bankofjordan.com

2018

Annual Report

بنك الأردن

Bank of Jordan

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Bank of Jordan

Public Shareholding Limited Company, established in 1960,
Commercial Registration No. 13, Paid-up Capital JD 200,000,000
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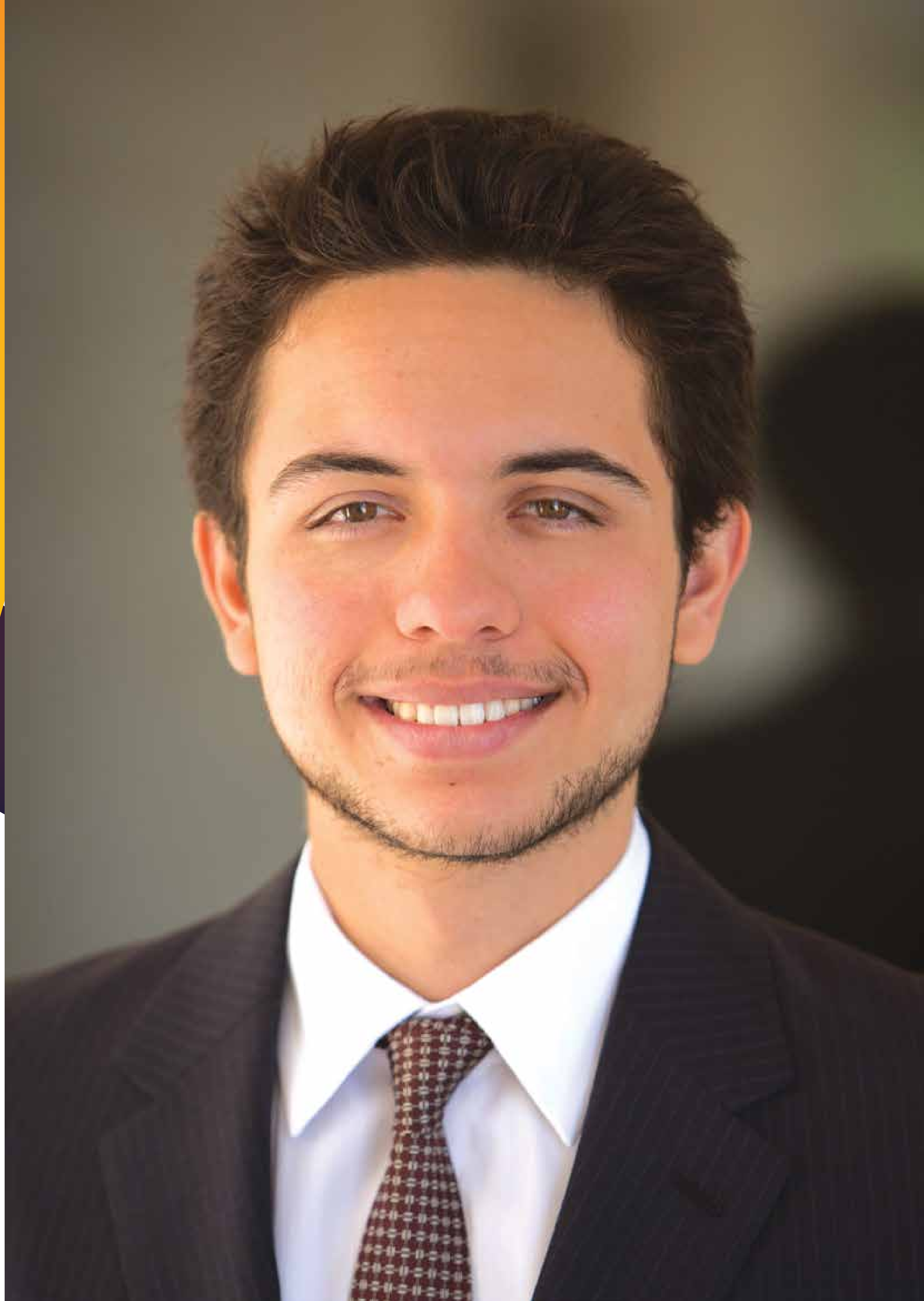
His Majesty
King Abdullah II Bin Al Hussein

His Royal Highness
Crown Prince Hussein Bin Abdullah II



Our Vision

To be a pioneering bank that excels in providing products and services, offers comprehensive Fnancial 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 effcient service channels and a modern business environment that comprises an excelling team of employees.

Board of Directors

Chairman of the Board/ Dedicated

Mr. Shaker Tawfiq Fakhouri/ Representative of Al-Ekbal Jordanian General Trading (LLC)

Vice Chairman

Mr. Walid Tawfiq Fakhouri/ Representative of Al Tawfiq Investment House - Jordan

Members

Dr. Mazen Mohammad Al-Basheir/ Representative of Arab Gulf General Inv. & Transport Co.

Dr. Yanal Mawloud Naghouj/ Representative of Al Yamama for General Investments Co. (Limited liability)

Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali/ Representative of Al Araka for Investments Co.

Mr. Haitham Mohammed Samih Barakat/ Representative of Al Lu'lu'a Trading & Investment Co.

