to beneficiaries instead. It has also liberalized prices as of 2013. As a contribution, banks operating in the Kingdom paid the amount of cash assistance due for its eligible employees to the treasury.

Gross Domestic Product:

GDP at constant prices grew by 2.8% during the first three quarters of 2012 against 2.4% registered during the corresponding period in 2011, up 0.4%. The expansion was due to a growth realized by several economic sectors, mainly the "electricity and water" and "trade, restaurants, and hotels" sectors, which grew by 7.2% and 7.1% respectively as compared to a growth of 1.4% and 3.9% recorded in the same period in 2011. The "finance, insurance, real estate, and business services" and "transport, storage, and communications" activities expanded by 5% and 4.9% against 3.7% and 3.1% respectively during the period of comparison.

On the other hand, a slowdown was reported in other sectors, mainly the "manufacturing" sector, which edged up 2.4% versus 4.1% and "producers of government services" which inched up 2% against 3.2%. Yet other sectors witnessed a retraction including "mining and quarrying" which retracted 14.1% after realizing a growth of 21.5% and the agricultural sector which saw a decline of 9.6% against a growth of 4.7% during the nine month-period of 2011. Inflation in 2012 rose to 4.8% against 4.4%, up 0.4%



Public Finance:

Public finance indicators for the first ten months of 2012 showed that domestic revenues and foreign aid dropped by JD824 million (or 17.6%) to JD3,864.8 million. This was blamed on lower foreign grants which declined by JD957.2 million to JD96.6 million. At the same time, the official figures revealed that domestic revenues increased by JD115.2 million (or 3.2%) to JD3,768.2 million. The increase was driven by a JD134.3 million rise in other revenues and a JD2.5 million growth in pension contributions, against a JD3.6 million drop in tax revenues.

Public spending in the same period dropped by JD120.4 million (or 2.3%) to JD5,025.9 million. The decline was due to a JD14.2 million (or 0.3%) increase in current expenditure and a JD136.6 million or (22.4%) drop in capital expenditure. In light of these developments, the budget deficit after grants stood at JD1,161.1 million as compared to a shortfall of JD457.5 million registered in the same period of 2011. The outstanding balance of net public debt (net domestic and external) surged by JD2,875 million (or 21.5%) from its balance at the end of 2011, hitting JD16,276.8 million and representing 73.3% of the estimated GDP for 2012.

It is worth noting that the outstanding balance of net domestic public debt (general budget and own budgets institutions) recorded a JD2,618.2 million surge to JD11,533 million at the end of October 2012. This came on a JD1,642.6 million increase in the general budget, coupled with a JD975.6 million spike in the debt of budget institutions. The ballooning debt is mainly blamed on the rapidly increasing debt of the National Electric Power Company (fully-owned by the government) due to frequent disruptions of natural gas supplies from Egypt, which forced the company to purchase expensive fuel oil to generate electricity.

The Monetary and Banking Sector:

Jordan's banking sector managed well in 2012, enjoying comfortable levels of liquidity and profitability and providing financing for the various economic activities. The balanced performance was achieved with support of the CBJ and its prudent policies. Also in 2012, the CBJ reviewed corporate governance regulations and set in place the ethical and professional standards that should govern banks' boards and management.

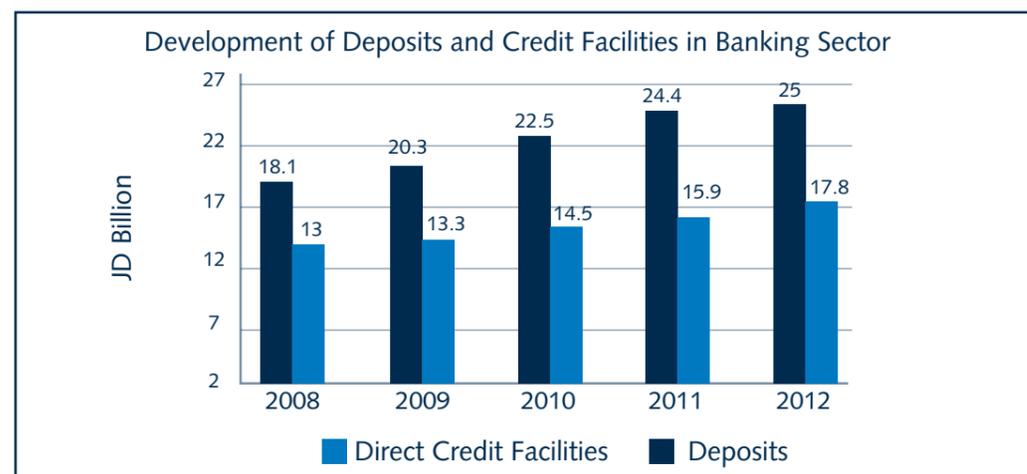
In efforts to boost confidence in the banking system, lower reputation risks, and protect retail clients, the CBJ issued instructions aimed at enhancing the values of fair and transparent dealings with clients that reflect best international practices. Furthermore, the CBJ developed several tools to reinvigorate the credit market and to help better influence liquidity levels and inter-bank lending. The CBJ also worked on enabling banks to utilize their liquidity more efficiently. The new instruments include repurchase agreements of various maturities that are offered through auctions run by the CBJ and aimed at providing the necessary funding for the banks. Such agreements would also contribute to controlling the interest rate fluctuations in the inter-bank lending market, which help cash-deprived banks obtain the necessary liquidity at reasonable interest rates to meet their financing, investment, and expansion needs.

Moreover, the CBJ completed the new operational framework for monetary policy by introducing new instruments that allow the CBJ to intervene in the monetary market through the purchase or sale of government securities based on economic requirements. Such an intervention would provide liquidity needed by banks and help reactivate the secondary bond market. The CBJ has also activated the swap transactions between the Jordanian dinar and the US dollar through which banks can obtain needed dinars against the dollar, subject to the exchange rates set by the CBJ for this purpose.

The CBJ was also keen to provide sufficient funds for vital economic sectors that were hit hard by the prevailing economic conditions by renewing initiatives that aim at extending loans to the industrial sector at low interest rates. This came along with providing incentives to encourage banks to lend to SMEs, including instructing the Jordan Loans Guarantee Corporation to guarantee loans for this sector, and supporting the establishment of a company for credit information. Added to that, the CBJ has changed interest rates on monetary policy instruments three times in 2012 as part of plans to strengthen monetary stability and promote dinar-denominated instruments.

As for the monetary and banking indicators, figures show that the Kingdom's foreign reserves stood at USD6.6 billion (JD4.69 billion) at the end of 2012. Domestic liquidity registered a year-on-year increase of 3.4%, clocking in at JD25 billion at the end of 2012, the figures revealed.

Banks' deposits, meanwhile, soared by JD591.8 million or (2.4%) to JD24,969.7 million as dinar-denominated deposits dropped by 7.4% to JD17,711.1 million while those in foreign currency jumped by 38% to JD7,258.6 million. In another development, total credit facilities grew by 12.4% to JD17,817 million, attributed mainly to a 76.6% rise in loans extended to the "Public Services and Utilities", followed by the agriculture sector, which witnessed an increase of 15.4%. Credit to "other activities" mostly extended to the retail sector grew by 15.7% while the financial services sector recorded a 14% growth in credit facilities. Bank assets, meanwhile, continued to surge, touching JD39,257.3 million, up 4.2% as compared to its balance at the end of 2011.



With the exception of demand deposits, which saw a one basis point drop in interest rates to 0.42%, interest went up on both savings and time deposits in 2012 from a year earlier. The weighted average interest stood at 0.76% on savings deposits and 4.19% on time deposits, up 6 and 73 basis points respectively. As for credit facilities, the weighted average interest reached 9.28% on overdrafts, up 48 basis points, and 8.95% on loans and advances, up 28 basis points. For discounted bills, the interest went up 25 basis points to 9.59% as compared to 2011.

Amman Stock Exchange:

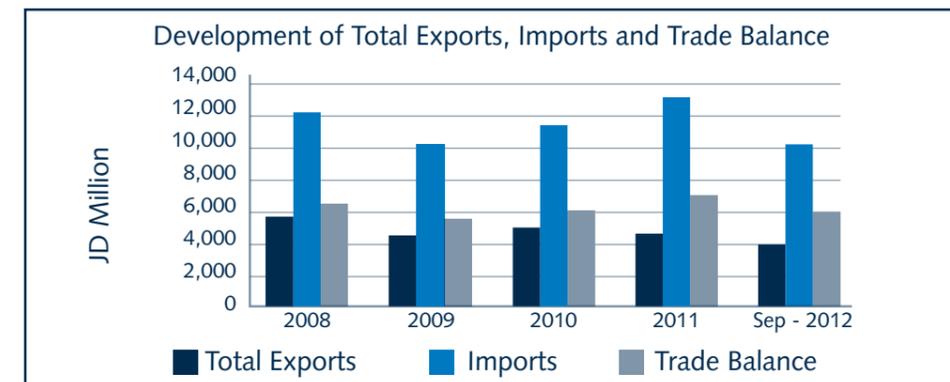
The Amman Stock Exchange recorded a decline in 2012, with market capitalization retracting by 1% to JD19.1 billion at the end of 2012 from a year earlier. The share price index weighted by market capitalization dropped to 4,593.9 points from 4,648.4 points at the end of 2011, down 1.2%.

The market capitalization to GDP ratio came in lower at 93.5% at the end of 2012 against 102.7% at the end of 2011. The trading volume, in the meantime, nosedived to JD1,98 billion, down by JD871.4 million or 30.5%. Investments of non-Jordanians in the Stock Exchange recorded an inflow of JD37.6 million in 2012 against JD78.6 million in 2011. Thus, the shares of non-Jordanians in listed companies constituted 51.7% of the total market value against 51.3% in 2011.

External Trade:

Most external trade indicators witnessed a decline in 2012, with total external trade (Domestic exports and imports) rising by JD1,013.2 million (or 7.5%) to JD14,477.8 million during the first nine months of 2012. Domestic exports, however, retracted by around JD25.6 million or 0.7% to JD3,581.9 million. The US market clinched first place, accounting for 16.6% of exports followed by the Iraqi market, with 14% of the total.

The Kingdom's imports, on the other hand, jumped by JD1,038.8 million or 10.5% to JD10,896 million in the first nine months of 2012. The Saudi market accounted for 23.8% of total imports, while the People's Republic of China came in second with 9.4% of the total. Crude imports and oil derivatives cost the Kingdom around JD3.5 billion in the same period of 2012, as they made up 32% of total imports. These developments have sent the trade balance deficit to reach JD6,671.5 million, up 19.5% from a year earlier.



The Economic Performance 2013:

Given the weak global economic recovery and mounting international financial and sovereign pressures in the Euro zone, the World Bank puts the world economic growth at 3.5% in 2013 against 3.2% in 2012. As for the Jordanian economy, growth is forecast at 3% in 2012 and 3.5% in 2013, higher than the 2.6% growth achieved in 2011. Inflation is expected at 3.9% in 2013, while the current account deficit is forecast to reach 9.9% of GDP.

The draft budget put total spending at JD7.5 billion (central government) in 2013; JD1.2 billion in capital expenditure and JD6.2 billion in current expenditure, with a deficit of JD1.3 billion after grants (expected at JD850 million). The budget of independent institutions are expected at JD1.9 billion, with JD1.1 billion to be allocated for current spending and JD742 million for capital spending, leaving a shortfall of JD1.1 billion.

On another front, the banking sector is expected to do well in 2013 and to even grow at a faster pace given forecasts of higher GDP growth and continued demand for goods and services locally and internationally. It is worth noting that several indicators confirm the soundness and strength of banks in Jordan, including capital adequacy which stood at 18.6% in the first half of 2012 against 19.3% in 2011. Likewise, the non-performing loans ratio stood at 8.4% versus 8.5% in 2011, and the liquidity ratio reached 148.4% compared to 152.9% in 2011.

As for public finance and macro-economy, the year 2013 will mark the launch of the national economic reform program, approved by the IMF executive board on August 3rd, 2012, which signed a 36-month Stand-by-Arrangement with the Kingdom. The arrangement will make available USD2 billion to support the program between 2012-2015 in order to help the Kingdom stand up to the challenges facing the public finance and external accounts and to propel growth.

Achievements in 2012:

Bank of Jordan extended its track record of success into 2012 as it managed to achieve the quantitative and qualitative goals set in its strategic plan for 2011-2013. The Bank moved on with plans to strengthen its presence in the Banking scene by launching several projects, but remained vigilant about the regional political arena. Along these lines, BoJ was able to realize positive growth despite the political tension that had a direct impact on the investment climate and the economy at large, and which called for a host of socio-economic and development reforms.

The 2012 results were the fruit of the strenuous effort of dedicated employees backed by well-calculated moves by the senior management, which enhanced BoJ's ability to grow and fulfill the different needs of each customer. A balanced approach supported by the optimal utilization of resources, and embracing top-notch banking systems helped the Bank capture every opportunity to realize the target growth and cope with developments in the various markets.

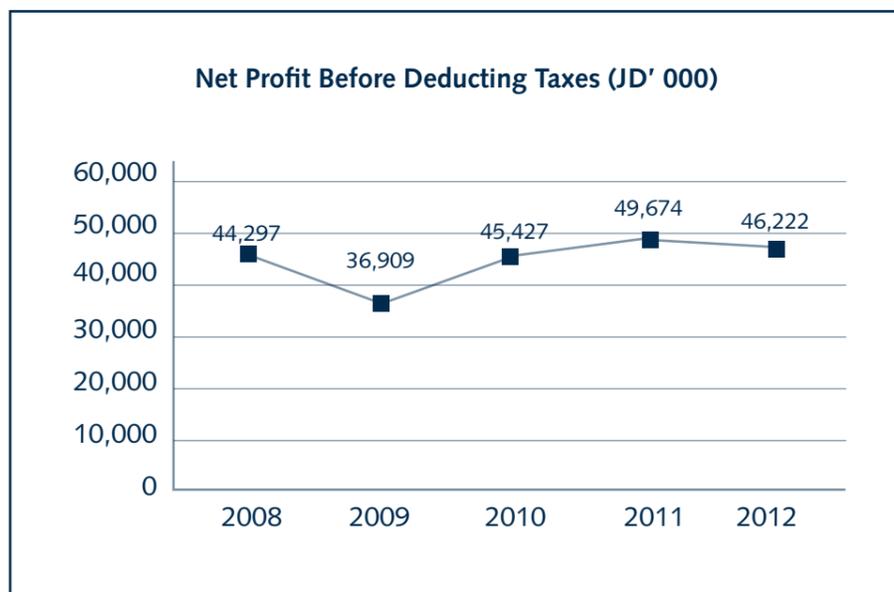
Financial Results:

The adoption of best international accounting standards and financial systems in the field of assets and liabilities management and a vision for improvement that turned challenges into business opportunities contributed to the outstanding performance in 2012.

Thus, BoJ was able to keep main financial ratios within requirements set by regulatory authorities; capital adequacy stood at 16.46% and legal liquidity reached 162%. Non-performing facilities (net of interest in suspense) to total credit facilities did not exceed 9.88%, as compared to the standard international ratio of 10%. The provisions for non-performing facilities ratio went up to 84.4% in 2012 against 68% in 2011.

Net profit attributed to Bank's shareholders in 2012 was close to last year's figure at JD36.3 million. The positive results came in spite of additional provisions to the credit portfolio of Bank of Jordan - Syria in light of the turmoil in the Syrian Republic.

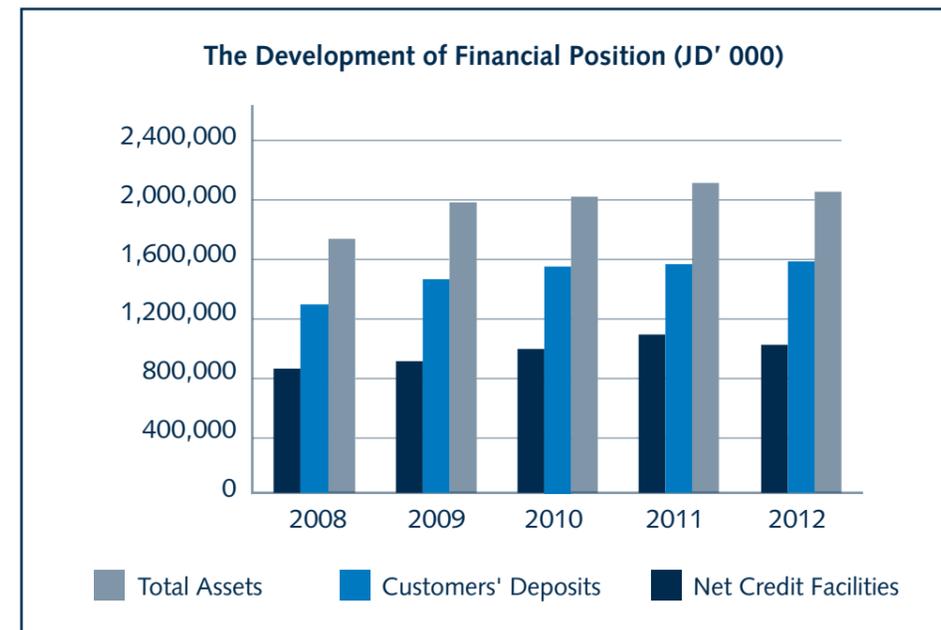
Net profit before tax stood at JD46.2 million versus JD49.7 million in 2011, down 6.9%, while assets reached JD2,016.6 million against JD2,052.9 million at the end of 2011. Shareholder equity rose to around JD276.5 million, up 6.7%.



Sources of funds witnessed an increase in deposits by JD54.6 million (or 3.6%) to JD1,552.6 million in 2012 as compared to the previous year. The rise is attributed to a JD47.7 million (or 9.9%) growth in savings deposits to JD531.3 million, a JD47.2 million (or 77.4%) surge in CDs to JD108.2 million, and a JD14.2 million (or 3.9%) increase in demand deposits. Time deposits, in the meantime, fell by JD54.5 million (or 9.3%) year-on-year.

Wary of the increasing credit risk specifically facing operations abroad, BoJ was keen to ensure the quality of credit portfolio is maintained within acceptable parameters. In due course, the Bank limited financing to only feasible projects and productive economic activities. This caused a JD115.9 million (or 11.1%) drop in the net credit facilities portfolio to JD930.6 million as compared to 2011. By category, figures revealed a JD17 million (or 8%) growth in loans extended to the retail sector to JD230.3 million in 2012, and a JD2 million (or 1.2%) rise in loans extended to the real estate sector. Loans to the government and the public sector went up JD1.2 million (or 1.4%) to JD84.1 million.

On the other side, corporate loans retracted by around 17.9% to JD401.3 million and SMEs loans fell by 18% to JD137.6 million. It is worth noting that the Bank boosted its investments in financial assets in 2012, with the financial assets portfolio growing by JD46.7 million (or 11.2%) to JD464.9 million from a year earlier.



In light of the above, the total income rose to JD117.3 million, up 4.2% from 2011, and net interest and commissions were higher by 7.7% at JD104.6 million. Cash dividends from investments in financial assets soared by JD1.4 million (or 78.2%) to JD3.1 million, while foreign currencies income fell by 48.8% to JD3.2 million. Total expenditure saw a year-on-year increase of JD8.2 million (or 13%) reaching JD71 million to cover expansion expenses.

Competitive Position:

Bank of Jordan retained a leading position in the local banking market in terms of assets, deposits, credit facilities, capital adequacy and revenue ratios, clinching 4.5% and 4.7% of total deposits and credit facilities respectively. In the Palestinian market, the Bank had a market share of 10.8% of total deposits and 7.3% of total credit facilities.

As for Bank of Jordan - Syria and the harsh conditions in the Syrian market, the Bank secured 4.1% of total deposits and 5% of total credit of private banks, according to recent data.

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 (CBJ) 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 are approved by the Board and revised when necessary.
- 4- If the Chairman is Executive, 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 receive adequate and timely information.
 - The Chairman ensures that 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 the 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 judgements during the Board meetings. The Chairman is elected by the members of the Board.

The Board convened 8 times during 2012. 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 10 meetings in 2012.

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 3 meetings during 2012.

The Committee's responsibilities include the following:

- 1- Preparing and reviewing the Corporate Governance Code of the Bank as per the laws and legislation 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 6 meetings during 2012.

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 45 meetings in 2012.

The Committee's responsibilities include the following:

- 1- Approving credit applications that exceed authorization of the Executive Management.
- 2- Reviewing decisions related to dues, settlements, debt rescheduling, and exemptions that have been approved by the Chairman & CEO.
- 3- 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. Mazen Mohammed Al-Bashir	Head of the Committee until 13/12/2012 /Member
Mr. Yahya Zakariya Al-Kadamani	Member
Dr. Yanal Mawloud Naghouj	Member/Head of the Committee as of 13/12/2012
Mr. Saleh Rajab Hammad	Board Secretary/Committee's Rapporteur

The Nominations and Remunerations Committee held 7 meetings in 2012.

The Committee's responsibilities include the following, in line with valid legislation in terms of the election of Board members:

- 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, the 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 after completing the necessary requirements.

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 of 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. Therefore, the Bank has disclosed all necessary information in its Annual Report along with the Corporate Governance Code and detailed principles of compliance therewith.

Products and Services:

Developments in the Banking industry and across the economy at both the local and regional levels prompted BoJ to develop a wider range of products and services and modernize service delivery channels. It also pressed ahead with plans to attract new clients and enhance the level of satisfaction among its growing customer base including retail clients, corporations, and SMEs.

Retail Services:

Retail's strategic plan was put into action to re-classify clients according to a new segmentation process and to create special programs to offer products and services that suit the needs of each segment. In addition, the Bank offered several personal loans programs to serve the employees of a group of TML (Target Market List) companies and further expanded the list of those companies in Jordan and Palestine. On the occasions of Ramadan and other religious holidays, the Bank also extended the personal loan repayment schedule. A new mechanism for classifying companies on the TML was also adopted in Jordan and Palestine.

Moreover, a new program for credit cards was launched against deposits of JD20,000 and above and new agreements were concluded under "the points and discounts" program with a number of famous stores. Platinum Visa card was launched across Jordan in due course, which allows holders access to business lounges in international airports, a higher credit ceiling, and other awards and discounts. Added to that, holders of the Platinum card can get a 5% cash refund when using their cards. On top of that, the Bank was keen to evaluate the quality of service offered in all branches through collecting customer feedback on regular basis.