Mr. Mohammad Anwar Hamdan

Mr. Husam Rashed Manna'

Mr. Walid Mohammad Al-Jamal/ Representative of Al Pharaenah Int'l for Industrial Investments Co.

Mr. Walid Rafiq Anabtawi

Mr. Wissam Rabee' Saab

Chief Executive Officer

Mr. Saleh Rajab Hammad

Auditors

Kawasmy & Partners Co. (KPMG)

Chairman's Letter

Dear Fellow Shareholders,

At Bank of Jordan, we are optimistic about the future.

There is no doubt that 2018 was an exceedingly challenging year. Yes, a quick look at the performance of Bank of Jordan will reveal an 11.3% drop in net profit, from 46.8 million JOD in year 2017 to 41.5 million, in 2018, noting that there were one-time revenues realized in 2017 that contributed to that year's profit. Further, 4.1 million JOD of dividends distributions on certain equity holdings were skipped in 2018. Yet, the bank did grow its operating revenue by 6.4% to 135.3 million JOD, and the bank in 2018 still maintained a 1.6% return on assets and a 9.82% return on shareholder equity, both among the best in the banking sector.

Our optimism arises from the view that the major challenges facing the Jordanian economy in particular, and the region at large, seem to be fading away. In an acknowledgement of improving internal conditions, the World Bank endorsed the Jordanian government economic reforms by renewing its commitment to the Jordanian economy. On the regional front, the Jordan-Syria border opening, and the increasing stability in Syria create renewed hope for an imminent end to the unfortunate situation in that country and an impending renormalization of relationships with Jordan. After all, Bank of Jordan, and its subsidiary, Bank of Jordan – Syria, have held faith in a better Syrian future, and hence sustained operations in Syria over these difficult years.

Similarly, Iraq, as another major border country to Jordan, is showing many signs of recovery, and the relationships with Jordan are improving fast. This will have an undeniable positive impact on the Jordanian economy. To put this optimism to practice, Bank of Jordan plans further regional expansion by branching into Iraq. Bank of Jordan is planning to commence business in Iraq in 2019, with central banks preliminary approvals already in hand.

Finally, the influx of expats returning to Jordan, in particular from GCC countries, seems to have slowed in recent months. Hence, there is renewed hope that the money transfers generated by these expats will reinvigorate the Jordanian economy, as they historically did.

The bank continued to command healthy capitalization numbers, with capital adequacy at 16.81% and liquidity at 118.57%, both well above regulatory requirements. Further, both customer deposits and the asset base marginally increased for the year. More importantly, our regional expansion move into wholesale banking in The Kingdom of Bahrain in early 2018 paid off. Our branch in Bahrain offered a foothold in the GCC market and allowed the bank to participate in syndicated loans and to become active in corporate bond lending.

In recognition of the increasing competition and rising regulatory costs, the bank is continuing its cost cutting campaign by shedding non-core operations in favor of outsourcing. Process reengineering and time-motion analysis of services and delivery processes are being continually conducted, with customer experience, effort-to-receive-service, and cost cutting being the main drivers. Process automation and straight-through-processing, wherever possible, are the next planned phases of this streamlining process.

Bank of Jordan 2018-2020 strategy, through its focus on mobility and the 'Excel' brand, continues to guide projects and resource allocation, with significant attention placed on the customer and the customer experience. To this end, our leading Mobile Banking platform was released in Q3-2018, delivering many of the services, traditionally provided at the counter, to the tip of the user's finger.

Significant strides were made in 2018 in the technology infrastructure, and in particular as related to our cloud strategy. With the CRM system being developed on the cloud, and portions of the HRMS system are already on the cloud, along with the bank's portal and e-mail system. Most importantly, Bank of Jordan, Bahrain Wholesale Branch was the first bank in the region to host its core banking system on the cloud.

To complement our cloud strategy, significant improvements in communications and information security were made, with Bank of Jordan continuing to adhere to the COBIT framework, and has achieved certification in the latest PCI data security standard. Further significant investments in communication and information security are planned for 2019.

Dear Shareholders,

Given our optimistic view of the future and the solid financial standing Bank of Jordan maintained in this difficult 2018 year, the Board of Directors is recommending a 0.18 JOD/share dividends distribution.

Many thanks to you, our investors, for your continued support and with special thanks to the Bank of Jordan team, in Jordan, Palestine, Syria, and Bahrain, for their persistent efforts and their drive to achieve excellence.

Yours very truly,

Shaker Tawfiq Fakhoury

Chairman of the Board

Board of Directors' Report 2018

Economic Performance 2018

Achievements in 2018

Analysis of Financial Position and Business Results for the Year 2018

Our Goals for 2019

Additional Information as Required by the Jordan Securities Commission 2018

Economic Performance 2018

Jordan's economy remains strained by the precarious situation in the region. The Kingdom is bound by a standby arrangement with the IMF that entails strict reforms; chiefly the enforcement of a new Income Tax Law passed in 2018. The controversial measure was preceded by the removal of more items from the list of GST exempted goods and service, and several price hikes. Local interest rates also witnessed a rise in 2018, mirroring international increases. On a positive note, the reopening of Jaber-Nasib border crossing with Syria in October 2018 following a three-year closure has reignited hope that trade activity could go back to its level before the Syrian conflict.

In efforts to preserve financial resilience and maintain monetary stability, including price stability, the Central Bank of Jordan (CBJ) increased interest on monetary tools on four occasions in 2018 by 100 bps. The step was necessitated by international and regional interest rate developments. Yet, interest on loans extended by the CBJ to support certain economic sectors remained untouched. On the side of prices, the General Price Index measured against the relative change in the Consumer Price Index (CPI) witnessed a rise; inflation leapt to 4.5% year-to November against 3.3% registered during the corresponding period in 2017. The surge is largely on account of a host of price increases and tax measures; chiefly liberating bread prices and slapping a 10% GST on goods that once enjoyed full or zero exemption. Another group of goods and services which used to pay a meager 4% tax now pay 10%.

Against these negative developments, the government adopted a Priority Document for 2019-2020 to help stimulate sluggish growth. The document envisages creating 30,000 job opportunities and opening 120 new schools in the next two years. The Innovative Startups and SMEs Fund (ISSF) was also launched in order to extend support to 825 nascent businesses. Other plans inked by the government include an ambitious scheme to increase FDIs by 10% and national exports by 5% annually. This is in addition to registering a holding company where Jordanians, here and abroad, can have shares. In efforts to cut spiraling energy expenditure, the government also plans to generate an estimated 35% of the Kingdom's energy needs from oil shale and renewable energy sources by end of 2020. An e-tracking system will be installed across all public transport vehicles.

As for macroeconomic indicators, figures show that GDP at constant prices grew by 2% in the first half of 2018. At current prices, the growth stood at 3.9%. It is worth noting that the System of National Accounts - SNA 2008 - has been adopted for compiling measures of economic activity. Additionally, the GDP base year was changed to 2016 from 1994. FDIs, another major indicator, saw net inflows plunge to JD 381.6 million in the first six months of 2018, representing a drop of 56.4% when compared to the corresponding half the year before. Travel receipts, meanwhile, surged by 12.4% to JD 2.88 billion year-to-September 2018 compared the same period in 2017, while remittances went down 1.4% to JD 1.95 billion. The same estimates put unemployment at 18.6% in the third quarter of 2018 against 18.5% in Q3, 2017.

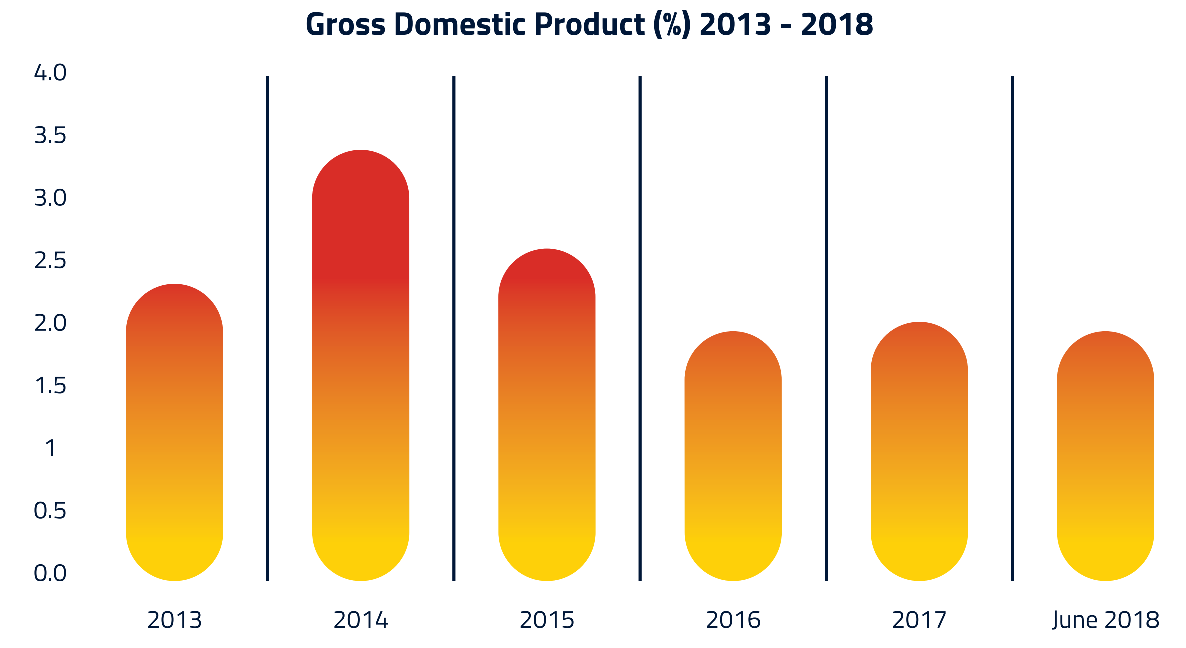
The total public debt, in the meantime, hit a fresh all-time high of JD 28.5 billion, equivalent to 94.9% of GDP, by the end of the first ten months of 2018, from JD 27.3 billion, or 94.3% of GDP by the end of 2017. The budget deficit, foreign grants included, stood at JD 860.4 million, representing 3.5% of GDP estimated for the end of October 2018. This compares with JD 881.1 million at the end of October 2017, representing 3.7% of GDP by end of October 2017.