Corporate Services:

Bank of Jordan continued to extend loans to finance various economic activities and feasible projects despite the slowdown reported in several economic sectors locally and regionally. However, it kept the quality of credit portfolio within acceptable risk limits. Thus, BoJ contributed to financing projects in the fields of energy, food, and pharmaceuticals in addition to providing funding for hospitals and housing projects. The Bank also participated in syndicated loans worth JD20.1 million during the course of 2012 to finance water, energy, and real estate projects.

SMEs Services:

Bank of Jordan has designated 11 centers spread across the Kingdom to serve SMEs, offering them long and short-term funding to finance their trade, industrial, and services activities. A marketing study covering food-importing companies as well as importers of strategic commodities was conducted in 2012 to help the Bank reach out to productive economic sectors. Similar studies covering the mining and real estate sectors were also prepared.

In the meantime, BoJ fostered its relations with institutions that support SMEs to help its clients benefit from services offered by those institutions. Those efforts resulted in increasing the size of loans guaranteed by the Jordan Loans Guarantee Corporation and a USAID-funded project, which contributed to decreasing risks and encouraged BoJ to increase the size of loans extended to this sector.

To measure customer satisfaction, the Bank conducted a survey on a representative sample of SMEs, which showed a high level of satisfaction in relation to the services and products offered by the Bank. In another development, the Bank prepared a detailed database for SMEs, making use of data available at Chambers of Commerce in the Kingdom. Furthermore, The ISIC4 system was used to re-classify clients according to economic activity in the credit portfolio, which helps in studying economic phenomena and fostering comparability of data prepared by the Department of Statistics.

Leasing services:

In another milestone, BoJ established Jordan Leasing Company in 2011, a step that contributed to diversifying the financing options available for all customers and all sectors. After completing the necessary measures to kick start operations, including preparing work procedures and organizational structure, the new entity launched operations in January 2012. Special financing services were developed for housing companies and already attracted a number of them, in addition to offering the Gas & Go comprehensive leasing program. The Bank, in the meantime, continued to offer financing services that cover the purchase of various types of assets which led to building a strong financial leasing client base.

Network of Branches:

In line with its five-year expansion and renovation plan, BoJ continues to focus on providing quality products and services to all its customers through a variety of channels. Two new branches were added to the Bank's branch network in 2012, in the capital Amman and in the governorate of Irbid, and six more were renovated. In addition, a new branch was added in Palestine and another in Syria.

Electronic Banking Options:

The Bank is investing in the latest technology to ensure that customers are served with the most diverse, convenient and cost-effective ways of banking through electronic channels. In due course, a campaign to promote bill payment through the internet and the Interactive Voice Response (IVR) service was extended until year-end. Added to that, seven branches are now applying the Queuing Management System. On another front, the ATM network continued to grow, rising to 110 in Jordan alone (21 of which offer the instant cash deposit service), and to 28 in Palestine and 12 ATMs in Syria. Plans are also underway to further develop the internet banking and launch the mobile banking service with an IT company contracted to carry out the project.

Organizational Structure and Technical Resources:

BoJ moved on with implementing operational and organizational plans aimed at upgrading the IT infrastructure and improving the work environment to enable the Bank to cope with current and future growth requirements. Such steps would also save time and cost and improve the quality of services - considered the Bank's main competitive edge.

Thus, the Bank revisited the operational structure of certain units and reassessed work procedures related to the revolving cards, account opening, and call centers among other services. New organizational structures were developed for some administrative units in addition to restructuring the central operations department as the program examination function was separated from program development. The Bank also reviewed the job descriptions for the IT, finance, and the central trade services departments. Likewise, the support departments in the headquarters in Palestine and some operations were re-structured to ensure efficiency. The Bank has also started to update its customer database in Palestine in compliance with the Palestine Monetary Authority requirements.

Moreover, BoJ completed all measures necessary to launch the Jordan Leasing Company including the company's bylaw, organizational structure, and job descriptions. On the checking front, new formats for checks were designed and will be printed out through an automated system, a step that would enhance accuracy and control measures. New systems for calculating provisions and classifying accounts electronically have already been implemented in Jordan, Syria, and Palestine. The Bank also implemented the first phase of the HR-Core and the salaries systems as part of a scheme to fully automate the HR system.

On the IT front, the Bank contracted leading IT companies to develop the internet banking system, as well as the automated collection system. Another company (FICO) was contracted to develop the Credit Scoring system - which strengthens the Bank's risk management capabilities - in addition to automating the loan approval system depending on risk-based criteria.

As for ATMs, a total of 12 Diebold ATMs are scheduled to be installed in Jordan in 2013. In Palestine, 21 ATMs were replaced with advanced ones that allow customers to withdraw cash in various currencies. And to increase speed and save cost, the Bank has started using the MPLS networking technology.

To boost efficiency, the Penetration Test project was implemented. Furthermore, the Bank has started using SWIFT Alliance V7, and an E-Application for obtaining administrative approvals for retail clients is underway. BoJ also upgraded the Igrafx system, to ensure a speedy processing of transactions by employees. As for Bank of Jordan - Syria, the disaster recovery center for crisis management was set up in the headquarters - located on Baghdad Street - and the Igrafx system is already in use.

In another development, BoJ has set in place a mechanism for managing conflicts of interest and minimizing this type of risk which is in compliance with banking regulations and the principles of corporate governance.

The Bank has also examined the impact of implementing Basel III capital requirements in line with the CBJ regulations. The findings, a copy of which was submitted to the CBJ, showed BoJ's ability to meet those requirements and to manage the various types of risks under any possible scenario.

BoJ also started using the standardized approach in calculating capital adequacy for operational risk, after having obtained the necessary approvals from the CBJ. In addition, the Bank has met the ICAAP requirements as part of plans to implement the second pillar of Basel II. BoJ, meanwhile, continued to assess operational risks for all units and reviewed and reclassified the operational errors base and linked it with relevant risks. The Key Risk Indicators (KRI) are also being applied automatically.

Furthermore, the Bank continued to conduct stress testing as mandated by the CBJ and to review and modify scenarios in accordance with the nature and size of risks the Bank might face. Additionally, advanced scenarios were applied to monitor all transactions carried out through the Bank via an automated system for anti-money laundering and terrorism financing. In a related development, the data security unit will start implementing the Management Security Services (MSS) system which would help monitor all technical issues around-the-clock.

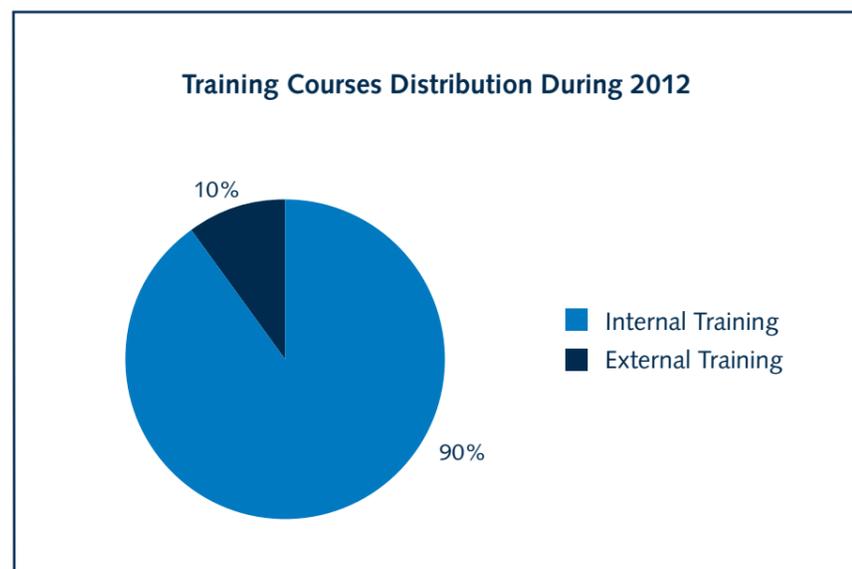
As for operations in Palestine, BoJ has restructured the risk management and compliance units and completed the recruitment process. An operational risk assessment was also conducted for all units based on the new organizational structure. As for Bank of Jordan - Syria, the Basel II requirements were applied in compliance with the Central Bank of Syria's decisions. Moreover, the CARE system for managing operational risks was implemented and risk profiles were prepared for all units. A database of operational errors was created and stress testing scenarios continue to be conducted. Statements that monitor market and liquidity risks are also issued regularly and an operational risk management policy was put in place.

Human Resources:

Believing that investing in human resources is key to success, Bank of Jordan was keen to execute several HR development projects based on best management practices. And in efforts to enhance employee satisfaction and retain qualified personnel, the Bank finished the implementation process of the new grading structure and the job evaluation project that began in 2012. Furthermore, the Bank continued to participate in several studies to compare the salaries and wages paid in the Jordanian banking market.

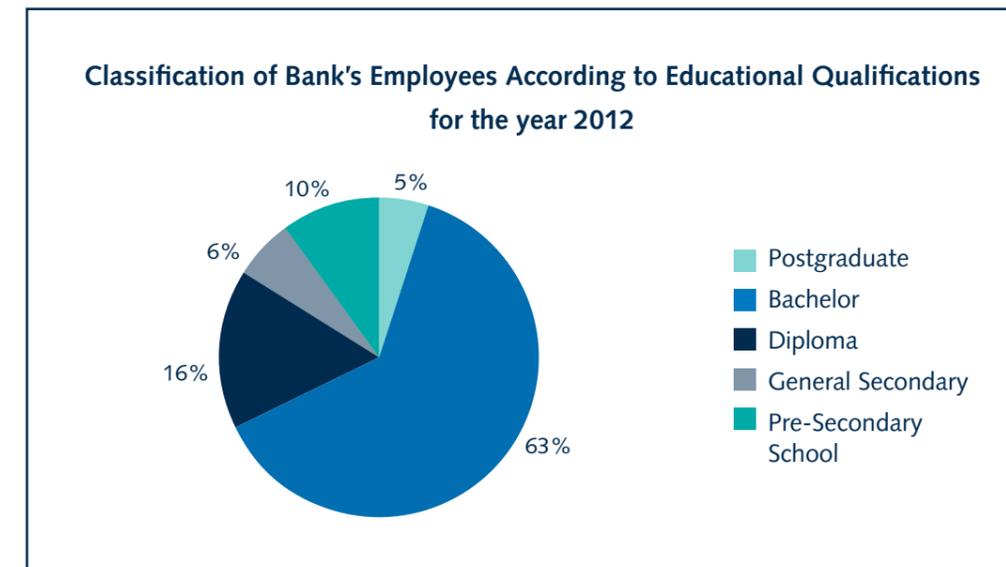
As for training, several programs that involved 560 employees were executed to improve the qualifications of new and existing employees, including specialized training for tellers and customer services employees.

The Bank also launched a training course designed for the corporate and commercial business development departments that involved 13 participants. Moreover, a total of 14 employees attended special courses preparing them to become accredited internal trainers "AIT" inside the Bank. Additionally, five induction programs were held for 143 new employees, while 59 trainees joined the (MS Office 2010 E-learning) program.



BoJ also continued to develop HR systems and policies, as it implemented the first phase the HRMS or the HR-Core stage, which will process employee requests for vacations, loans, statement of accounts, etc. more efficiently. The salaries system was also implemented as a first step that would be followed by the MBO performance evaluation system, which will be applied across all branches and affiliates here and abroad during 2013.

Similar initiatives were implemented in the headquarters in Palestine in parallel with those in Bank of Jordan and its affiliates. A work plan was also prepared for the implementation of the job evaluation project in Palestine that aims to boost job satisfaction, lower the turnover rate, and retain qualified personnel. On the training front, several internal training workshops were organized while other employees joined training courses abroad. As for Bank of Jordan-Syria, several need-based training workshops were carried out for branches in Syria.



Corporate Social Responsibility:

Bank of Jordan continued to support and sponsor various events in 2012 including educational, cultural, sports, and social activities. This stems from BoJ's belief that social responsibility is realized through incorporating social aspects and the environment in the way business is run and in its interactions with its partners and society at large.

Among BoJ's main achievements was its educational initiative, launched four years ago, which continued to spread educational messages for children in partnership with "Hikayat Simsim" program. Also, for the fourth consecutive year, the Bank continued to support the "Open Days" initiative in cooperation with the Children's Museum. Under the arrangement, children and their parents enjoyed the facility free-of-charge on the first Friday of each month.

Added to that, BoJ supported a traffic awareness-raising campaign in cooperation with the Central Traffic Department, including printing out a brochure highlighting traffic values in both Arabic and English. Moving to sports, BoJ sponsored the Amman International Horse Show at the Arabian Horse Club, and the companies' tournament organized by AlNashama for Entertainment Company. This came in addition to sponsoring the little league of Amman Academy School and Cambridge School's third swimming competition.

Keen to be at the forefront of contributors to the local community, the Bank also provided assistance to several charities and supported their activities, including the King Hussein Cancer Foundation, Princess Taghrid's Institution for Arts & Handicrafts Development, the Cerebral Palsy Foundation, and the Welfare Association/Palestine. The Bank also organized Iftar banquets for children in different orphanages during the holy month of Ramadan.

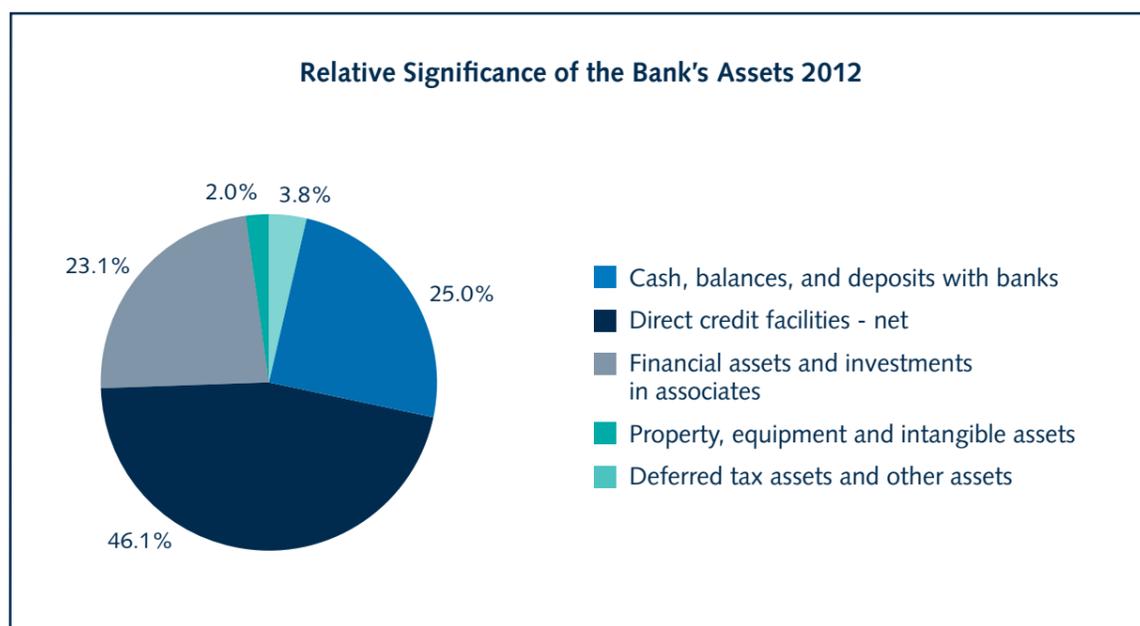
Moreover, the Bank contributed to the good will campaign, where more than 100 food parcels were distributed to underprivileged families. This came alongside supporting the charitable activities of the Jordanian Hashemite Fund for Human Development "JOHUD" during Ramadan, which aims to support development projects for beneficiaries in the governorates. It is worth noting that Bank of Jordan's contributions totaled JD239,738 in 2012.



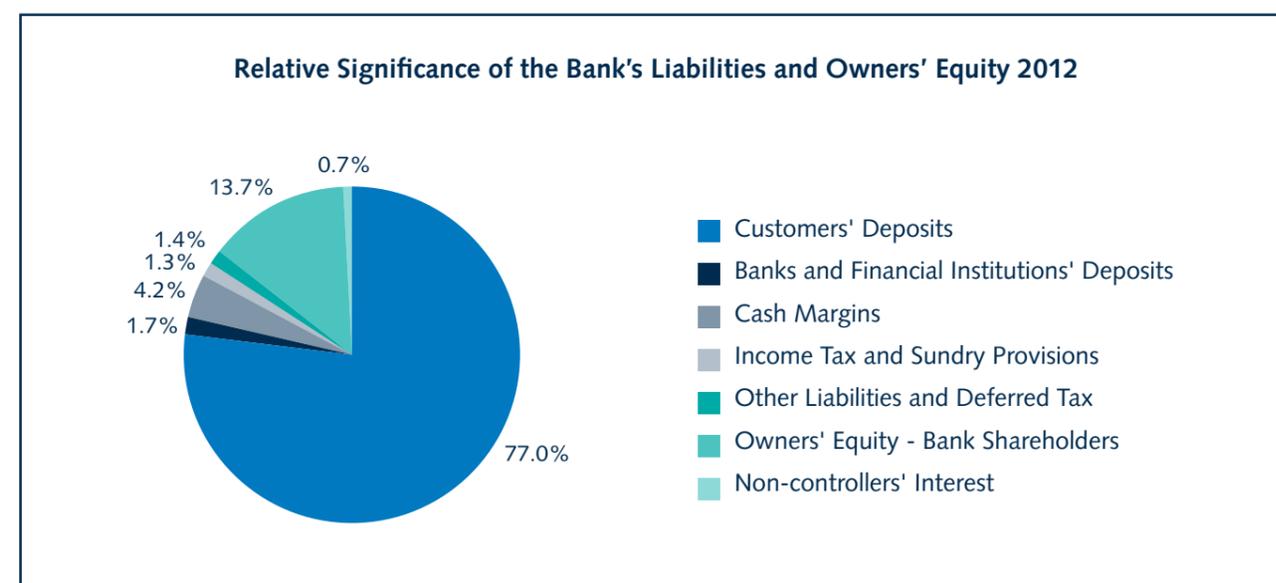
Analysis of Financial Position and Business Results for the Year 2012

The Bank's assets declined by 1.8% to reach JD2,016.6 million at the end of 2012 compared to JD2,052.9 million in 2011. The Bank made persistent efforts to grow shareholders' equity and maximize profitability while avoiding high-risk investments. The Bank also continued to provide sufficient liquidity to meet short and long-term financial obligations and to diversify its revenue stream.

The Bank's Financial Position				
	JD (Millions)		Relative Significance %	
	2012	2011	2012	2011
Cash, Balances, And Deposits With Banks	504.2	482.1	25.0%	23.5%
Direct Credit Facilities - Net	930.6	1,046.5	46.1%	51.0%
Financial Assets And Investments In Associates	465.0	418.2	23.1%	20.4%
Property, Equipment And Intangible Assets	40.0	45.7	2.0%	2.2%
Deferred Tax Assets And Other Assets	76.8	60.4	3.8%	2.9%
Total Assets	2,016.6	2,052.9	100%	100%



Liabilities and Owners' Equity				
	JD (Millions)		Relative Significance %	
	2012	2011	2012	2011
Customers' Deposits	1,552.6	1,498.0	77.0%	73.0%
Banks And Financial Institutions' Deposits	35.0	133.4	1.7%	6.5%
Cash Margins	84.7	102.0	4.2%	5.0%
Income Tax And Sundry Provisions	25.2	17.8	1.3%	0.8%
Other Liabilities And Deferred Tax	28.3	24.4	1.4%	1.2%
Owners' Equity - Bank Shareholders	276.5	259.2	13.7%	12.6%
Non-controllers' Interest	14.3	18.1	0.7%	0.9%
Total Liabilities And Owners' Equity	2,016.6	2,052.9	100%	100%



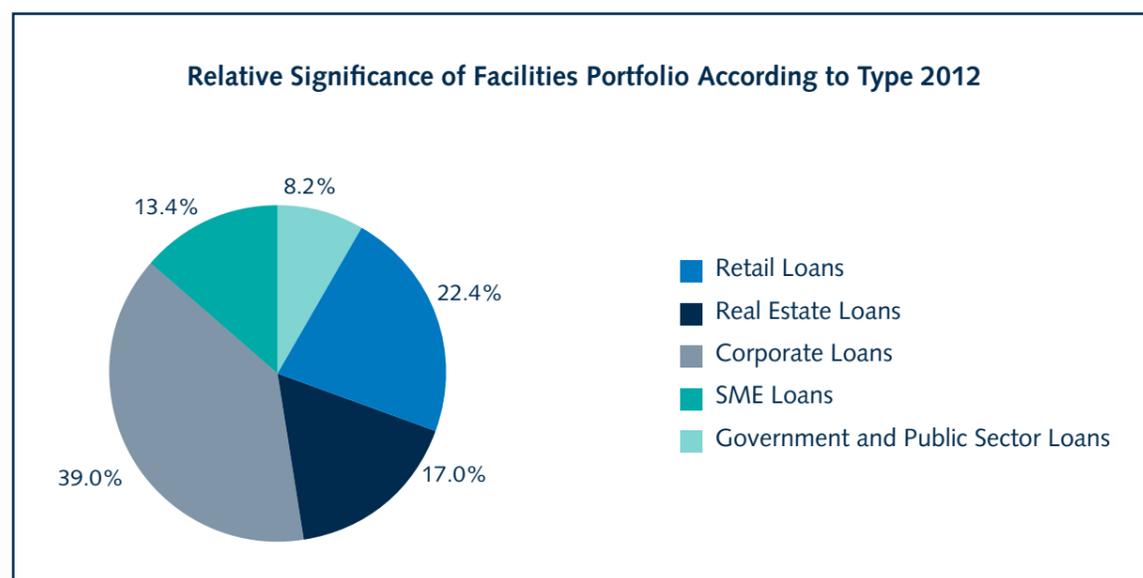
Direct Credit Facilities

Total credit facilities stood at JD1,028.1 million at the end of 2012, down by JD97.6 million or 8.7% from a year earlier as the Bank implemented a balanced credit policy under the supervision of the Executive Committee. The main objective of this policy was to maintain the assets quality of our credit portfolio and it was based on a thorough assessment of the market and credit risks while taking into consideration the fluctuations in interest rates and market dynamics.