Moving to the banking sector, Official figures revealed that foreign reserves held with the CBJ retracted by 9.7% to JD 11.1 billion by the end of October 2018 compared to their level at the end of 2017. Customer deposits rose by 1.7% to JD 33.8 billion, while credit facilities climbed by 5% to JD 25.97 billion during the comparison period. The total assets of the banking sector grew to JD 50.6 billion by the end of October 2018, up 3% from the end of 2017.

Gross Domestic Product:

GDP growth at constant prices nudged up 2% to JD 13,872 million in the first half of 2018 in comparison to the first half of 2017. Key drivers of growth included the "social and personal services" sector which picked up 4.1% to JD 915.4 million. "Agriculture" and "Transport, Storage, and Communications" followed, with an expansion of 3.4% and 3.1% to JD 702.5 million and JD 1,190 million respectively. "Finance, Insurance, Real Estate, and Business Services" grew by 3% to JD 3,249 million, while "Private Non-Profit Services for Households" inched up 2.9% to JD 98.1 million. Growth in "Water and Electricity" reached 2.3% to JD 436.4 million.

Yet, several activities suffered. These comprised "Mining and Quarrying", and the "Manufacturing Industry" which saw timid expansion of 1.9% and 1.3% to JD 321.5 million and JD 2,526 million respectively in H1 2018. "Trade, Restaurants, and Hotels" and "Producers of Government Services" saw a growth of 1.2% to JD 1,345 million and JD 1,816 million consecutively. "Household Services" recorded a negligible growth of 0.1% to JD 107.7 million, while the once-booming "Construction" activity slipped by 0.2% to JD 372.5 million.



Inflation, measured against the CPI, rose by 4.5% between January and November 2018 against 3.3% recorded in the first eleven months in 2017. Major groups of goods blamed for the increase include transport, cereals and products, tobacco and cigarettes, rent, fuel, and lighting. However, the prices of vegetables, legumes - dried and canned, clothing, spices, food enhancers, other food items, and shoes saw a drop in prices.

Public Finance:

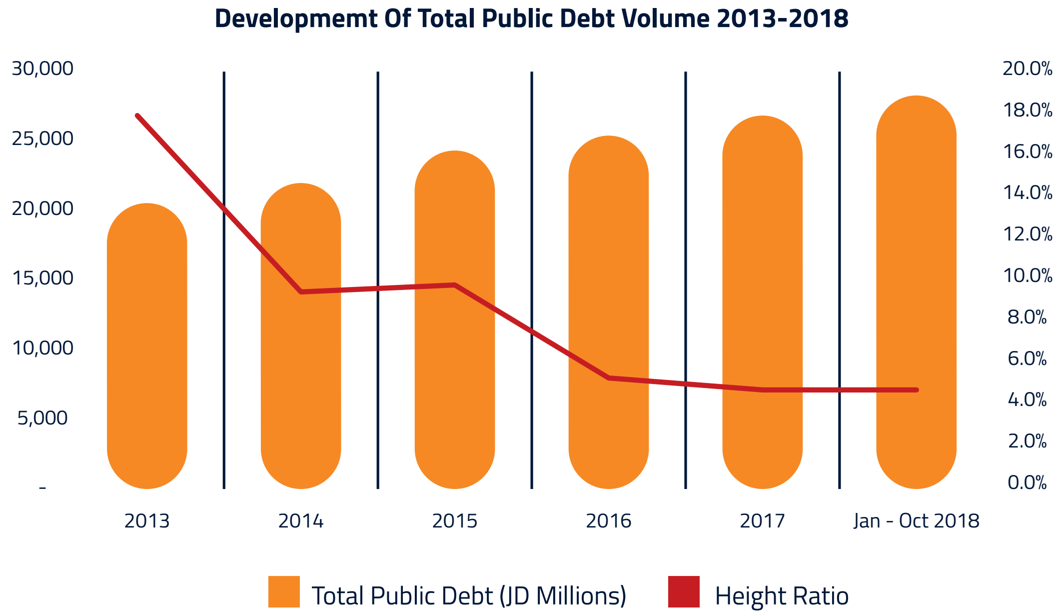
Domestic revenues and foreign grants amounted to JD 5.9 billion in the first ten months of 2018, 3.9% higher than the corresponding span the year before. A breakdown of the figure shows that foreign grants totaled JD 263.3 million against JD 209.9 million. Domestic revenues, in the meantime, yielded JD 5.7 billion, up 3.1% year after year. With less goods and services outside the tax net and with higher taxes imposed, taxes generated soared by JD 93.2 million. Other revenues also surged by JD 78.3 million.

Total spending continued to rise by a much larger extent, hitting JD 6.8 billion by end of October 2018 from JD 6.6 billion by end of October 2017, up 3.1%. Current spending surged by JD 333.6 million, or 5.7%; eating up most of the budget. Capital expenditure, in the meantime, plunged by 17.5%, or JD 130.3 million.

Against these developments, the general budget deficit, grants included, declined to JD 860.4 million year-to-October 2018, from JD 881.1 million in comparison to 2017. Before grants, the financing gap hit JD 1.12 billion against JD 1.09 billion during the comparison period. It is worth noting that the coverage ratio of domestic revenues to current expenditure stood at 91.8% for the first ten months of 2018 from 94.1% by end of October 2017.

Consequently, Jordan's chronic public debt totaled JD 28.5 billion by end of October 2018, equivalent to 94.9% of GDP estimated for the end of the period, compared with JD 27.3 billion, or 94.3% of GDP for 2017. The debt of the National Electricity Production Company and the Water Authority of Jordan alone stood at JD 7.4 billion versus JD 6.7 billion, in the comparison period 2017.

The net public debt (internal and external) stood at JD 27.1 billion or 90.4% of GDP estimated for the end of October 2018. This compares with JD 25.4 billion or 88% of GDP for 2017. It is worth noting that Jordan's three-year stand-by arrangement with the IMF includes a key benchmark that aim to bring down the debt level to 77% of GDP by end of 2021.



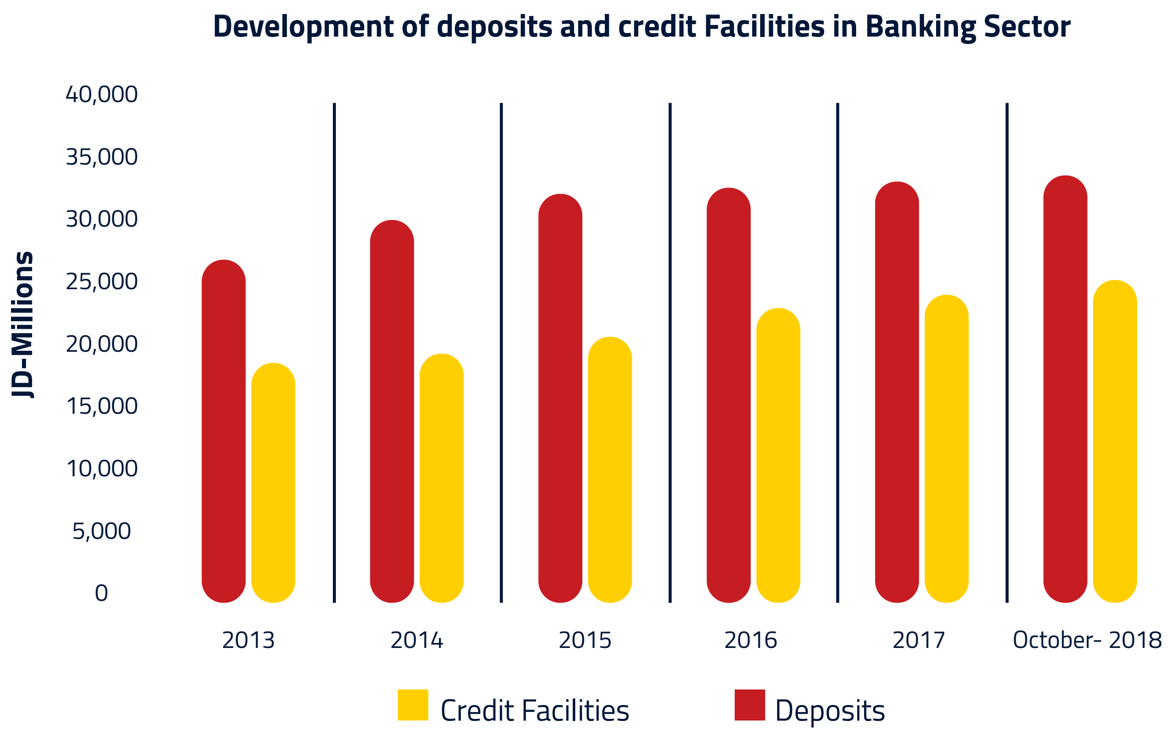
The Monetary and Banking Sector:

Jordan's economy remains burdened with various risks and challenges due to internal and external imbalances. The timid growth is projected to gradually pick up with the execution of planned economic reforms and continued development efforts. Recent figures unveiled that the financial soundness indicators saw a drop in 2018. Yet, they remained within comfortable levels, which once again proves the underlying strength of the banking sector and prudent monetary policies of the national regulator.

Foreign reserves retracted by 9.7% in the first ten months of 2018, settling at USD 11.1 billion in comparison to their level at the end of 2017. In the meantime, domestic liquidity rose by 1.1% to JD 33.3 billion by end of October 2018.

Customer deposits with the banking sector inched up 1.7% year-to-October 2018, resting at JD 33.8 billion. Deposits in foreign currency saw an increase during the comparison period; rising by 6.9% to JD 8.1 billion. Dinar-denominated deposits, on the other hand, saw a minimal 0.1% rise. Yet, domestic currency were more than triple the size of foreign currency; at JD 25.7 billion by end of October 2018.

Credit Facilities, recorded a growth of 5% to JD 25.97 billion. Loans to the mining sector swelled by 30%, followed by loans to the financial services sector, which grew by 20%. Lending to the manufacturing sector climbed by 14.3% and those extended to other sectors expanded by 6.3%. The manufacturing industry accounted for 31.5% of the total growth in credit, while other sectors (retail) accounted for 26.3% of the total. The contribution of the construction and financial services sectors stood at 16.6% and 10.2% respectively. The banking sector's assets surged to JD 50.6 billion at the end of October 2018, up 3% when compared to the end of 2017.