Non-performing loans accounted for 9.88% of total facilities (net of interest in suspense) at the end of 2012 as compared to 8.87% in 2011, which is still within the standard ratio. However, this ratio further reduced to 1.6% in 2012, after excluding the provision for impairment and collaterals for bad debts.

The Bank also continued to extend loans to all productive and feasible economic sectors such as; retail, large corporate, SMEs, and the public sector to help minimize risks and manage financial resources effectively and efficiently.

Breakdown of Credit Facilities (After deducting interests and commissions received in advance)				
	JD (Millions)		Relative Significance %	
	2012	2011	2012	2011
Retail Loans	230.3	213.3	22.4%	18.9%
Real Estate Loans	174.8	172.8	17.0%	15.4%
Corporate Loans	401.3	488.9	39.0%	43.4%
SME Loans	137.6	167.8	13.4%	14.9%
Government And Public Sector Loans	84.1	82.9	8.2%	7.4%
Total	1,028.1	1,125.7	100%	100%



Provision for Impairment of Direct Credit Facilities

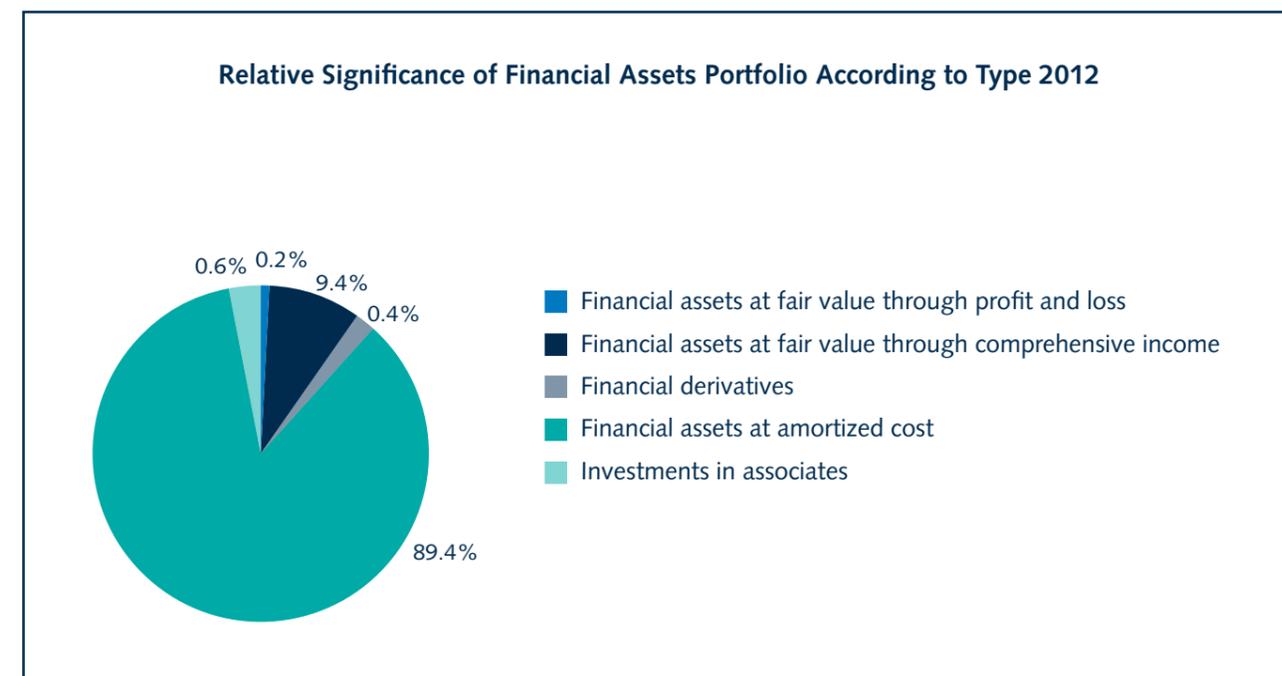
The Bank continues to take the necessary measures to reduce any expected loss exposure. Thus, it has allocated sufficient provisions against non-performing loans, for each loan separately and for the portfolio as a whole. These provisions are in compliance with international accounting standards and regulatory requirements, and the External Auditor's recommendations. The coverage ratio of provisions for non-performing loans after deducting suspended interest stood at 84.4% in 2012 compared to 68% in 2011.

Provisions that were no longer needed due to settlements or repayments and transferred against other debt amounted to JD24 million in addition to provisions already allocated which amounted to JD18.2 million. The fair value of collaterals held as security for credit facilities reached JD422.9 million in 2012 compared to JD504.2 million in 2011.

Financial Assets Portfolio

The financial assets portfolio grew by JD46.7 million in 2012 or 11.2% compared to 2011, given a JD37.1 million or 9.8% increase in the financial assets at amortized costs that represent investments in government bonds, treasury bills, bonds, and debenture of companies. The relative significance of those investments reached 89.4% of the total financial assets portfolio. The financial assets at fair value through comprehensive income increased by JD7.7 million or 21.6%, representing investments in stocks in active financial markets.

Financial Assets Portfolio				
	JD (Millions)		Relative Significance %	
	2012	2011	2012	2011
Financial Assets At Fair Value Through Profit And Loss	0.8	0.8	0.2%	0.2%
Financial Assets At Fair Value Through Comprehensive Income	43.7	36.0	9.4%	8.6%
Financial Derivatives	1.8	-	0.4%	-
Financial Assets At Amortized Cost	416.0	378.7	89.4%	90.6%
Investments In Associates	2.7	2.7	0.6%	0.6%
Total	465.0	418.2	100%	100%

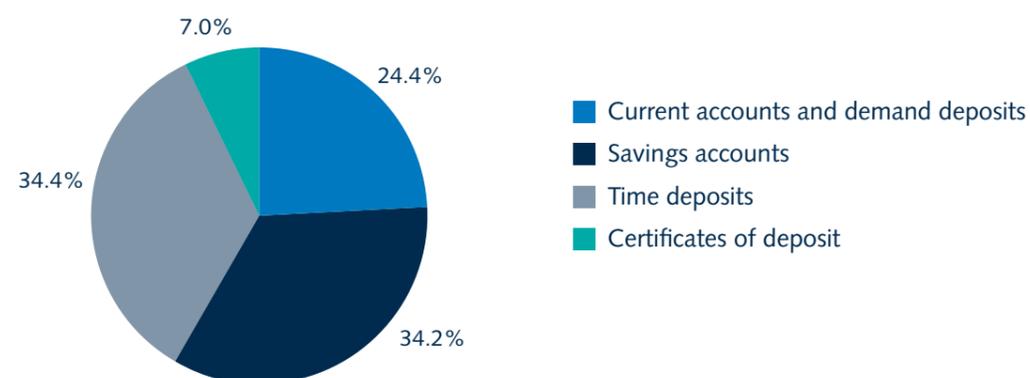


Customer Deposits

Customer deposits recorded an increase of JD54.6 million or 3.6%, and reached JD1,552.6 million in 2012 - compared to JD1,489 million in 2011. Meanwhile, the Bank continued to attract fixed and low-cost deposits, promote its savings accounts and certificates of deposits and expand its depositor base. As a result, savings accounts grew by 9.9%, current accounts and demand deposits by 3.9%, and CDs by 77.4% in 2012 from the year before. Meanwhile, time deposits declined by 9.3%, while non-interest bearing deposits soared to JD594.4 million, compared to JD523.8 million in 2011.

Customer Deposits According to Type				
	JD (Millions)		Relative Significance %	
	2012	2011	2012	2011
Current Accounts And Demand Deposits	378.6	364.4	24.4%	24.3%
Savings Accounts	531.3	483.6	34.2%	32.3%
Time Deposits	534.5	589.0	34.4%	39.3%
Certificates Of Deposit	108.2	61.0	7.0%	4.1%
Total	1,552.6	1,498.0	100%	100.0%

Relative Significance of Customer Deposits 2012



Bank owners' Equity

Owners' equity surged by 6.7% to JD276.5 million in 2012 from JD259.2 million in 2011 and statutory reserves increased to JD48.6 million in 2012 - an increase of JD5.3 million or 12.2% compared to 2011. The voluntary reserves, at the same time, grew by JD4.8 million or 53.8% to JD13.7 million. It is worth noting that the Board of Directors made a recommendation to the General Assembly to distribute cash dividends of 15% of capital (equivalent to JD23.3 million).

Capital Adequacy

The capital adequacy ratio grew to 16.46% in 2012 against 14.27% in 2011, and it is higher than the 12% minimum required by the Central Bank of Jordan. It is also higher than the 8% minimum ratio set by the Basel Committee (Bank for International Settlements). The Primary Capital to risk-weighted assets ratio stood at 16.03% for 2012 compared to 13.9% in 2011.

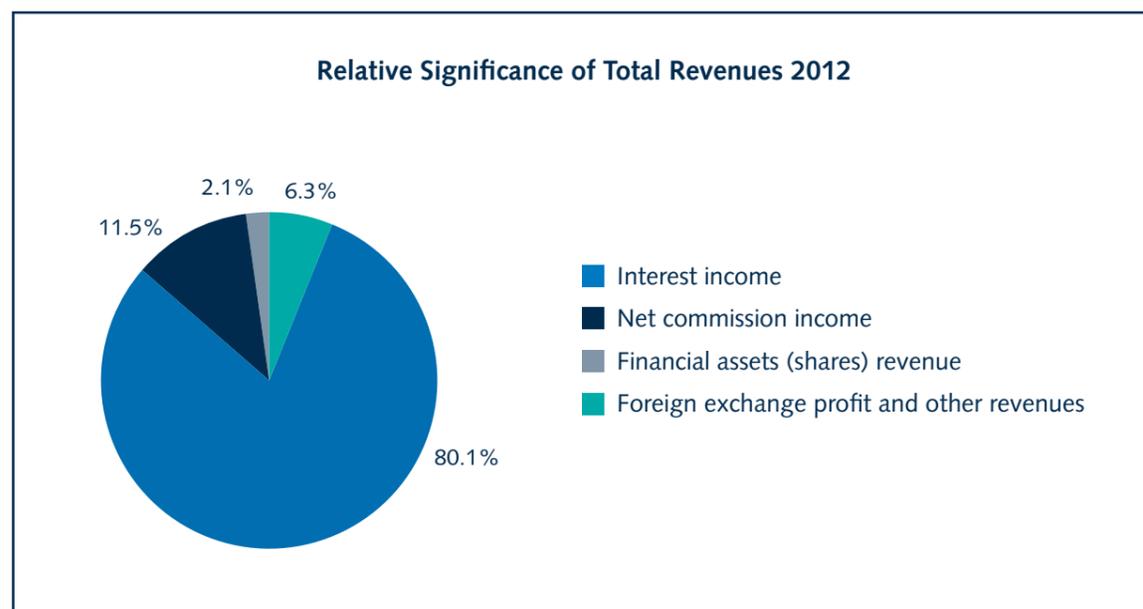
Bank's Financial Results

The Bank's total revenues surged to JD150.4 million in 2012 from JD142.9 million in 2011; recording a growth rate of 5.3%. Also, total income grew by 4.2% and reached JD117.3 million against JD112.6 million in 2011. Net interest and commission income grew to JD104.6 million in 2012, compared to JD97.2 million in 2011, with a growth rate of 7.7%.

Net profit before taxes and provisions amounted to JD66.2 million in 2012 versus JD65.5 million in 2011. The net profit - after deducting income tax, provisions for impairment of direct credit facilities, and other provisions - reached JD33.2 million in 2012 compared to JD36.6 million in 2011.

Net Profit Before and After Taxes and Provisions			
	JD (Millions)		Difference
	2012	2011	2012
Net Profit Before Taxes And Provisions	66.2	65.5	0.7%
Provision For Impairment Of Direct Credit Facilities	(18.2)	(14.4)	(3.8)%
Sundry Provisions	(1.8)	(1.4)	(0.4)%
Net Profit Before Tax	46.2	49.7	(3.5)%
Income Tax Expences	(13.0)	(13.1)	0.1%
Net Profit	33.2	36.6	(3.4)%

Total Realized Revenues				
	JD (Millions)		Relative Significance %	
	2012	2011	2012	2011
Interest Income	120.5	111.2	80.1%	77.8%
Net Commission Income	17.3	16.3	11.5%	11.4%
Financial Assets (Shares) Revenue	3.1	5.8	2.1%	4.1%
Foreign Exchange Profit And Other Revenues	9.5	9.6	6.3%	6.7%
Total	150.4	142.9	100%	100%



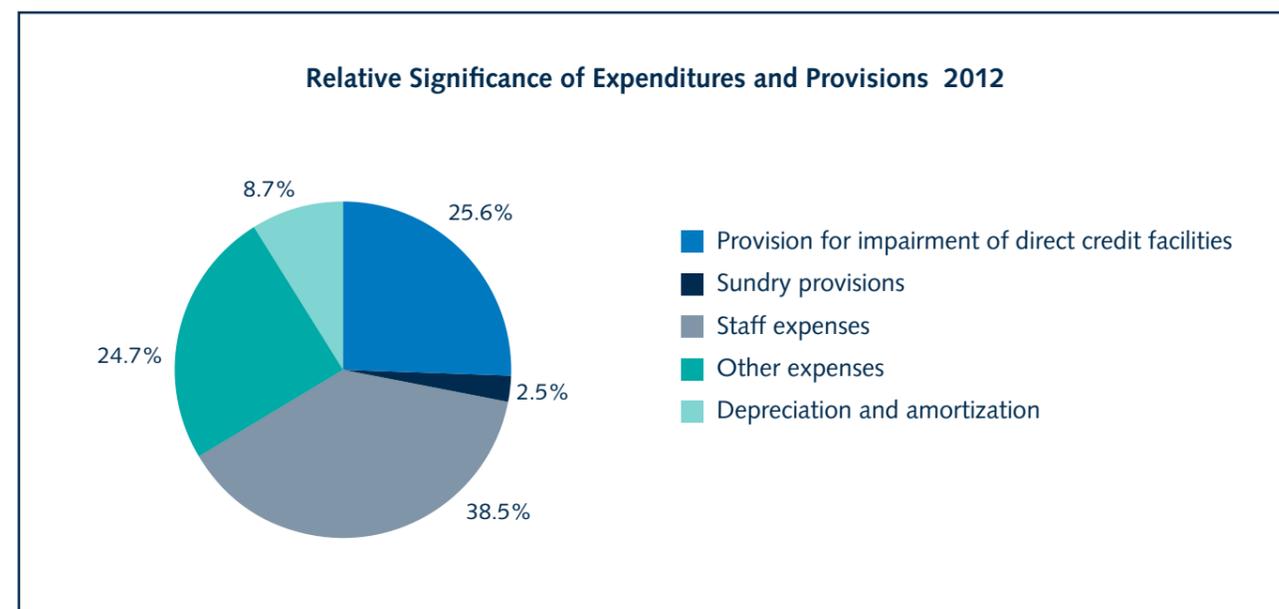
Expenses and Provisions

Total expenses and provisions reached JD71 million in 2012 compared with JD62.9 million in 2011 - an increase of JD8.2 million or 13%. This is due to higher provisions for impairment of credit facilities that amounted to JD3.7 million up 25.9%. Another factor was the higher employee expenses, which grew by JD2.7 million or 10.8% following the implementation of the job evaluation project in 2012.

Similarly, other expenses increased by around JD1 million due to the higher cost of rent, insurance, maintenance, lighting, and heating. Professional and legal fees were also higher in 2012. In the meantime, the advertising and subscriptions fees were lower in 2012. Added to that, the Bank paid lower fees on licenses and others and lower taxes, and further managed to lower its hospitality expenses. The amount of donations was also reduced in 2012. Depreciation went up by JD358.5 thousand or 6.1%, as the Bank moved on with its renovation and expansion plans and continued to develop its internal systems.

Salaries and remunerations of the Senior Executive Management amounted to JD1.9 million against JD1.5 million in 2011. Furthermore, Bank of Jordan paid JD126 thousand in audit fees in 2012. Audit fees for Bank of Jordan-Syria, Excel Company, and Jordan Leasing company amounted to JD21.8 thousand, JD5.2 thousand, and JD1.2 thousand respectively.

Expenditures and Provisions				
	JD (Millions)		Relative Significance %	
	2012	2011	2012	2011
Provision For Impairment Of Direct Credit Facilities	18.2	14.4	25.6%	22.9%
Sundry Provisions	1.8	1.4	2.5%	2.2%
Staff Expenses	27.3	24.6	38.5%	39.1%
Other Expenses	17.5	16.6	24.7%	26.4%
Depreciation And Amortization	6.2	5.9	8.7%	9.4%
Total	71.0	62.9	100%	100%



Main Financial Ratios

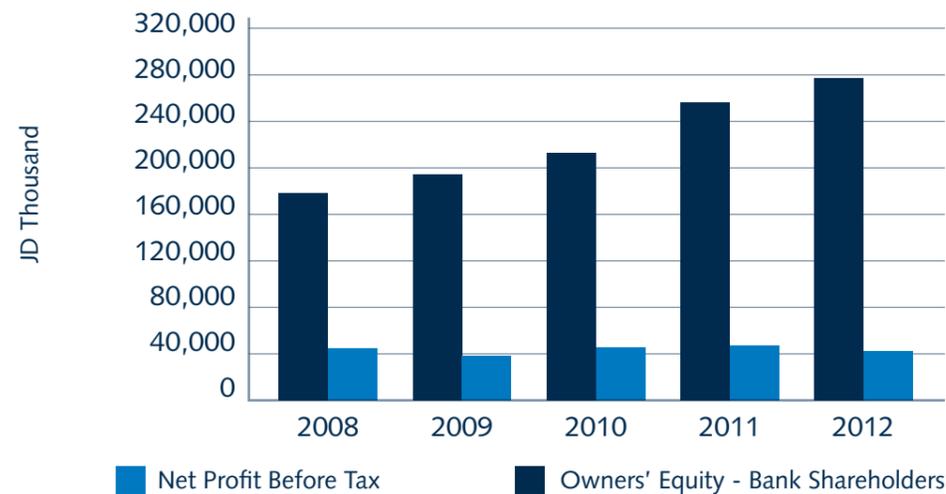
	2012	2011
Return On Average Bank Shareholders' Equity	13.55%	15.22%
Return On Capital	21.40%	23.58%
Return On Average Assets	1.63%	1.82%
Profitability Per Employee (After Tax)	JD18,987	JD20,431
Interest Income / Average Assets	5.92%	5.53%
Interest Expense / Average Assets	1.63%	1.51%
Interest Margin / Average Assets	4.29%	4.02%
Credit Facilities' Impairment Provision / Non-performing Loans	84.39%	67.99%
Non-performing Loans / Total Credit Facilities	9.88%	8.87%

Our Goals for 2013

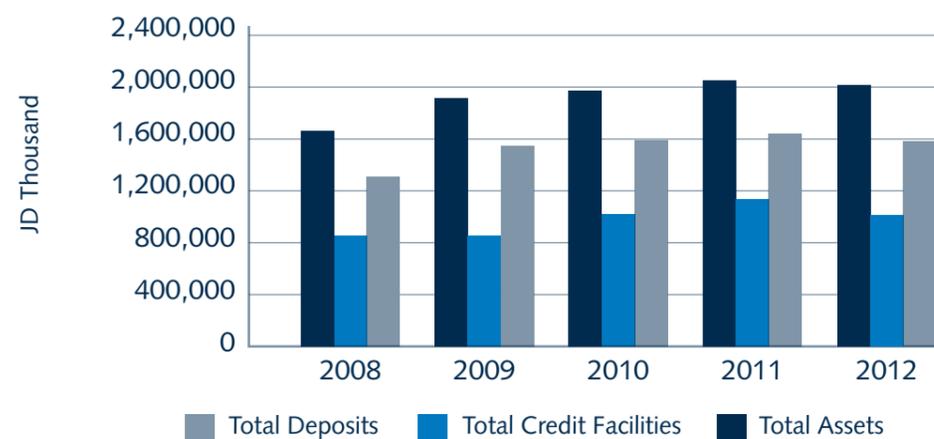
- Enhancing the financial and competitive standing of the Bank in Jordan, Palestine, and Syria, and maintaining the key financial ratios within local and international standards.
- Aiming at providing the full range of banking services for all customers, specifically the retail sector, and implementing the strategic plan for individual clients in order to meet customer needs based on market segmentation.
- Fulfilling the financing needs of the various productive economic sectors: corporations and SMEs while keeping risk to a minimum. The Bank also seeks to foster relations with SME support institutions and build a comprehensive database for companies to help inform future funding plans.
- Expanding the network of branches and ATMs to reach out to target clients in line with the new strategy for the retail sector, and offering the highest quality services to reflect the Bank's corporate identity.
- Executing organizational and operational projects in efforts to boost the level of service offered and preparing databases to help meet current and future business requirements. The Bank also plans to review all work procedures and make the necessary changes to enhance the values of fair and transparent dealings with clients as per the CBJ instructions.
- Keeping pace with technological developments and upgrading all technical and communications systems to increase efficiency and security. The Bank also plans to launch more advanced electronic banking services and to add mobile banking service in 2013 alongside the CRM project that would better identify customer needs and increase satisfaction levels.
- Ensuring full compliance with all banking laws and regulations as well as professional standards issued by regulatory authorities in Jordan, Palestine, and Syria, and other international standard-setting bodies. Work is also under way to implement the Foreign Account Tax Compliance Act (FATCA) and the MSS data security system. This comes in addition to developing the customer complaints and risk management procedures and other regulations in adherence with corporate governance and Basel III requirements.
- Developing credit and risk management policies based on best international practices. This entails implementing the Credit Scoring system, which will help assess risks related to retail customers, and investing in processes to minimize risks related to corporations and SMEs. In tandem with that, the Bank will adopt the Risk Rating system for customers.
- Improving the qualifications and professional and personal skills of employees and adopting HR systems based on best management practices across branches in Jordan and abroad as well as in affiliates. The Bank also continues to develop specialized training workshops for employees.
- Boosting the positive image of Bank of Jordan and its identity and highlighting its contributions to the community and continued support for projects aimed at realizing sustainable development. This comes in addition to its role in sponsoring events in the fields of education, sports, health, the environment, as well as cultural, social, and charitable activities.

Main Financial Indicators (2008 - 2012)		Amount in JD Thousand				
Fiscal Year	2008	2009	2010	2011	2012	
Total Assets	1,686,018	1,907,992	1,969,064	2,052,858	2,016,628	
Total Credit Facilities	876,692	917,407	1,023,349	1,125,667	1,028,093	
Total Deposits (Customers & Banks)	1,330,230	1,526,392	1,586,989	1,631,418	1,587,636	
Owners' Equity – Bank Shareholders	179,604	192,668	214,408	259,194	276,510	
Non-controllers' Interest	11,561	21,455	21,351	18,114	14,267	
Net Profit Before Tax	44,297	36,909	45,427	49,674	46,222	

The Development of Owners' Equity - Bank Shareholders and Profit



The Development of Financial Position



Consolidated Financial Statements and Independent Auditor's Report 2012

Independent Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Income

Consolidated Statement of Other Comprehensive Income

Consolidated Statement of Changes in Owners' Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



Independent Auditor's Report

Deloitte.

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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, 2012, 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, 2012, 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 27, 2013


Deloitte & Touche (M.E.) - Jordan

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

Consolidated Statement of Financial Position

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		JD	
	Note	December 31	
		2012	2011
Assets			
Cash And Balances With Central Banks	4	247,117,221	187,834,046
Balances With Banks And Financial Institutions	5	248,205,341	294,292,533
Deposits With Banks And Financial Institutions	6	8,862,500	-
Financial Assets At Fair Value Through Profit Or Loss	7	789,767	800,290
Financial Assets At Fair Value Through Comprehensive Income	8	43,688,161	35,937,138
Financial Derivatives	37	1,823,196	-
direct Credit Facilities - Net	9	930,627,322	1,046,500,369
financial Assets At Amortized Cost	10	415,833,645	378,726,204
Investments In Associates	11	2,732,903	2,747,017
Property And Equipment – Net	12	37,770,885	42,916,974
Intangible Assets	13	2,259,515	2,683,432
Deferred Tax Assets	19/B	14,151,149	7,402,232
Other Assets	14	62,766,320	53,017,808
Total Assets		2,016,627,925	2,052,858,043
Liabilities And Owners' Equity			
Liabilities			
Banks And Financial Institutions' Deposits	15	35,036,790	133,418,617
customers' Deposits	16	1,552,599,693	1,497,999,648
Cash Margins	17	84,671,584	102,026,407
Sundry Provisions	18	7,799,896	6,964,931
income Tax Provision	19/A	17,367,872	10,728,749
deferred Tax Liabilities	19/B	5,882,960	3,604,494
Other Liabilities	20	22,492,347	20,807,091
Total Liabilities		1,725,851,142	1,775,549,937
Owners' Equity			
Equity Attributable To Bank's Shareholders			
Paid-up Capital	21	155,100,000	155,100,000
statutory Reserve	22	48,583,716	43,295,048
voluntary Reserve	22	13,735,305	8,928,707
general Banking Risks Reserve	22	11,076,830	10,876,048
Special Reserve	22	1,788,281	1,112,803
Foreign Currencies Translation Differences	23	(4,524,549)	(3,657,895)
Fair Value Reserve – Net	24	6,880,281	1,649,820
Retained Earnings	25	43,869,842	41,889,198
total Equity Attributable To The Bank's Shareholders		276,509,706	259,193,729
Non-controllers' Interest		14,267,077	18,114,377
Total Owners' equity		290,776,783	277,308,106
Total Liabilities And Owners' equity		2,016,627,925	2,052,858,043

The accompanying notes from 1 to 46 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	
		2012	2011
interest Income	27	120,476,452	111,176,081
Interest Expense	28	33,168,822	30,318,522
Net Interest Income		87,307,630	80,857,559
Commissions Income – Net	29	17,319,145	16,297,450
Net Interest And Commissions Income		104,626,775	97,155,009
foreign Currencies Income	30	3,202,712	6,253,004
Gains From Financial Assets At Fair Value Through Profit Or Loss	31	16,440	4,050,011
Cash Dividends From Financial Assets At Fair Value Through Other Comprehensive Income		3,093,482	1,735,928
Other Income	32	6,331,020	3,361,396
total Income		117,270,429	112,555,348
Employee Expenses	33	27,266,464	24,606,370
Depreciation And Amortization	12,13	6,217,556	5,859,017
other Expenses	34	17,568,390	16,552,492
provision For Impairment Of Direct Credit Facilities	9	18,162,709	14,422,057
Sundry Provisions	18	1,818,982	1,427,946
total Expenses		71,034,101	62,867,882
Profit From Operations		46,236,328	49,687,466
Bank's Share Of Investment In Associates (Losses)	11	(14,114)	(13,503)
Profit Before Income Tax		46,222,214	49,673,963
Less: Income Tax Expense	19	(13,032,648)	(13,103,262)
Profit For The Year		33,189,566	36,570,701
Attributable To			
Bank's Shareholders		36,289,465	36,043,069
Non–controllers' Interest		(3,099,899)	527,632
		33,189,566	36,570,701
Earnings Per Share For The Year Attributable			
To The Banks' Shareholders	35	0.234	0.252
Basic	35	0.234	0.252
Diluted			

The accompanying notes from 1 to 46 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	
	2012	2011
Profit For The Year	33,189,566	36,570,701
Other Comprehensive Income Items		
Foreign Currencies Translation Differences	(1,788,864)	(7,381,373)
Gains On Sales Of Financial Assets At Fair Value Through Comprehensive Income	102,514	809,569
Change In Fair Value Reserve - Net Of Tax	5,230,461	1,649,820
Total Comprehensive Income	36,733,677	31,648,717
Total Comprehensive Income Attributable To		
The Bank's Shareholders	40,580,977	34,885,585
Non-controllers' Interest	(3,847,300)	(3,236,868)
	36,733,677	31,648,717

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												Total Equity
	Paid-up Capital	Issuance Premium	Statutory	Voluntary	General Banking Risks	Special	Foreign Currencies Translation	Fair Value Reserve-Net	Cumulative Change in Fair Values-Net	Retained Earnings	Total Shareholders' Equity	Non-Controllers' Interest	
For The Year Ended December 31, 2012													
Balance - Beginning Of The Year	155,100,000	-	43,295,048	8,928,707	10,876,048	1,112,803	(3,657,895)	1,649,820	-	41,889,198	259,193,729	18,114,377	277,308,106
Foreign Currencies Translation Differences	-	-	(4,583)	(8,136)	(2,264)	-	(866,654)	-	-	(159,826)	(1,041,463)	(747,401)	(1,788,864)
Profit For The Year	-	-	-	-	-	-	-	-	-	36,289,465	36,289,465	(3,099,899)	33,189,566
Gains On Sale Of Financial Assets At Fair Value Through Comprehensive Income	-	-	-	-	-	-	-	-	-	102,514	102,514	-	102,514
Changes In Fair Value Reserve - Net Of Tax	-	-	-	-	-	-	-	5,230,461	-	-	5,230,461	-	5,230,461
Total Comprehensive Income	-	-	(4,583)	(8,136)	(2,264)	-	(866,654)	5,230,461	-	36,232,153	40,580,977	(3,847,300)	36,733,677
Transfer To Reserves	-	-	5,293,251	4,814,734	203,046	675,478	-	-	-	(10,986,509)	-	-	-
Dividends Paid*	-	-	-	-	-	-	-	-	-	(23,265,000)	(23,265,000)	-	(23,265,000)
Balance - End Of The Year	155,100,000	-	48,583,716	13,735,305	11,076,830	1,788,281	(4,524,549)	6,880,281	-	43,869,842	276,509,706	14,267,077	290,776,783
For The Year Ended December 31, 2011													
Balance - Beginning Of The Year	100,000,000	-	38,373,895	24,731,661	9,736,920	504,471	134,706	-	7,635,938	33,290,553	214,408,144	21,351,245	235,759,389
Foreign Currencies Translation Differences	-	-	(10,137)	(10,136)	-	-	(3,792,601)	-	-	196,001	(3,616,873)	(3,764,500)	(7,381,373)
Profit For The Year	-	-	-	-	-	-	-	-	-	36,043,069	36,043,069	527,632	36,570,701
Effect Of Early Adoption Of Ifrs 9	-	-	-	-	-	-	-	-	(7,635,938)	7,635,938	-	-	-
Gains On Sale Of Financial Assets At Fair Value Through Comprehensive Income	-	-	-	-	-	-	-	-	-	809,569	809,569	-	809,569
Changes In Fair Value Reserve - Net Of Tax	-	-	-	-	-	-	-	1,649,820	-	-	1,649,820	-	1,649,820
Total Comprehensive Income	-	-	(10,137)	(10,136)	-	-	(3,792,601)	1,649,820	(7,635,938)	44,684,577	34,885,585	(3,236,868)	31,648,717
Transfer To Reserves	-	-	4,931,290	8,888,124	1,139,128	608,332	-	-	-	(15,566,874)	-	-	-
First Increase Of Paid-up Capital **	10,000,000	16,400,000	-	-	-	-	-	-	-	-	26,400,000	-	26,400,000
Second Increase Of Paid-up Capital ***	45,100,000	(16,400,000)	-	(24,680,942)	-	-	-	-	-	(4,019,058)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	(16,500,000)	(16,500,000)	-	(16,500,000)
Balance - End Of The Year	155,100,000	-	43,295,048	8,928,707	10,876,048	1,112,803	(3,657,895)	1,649,820	-	41,889,198	259,193,729	18,114,377	277,308,106

* According to the resolution of the Bank General Assembly in its ordinary meeting held on March 1st, 2012, it was approved to distribute 15% of the Bank's capital in cash to shareholders in the equivalent of JD23,265,000.

** According to the resolution of the Bank General Assembly in its extraordinary meeting held on January 22, 2011, it was approved to increase the Bank's capital by JD10 million shares through issuing 10 million shares at a par value of JD1 each through a private offering (not public) to the strategic investors at a premium of JD1.64 per share and with a total premium of JD16,400,000. Moreover, the offering was covered in total and the Bank completed the legal procedures related to document the capital increase at companies controller's office and the Security Exchange Commission.

*** According to the resolution of the Bank General Assembly in its extraordinary meeting held on March 12, 2011, it was approved to increase the Bank's capital by JD45,100,000 through capitalizing the issuance premium balance which amounted to JD16,400,000, JD24,680,942 from the voluntary reserve and JD4,019,058 from the retained earnings. Moreover, the Bank completed the legal procedures related to the capital increase at companycontroller's office and the Security Exchange Commissions on April 6, 2 2011

**** 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 JD14,151,149 against deferred tax benefits as of December 31, 2012. This restricted amount cannot be utilized through capitalization or distribution unless actually realized, in addition to an amount of JD890,541 related to profit from associate companies as instructed by the Central Bank of Jordan.

- Retained earnings include an amount of JD5,227,172 as of December 31, 2012 which represents the effect of early adoption of IFRS (9) in addition to JD8,277 which represents gains on revaluation of financial assets at fair value through profit or loss. These restricted amounts cannot be utilized unless realized through actual sale as instructed by the Security Exchange Commission.

- 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 the Central Bank of Jordan and Jordan Security Commission.

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		2012	2011
Profit Before Income Tax		46,222,214	49,673,963
adjustments For:			
Depreciation And Amortization		6,217,556	5,859,017
provision For Impairment In Direct Credit Facilities	12,13	18,162,709	14,422,057
loss (Gain) From Sale Of Property And Equipment	9	577,949	(1,262)
(Gain) Loss From Financial Assets At Fair Value Through Profit Or Loss – Unrealized	32	(8,277)	865
Effect Of Exchange Rate Fluctuations		(3,617,673)	(5,739,722)
Sundry Provisions	31	1,818,982	1,427,946
Loss From Impairment Of Real Estate	30	265,160	26,815
Bank's Share Of Investment In Associate Losses	18	14,114	13,503
Others	32	193,620	77,915
Profit Before Changes In Assets And Liabilities	11	69,846,354	65,761,097
Changes In Assets And Liabilities:			
Decrease In Restricted Balances		144,386	427,721
(Increase) Decrease In Deposits With Banks And Other Financial Institutions (Maturing Over 3 Months)		(8,862,500)	3,975,910
Decrease In Financial Assets At Fair Value Through Profit Or Loss		18,800	2,957,153
Decrease (Increase) In Direct Credit Facilities		97,710,338	(99,758,943)
(Increase) Decrease In Other Assets		(10,013,672)	2,470,639
Increase In Customer Deposits		54,600,045	15,263,434
(Decrease) Increase In Cash Margins		(17,354,823)	356,216
increase (Decrease) In Other Liabilities		2,316,590	(1,617,895)
Net Change In Assets And Liabilities		118,559,164	(75,925,765)
Net Cash Flows From (Used In) Operating Activities Before Taxes, End-of-service Indemnity Provision, And Lawsuits Provision		188,405,518	(10,164,668)
Paid From End-of-service Indemnity Provision And Lawsuits Provision		(984,017)	(1,056,637)
Income Tax Paid	19	(13,336,062)	(15,161,730)
Net Cash Flows From (Used In) Operating Activities		174,085,439	(26,383,035)
Cash Flows From Investing Activities			
(Purchase) Of Financial Assets At Amortized Cost		(274,757,764)	(187,562,000)
Sale/maturity Of Financial Assets At Amortized Cost		237,650,323	75,439,190
(Purchase) Financial Assets At Fair Value Through Comprehensive Income		(514,347)	(2,056,458)
Sale Of Financial Assets At Fair Value Through Comprehensive Income		374,764	2,072,645
(Purchase) Of Financial Derivatives		(1,823,196)	-
(Purchase) Of Property And Equipment And Advance Payments To Acquire Property And Equipment		(4,679,458)	(5,993,965)
Sale Of Property And Equipment		3,688,178	3,307,851
(Purchase) Of Intangible Assets	13	(234,219)	(1,180,128)
Net Cash Flows (Used In) Investing Activities		(40,295,719)	(115,972,865)
cash Flows From Financing Activities			
Increase In Paid-up Capital			26,400,000
Foreign Currencies Translation Differences		(1,788,864)	(7,381,373)
Dividends Paid To Shareholders		(23,896,333)	(15,613,528)
Net Cash Flows (Used In) From Financing Activities		(25,685,197)	3,405,099
Effect Of Exchange Rate Fluctuations On Cash And Cash Equivalents	30	3,617,673	5,739,722
Net Increase(Decrease) In Cash And Cash Equivalents		111,722,196	(133,211,079)
Cash And Cash Equivalents - Beginning Of The Year		335,253,080	468,464,159
Cash And Cash Equivalents - End Of The Year	36	446,975,276	335,253,080

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

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 JD350,000, represented by 70,000 shares at a par value of JD5 per share. However, the Bank's authorized and paid-up capital was increased in stages, last of which took place in 2011. Thus, authorized, subscribed and paid-up capital reached JD1/155 million with a par value of JD1 per share.

The Bank provides all financial and banking services within the Bank's scope of activities. Those services are offered through its 67 branches in Jordan, 14 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.559 held on January 27, 2013 and 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, 2011, except for the effect of the adoption of new and modified standard, as in note (46 – A), which have no material effect on the balances or disclosures of the consolidated financial statements.

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, 2012, 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	JD3,500,000	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan-Syria *	3,000,000 (Syrian – Lira)	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD10,000,000	100	Finance Lease	Amman	October 24, 2011

- 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 actual control over the subsidiary is assumed by the Bank. 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 Bank's power to govern the financial and operating policies of the subsidiary.

- 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 Bank's assets and liabilities.

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 are recorded in the consolidated statement of income for the same year.

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

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 losses resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income are 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 which comprise 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 there of 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

- It is 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, and 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 bear 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 Bank's ownership percentage 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 differ 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 amount. 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 Bank's shares

The cost of issuance or purchase of the Bank's shares 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. Profit is recorded in retained earnings upon selling all treasury shares.

Accounts Managed on Behalf of Customers

- These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets.

- The fees and commissions on such accounts are shown in the 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 represents 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 units 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 Bank's management 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 Bank's management 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 subsidiaries 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 Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- A provision for income tax is taken on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year.
- 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.

4. Cash And Balances With Central Banks

This Item Consists Of The Following:	December 31	
	2012	2011
	JD	JD
Cash In Vaults	58,179,704	54,261,699
Balances At Central Banks		
Current Accounts And Demand Deposits	52,290,594	47,850,966
Term And Notice Deposits *	49,339,476	11,483,862
Statutory Cash Reserve	87,307,447	74,237,519
	<u>247,117,221</u>	<u>187,834,046</u>

- Except for the statutory cash reserve, restricted balances amounted to JD3,894,976 as of 31 December 2012 (JD4,039,362 as of 31 December 2011).

* This balance includes JD7,444,500 maturing more than three months (JD7,444,500 as of December 31,2011).

5. 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	
	2012	2011	2012	2011	2012	2011
	JD	JD	JD	JD	JD	JD
Current Accounts And Demand Deposits	-	-	21,915,024	28,225,483	21,915,024	28,225,483
Deposits Maturing Within 3 Months Or Less	24,983,200	63,243,467	201,307,117	202,823,583	226,290,317	266,067,050
	24,983,200	63,243,467	223,222,141	231,049,066	248,205,341	294,292,533

- Non-interest bearing balances at banks and financial institutions amounted to JD18,593,556 as of December 31, 2012 (JD10,676,781 as of December 31, 2011).

- Restricted balances at banks and financial institutions amounted to JD1,971,020 as of December 31, 2012 (JD1,971,020 as of December 31, 2011).

6. Deposits 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,	
	2012	2011	2012	2011	2012	2011
	JD	JD	JD	JD	JD	JD
Deposits Maturing Within 3 To 6 Months	-	-	1,772,500	-	1,772,500	-
Deposits Maturing Within 6 To 9 Months	-	-	7,090,000	-	7,090,000	-
	-	-	8,862,500	-	8,862,500	-

- There are no restricted deposits as of December 31, 2012 and 2011.

7. Financial assets at fair value through profit or loss		
This Item Consists Of The Following:	December 31	
	2012	2011
	JD	JD
Shares Listed On Active Markets	694,148	704,242
Shares Unlisted On Active Markets	95,619	96,048
	789,767	800,290

8. Financial assets at fair value through comprehensive income		
This Item Consist Of The Following:	December 31	
	2012	2011
	JD	JD
Shares Listed On Active Markets	34,862,108	27,050,012
Shares Unlisted On Active Markets	8,826,053	8,887,126
	43,688,161	35,937,138

9. Direct credit facilities - net		
This Item Consists Of The Following:	December 31	
	2012	2011
	JD	JD
Individual (Retail Customers):	230,287,521	213,291,163
Overdraft Accounts	7,585,873	6,887,244
Loans And Discounted Bills*	211,435,435	194,817,953
Credit Cards	11,266,213	11,585,966
Real Estate Loans	174,818,183	172,797,187
Corporate:	538,883,274	656,672,082
Large Corporate Customers	401,263,334	488,881,844
Overdraft Accounts	81,425,855	99,100,147
Loans And Discounted Bills*	319,837,479	389,781,697
SMEs	137,619,940	167,790,238
Overdraft Accounts	49,271,501	53,401,091
Loans And Discounted Bills*	88,348,439	114,389,147
Government & Public Sector	84,103,745	82,906,712
Total	1,028,092,723	1,125,667,144
Less: Provision For Impairment In Direct Credit Facilities	(84,700,678)	(67,128,120)
Less: Suspended Interest	(12,764,723)	(12,038,655)
Net Direct Credit Facilities	930,627,322	1,046,500,369

* Net of interest and commission received in advance amounting to JD9,877,628 as of December 31, 2012 (JD15,353,888 as of December 31, 2011).

- Non-performing credit facilities amounted to JD113,116,625 representing (11%) of the direct credit facilities balance for the year (JD110,612,979, representing 9.8% as of the end of the prior year).
- Non-performing credit facilities after deducting the suspended interest is JD100,371,465 representing (9.88%) of direct credit facilities after deducting the suspended interest (JD98,736,828, representing (8.87%) for the end of prior year).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD56,627,112 representing (5.5%) of total direct credit facilities for the year (JD45,250,000, representing (4%) for the end of previous year). Moreover, credit facilities granted to the public sector in Palestine amounted to JD27,476,633 (JD37,656,712 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:	Corporate entities			Public Sector		Total
	Individual (retail customers)	Real estate	Large corporate customers	SMEs	Public Sector	
2012	JD	JD	JD	JD	JD	JD
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

Provision for impairment in direct credit facilities:						
	Corporate entities			Public Sector		Total
	Individual (retail customers)	Real estate	Large corporate customers	SMEs	Public Sector	
2011	JD	JD	JD	JD	JD	JD
Balance – Beginning Of The Year	10,681,172	2,847,836	31,876,094	7,484,148	-	52,889,250
Foreign Currency Differences	(45,692)	(341)	(105,145)	-	-	(151,178)
Provision For The Year Taken From Revenues	4,288,117	1,273,971	7,597,775	1,262,194	-	14,422,057
Written-off Debts	(32,009)	-	-	-	-	(32,009)
Balance – End Of The Year	14,891,588	4,121,466	39,368,724	8,746,342	-	67,128,120

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

	Individual (retail customers)			Real estate			Corporate entities			Total
	JD			JD			JD			
	Large corporate customers	SMEs	Public Sector	Large corporate customers	SMEs	Public Sector	Large corporate customers	SMEs	Public Sector	
2011										
On A Single Client Basis	14,471,749	4,097,653	-	38,794,453	8,544,383	-	38,794,453	8,544,383	-	65,908,238
On A Portfolio Basis	419,839	23,813	-	574,271	201,959	-	574,271	201,959	-	1,219,882
Balance – End Of Year	14,891,588	4,121,466	-	39,368,724	8,746,342	-	39,368,724	8,746,342	-	67,128,120

- The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD23,995,062 as of December 31, 2012 (JD5,062,156 as of December 31, 2011).