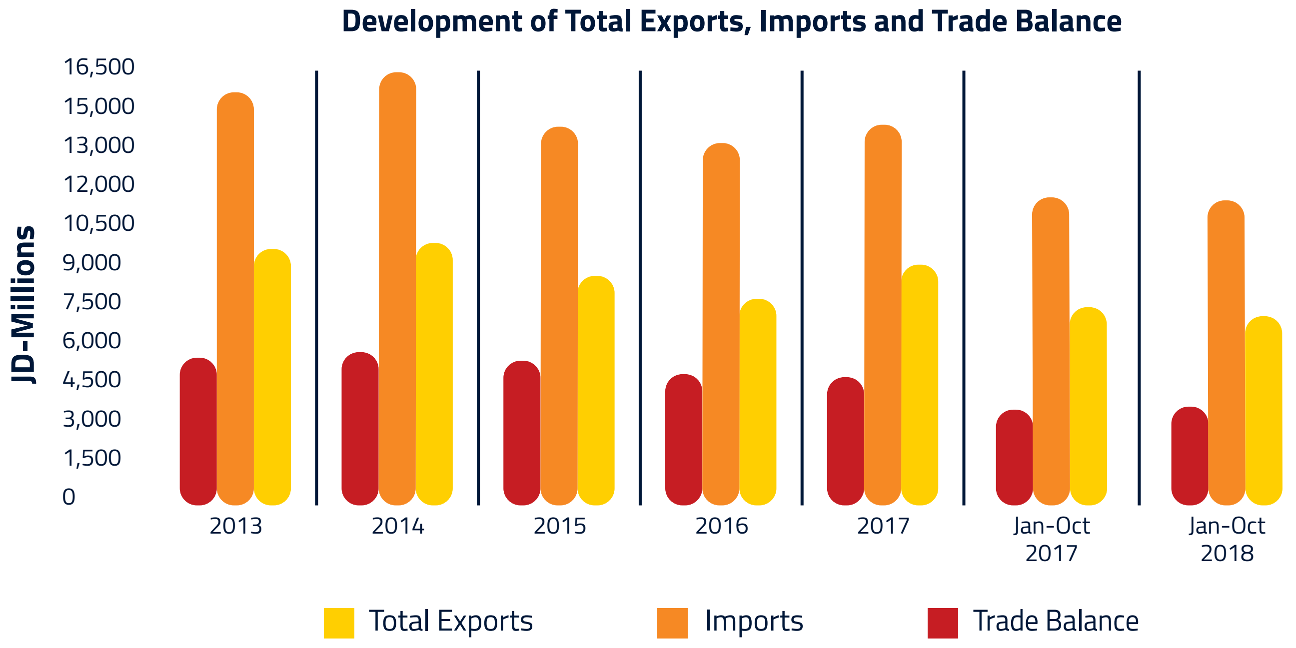
By end of October 2018, the weighted average interest on demand deposits remained unchanged at 0.34% when compared to the end of 2017. Yet, the weighted average interest on savings accounts was higher by 17 bps to 0.72%, and higher by 83 bps on time deposits reaching 4.63%. For overdraft, the weighted average interest stood at 8.29% by end of October 2018, down 48 bps compared to the end of 2017. The rate also dropped on loans and advances by 5 bps to 8.59% and by 60 bps on discounted bills to 9.63%. It is worth noting that the margin between received and paid interest shrank between the end of 2017 and October 2018. This does not bode well for banks as it could translate into weaker profitability should international interest rates continue their upward trend.

Amman Stock Exchange (ASE):

Ongoing political unrest inflicting the Arab regions, specifically neighboring countries continued to take its toll on Jordan's economy and dampen investor sentiment. The removal of the income tax exemption for income generated from the trading of shares has further deepened the impact of the 2008 financial crisis from which the ASE is still reeling – one decade on. Yet, an in-depth study of the impact of the tax on trading income helped allay investor fears and indices started to pick up again. ASE statistics revealed that the trading value nosedived by 20.7% at the end of 2018 to JD 2.3 billion from a year earlier. Market capitalization of listed stocks fell by 5% to JD 16.1 billion. The Share Price Index weighted by market capitalization dropped by 5.3% to 3,797.1 points by the end of 2018 from 4,009.4 points by end of 2017. Non-Jordanian investments in listed companies rose slightly to 51.7% in 2018, against a share of 48.1% registered by end of 2017.

External Trade:

External trade (national exports and imports) rose by 0.5% in the first ten months of 2018 to JD 15.7 billion compared to the corresponding period in 2017. National exports increased by JD 142.8 million to JD 3.8 billion, with the US market accounting for the biggest share of exports; 26.5%. The Saudi and the Indian markets followed, with a share of 11% and 10.2% respective of the total. Imports, decreased by 0.5% to JD 11.9 billion. Imports from Saudi Arabia accounted for 16.7% of the total. China came next, with a share of 13.8%. Transport vehicles and spare parts constituted 22.3% of total imports worth JD 2,640 million and crude oil and oil derivatives made 21.1% worth JD 2,503 million. In light of these developments, the trade deficit shrank by 3% to JD 7.35 billion during the period in comparison.