Interest in suspense:

The following is the movement on the interest in suspense:

	Individual (retail customers)			Real estate			Corporate entities			Total
	JD			JD			JD			
	Large corporate customers	SMEs	Public Sector	Large corporate customers	SMEs	Public Sector	Large corporate customers	SMEs	Public Sector	
2012										
Balance – Beginning Of The Year	2,441,866	712,507	-	7,006,486	1,877,796	-	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	-	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)	-	(2,263,080)	(157,567)	-	(3,550,442)
Interest In Suspense Written Off During The Year	(29,459)	-	-	(20,238)	(38,825)	-	(20,238)	(38,825)	-	(88,522)
Balance - End Of The Year	2,773,356	840,047	-	6,541,722	2,609,598	-	6,541,722	2,609,598	-	12,764,723

	Individual (retail customers)			Real estate			Corporate entities			Total
	JD			JD			JD			
	Large corporate customers	SMEs	Public Sector	Large corporate customers	SMEs	Public Sector	Large corporate customers	SMEs	Public Sector	
2011										
Balance – Beginning Of The Year	2,295,728	499,199	-	4,884,011	1,617,360	-	4,884,011	1,617,360	-	9,296,298
Add: Interest Suspended During The Year	491,832	213,308	-	2,926,728	464,456	-	2,926,728	464,456	-	4,096,324
Less: Interest In Suspense Reversed To Income	(339,073)	-	-	(650,041)	(171,330)	-	(650,041)	(171,330)	-	(1,160,444)
Interest In Suspense Written Off During The Year	(6,621)	-	-	(154,212)	(32,690)	-	(154,212)	(32,690)	-	(193,523)
Balance - End Of The Year	2,441,866	712,507	-	7,006,486	1,877,796	-	7,006,486	1,877,796	-	12,038,655

10. Financial assets at amortized cost		
This Item Consist Of The Following:	December 31	
	2012	2011
	JD	JD
Financial Assets With Market Prices:		
Governmental Bonds Or Bonds Guaranteed By The Government	379,292,245	291,064,484
Bonds And Debentures Of Companies	18,115,791	25,323,290
Total Financial Assets With Market Prices	397,408,036	316,387,774
Financial Assets Without Market Prices:		
Treasury Bills Or Guaranteed By The Government	18,425,609	62,338,430
Total Financial Assets Without Market Prices	18,425,609	62,338,430
Financial Assets At Amortized Cost – Net	415,833,645	378,726,204

Analysis of bonds and bills:		
	December 31	
	2012	2011
	JD	JD
Fixed-rate-of-return Financial Assets	390,897,145	348,579,647
Variable-rate-of-return Financial Assets	24,936,500	30,146,557
	415,833,645	378,726,204

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
3,001,130	22,958,022	19,463,877	47,799,578	310,835,886	11,775,152

The above include an amount of JD392,408,745 the proceeds of which are to be paid in semi-annual instalments, and an amount of JD23,424,900 to be paid in one payment upon maturity.

11. Investments in associates		
The Summarized Movement In Respect Of The Bank's Associates Is As Follows:	2012	2011
	JD	JD
Balance – Beginning Of The Year	2,747,017	2,760,520
Bank's Share From The (Losses) Of The Associate Company	(14,114)	(13,503)
Balance – End Of The Year *	2,732,903	2,747,017

* The Bank's share of the associates' assets, liabilities, and losses is as follows:		
	December 31	
	2012	2011
	JD	JD
Total Assets	2,749,820	2,750,175
Total Liabilities	(16,917)	(3,158)
Net Assets	2,732,903	2,747,017
Net (Loss) For The Year	(13,315)	(11,855)

- The value of the Bank's share of North Industrial Company's total assets and total liabilities for the year 2012, which is shown above amounted to 26.97% according to the most recent audited financial statements of North Industrial Company as of December 31, 2011. Moreover, National Industries is under liquidation, and a full provision has been booked for the investment.

The details of investments in associates are as follows:

December 31, 2012										
Cost										
Company's Name	Percentage of Ownership	Book Value - Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of (Losses)	Industry Type	2012			
							%	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				
		2,747,017	-	2,732,903	(14,114)					

December 31, 2011										
Cost										
Company's Name	Percentage of Ownership	Book Value - Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of (Losses)	Industry Type	2011			
							%	JD	JD	JD
Jordanian Companies:										
National Industries Co. (Under Liquidation)	46.74	1	-	1	-	Industrial				
Palestinian Companies:										
North Industrial Co.	26.97	2,760,519	-	2,747,016	(13,503)	Industrial				
		2,760,520	-	2,747,017	(13,503)					

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

12. Property and equipment - net

This Item Consists Of The Following:

2012	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
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							
2011														
Cost:														
Beginning Balance	4,106,086	21,055,439	20,658,126	1,589,606	13,389,957	18,128,444	78,927,658							
Additions	341,742	1,987,432	1,758,780	1,885	1,103,865	2,395,078	7,588,782							
(Disposals)	-	-	(397,901)	(83,880)	(243,750)	(464,010)	(1,189,541)							
Foreign Currencies Differences	(250,770)	(1,973,073)	(403,892)	(36,995)	(169,250)	(478,855)	(3,312,835)							
Ending Balance	4,197,058	21,069,798	21,615,113	1,470,616	14,080,822	19,580,657	82,014,064							
Accumulated Depreciation :														
Beginning Balance	-	5,321,343	12,249,367	724,228	9,016,044	11,137,049	38,448,031							
Annual Depreciation	-	331,911	1,644,220	195,371	1,297,818	1,834,029	5,303,349							
(Disposals)	-	-	(313,820)	(70,744)	(196,669)	(397,976)	(979,209)							
Foreign Currencies Differences	-	(57,918)	(38,573)	(7,692)	(33,438)	(78,956)	(216,577)							
Ending Balance	-	5,595,336	13,541,194	841,163	10,083,755	12,494,146	42,555,594							
Net Book Value Of Property And Equipment	4,197,058	15,474,462	8,073,919	629,453	3,997,067	7,086,511	39,458,470							
Payments On Acquisition Of Property And Equipment**	-	237,957	524,947	-	-	2,695,600	3,458,504							
Net Property And Equipment At The End Of The Year	4,197,058	15,712,419	8,598,866	629,453	3,997,067	9,782,111	42,916,974							

* The financial obligations relating to the acquisition of Property and Equipment amounted to JD513,902 for the year 2012, and were settled in accordance with the contractual conditions on the purchase of these assets.

Fully depreciated property and equipment amounted to JD23,593,942 for the year 2012 (JD21,124,390 for the year 2011)

13. Intangible assets		
This Item Consists Of Software As Follows:	For the year ended December 31	
	2012	2011
	JD	JD
Balance - Beginning Of The Year	2,683,432	2,058,972
Additions	234,219	1,180,128
Amortization For The Year	(658,136)	(555,668)
Balance - End Of The Year	<u>2,259,515</u>	<u>2,683,432</u>

14. Other assets		
This Item Consists Of The Following:	December 31	
	2012	2011
	JD	JD
Transaction In Transit	630,578	-
Accrued Interest Income	8,669,812	6,346,050
Prepaid Expenses	1,553,022	2,193,252
Assets Foreclosed By The Bank In Repayment Of Debts *	29,072,991	21,633,040
Financial Assets Foreclosed By The Bank In Repayment Of Debts	6,935,000	6,862,000
Clearance Checks	5,471,505	12,301,657
Accounts Receivable And Other Assets **	10,433,412	3,681,808
	<u>62,766,320</u>	<u>53,017,808</u>

* The following is the movement on the assets foreclosed by the Bank:		
	Seized Property	
	2012	2011
	JD	JD
Balance - Beginning Of The Year	21,633,040	22,486,744
Additions	8,829,768	632,248
Disposals	(1,124,657)	(1,459,137)
Impairment (Losses) - (Note 32)	(265,160)	(26,815)
Balance - End Of The Year	<u>29,072,991</u>	<u>21,633,040</u>

- 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.

** This balance includes JD4,509,912, which represents advance payment under foreclosure of lands and properties (JD341,226 as of December 31, 2011).

15. Banks and financial institutions' deposits						
This Item Consists Of The Following:	December 31, 2012			December 31, 2011		
	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	-	396,857	396,857	28,430	1,066,017	1,094,447
Time Deposits	10,000,000	24,639,933	34,639,933	10,000,000	122,324,170	132,324,170
	<u>10,000,000</u>	<u>25,036,790</u>	<u>35,036,790</u>	<u>10,028,430</u>	<u>123,390,187</u>	<u>133,418,617</u>

16. Customers' deposits					
This Item Consists Of The Following:	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	<u>1,082,034,938</u>	<u>169,959,396</u>	<u>151,357,920</u>	<u>149,247,439</u>	<u>1,552,599,693</u>

	December 31, 2011				
	Individuals	Large Corporate	SMEs	Public Sector and Government	Total
	JD	JD	JD	JD	JD
Current Accounts And Demand Deposits	213,579,523	73,587,503	52,183,594	25,032,296	364,382,916
Saving Accounts	470,338,472	729,852	12,370,113	202,396	483,640,833
Time And Notice Deposits	291,711,634	174,428,167	28,156,499	94,690,437	588,986,737
Certificates Of Deposit	57,852,858	1,542,344	1,593,960	-	60,989,162
Total	<u>1,033,482,487</u>	<u>250,287,866</u>	<u>94,304,166</u>	<u>119,925,129</u>	<u>1,497,999,648</u>

- Deposits of the Jordanian Government and the public sector inside Jordan amounted to JD133,769,158 equivalent to (8.6%) of total customers' deposits for the year (JD119,925,129 equivalent to 8% for the prior year).
- Non-interest bearing deposits amounted to JD594,415,758, equivalent to (38.29%) of total customers' deposits for the year (JD523,801,664, equivalent to 34.97% of total deposits for the prior year).
- Restricted deposits amounted to JD2,161,731 equivalent to (0.14%) of total customers' deposits for the year (JD1,987,219 equivalent to 0.13% of total deposits for the prior year).
- Dormant deposits amounted to JD49,358,669 for the year (JD45,119,796 for the prior year).

17. Cash margins		
This Item Consists Of The Following:	December 31,	
	2012	2011
	JD	JD
Cash Margins On Direct Credit Facilities	64,179,624	78,319,209
Cash Margins On Indirect Credit Facilities	20,491,960	23,707,198
Total	<u>84,671,584</u>	<u>102,026,407</u>

18. Sundry provisions					
This Item Consists Of The Following:	Beginning Balance	Provided for During the Year	Used During the Year	Foreign Currencies Differences	Ending Balance
2012	JD	JD	JD	JD	JD
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>
2011					
Provision For End-of-service Indemnity	6,014,027	1,103,779	(885,415)	-	6,232,391
Provision For Lawsuits	570,652	250,000	(169,683)	-	650,969
Other Provisions	8,943	74,167	-	(1,539)	81,571
	<u>6,593,622</u>	<u>1,427,946</u>	<u>(1,055,098)</u>	<u>(1,539)</u>	<u>6,964,931</u>

19. Income tax		
A- Income Tax Provision	2012	2011
The Movement On The Income Tax Provision Is As Follows:	JD	JD
Beginning Of Year Balance	10,728,749	13,524,475
Income Tax Paid	(13,336,062)	(15,161,730)
Provision For Income Tax For The Year	19,975,185	12,366,004
End Of Year Balance	<u>17,367,872</u>	<u>10,728,749</u>
Income Tax In The Consolidated Statement Of Income Represents The Following:	2012	2011
	JD	JD
Income Tax On The Year's Profit	19,975,185	12,366,004
Deferred Tax Assets For The Year-addition	(7,719,082)	(992,973)
Amortization Of Deferred Tax Assets	776,545	1,730,231
	<u>13,032,648</u>	<u>13,103,262</u>

- Legal income tax in Jordan amounts to 30%, whereas the legal income tax considering the Bank's investments in Palestine amounts to 16% 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 year 2011, and the Bank is about to reach to a final settlement with sales and income tax department for that year.
- Bank of Jordan – Palestine has submitted its income tax return for the years 2008 and 2009 and recorded the required provisions. However, the Income Tax Department issued an estimation notice in regard to the years 2008 and 2009, which lead to amend the income tax balance to become JD3,125,000 as a result for not accepting the interests, commissions, Bank's contribution in saving fund as well as part of rent expenses due to the fact that the Bank did not deduct the withholding tax from beneficiaries, whereas the Bank believes that the accrued income tax for those years should not exceed an amount of JD1,805,000 which has been allocated in Banks' accounting records and actually paid before heading to judiciary. The lawsuits still standing in the related courts. The Bank reached to final settlement with both income tax 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 2010 regarding Excel for Financial Investments Company (subsidiary). Moreover, the Company has submitted its tax returns for the year 2011 and the Company is about to reach a final settlement with the Income and Sales Tax Department concerning that year.

b. Deferred Tax Assets/Liabilities	The details of this item are as follows:	2012			2011		
		Accounts Included	Amounts Released	Amounts Added	Year - end Balance	Deferred Tax	Deferred Tax
			JD	JD	JD	JD	JD
A. Deferred Tax Assets							
	Provisions For Non-performing Debts	-	17,000,000	17,000,000	5,100,000	-	
	Provision For Non-performing Debts- Prior Years	7,660,458	-	4,793,659	1,583,343	2,119,669	
	Provision For Staff End-of-service Indemnity	6,232,391	1,792,821	7,091,709	2,213,292	1,810,494	
	Interest In Suspense	590,246	483,588	1,066,776	352,495	163,286	
	Provision For Lawsuits Held Against The Bank	650,969	-	613,270	187,399	191,787	
	Impairment In Foreclosed Assets By The Bank	73,527	265,160	338,687	104,813	22,058	
	Impairment In Assets Available For Sale	7,097,890	-	7,079,808	2,123,942	2,129,367	
	Other Provisions	3,862,284	6,523,854	9,943,460	2,485,865	965,571	
		<u>26,167,765</u>	<u>26,065,423</u>	<u>47,927,369</u>	<u>14,151,149</u>	<u>7,402,232</u>	
B. Deferred Tax Liabilities							
	Effect Of Early Adoption Of Ifrs (9)	7,295,727	-	7,237,256	2,171,177	2,188,718	
	Reserve For The Valuation Of Financial Assets	3,387,552	11,630,934	10,549,593	3,711,783	1,415,776	
		<u>10,683,279</u>	<u>11,630,934</u>	<u>17,786,849</u>	<u>5,882,960</u>	<u>3,604,494</u>	

- Deferred tax liabilities include an amount of JD3,711,783 as of December 31, 2012 (against JD1,415,776 for the prior year) 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, JD2,171,177 which represents deferred tax liabilities on restricted gains within retained earnings arising from the early adoption of IFRS (9).

- The movement on deferred tax assets/liabilities is as follows:	2012		2011	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - Beginning Of The Year	7,402,232	3,604,494	8,217,405	2,989,127
Added During The Year	7,719,082	3,249,255	992,973	615,367
Amortized During The Year	(776,545)	(970,789)	(1,730,231)	-
Foreign Currencies Differences	(193,620)	-	(77,915)	-
Balance - End Of The Year	<u>14,151,149</u>	<u>5,882,960</u>	<u>7,402,232</u>	<u>3,604,494</u>

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

	2012	2011
	JD	JD
Accounting Profit	46,222,214	49,673,963
Tax-exempt Profit	(7,000,518)	(11,363,335)
Tax-unacceptable Expenses	20,973,007	2,287,774
Taxable Profit	60,194,703	40,598,402
Income Tax Rate	33.2%	30.45%
	19,975,185	12,366,004

- Deferred tax amounting to JD14,151,149 as of December 31, 2012 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	
	2012	2011
	JD	JD
Accrued Interest Payable	7,747,595	6,614,039
Accepted Cheques	5,159,044	7,195,583
Temporary Deposits	5,637,085	1,755,009
Dividends Payable	1,079,722	1,711,055
Deposits On Safe Boxes	143,681	137,609
Sold Real Estate Margins	-	8,000
Other Liabilities *	2,725,220	3,385,796
	22,492,347	20,807,091

* The details of other liabilities are as follows:

	December 31	
	2012	2011
	JD	JD
Transactions In Transit	-	508,447
Social Security Deposits	221,655	226,133
Income Tax Deposits	1,280,391	538,701
Accrued Expenses	896,619	1,622,303
Incoming Transfers	127,550	290,052
Board Of Directors' Remuneration	55,000	55,000
Unrealized Financial Derivatives Losses	-	14,670
Other Credit Balances	144,005	130,490
	2,725,220	3,385,796

21. Paid-up capital

- The authorized capital of the Bank is JD155,100,000 as of December 31, 2012 (JD155,100,000 as of December 31, 2011)
- The authorized capital of the Bank is JD155,100,000 by year end, divided into 155,100,000 shares at a par value of JD1 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 represent what has been transferred from annual net income before taxes at a rate 10% during the year 2012 (20% during the year 2011 and previous years). This reserve will be used for the purposes approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to distribute the whole reserve or part 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 Bank's branches operating in Palestine.

- The restricted reserves are as follows:

Reserve	Amount	Nature of Restriction
	JD	
Legal Reserve	48,583,716	Companies and Banks Laws
General Banking Risks Reserve	11,076,830	Supervisory authorities requirements
Special Reserve	1,788,281	Supervisory authorities requirements

23. Foreign currencies translation differences

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

The movement on this item is as follows:

	2012	2011
	JD	JD
Balance – Beginning Of The Year	(3,657,895)	134,706
Changes In The Translation Of Net Investment In The Subsidiary During The Year*	(866,654)	(3,792,601)
Balance – End Of The Year	(4,524,549)	(3,657,895)

* This item includes the bank's net share of the structural position related to the investment in the capital of Bank of Jordan-Syria for the year 2012 .

24. Fair value reserve - net

The Details Of The Fair Value Reserve As Follows:	December 31	
	2012	2011
	JD	JD
Balance - Beginning Of The Year	1,649,820	-
Unrealized Gain\shares - Net	7,526,468	3,065,596
Deferred Tax Liabilities	(2,296,007)	(1,415,776)
Balance – End Of The Year	6,880,281	1,649,820

* The fair value reserve is presented as net of deferred tax liabilities as of December 31, 2012.

25. Retained earnings

This Item Consists Of The Following:	2012	2011
	JD	JD
Balance - Beginning Of The Year	41,889,198	33,290,553
Effect Of Early Adoption Of IFRS (9)	-	7,635,938
Dividends Distributed To Shareholders	(23,265,000)	(16,500,000)
Profit For The Year	36,289,465	36,043,069
Transferred To Reserves	(10,986,509)	(15,566,874)
Gains On Sale Of Financial Assets Through Comprehensive Income	102,514	809,569
Increase In Paid-up Capital	-	(4,019,058)
Foreign Currencies Translation Differences	(159,826)	196,001
Balance - End Of The Year *	43,869,842	41,889,198

* Retained earnings include an amount of JD14,151,149 restricted against deferred tax benefits as of December 31, 2012 (JD7,402,232 as of December 31, 2011).

- As per the requirements of the Central Bank of Jordan, the revaluation profits of the associated company at an amount of JD890,541 cannot be utilized until realized.

- Retained earnings include an amount of JD5,227,172 as of December 31, 2012, which represents the effect of early adoption of IFRS (9) in addition to JD8,277 which represents gains on revaluation of financial assets at fair value through profit or loss. These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Commission.

26. Proposed dividends

The Board of Directors recommended that 15% of capital be distributed as cash dividends, which amounts to JD23,265,000. The proposal is subject to the approval of the General Assembly of Shareholders. In the prior year, cash dividends of 15% of capital were distributed to shareholders amounting to JD23,265,000.

27. Interest income

This Item Consists Of The Following:	2012	2011
	JD	JD
Direct Credit Facilities:		
Individual (Retail Customers):	26,258,279	26,200,303
Overdraft Accounts	736,452	378,653
Loans And Discounted Bills	21,280,649	21,664,990
Credit Cards	4,241,178	4,156,660
Real Estate Loans	14,384,303	11,765,192
Corporate Entities:	47,880,607	51,774,044
Large Corporate Customers:	32,342,272	39,356,763
Overdraft Accounts	6,143,181	7,654,687
Loans And Discounted Bills	26,199,091	31,702,076
SMEs:	15,538,335	12,417,281
Overdraft Accounts	4,695,824	3,904,913
Loans And Discounted Bills	10,842,511	8,512,368
Government And Public Sector	5,670,163	2,555,140
Balances With Central Banks	420,574	607,090
Balances And Deposits With Banks And Financial Institutions	3,273,949	2,816,096
Financial Assets At Amortized Cost	22,588,577	15,458,216
Total	120,476,452	111,176,081

28. Interest expense

This Item Consists Of The Following:	2012	2011
	JD	JD
Banks And Financial Institution Deposits	1,726,061	1,929,432
Customers' Deposits:		
Current And Demand Deposits	213,696	118,782
Saving Accounts	2,113,023	2,016,623
Time And Notice Deposits	21,866,588	20,686,283
Certificates Of Deposit	3,853,336	1,939,556
Cash Margins	1,310,839	1,624,548
Fees Of Deposit Guarantees	2,085,279	2,003,298
	33,168,822	30,318,522

29. Commissions income - net		
This Item Consists Of The Following:	2012	2011
	JD	JD
Commission Income:		
Direct Credit Facilities	5,985,917	5,462,455
Indirect Credit Facilities	3,090,212	3,501,650
Other Commissions	8,651,268	7,614,384
Less: Commission Expense	(408,252)	(280,439)
Net Commissions Income	<u>17,319,145</u>	<u>16,297,450</u>

30. Foreign currency income		
This Item Consists Of The Following:	2012	2011
	JD	JD
From Trading\dealing	(414,961)	513,282
From Revaluation	<u>3,617,673</u>	<u>5,739,722</u>
	<u>3,202,712</u>	<u>6,253,004</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 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>

This Item Consists Of The Following:	Realized gains	Unrealized gains (losses)	Dividends	Total
Year 2011	JD	JD	JD	JD
Companies' Shares	3,762,725	(865)	288,151	4,050,011
	<u>3,762,725</u>	<u>(865)</u>	<u>288,151</u>	<u>4,050,011</u>

32. Other income		
This Item Consists Of The Following:	2012	2011
	JD	JD
Revenues From Prior Years Returned To Income	409,945	662,465
Gains From The Sale Of Foreclosed Assets	1,509,579	571,293
Telephone, Post, And Swift	530,565	391,365
Real Estate Rent	76,803	106,982
(Loss) Income From The Sale Of Property And Equipment	(577,949)	1,262
Interest In Suspense Reversed To Income	3,550,442	1,160,444
Impairment (Loss) In Lands And Real Estate	(265,160)	(26,815)
Other Income	<u>1,096,796</u>	<u>494,400</u>
	<u>6,331,021</u>	<u>3,361,396</u>

33. Employees expenses		
This Item Consists Of The Following:	2012	2011
	JD	JD
Salaries, Bonuses, And Employees' Benefits	21,907,321	20,167,363
Bank's Contribution To Social Security	1,815,309	1,591,506
Bank's Contribution To Provident Fund	1,367,966	1,089,385
Medical Expenses	1,244,126	1,086,244
Staff Training Expenses	400,333	168,605
Transportation And Travel Expenses	<u>531,409</u>	<u>503,267</u>
	<u>27,266,464</u>	<u>24,606,370</u>

34. Other expenses		
This Item Consists Of The Following:	2012	2011
	JD	JD
Rent	2,940,831	2,689,272
Printing And Stationery	1,063,278	1,017,567
Telephone, SWIFT, And Postage	1,684,905	1,519,747
Maintenance, Repairs, And Cleaning	2,146,975	1,938,404
Fees, Taxes, And Licences	2,416,132	3,106,670
Advertising And Subscriptions	2,227,340	2,727,235
Insurance Expenses	903,087	717,147
Electricity And Heating	1,974,472	1,170,661
Donations	213,746	393,130
Hospitality	215,291	273,370
Professional And Legal Fees	1,042,564	380,473
Miscellaneous	684,769	563,816
Board Of Directors Remunerations	<u>55,000</u>	<u>55,000</u>
	<u>17,568,390</u>	<u>16,552,492</u>

35. Earnings per share

This Item Consists Of The Following:	2012	2011
	JD	JD
Profit For The Year (Bank's Shareholders)	36,289,465	36,043,069
Weighted Average Number Of Shares	155,100,000	142,786,301
Net Income For The Year/share (Bank's Shareholders):		
Basic	0.234	0.252
Diluted	0.234	0.252

36. Cash and cash equivalents

The Details Of This Item Are As Follows:	December 31	
	2012	2011
	JD	JD
Cash And Balances With Central Banks Maturing Within 3 Months	239,672,721	180,389,546
Add: Balances With Banks And Other Financial Institutions Maturing Within 3 Months	248,205,341	294,292,533
Less: Banks And Financial Institutions' Deposits Maturing Within 3 Months	(35,036,790)	(133,418,617)
Restricted Accounts	(5,865,996)	(6,010,382)
	446,975,276	335,253,080

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
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
2011	JD	JD	JD	JD	JD	JD
Foreign Currencies Forward Contracts (Purchase)	-	14,670	3,313,738	3,311,369	2,369	3,313,738
Total	-	14,670	3,313,738	3,311,369	2,369	3,313,738

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:							Total	
	Major Shareholders	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	December 31		
	JD	JD	JD	JD	JD	2012	2011	
Consolidated Statement Of Financial Position Items:							JD	JD
Credit Facilities	1,253,096	3,097,024	567,664		5,545,482	10,463,266	7,673,478	
Deposits	586,415	393,777	1,405,314	110,335	924,902	3,420,743	15,323,975	
Cash Margins	16,248	22,545			13,995	52,788	9,300	
Off- Consolidated Statement Of Financial Position Items:								
Letters Of Guarantee	115,084	3,000			70,904	188,988	1,350,685	
							Total	
							For the Year Ended December 31	
							2012	2011
Consolidated Statement Of Income Items:							JD	JD
Credit Interest And Commission	154,989	43,375	29,107		303,474	530,945	975,756	
Debit Interest And Commission	19,695	2,651	16,041	35,902	42,159	116,448	190,337	

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	
	2012	2011
	JD	JD
Salaries And Benefits	1,872,931	1,489,494
Transportation And Board Secretary	36,000	36,000
Total	1,908,931	1,525,494

40. 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.