Yet, signs of optimism began to appear with the reopening of Nasib-Jaber border crossing with Syria in October 2018, bringing hope of a resumption of trade activity. The step will likely revive several economic sectors chiefly, Wholesale Trade, Food, and Transport. The trade exchange between the two neighbors was worth around USD 630 million in 2011 - before the eruption of the Syrian crisis. Businesses also breathed a sigh of relief following the reopening of the Tureibil crossing with Iraq in late August 2017. Recent figures showed that a total of 320 goods-laden trucks cross the route daily to unload their cargo.

Economic Performance 2019:

The global economy is forecast to grow by 3.7% in 2018 and 2019. Advanced economies are projected to expand by 2.4% in 2018 and by 2.1% the following year. Emerging and developing economies are expected to realize the highest growth; 4.7% in 2018 and 2019. On the domestic front, the IMF lowered its growth forecasts for Jordan to 2.3% in 2018 and 2.5% in 2019 in light of economic slowdown and after growth targets were missed. A major risk to the deceleration is failure to reduce the debt-to-GDP ratio, and to fulfil the terms of the Fund's agreement. Inflation will likely rise to 4.5% by end of 2018 but will probably recede to 2.3% in 2019.

The 2019 budget law envisions public revenues of JD 8.6 billion; JD 8 billion in domestic revenues and JD 600 million in foreign grants. Spending is projected at JD 9.3 billion in 2019, up JD 236 million from last year. A total of JD 8 billion will be allocated for current expenditure which dwarfs the JD 1.2 billion earmarked for capital expenditure. The budget deficit, excluding foreign grants, is estimated at 2% of GDP or JD 646 million compared with a revised 2.7% of GDP or JD 814 million in 2018. The financing shortfall is estimated at JD 1.25 billion or 4% of GDP when foreign assistance is not factored in against JD 1.73 billion re-estimated for 2018, representing 5.8% of GDP. The draft budget law for 2019 also aims to lower the deficit as a percentage of GDP from 2.7% to 2% and the debt-to-GDP ratio from 94.5% to 94%. The gap is expected to continue to shrink over the next two years to 1.3% by 2021 under the ongoing financial reforms program. The debt-to-GDP ratio is also set to fall below 90% of GDP.

On another front, monetary and banking indicators will likely see improvements despite ongoing challenges to the macro-economy. Foreign reserves are expected to be close to their level in 2018. National exports are also projected to rise, which will help trim the trade deficit. Travel receipts are forecast to increase and remittances to stabilize. The financial soundness indicators of the banking sector, a main anchor of the economy, are also expected to stabilize at comfortable levels. It is worth noting that the capital adequacy ratio of banks stood at 17.15% in June 2018 against 17.87% in June 2017. Legal liquidity reached 126.7% at the end of June 2018 versus 129.2% in corresponding period in 2017. Non-performing loans to total debt stood at 4.6% by the end of June 2018 against 4.4% at the same period in 2017, according to recent estimates.

Achievements in 2018

2018 was another record breaking year across many measures at Bank of Jordan. The Bank continued to add innovative products and services that respond to customer changing needs while revamping customer touchpoints to enhance service levels. Regionally, the Bank established a branch in Bahrain's main financial hub to drive expansion into new territories. The strategic step will also ensure the Bank capitalizes on new market opportunities, win over and foster relations with important corporate clients in the Middle East. Since it kicked off operations early in the year, the wholesale bank in Bahrain has been working with other arranger banks to provide syndicated facilities while building strategic ties with other banks and financial institutions in the Arabian Gulf.

In 2018, Bank of Jordan executed the first phase of its strategic plan for 2018-2020 which focuses on developing retail banking and operations through implementing several projects aimed at improving services offered. It is also meant to help keep up with the fast paced changes in the banking industry, thus providing clients with timely services and solutions. Sectors engaged in the strategy have built their own operational activities for the year using the balanced scorecard to measure and monitor progress towards strategic goals.

A thorough review of the strategy is scheduled for the first quarter of 2019 and goals will be updated accordingly. The potential economic, political, and technological risks in the various markets will also be taken into account. Additionally, human resource development will be incorporated into the plan in an effort to build a team that will help achieve operational excellence across the board which will, in turn, enhance the Bank's competitive position.

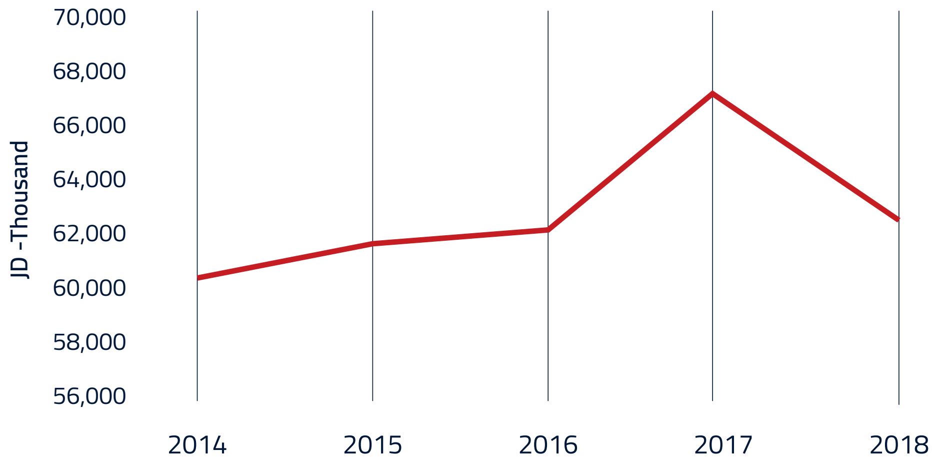
Financial Results:

The Bank continued to deliver strong results throughout 2018, thanks to the asset and liability management models that helped it manage risks arising from any mismatch on the balance sheet. Despite pressing economic and market challenges, the Bank saw opportunities that others missed. As a result, key financial ratios in 2018 were within levels mandated by regulators.