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.
- Analyzing 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 revalued its effects on the Bank as well as prepared an internal valuation for capital adequacy ICAAP in accordance to CBJ requirements.

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 risk departments, each according to its specialization, control and evaluate all credit operations through a set of control procedures:
 - Daily control:
Monitoring/Controlling credit violations, unrenewed due credit ceilings, due accounts, and others.
 - Controlling the quality and distribution of the credit portfolio.
 - Rating credit risks, economic sector, credit type, guarantees, concentration, credit 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.

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 staff and automated 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 Bank's various units, classifying these units according to the pertinent approved classification standards, and incorporating them into the internal inspection report it submits to the Audit Committee on a timely basis.
5. Evaluating the Risk Profile:

In this regard, 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 to 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 Bank's units according to international principles and standards and the business environment.
8. Setting up and determining key risk indicators at the Bank's level.
9. Stress testing.
10. Providing the Board of Directors and Executive Management with periodic reports (monthly, quarterly, semi-annually, and annually) that reflects 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) the prevailing laws, regulations, instructions, banking laws, and code of ethics issued by the international and local regulatory bodies, including the Bank's internal policies.

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

- Preparing the compliance policy, 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 Bank's work.
- 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 Bank's unit level.

As for anti-money laundering activities, an autonomous unit within the Compliance Department has been set up with appropriate and qualified capabilities and systems, which the Bank uses to manage the unit of Anti-Money Laundering and Terrorist Finance as follows:

- Preparing a policy for anti-money laundering approved from the Board of Directors, the policy is in line with the instruction of Anti-Money Laundering and Terrorist Finance number 51 for the year 2010 and has been implemented effectively.
- Implementation of an automated system to check daily customers transactions.
- Rating of customers in accordance to their risk grade.
- Periodically automated check to ensure that none of the Bank's customers are included on prohibited lists.
- Check of customers with high risks.
- Awareness of Bank's employees as per their specialities.

Liquidity Risk

Liquidity risk represents the Bank's inability 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 Bank's inability 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 Bank's inability to sell the asset on the market or selling the asset at a huge financial loss due to weak liquidity or demand on 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):		
	2012	2011
	JD	JD
On- Statement Of Financial Position Items		
Cash And Balances With Central Banks	188,937,517	133,572,347
Balances With Banks And Financial Institutions	248,205,341	294,292,533
Deposits With Banks And Financial Institutions	8,862,500	
Credit Facilities:	930,627,322	1,046,500,369
Individual (Retail Customers)	210,490,221	195,957,709
Real Estate Loans	168,473,526	167,963,214
Corporate Entities	467,559,830	599,672,734
Large Corporate Customers	343,604,411	442,506,634
SMEs	123,955,419	157,166,100
Government & Public Sector	84,103,745	82,906,712
Financial Assets At Fair Value	44,477,928	36,737,428
Financial Derivatives Instruments	1,823,196	
Financial Assets At Amortized Cost (Bonds& Treasury Bills)	415,833,645	378,726,204
Other Assets	36,426,232	34,131,785
Off- Statement Of Financial Position Items		
Letters Of Guarantee	87,036,385	85,017,577
Letters Of Credit	33,872,793	66,555,912
Acceptances	17,622,662	23,801,141
Un-utilized Facilities	95,018,224	102,821,092
Total	2,108,743,745	2,202,156,388

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 in all competent courts.
- Having a credit rating system for the Bank's customers 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 Bank's system, laws and regulations.
- Having financial derivatives that mitigate market risks.

Credit exposure is distributed according to the degree of risk as follows:	December 31, 2012									
	Corporate entities									
	Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government & Public Sector	Banks & other Financial Institutions	Total	JD	JD	JD
Grades:	JD	JD	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			
Non - Performing:	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			
Total	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)			
Net	227,281,689	168,357,017	420,348,446	124,071,928	481,821,599	453,313,002	1,875,193,681			

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

	December 31, 2011											
	Corporate entities											
	Individual (Retail Customers)		Real Estate		Large Corporate Customers		SMEs		Government & Public Sector		Banks & other Financial Institutions	
Grades:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low Grade	-	-	-	-	-	-	-	436,309,626	133,572,347	569,881,973		
Standard Grade	187,392,429	163,391,281	455,709,427	141,599,577	-	300,014,208	1,248,106,922					
From Which Past Due* :												
Up To 30 Days	1,853,136	1,007,704	3,252,286	365,658	-	-	6,478,784					
From 31 To 60 Days	928,209	495,466	790,313	2,529,470	-	-	4,743,458					
Watch List	7,043,334	1,861,222	46,593,209	19,027,802	-	-	74,525,567					
Non - Performing:	19,400,703	9,679,658	65,706,960	15,825,658	-	-	110,612,979					
Substandard	1,967,197	1,261,859	1,081,195	1,277,455	-	-	5,587,706					
Doubtful	2,655,567	1,740,827	852,440	1,734,401	-	-	6,983,235					
Losses Written-off	14,777,939	6,676,972	63,773,325	12,813,802	-	-	98,042,038					
Total	213,836,466	174,932,161	568,009,596	176,453,037	436,309,626	433,586,555	2,003,127,441					
Less: Interest In Suspense	(2,441,866)	(712,507)	(7,006,486)	(1,877,796)	-	-	(12,038,655)					
Less: Allowance For Impairment Losses	(14,891,588)	(4,121,466)	(39,368,724)	(8,746,342)	-	-	(67,128,120)					
Net	196,503,012	170,098,188	521,634,386	165,828,899	436,309,626	433,586,555	1,923,960,666					

- Credit risk exposure include 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, and overdraft 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, 2012									
	Corporate entities									
	Individual (Retail Customers)		Real Estate		Large Corporate Customers		SMEs		Government and Public Sector	
Grades:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
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				
Non-performing:	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				
Total	37,617,238	161,217,223	120,580,868	103,531,611	-	422,946,940				
As:										
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				
Total	37,617,238	161,217,223	120,580,868	103,531,611	-	422,946,940				

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

		December 31, 2011									
		Corporate entities				Government and Public Sector					
		Individual (Retail Customers)		Real Estate		Large Corporate Customers		SMEs		Total	
Grades:		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low Grade		-	-	-	-	-	-	-	-	-	-
Standard Grade		42,646,568	169,428,211	105,374,646	82,705,968	-	-	-	-	400,155,393	
Watch List		421,435	4,546,251	15,239,322	16,911,358	-	-	-	-	37,118,366	
Non-performing:		3,797,794	8,428,201	44,069,143	10,631,396	-	-	-	-	66,926,534	
Substandard		386,258	1,245,605	952,330	1,022,825	-	-	-	-	3,607,018	
Doubtful		338,200	1,651,490	597,979	1,818,930	-	-	-	-	4,406,599	
Losses Written-off		3,073,336	5,531,106	42,518,834	7,789,641	-	-	-	-	58,912,917	
Total		<u>46,865,797</u>	<u>182,402,663</u>	<u>164,683,111</u>	<u>110,248,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,200,293</u>	
As:											
Cash Margins		6,195,322	164,642	19,626,757	29,205,374	-	-	-	-	55,192,095	
Real Estate		12,738,097	182,062,489	79,465,502	72,693,914	-	-	-	-	346,960,002	
Listed Shares		588,613	-	59,170,612	3,017,727	-	-	-	-	62,776,952	
Equipment And Vehicles		27,343,765	175,532	6,420,240	5,331,707	-	-	-	-	39,271,244	
Total		<u>46,865,797</u>	<u>182,402,663</u>	<u>164,683,111</u>	<u>110,248,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,200,293</u>	

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 JD48,430,405 as of December 31, 2012 (JD3,204,874 as of December 31, 2011).

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, postpone some instalments, or increase their grace period. They are classified as debts under watch list and amounted to JD37,667,987 as of December 31, 2012 (JD5,472,109 as of December 31, 2011).

3. Debit Securities and Treasury Bills

The Schedule Below Shows The Distribution Of Bonds And Bills According To The International Agencies' classification:	Rating Agency	Within Financial Assets at Amortized Cost	Total
Rating Grade		JD	JD
Unrated	-	18,115,791	18,115,791
Government Bonds And Treasury Bills	-	350,780,581	350,780,581
Guaranteed By The Government	-	46,937,273	46,937,273
Total	<u>-</u>	<u>415,833,645</u>	<u>415,833,645</u>

4. Concentration of credit risk exposure according to geographical distribution as follows:									
(Distributed in accordance to the country of residence for the counterparty)									
Geographical Distribution									
	Inside Jordan	Other Middle East Countries	Europe	Asia *	America	Rest of the World	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash And Balances With Central Banks	116,783,716	72,153,801	-	-	-	-	188,937,517		
Balances With Banks And Financial Institutions	24,983,200	122,689,956	91,415,458	823,910	8,236,690	56,127	248,205,341		
Deposits With Banks And Financial Institutions	-	-	8,862,500	-	-	-	8,862,500		
Credit Facilities:	765,218,050	162,657,727	2,751,545	-	-	-	930,627,322		
Individual (Retail Customers)	181,969,623	28,520,598	-	-	-	-	210,490,221		
Real Estate	161,129,023	7,344,503	-	-	-	-	168,473,526		
Corporate Entities:	365,492,292	99,315,993	2,751,545	-	-	-	467,559,830		
Large Corporate Customers	287,738,156	53,114,710	2,751,545	-	-	-	343,604,411		
SMEs	77,754,136	46,201,283	-	-	-	-	123,955,419		
Government & Public Sector	56,627,112	27,476,633	-	-	-	-	84,103,745		
Financial Assets At Fair Value	39,928,460	4,487,572	61,896	-	-	-	44,477,928		
Financial Derivatives Instrument	-	1,823,196	-	-	-	-	1,823,196		
Bonds, Debentures, And Bills:									
Financial Assets At Amortized Cost	405,198,645	10,635,000	-	-	-	-	415,833,645		
Other Assets	15,930,698	20,495,534	-	-	-	-	36,426,232		
Total 2012	1,368,042,769	394,942,786	103,091,399	823,910	8,236,690	56,127	1,875,193,681		
Total 2011	1,367,489,948	430,642,537	91,836,586	120,342	11,915,456	21,955,797	1,923,960,666		

* Excluding Middle Eastern 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	188,937,517	-	-	-	-	-	-	-	-	-	188,937,517
Balances With Banks And Financial Institutions	248,205,341	-	-	-	-	-	-	-	-	-	248,205,341
Deposits With Banks And Financial Institutions	8,862,500	-	-	-	-	-	-	-	-	-	8,862,500
Credit Facilities:	2,953,333	148,867,436	200,855,182	168,473,526	49,534,663	12,175,511	45,698,997	7,474,708	210,490,221	84,103,745	930,627,322
Individual (Retail Customers)	-	-	-	-	-	-	-	-	210,490,221	-	210,490,221
Real Estate Loans	-	-	-	168,473,526	-	-	-	-	-	-	168,473,526
Corporate Entities:	2,953,333	148,867,436	200,855,182	-	49,534,663	12,175,511	45,698,997	7,474,708	-	-	467,559,830
Large Corporate Customers	2,332,290	115,734,144	138,404,093	-	49,534,663	8,283,849	21,842,844	7,472,528	-	-	343,604,411
SMEs	621,043	33,133,292	62,451,089	-	-	3,891,662	23,856,153	2,180	-	-	123,955,419
Government And Public Sector	-	-	-	-	-	-	-	-	-	84,103,745	84,103,745
Financial Derivatives Instrument	1,823,196	-	-	-	-	-	-	-	-	-	1,823,196
Financial Assets At Fair Value	3,328,131	27,970,845	416,696	7,292,783	106,800	-	5,362,673	-	-	-	44,477,928
Bonds, Debentures, And Bills:											
Within The Financial Assets At Amortized Cost	-	2,481,500	10,635,000	16,819,290	-	-	35,118,475	-	-	350,779,380	415,833,645
Other Assets	19,843,028	410,274	753,512	45,829	-	41,040	371,211	28,894	8,619,009	63,13,435	36,426,232
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
Total 2011	713,859,234	218,004,470	166,547,046	202,628,054	49,561,170	7,672,756	84,720,406	11,402,002	196,986,939	272,578,589	1,923,960,666

39.b Market Risks:

Descriptive Disclosure:

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 share 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 centres 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 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 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 the selling / buying of futures.
- Foreign currency fluctuations.
- Gaps in maturities of assets and liabilities and interest rate re-pricing.
- Creating of uncovered for expositions.

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 policy to manage its foreign currency positions.

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

- Exceeding limits is not allowed, and any currency excess is settled immediately.
- Any dealer should close the position immediately at the time the loss reaches the allowed maximum.
- The Treasury and Investment Department 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	
	2012	2011
Currency Type	JD	JD
US Dollar	(45,189,523)	(1,584,030)
Sterling Pound	16,750	(11,095)
Euro	(9,577,969)	414,851
Japanese Yen	829,966	73,860
Other Currencies	4,364,437	1,685,397
	<u>(49,556,339)</u>	<u>578,983</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 the 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, 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)	-

1. Interest rate risks			
	December 31, 2011		
	Increase in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	(31,681)	-
Sterling Pound	2%	(222)	-
Euro	2%	8,297	-
Japanese Yen	2%	1,477	-
Other Currencies	2%	33,708	-
	(Decrease) in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	31,681	-
Sterling Pound	2%	222	-
Euro	2%	(8,297)	-
Japanese Yen	2%	(1,477)	-
Other Currencies	2%	(33,708)	-

2. Foreign Currencies Risks			
	December 31, 2012		
	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	
	December 31, 2011		
	Increase in Currency Exchange Rate (1%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
US Dollar	5%	(79,202)	
Sterling Pound	5%	(555)	
Euro	5%	20,743	
Japanese Yen	5%	3,693	
Other Currencies	5%	84,270	

3. Fluctuation in Share Price Risks			
	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
	December 31, 2011		
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	5%	40,015	1,196,791
Palestine Stock Exchange	5%	-	155,710

Interest Rate Sensitivity Gap:

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

2012 Assets	Interest Rate Sensitivity												Interest Rate %
	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			
Cash And Balances With Central Banks	38,000,000	-	-	-	-	7,444,500	201,672,721	247,117,221					4
Balances With Banks And Financial Institutions	229,243,690	368,095	-	-	-	-	18,593,556	248,205,341					1.3
Deposits With Banks And Financial Institution	-	-	1,772,500	7,090,000	-	-	-	8,862,500					
Financial Assets At Fair Value Through Profit/Loss	-	-	-	-	-	-	789,767	789,767					4.9
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	156,459,724	75,810,886	107,697,017	223,681,306	161,113,595	205,864,794	-	930,627,322					10
Financial Assets At Amortized Cost	3,001,130	22,958,022	19,463,877	47,799,578	310,835,886	11,775,152	-	415,833,645					6
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	-	-	-	-	-	-	14,151,149	14,151,149					
Other Assets	-	-	-	-	-	-	62,766,320	62,766,320					
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					
Liabilities													
Banks And Financial Institutions' Deposits	19,965,613	8,368,789	519,069	-	-	-	6,183,319	35,036,790					1.9
Customers' Deposits	188,131,815	159,103,706	28,922,191	100,998,425	252,349,689	228,678,109	594,415,758	1,552,599,693					1.8
cash Margins	8,458,111	5,131,045	4,489,227	9,132,498	5,723,575	829,089	50,908,039	84,671,584					1.2
Sundry Provisions	-	-	-	-	-	-	7,799,896	7,799,896					
Income Tax Provision	-	-	-	-	-	-	17,367,872	17,367,872					
deferred Tax Liabilities	-	-	-	-	-	-	5,882,960	5,882,960					
Other Liabilities	-	-	-	-	-	-	22,492,347	22,492,347					
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					
2011													
Total Assets	329,515,493	316,761,057	170,424,669	269,574,072	288,195,808	341,815,726	336,571,218	2,052,858,043					
Total Liabilities	188,375,407	577,117,308	180,086,294	124,845,598	79,795,847	4,299,219	621,030,264	1,775,549,937					
Interest Re-pricing Gap	141,140,086	(260,356,251)	(9,661,625)	144,728,474	208,399,961	337,516,507	(284,459,046)	277,308,106					

Concentration of Foreign Currency Risk:

Currency Items	December 31, 2012												Total	
	US Dollar	Euro	Sterling Pound	Japanese Yen	Other									
	JD	JD	JD	JD	JD	JD	JD							
Assets														
Cash And Balances With Central Banks	52,206,916	302,488	5,373,787	6,600	54,375,267	112,265,058								
Balances With Banks And Financial Institutions	141,484,492	13,776,313	11,210,122	828,807	60,580,045	227,879,779								
Deposits With Banks And Financial Institutions	8,862,500	-	-	-	-	8,862,500								
Financial Derivatives Instruments	-	-	-	-	1,851,051	1,851,051								
Direct Credit Facilities - Net	124,764,870	-	4,220,781	-	109,061,307	238,046,958								
Financial Assets (At Amortized Cost & At Fair Value & Investments In Associates)	17,106,502	-	-	-	-	17,106,502								
Other Assets	2,145,776	97,538	(894,802)	28	23,609,739	24,958,279								
Total Assets	346,571,056	14,176,339	19,909,888	835,435	249,477,409	630,970,127								
Liabilities														
Banks And Financial Institutions' Deposits	197,212	-	9,976	242	8,082,319	8,289,749								
Customers' Deposits	320,273,537	14,086,217	23,752,095	2,414	205,196,892	563,311,155								
cash Margins	23,907,730	54,153	5,751,150	2,850	6,111,749	35,827,632								
Other Liabilities	47,382,100	19,219	(25,364)	(37)	25,722,012	73,097,930								
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								
	December 31, 2011													
Currency	US Dollar	Euro	Sterling Pound	Japanese Yen	Other	Total								
Items	JD	JD	JD	JD	JD	JD	JD	JD						
Assets														
Total Assets	390,522,625	13,673,977	31,445,135	31,701	280,191,895	715,865,333								
Total Liabilities	392,106,655	13,685,072	31,030,284	(42,159)	278,506,498	715,286,350								
Net Position Inside Financial Position 2011	(1,584,030)	(11,095)	414,851	73,860	1,685,397	578,983								
Commitments And Contingent Liabilities Off The Statement Of Financial Position During The Year 2011	98,925,293	165,258	19,596,709	-	41,664,572	160,351,832								

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:

	December 31, 2012					December 31, 2011					Total
	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	
Liabilities											
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			
Liabilities											
Banks And Financial Institutions' Deposits	34,705,379	98,713,238	-	-	-	-	-	133,418,617			
Customers' Deposits	434,208,951	530,773,633	215,234,505	173,264,265	99,379,260	19,238	45,119,796	1,497,999,648			
cash Margins	18,846,329	16,846,534	11,005,441	19,292,846	12,665,094	23,370,163	-	102,026,407			
Sundry Provisions	38,692	290,000	550,000	1,100,000	1,100,000	3,886,239	-	6,964,931			
Income Tax Provision	9,644,394	-	610,962	473,393	-	-	-	10,728,749			
deferred Tax Liabilities	-	-	100,000	100,000	300,000	3,104,494	-	3,604,494			
Other Liabilities	6,431,632	3,824,887	4,686,092	3,744,887	702,244	1,417,349	-	20,807,091			
Total Liabilities	503,875,377	650,448,292	232,187,000	197,975,391	114,146,598	31,797,483	45,119,796	1,775,549,937			
Total Assets (Anticipated Maturity)	507,394,442	337,173,512	187,152,531	280,244,053	383,180,676	312,112,423	45,600,406	2,052,858,043			

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 and liabilities, which have been totally settled:

	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

	December 31, 2011	
	Up to 3 Months	Total
	JD	JD
Currency Derivatives:		
Outflow	(3,313,738)	(3,313,738)
Inflow	3,299,068	3,299,068
Total	(14,670)	(14,670)

	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
	December 31, 2011			
	Up to 1 Year	1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters Of Credit And Acceptances	105,714,668	-	-	105,714,668
Un-utilized Facilities	102,821,092	-	-	102,821,092
Letters Of Guarantee	85,017,577	-	-	85,017,577
Capital Commitments	2,611,359	-	-	2,611,359
Total	296,164,696	-	-	296,164,696

40. Information on the bank's business segments

1. The Bank's business segments 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: include following up on individual customers' accounts, and 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 Bank's funds.
- Financial Brokerage Services: include providing purchase and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

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

	Total					
	2012		2011		2011	
	JD	JD	JD	JD	JD	JD
Total Income	51,210,881	20,096,954	1,873,324	288,477	117,270,429	112,555,348
Direct Facilities Impairment Provision	1,989,018	-	-	-	18,162,709	14,422,057
Segment Result	49,221,863	20,096,954	1,873,324	288,477	99,107,720	98,133,291
Other Expenses	19,829,859	4,949,131	855,650	263,662	52,871,392	48,445,825
Banks Share Of (Losses) Investment In An Associate	-	(14,114)	-	-	(14,114)	(13,503)
Profit Before Tax	29,392,004	15,133,709	1,017,674	24,815	46,222,214	49,673,963
Income Tax	8,172,625	3,517,156	422,328	6,000	13,032,648	13,103,262
Profit For The Year	21,219,379	11,616,553	595,346	18,815	33,189,566	36,570,701
Other Information						
Capital Expenditures	1,754,810	1,164,759	979,954	-	4,679,458	5,993,965
Depreciation And Amortization	2,366,970	589,223	1,873,956	35,480	6,217,556	5,859,017
Total Assets	398,330,087	850,159,491	163,312,954	3,822,405	2,016,627,925	2,052,858,043
Total Liabilities	1,104,002,609	23,409,763	20,668,452	162,292	1,725,851,142	1,775,549,937

2. Information about Geographical Distribution:

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

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

	Inside the Kingdom		Outside the Kingdom		Total	
	2012	2011	2012	2011	2012	2011
	JD	JD	JD	JD	JD	JD
Total Revenues	130,945,293	116,003,478	26,853,319	28,463,265	150,425,137	142,860,367
Total Assets	1,526,440,191	1,512,801,458	656,838,256	711,874,089	2,016,627,925	2,052,858,043
Capital Expenditures	2,430,254	2,597,788	2,249,204	3,396,177	4,679,458	5,993,965

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, 2012		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets			
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
Total Assets	1,185,283,269	831,344,656	2,016,627,925
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
Total Liabilities	1,143,024,567	582,826,575	1,725,851,142
Net	42,258,702	248,518,081	290,776,783

	December 31, 2011		
	Up to 1 Year	Over 1 Year	Total
Assets	JD	JD	JD
Cash And Balances With Central Banks	176,350,185	11,483,861	187,834,046
Balances With Banks And Financial Institutions	294,292,533	-	294,292,533
Financial Assets At Fair Value Through Profit Or Loss	800,290	-	800,290
Financial Assets At Fair Value Through Comprehensive Income	-	35,937,138	35,937,138
Direct Credit Facilities – Net	617,273,877	429,226,492	1,046,500,369
Financial Assets At Amortized Cost	197,119,758	181,606,446	378,726,204
Investments In Associates	-	2,747,017	2,747,017
Property And Equipment– Net	-	42,916,974	42,916,974
Intangible Assets	-	2,683,432	2,683,432
Deferred Tax Assets	1,050,000	6,352,232	7,402,232
Other Assets	25,077,895	27,939,913	53,017,808
Total Assets	1,311,964,538	740,893,505	2,052,858,043
Liabilities			
Banks And Financial Institutions' Deposits	133,418,617	-	133,418,617
Customers' Deposits	1,353,481,354	144,518,294	1,497,999,648
cash Margins	65,991,150	36,035,257	102,026,407
Sundry Provisions	1,978,692	4,986,239	6,964,931
income Tax Provision	10,728,749	-	10,728,749
deferred Tax Liabilities	200,000	3,404,494	3,604,494
Other Liabilities	18,687,498	2,119,593	20,807,091
Total Liabilities	1,584,486,060	191,063,877	1,775,549,937
Net	(272,521,522)	549,829,628	277,308,106

44. 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 JD1 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 differences.

- Regulatory Authorities' Requirements:

The regulatory authorities' instructions entail that the minimum capital shall be JD100 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 Bank's activities, 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 JD7/9 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	
	2012	2011
	JD	JD
Primary Capital Items		
Subscribed And Paid-up Capital	155,100	155,100
Statutory Reserve	48,583	43,295
Voluntary Reserve	13,736	8,929
Other Reserves	1,788	1,113
Retained Earnings	2,687	7,139
Less: Total Intangible Assets	(2,260)	(2,683)
Foreclosed Property Over 4 Years	(17,410)	(18,423)
50% In The Investments In Banks And Insurance Companies	(2,070)	(1,990)
Total Primary Capital	200,154	192,480
Additional Capital Items		
Translation Of Foreign Currencies	(4,525)	(3,658)
Assessment Of Financial Assets	3,096	743
Banking Risk Reserve	8,781	9,978
Less: 50% In The Investments In Banks And Insurance Companies	(2,070)	(1,990)
Total Additional Capital	5,282	5,073
Total Regulatory Capital	205,436	197,553
Total Risk Weighted Assets	1,253,709	1,384,422
Capital Adequacy Ratio (%)	% 16.39	% 14.27
Regulatory Capital Adequacy Ratio (%)	% 15.96	% 13.9

Moreover, the bank has calculated the adequacy of regulatory capital, including calculation of the capital needed to meet the operating risks in accordance with the standardized approach starting June 2012, the results were as follows:

	In thousands
	2012
	JD
Total risk weighted assets	1,248,278
Capital adequacy ratio (%)	16.46%
Regulatory capital adequacy ratio (%)	16.03%

43. Fair value hierarchy

The table below analyses financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial Instruments:				
Financial Assets Through Profit Or Loss	694,148	95,619	-	789,767
Financial Assets Through Comprehensive Income	34,862,108	8,826,053	-	43,688,161
Financial Assets At Amortized Cost	-	415,833,645	-	415,833,645
Total Financial Assets	35,556,256	424,755,317	-	460,311,573

44. Commitments and contingent liabilities

A. Contingent Liabilities:

	2012	2011
	JD	JD
Letters Of Credit	41,995,685	81,913,527
Acceptances	17,622,662	23,801,141
Letters Of Guarantee:	87,036,385	85,017,577
Payment	24,881,111	29,584,880
Performance	38,737,864	34,468,911
Other	23,417,410	20,963,786
Un-utilized Credit Facilities	95,018,224	102,821,092
Total	241,672,956	293,553,337

B. Contractual Liabilities:

	2012	2011
	JD	JD
Contracts For Purchasing Of Property And Equipment	513,902	1,263,461
Contracts For Operating And Financing Lease	1,018,694	1,347,898
Total *	1,532,596	2,611,359

* These commitments mature in less than a year.

45. Lawsuits against the bank

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of checks. These lawsuits amounted to JD60,690,886 as of December 31, 2012 (JD49,700,373 as of December 31, 2011). According to the Bank's management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits above the provision recorded which amounted to JD613,270 as of December 31, 2012 (JD650,969 as of December 31, 2011). 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. Adoption of new and revised International Financial Reporting Standards (IFRSs)

46.a. Amendments to IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs have been adopted in the preparation of the consolidated 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.

Amendments to IFRS 1 Severe Hyperinflation (Effective for annual periods beginning on or after 1 July 2011)	The amendments provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.
Amendments IFRS 1 removal of Fixed Dates for First-time Adopters (Effective for annual periods beginning on or after 1 July 2011)	The amendments regarding the removal of fixed dates provide relief to first-time adopters of IFRSs from reconstructing transactions that occurred before their date of transition to IFRSs.
Amendments to IFRS 7 Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011)	The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions where a financial asset is transferred but the transferor retains some level of continuing exposure in the asset.
Amendments to IAS 12: Deferred Tax – Recovery of Underlying assets (Effective for annual periods beginning on or after 1 January 2012)	Amends IAS 12 Income Taxes to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale.
	As a result of the amendments, SIC-21 Income Taxes — Recovery of Revalue Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.

46.b. New and revised IFRSs issued but not yet effective:

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

	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 with mandatory effective date of IFRS 9 and transition disclosures	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other entities	1 January 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other entities: Transition Guidance	1 January 2013
IAS 27 Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 19 Employee Benefits (as revised in 2011)	1 January 2013
Amendments to IAS 32 Financial Statements Offsetting Financial Assets and Liabilities	1 January 2014
Amendments to IFRS 1 Government Loans	1 January 2013
Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements to IFRSs 2009 – 2011 Cycle	1 January 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Management anticipates that each of the above standards and interpretations will be adopted in the consolidated financial statements by its date mentioned above without having any material impact on the Bank's consolidated financial statements.

Additional Information as Required by the Jordan Securities Commission 2012

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 2012

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, as well as 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 67 branches and 13 exchange offices in Jordan, in addition to 14 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 the Bank's employees reached 1,748. 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	781	Wadi Al Seer	6	Gardens	18	Al Rabiye	10
Regional Management	165	DairAbi Saied	6	Al Medina Al Monawara St.	8	Abdoun	7
Shmeisani	16	Sweileh	9	Aqaba	14	Hurrieh St.	6
Amman	8	Al Fuheis	6	Al Bayader	8	-Moghablain	
Karak	7	Abu Nsair	8	Industrial Area	8	Al Rawnaq	10
Irbid	15	Madaba	10	- Al Bayader		Sport City	7
Al Hussun St.	9	First Circle	11	Al Mafrag	11	Taj Mall	12
Eidoun St.	7	Airport	23	North Azraq	11	North Hashmi	7
Ma'an	7	Hakama St., Irbid	9	Jabal Al Weibdeh	9	Ramallah	23
Rumtha	16	Industrial City, Irbid	8	Tareq	9	Hebron	19
Al Turrah	5	Zarqa	8	Zarqa Free Zone	7	Jenin	20
Salt	13	Faisal St., Zarqa	9	Marj Al Hamam	9	Nablus	24
Jerash	10	New Zarqa	8	Al Jeezah	8	Gaza	24
Al Mahatta	7	North Shunah	9	Ras Al Aein	9	Al Ram	9
Yarmouk St.- Al Nasser	8	Kufranjah	5	Al Yasmeen	9	Al Eizaryeh	8
Marka	12	Al Qweismeh	10	Sweifieh	11	Industrial Area, Ramallah	7
Ajloun	10	Third Circle	8	Al Wehdar	9	Bethlehem	10
Jabal AlHusseini	11	Mecca St.	11	Al Ruseifa	8	Tulkarm	10
Al Khalidi	6	University of Jordan	7	Khaldia	8	Arraba	7
Al Jubaiha	8	Thirty St., Irbid	10	Abu Alanda	9	Qabatiya	6
Commercial Market	8	Al Nuzha	9	City Mall	13	Rafidia	7

1. c- Capital Investment Volume:

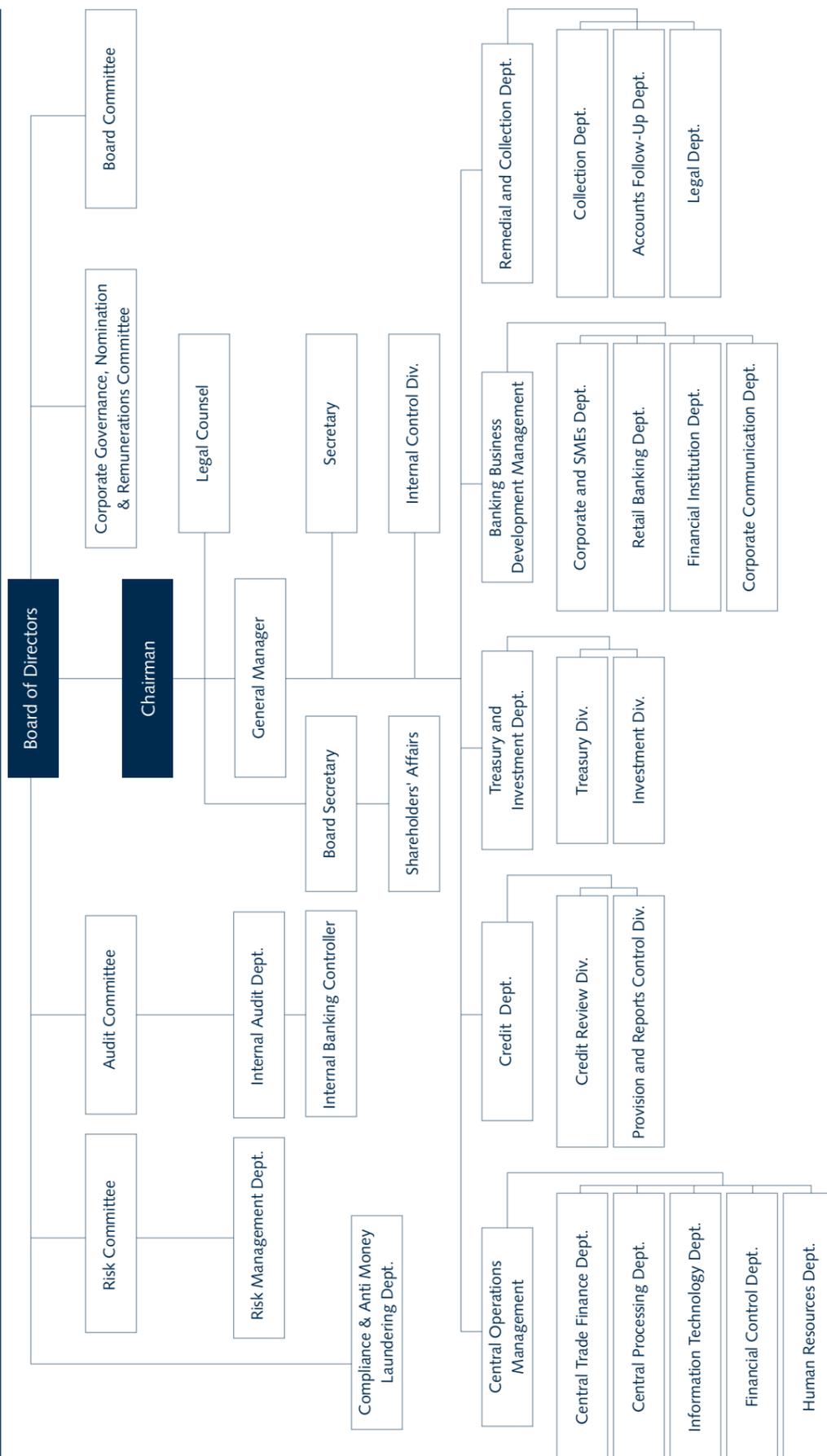
JD276.5 million as of December 31st, 2012

2. Subsidiaries:

a. Bank of Jordan- Syria / Syrian Arab Republic

Name of Company	Bank of Jordan- Syria
Type of Company	Joint Stock Company
Date of Association	28/5/2008
Core Business	All Banking Operations
Paid-up Capital	SYP 3,000,000,000
Bank's Ownership Percentage	49%
Address	Sabaa Bahrat Square, Baghdad St. - Damascus P.O. Box 8058 Damascus, Syria Tel: 00963-11-22900100 Fax: 00963-11- 2315368
Number of Employees	216 employees
Branch Location and Number of Employees	<p>Abu Rumaneh Branch Arab League Square, Al-Deyafeh Tel: 00963-11-3354500 Fax: 00963-11-3354506 P.O. Box 8058 Damascus, Syria Employees: 10</p> <p>Al Faisal St. Branch / Aleppo Al Malek Faisal St. - Aleppo Tel: 00963-21-2228070 Fax: 00963-21-2228081 P.O. Box 8058 Damascus, Syria Employees: 7</p> <p>Baroon Branch / Aleppo Baroon St. - Aleppo Tel: 00963-21-2126996 Fax: 00963-21- 2125985 P.O. Box 8058 Damascus, Syria Employees: 7</p> <p>Harasta Branch Hrasta – Damascus Suburban Tel: 00963-11-5376711 Fax: 00963-11-5376717 P.O. Box 8058 Damascus, Syria Employees: 4</p> <p>Homs Branch Square 94, Abou Tammam St. - Homs Tel: 00963-31-2220605 Fax: 00963-31-2222305 P.O. Box 8058 Damascus, Syria Employees:7</p> <p>Lattakia Branch Al-Korneish Al-Gharbee St.- Lattakia Tel: 00963-41-457166 Fax: 00963-41-456768 P.O. Box 8058 Damascus – Syria Employees: 10</p> <p>Sahnaya Branch Sahnaya – Damascus Suburban Tel: 00963-11-63900333 Fax: 00963-11-8140614 P.O. Box 8058 Damascus, Syria Employees: 5</p> <p>Baghdad St. Branch Sabaa Bahrat Square - Damascus Tel: 00963-11-22900100 Fax: 00963-11-2317730 P.O. Box 8058 Damascus, Syria Employees: 10</p> <p>Abaseen Branch Abaseen Square - Damascus Tel:00963-11-4645322 Fax: 00963-11-4645326 P.O. Box 8058 Damascus, Syria Employees: 7</p> <p>Al Azeziah Branch Al Azeziah Area – Alzahraa Cinema St. - Aleppo Tel:00963-21-2122667 Fax:00963-21-2125672 P.O. Box 8058 Damascus, Syria Employees: 8</p> <p>Tartous Branch Al Thawra St. - Tartous Tel: 00963-43-313733 Fax:00963-43-313793 P.O.Box 8058 Damascus, Syria Employees: 10</p> <p>Al Hamdanieh Branch Al Hamadanieh - Aleppo Tel:00963-21-5120152 Fax:00963-21-5120156 P.O.Box 8058 Damascus, Syria Employees: 4</p> <p>Jarmana Branch Al Raees Square - Damascus Suburban Tel:00963-95-6001616 P.O. Box: 8058 Damascus, Syria Employees: 7</p>
Projects Owned by the Bank and their Capitals	None

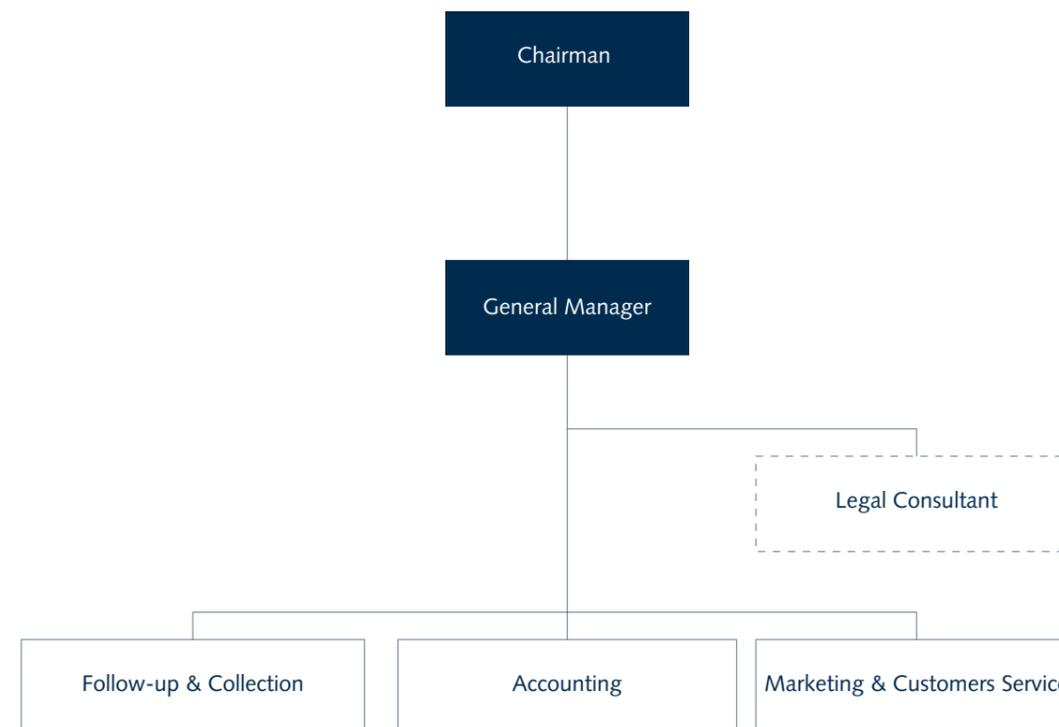
Organizational Structure / Bank of Jordan – Syria



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

Name of Company	Jordan Leasing Company
Type of Company	Limited Private Shareholding Company
Date of Association	24/10/2011
Core Business	Financial Leasing
Paid-up Capital	JD10,000,000
Bank's Ownership Percentage	100%
Address	Bldg No.165, Mecca St. - Amman P.O. Box 2140 Amman 11181 Jordan Tel: 5542695 Fax: 5542698
Number of Employees	8 employees
Branches	None
Projects Owned by Company and their Capitals	None

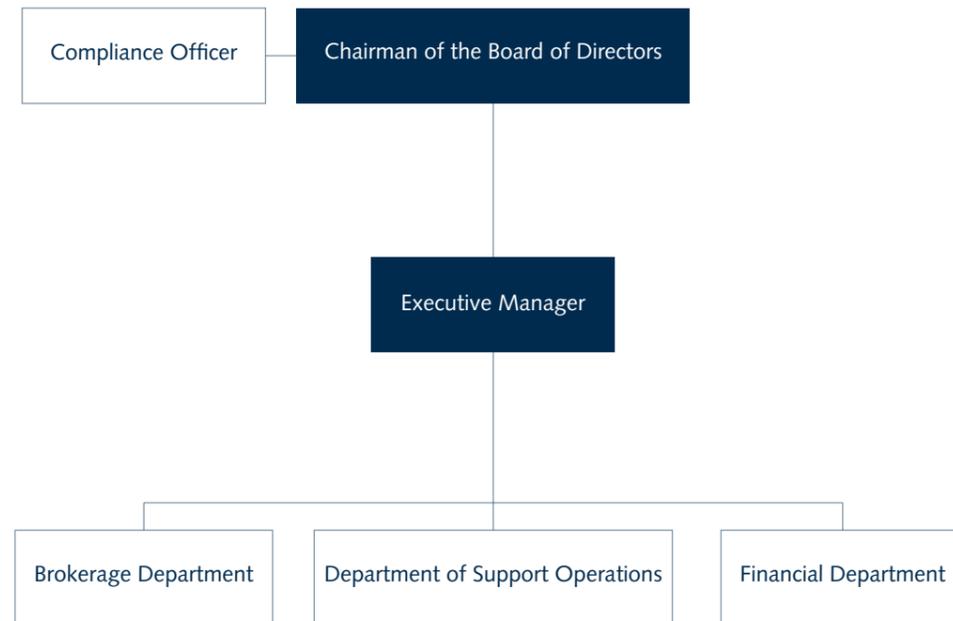
Organizational Structure / Jordan Leasing Company



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

Name of Company	Excel for Financial Investments Company
Type of Company	Limited Private Shareholding Company
Date of Association	23/3/2006
Core Business	Brokerage Services (Buying and Selling Securities)
Paid-up Capital	JD3,500,000
Bank's Ownership Percentage	100%
Address	Bldg. No.95, Al Shareef Abdul Hamid Sharaf St. Intersection with Ibn Abd Rabbuh St., Al Shmeisani - Amman P.O. Box 942453 Amman 11194 Jordan Tel: 5654990 Fax: 5675951
Number of Employees	8 employees
Branches	None
Projects Owned by Company and their Capitals	None

Organizational Structure / Excel for Financial Investments Company



3. a- Names and Résumés 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/Not 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 2/8/2007.
- General Manager of Bank of Jordan, as of 10/8/2003.
- 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:

- Board Chairman 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.

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.



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



Mr. Walid Tawfiq Fakhouri
Board Member

Date of Birth: 12/2/1972 **Date of Membership:** 17/2/2005
Nature of Membership: Non-Executive / Not 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 / 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).

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.



Dr. Yanal Mawloud Naghouj
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. Jan Joseph Shamoun
Board Member



**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 King Abdullah II Design and Development Bureau, as of 7/2010 to date.
- CEO 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 Board of The King Abdullah II Design & Development Bureau (KADDB).
- Vice Chairman of The King Abdullah Special Operation Training Center (KASOTC).
- Member of the Board of Trustees - The Royal Tank Museum.
- Member of Greater Amman Municipality Council.
- 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, from 1/2010 until 8/2010.
- Member of the Board of Directors of Corporation of Aqaba Airports Company, from 1/2010 until 8/2010.
- Member of the Board of Trustees of Mutah University, from 11/2009 until 8/2010.
- Member of the Board of Trustees of 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.

Date of Birth: 17/9/1950 **Date of Membership:** 7/3/2009
Nature of Membership: Non-Executive/Not 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 Company.
- Board Member of the International Company of Science and Technology.
- Board Member of Alfa for Mining and Technology Company.

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



**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/Not 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 Electromechanic 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 in Al-Saqr Insurance Company.

Professional Experience Acquired from Private Business:

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

Other Professional Experience:

- Experience in project management and development.

Date of Birth: 16/12/1968 **Date of Membership:** 16/6/2011
Nature of Membership: Non-Executive/Not Independent

Educational Background:

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

Professional Experience:

- Advocate since 1994 to date.



**Mr. Ammar Mahmoud
Abu Namous**
Board Member / Representative of
Al Pharaenah Int'l for Industrial
Investments Co.

b- Names and Résumés of Senior Executive Managers:

Mr. Nicola Yousef Bahou

**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 Ahlyeh Amman University, Jordan, 2004.
- Diploma in Banking and Finance from Institute of Banking Studies, Jordan, 1987.

Professional Experience:

- Assistant General Manager/Organization, Banking Operations, and Automation Management 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 in Bank of Jordan – Syria.
- Board Member in Excel for Financial Investments Company.
- Board Member in Jordan Express Tourist Transportation Company (JETT).

Mr. Suleiman Ayash Al Zu'bi

**Assistant General Manager/
Banking Business
Development**

Date of Birth: 31/1/1957

Date of Appointment: 6/8/1977

Professional Experience:

- Regional Manager of Bank of Jordan, from 1/2007 until 6/2007.
- Executive Manager at Bank of Jordan, from 1/2000 until 12/2006.
- Held senior banking and financial positions at Bank of Jordan, as of 1977.
- Attended a number of advanced banking courses, in Jordan and abroad.

Mr. Johny 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 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, from 4/1992 until 2/1996.
- Head of Car and 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 Association of Banks in Palestine.
- Board Member of the Palestine Institute for Financial and Banking Studies.

Former Board Memberships:

- Board Member of the Palestinian Insurance Federation.

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:

- Vice Chairman of the Board of Directors of Jordan Leasing Company.
- Board Member of Al-Shamikha for Real Estate Investments Company.
- Board Member of Bank of Jordan – Syria.
- Member of the Insurance Council of the Social Security Corporation.
- Board Member of Excel for Financial Investments Company

Former Board Memberships:

- Board Member in Al-Mowahadah for Transportation Company.
- Board Member in the National Industries Company.
- Board Member in Al-Takamolayeh 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:

- Board Member of the Jordan Leasing Company.
- Board Member of the Consultant and Investment Group Company Ltd.

Mr. Salama Mahmoud Abu Nusair

Executive Manager/
Corporate, Commercial,
and Palestine Credit
Review 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, 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 in several courses on Banking Operations and Auditing 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 2012 and a Comparison with the Previous Year (2011):

Name	Nationality	No. of Shares 2012	Percentage 2012	No. of Shares 2011	Percentage 2011
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%	19,989,744	12.9%
Al Pharaenah Int'l for Industrial Investments Co.	Jordanian	15,328,427	9.9%	11,828,427	7.6%
Al Araka for Investments Co.	Jordanian	9,489,347	6.1%	9,490,041	6.1%

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

Mentioned within the Bank's achievements in 2012 (page 18).

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

7. - The Bank does not have any governmental protection or any privileges, nor does any of its products or services, as stated by laws and regulations or others.
- The Bank did not obtain 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- Organizational Structure of the Bank and its Subsidiaries:

- Bank of Jordan Organizational Structure can be found on the last page (134).
- Bank of Jordan – Syria Organizational Structure can be found on page (111).
- Jordan Leasing Company Organizational Structure can be found on page (112).
- Excel for Financial Investments Company Organizational Structure can be found on page (113).

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	91	7	2	3
Higher Diploma	5	1	-	-
Bachelor's Degree	1,096	160	4	4
Diploma	279	36	1	-
General Secondary Education	100	7	-	1
Pre-Secondary Education	175	5	1	-
Total	1,748	216	8	8

C. Details of Training Programs in 2012:

Description	No. of Courses	No. of Participants
In-house Courses (Organized By The Bank's Training Department)	362	7,845
External Courses	41	177
Total	403	8,022

Areas of Training:

Topic	No. of Courses	No. of Participants
Induction Program	76	1,518
Banking Operations and Services	143	2,930
Compliance and Risk Management	81	1,503
Administrative Skills	22	383
Marketing and Sales Skills	49	1,402
Finance and Audit	3	4
Computer Skills	5	131
Others	24	151
Total	403	8,022

10. Description of Risks:

Mentioned within the Bank's achievements on page (23). 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 risk arises from the probable failure by the bank to comply with (violate) the prevailing laws, regulations, instructions, banking laws, and code of ethics issued by the international and local regulatory bodies, including the Bank's internal policies.
- **Liquidity Risk:** this risk represents the Bank's inability 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.
- **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 the selling/buying of futures.
- Foreign currency fluctuations.
- Gaps in the maturities of assets and liabilities and interest rate re-pricing.
- Creating of uncovered forex positions.

- **Interest Rate Risk:** this risk arises from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to this risk of interest rate 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.

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

11. Bank Achievements in 2012:

Mentioned in the Board of Directors' Report under a separate section (page 17), supported with figures and a description of the Bank's main events in 2012.

12. There is no financial impact of non-recurring operations during 2012 and no intervention in the Bank's main activities.

13. Realized Profits / Losses, Dividends, Bank Shareholders' Equity and the Closing Price of Share 2008-2012:

Financial Indicators for the past five years (2008-2012)				In JD (Thousand)			
Fiscal Year	Bank Shareholders' Equity	Non-Controller's Interest	Net Profit Before Tax	Cash Dividends		Distribution of Bonus Shares	Closing Price of Share (JD)
				Amount	%		
2008	179,604	11,561	44,297	15,000	15%	-	2.20
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

2006	Bonus shares were distributed at a rate of 16.279% of capital on 4/4/2007.
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 2012:

Mentioned in the Board of Directors' Report, under a separate section (page 31). Below are the main financial ratios:

No.	Financial Ratios	2012	2011
1	Return On Average Shareholders' Equity	13.55%	15.22%
2	Return On Capital	21.40%	23.58%
3	Return On Average Assets	1.63%	1.82%
4	Profitability Per Employee (After Tax)	JD18,987	JD20,431
5	Interest Income To Average Assets	5.92%	5.53%
6	Interest Expense To Average Assets	1.63%	1.51%
7	Interest Margin To Average Assets	4.29%	4.02%
8	Non-performing Loans To Total Credit Facilities	9.88%	8.87%

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 2013, listed under a separate section (page 40).

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

Statement	Auditors' Remuneration (JD)
Bank Of Jordan	126,017
Bank Of Jordan – Syria	21,846
Excel For Financial Investments Company	5,246
Jordan Leasing Company	1,166
Total	154,275

Tax consulting fees to be paid for auditors of Bank of Jordan-Syria amounted to JD9,588.

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 2012	No. of Shares 2011
Mr. Shaker Tawfiq Fakhouri	Chairman & CEO	Jordanian	7,050	7,050
Aya Shaker Fakhouri	Daughter	Jordanian	5,979	5,754
Tala Shaker Fakhouri	Daughter	Jordanian	5,979	5,754
Sarah Shaker Fakhouri	Daughter	Jordanian	5,979	5,754
Salma Shaker Fakhouri	Daughter	Jordanian	1,072	847
Tamara Shaker Fakhouri	Daughter	Jordanian	2,725	2,500
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	16,400	16,175
Mariam Walid Fakhouri	Daughter	Jordanian	32,721	32,496
A'esha Walid Fakhouri	Daughter	Jordanian	5,795	5,570
Ahmad Walid Fakhouri	Son	Jordanian	4,875	4,650
Mr. Yahya Zakariya Al-Kadamani	Board Member	Jordanian	920,000	867,150
Mrs. Amaal Amin AtTurk	Wife	Jordanian	200,000	190,350
Dr. Mazen Mohammad Al Bashir	Board Member	Jordanian	107,050	102,470
Dr. Farihan Fakhri Al Barghouti	Wife	Jordanian	39,347	39,347
Dr. Yanal Mawloud Naghouj	Board Member	Jordanian	228,775	208,775
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	19,989,744
Mr. Haitham Abu Nasr Al Mufti	Representative of the Company	Jordanian	-	-
Arabian Gulf General Inv. & Transport Co.	Board Member	Jordanian	43,203	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	11,828,427
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 2012	No. of Shares 2011
Mr. Mohammad Anwar Hamdan	Deputy General Manager until 30/6/2012	Jordanian	42,835	37,835
Mr. Nicola Yousef Bahou	Assistant General Manager / Organization, Banking Operations, and Automation Management	Jordanian	95,000	37,000
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager / Banking Business Development	Jordanian	535,000	514,000
Mr. Johny Samir Zeidan	Regional Manager / Palestine Branches	Jordanian	-	-
Mr. Osama Samih Sukkari	Legal Advisor	Jordanian	18,741	16,691
Mrs. Najwa Mohammad Saeed Manku	Wife	Jordanian	84,600	84,600
Mr. Issam Mahmoud Abu Al-Soud	Executive Manager / Retail Credit Review Department until 10/4/2012	Jordanian	8,601	8,601
Mr. Saleh Mahmoud Jarbou	Executive Manager / Financial Control Department until 24/12/2012	Jordanian	60,000	50,000
Mr. Saleh Rajab Hammad	• Executive Manager/ Compliance and Risk Department • Board Secretary	Jordanian	13,755	13,755
Mr. Salama Mahmoud Abu Nusair	Executive Manager/ Corporate, Commercial, and Palestine Credit Review Department	Jordanian	-	-
Mr. Turki Yousef Al-Jabour	Executive Manager / Internal Audit Department	Jordanian	20,000	5,000

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 2012 and 2011:

Name	Position	Company	Equity Share in Bank of Jordan 2012	Equity Share in Bank of Jordan 2011
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 2012:

Name	Position	Annual Salary JD	Transport Allowance JD	Remuneration JD	Total JD
Mr. Shaker Tawfiq Fakhouri	Chairman & CEO	270,000	18,000	485,000	773,000
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board of Directors	-	18,000	5,000	23,000
Mr. Walid Tawfiq Fakhouri	Board Member	-	18,000	5,000	23,000
Mr. Yahya Zakariya Al- Kadamani	Board Member	-	24,000	5,000	29,000
Dr. Mazen Mohammed Al Bashir	Board Member	-	18,000	5,000	23,000
Dr. Yanal Mawloud Naghouj	Board Member	-	18,000	5,000	23,000
Mr. Jan Joseph Shamoun	Board Member	-	18,000	5,000	23,000
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	-	18,000	5,000	23,000
Mr. Haitham Abu Nasr Al Mufti	Board Member / Representative of Al-Ekbal Jordanian General Trading (LLC)	-	18,000	5,000	23,000
Mr. Haitham Mohammed Samih Barakat	Board Member / Representative of Arabian Gulf General Inv. & Transport Co.	-	18,000	5,000	23,000
Mr. Ammar Mahmoud Abu Namous	Representative of Al Pharaenah Int'l for Industrial Investments Co.	-	18,000	5,000	23,000
Total		270,000	204,000	535,000	1,009,000

B. Benefits and Remuneration of the Executive Managers for the Year 2012:

Name	Position	Annual Salary JD	Remuneration JD	Allowance for Transportation & Assuming Secretary Position JD	Total JD
Mr. Mohammad Anwar Hamdan	Deputy General Manager until 30/6/2012	88,741	37,104	-	125,845
Mr. Nicola Yousef Bahou	Assistant General Manager/ Organization, Banking Operations, and Automation Management	179,934	37,124	-	217,058
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager/ Banking Business Development	138,750	29,492	-	168,242
Mr. Johny Samir Zeidan	Regional Manager/ Palestine Branches	121,883	7,661	-	129,544
Mr. Osama Samih Sukkari	Legal Advisor	108,705	24,718	-	133,423
Mr. Issam Mahmoud Abu Al Soud	Executive Manager/ Retail Credit Review Department until 10/4/2012	17,175	19,516	-	36,691
Mr. Saleh Mahmoud Jarbou	Executive Manager/ Financial Control Department until 24/12/2012	77,126	18,789	-	95,915
Mr. Saleh Rajab Hammad	<ul style="list-style-type: none"> • Executive Manager/ Compliance and Risk Department • Board Secretary 	62,823	10,970	18,000	91,793
Mr. Salama Mahmoud Abu Nusair	Executive Manager / Corporate, Commercial, and Palestine Credit Review Department	68,397	13,451	-	81,848
Mr. Turki Yousef Al-Jabour	Executive Manager / Internal Audit Department	50,670	9,902	-	60,572
Total		914,204	208,727	18,000	1,140,931

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 JD239,738, as detailed below:

Activities	Amount (JD)
Donations To Jordan Hashemite Fund For Human Development	40,397
Supporting The Children's Museum	30,000
Bank Of Jordan Educational Initiative / Partnership Agreement With Hikayat Simsim	25,992
Supporting Al Nashama Company For Entertainment And Sport Services	25,000
Donation To Welfare Association / Palestine	25,000
Supporting King Hussein Cancer Foundation	18,000
Supporting Social And Charitable Organizations And Activities	30,022
Supporting Educational Activities	12,428
Supporting Sports Activities	10,564
Supporting Cultural Activities	8,085
Supporting Environmental Activities	6,200
Miscellaneous	8,050
Total	239,738

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:

The Bank continued to support environmental initiatives in 2012, mainly those launched by the National Forum for Awareness and Development and the Jordan Association for the Development of Natural Resources. Total funding for such activities reached JD6,200.

B. Bank's Corporate Social Responsibility

Bank of Jordan was keen to interact with the local community through sponsoring and supporting various social, educational, cultural, and sports activities. Among BoJ's main achievements was its educational initiative, launched four years ago, which continued to spread educational messages for children in partnership with "Hikayat Simsim" program. Also for the fourth consecutive year, the Bank continued to support the "Open Days" initiative in cooperation with the Children's Museum. The Bank also continued to support charities including the Jordan Hashemite Fund for Human Development and the King Hussein Cancer Foundation. Moving to sports, BoJ sponsored the companies' tournament organized by Al Nashama for Entertainment Company. (Page 29)

C. Annual Financial Statements - 2012

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 (2011), can be found in the second part of the report (Page 44).

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 2012 annual financial statements (Page 43).

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 2013.
2. The Board of Directors of Bank of Jordan acknowledges responsibility for the preparation of the 2012 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 2012 Annual Report are true, accurate, and complete.

Addresses of Bank of Jordan Branches

Jordan Branch Network

Head Office – Al Shmeisani

Website: 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 941133
Amman 11194 Jordan

Amman – Downtown Branch

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

Commercial Market Branch

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

Al Mahatta Branch

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

Yarmouk Street Al Nasser Branch

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

First Circle Branch

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

Third Circle Branch

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

Al Khalidi Branch

Tel.: 4680025/7 Fax: 4680028 P.O. Box 815471
Amman 11180 Jordan

Jabal Al-Hussein Branch

Tel.: 4656004 Fax: 4653403 P.O. Box 8032
Amman 11121 Jordan

Gardens Branch

Tel.: 5688391/2 Fax: 5688416 P.O. Box 961049
Amman 11196 Jordan

Al Madina Al Monawara St. Branch

Tel.: 5513953 Fax: 5514938 P.O. Box 5412
Amman 11821 Jordan

Jabal Al Weibdeh Branch

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

Tareq Branch

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

Marka Branch

Tel.: 4893581/2 Fax: 4894341 P.O. Box 15150
Amman 11134 Jordan

Al Qweismeh Branch

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

Abu Alanda Branch

Tel.: 4164204 Fax: 4162697 P.O. Box 38328
Amman 11593 Jordan

Al Bayader Branch

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

Industrial Area – Al Bayader Branch

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

Sweileh Branch

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

Al Fuheis Branch

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

Abu Nusair Branch

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

Jabal Al Nuzha Branch

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

Wadi Al Seer Branch

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

Ras Al Aein Branch

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

Al Yasmine Branch

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

Marj Al Hamam Branch

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

Sweifieh Branch

Tel.: 5861235/6 Fax: 5861237 P.O. Box 851510
Amman 11185 Jordan

Al Wehdat Branch

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

Mecca Street Branch

Tel.: 5826647/38 Fax: 5826649 P.O. Box 3322
Amman 11821 Jordan

Khilda Branch

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

Al Jubaiha Branch

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

University of Jordan Branch

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

City Mall Branch

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

Al Rabiye Branch

Tel.: 5523195 Fax: 5521653 P.O. Box 17540
Amman 11195 Jordan

Abdoun Branch

Tel.: 5929860 Fax: 5929872 P.O. Box 852419
Amman 11185 Jordan

Al Rawnaq Branch

Tel.: 5829503 Fax: 5829042 P.O. Box 852417
Amman 11185 Jordan

Hurrieh St. Mogablain Branch

Tel.: 4203178 Fax: 4203376 P.O. Box 709
Amman 11623 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.: 3554901/05 Fax: 3554902/05 P.O. Box 161
Salt 19110 Jordan

Zarqa Branch

Tel.: 05/3985091/2 Fax: 05/3984741 P.O. Box 5572
Zarqa 13111 Jordan

Faisal Street Branch– Zarqa

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

New Zarqa Branch

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

Zarqa Free Zone Branch

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

Al Ruseifa Branch

Tel.: 05/3746923 Fax: 05/3746913 P.O. Box 2102
Al Ruseifa 13710 Jordan

Airport Branch

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

Al Geezah Branch

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

Madaba Branch

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

North Jordan

Irbid Branch

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

Al Hussun Street Branch

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

Eidoun Street Branch

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

Thirty Street Branch

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

Hakama Street Branch

Tel.: 02/7400018 Fax: 02/7406375 P.O. Box 1844
Irbid 21110 Jordan

Industrial City Branch – Irbid

Tel.: 02/7409863 Fax: 02/7409864 P.O. Box 1844
Irbid 21110 Jordan

Dair Abi Saied Branch

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

Ramtha Branch

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

Al Turrah Branch

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

Ajloun Branch
Tel.: 02/6420039 Fax: 02/6420841 P.O. Box 22
Ajlun 26810 Jordan

Kufranjah Branch
Tel.: 02/6454973 Fax: 02/6454053 P.O. Box 9
Ajlun 26873 Jordan

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

Al Mafraq Branch
Tel.: 02/6233317 Fax: 02/6233316 P.O. Box 40
Mafraq 25110 Jordan

North Shunah Branch
Tel.: 02/6587177 Fax: 02/6587377 P.O. Box 48
North Shunah 28110 Jordan

North Azraq Branch
Tel.: 05/3834308 Fax: 05/3834307 P.O. Box 9
Azraq 41111 Jordan

South Jordan
Karak Branch
Tel.: 03/2351043 Fax: 03/2353451 P.O. Box 43
Karak 61110 Jordan

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

Aqaba Branch
Tel.: 03/2013118 Fax: 03/2014733 P.O. Box 57
Aqaba 77110 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

Transit Office in Queen Alia International Airport
Tel.: 4451559 Fax: 4451156

Transit/Free Market Office in Queen Alia International Airport
Tel.: 4451574 Fax: 4451156

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: 009709234747 P.O. Box 107

Organizational Structure / Bank of Jordan