Capital adequacy stood at 16.81%, and legal liquidity reached 118.57% Non-performing facilities to total facilities (net of suspended interest) did not surpass 5.3% compared to 4.5% in 2017. Another liquidity cushion was the increase in the ratio of provisions for non-performing loans to109.41% in 2018 against 125.36% in 2017.

Financial results for 2018 unveiled that the net profit attributable to Bank shareholders saw a year-on-year drop of 11.3% to JD 41.5 million, while net profit before tax was down 6.8% to JD 62.9 million from JD 67.6 million. Assets, however, rose by 2.1% to JD 2,619.1 million from JD 2.565.1 million. Shareholders' equity was lower by 5% to JD 411.9 million.

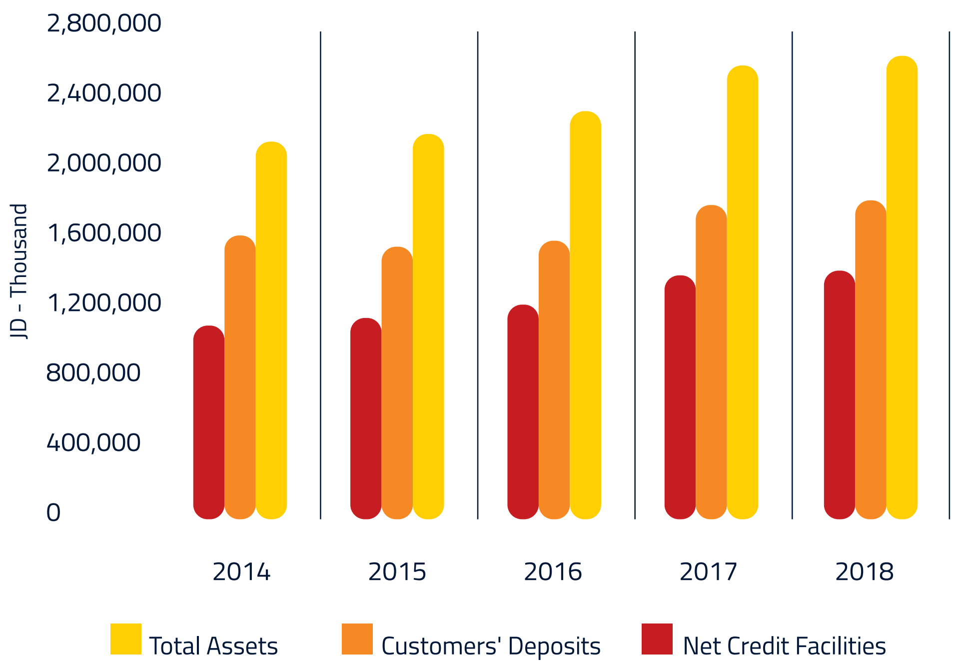
Net Profit Before Deducting Taxes



The main sources that supplied funds were the customer deposits which amounted to JD 1,867.8 million, up 1.2% from a year earlier. The savings accounts and time deposits dropped to JD 745 million and JD 404.1 million respectively. Demand deposits, however, rose to JD 553.3 million, while CDs surged to JD 165.4 million.

Despite mounting market challenges, the Bank continued to respond to the financing needs of the various economic sectors, without jeopardizing credit quality. Thus, the net credit portfolio edged up 1.5% year-on-year reaching JD 1,469 million. Loans to the retail sector rose by 18.7% to JD 447.6 million, and lending to the real estate sector increased 6.3% to JD 248.8 million. Credit extended to the government and public sector dropped by JD 94.7 million to JD 134.7 million. Against that, corporate loans rose by 5.6% to JD 485.6 million while loans to SMEs witnessed the highest growth of 7.1% to JD 258.4 million.

The Development of Financial Position



According to the consolidated income statement for 2018, the Bank earned JD 141.7 million in total income, down 8.6% from a year earlier. The JD 13.3 million year-on-year drop is attributed to an amount of JD 13 million representing recovered revenues for covering debts in 2018. Cash dividends from investment in financial assets were also down by JD 4.1 million in 2018.

Net interest and commission income settled at JD 135.3 million, accounting for 95.5% of the total, while foreign currency earnings amounted to JD 2.4 million. Total expenditure was lowered by 9.9% to JD 78.8 million due to lower provisions of JD 13 million for financial assets expected credit loss provision.

Competitive Position:

Bank of Jordan continued to carve out a spot on the competition map locally and regionally. It pressed ahead with plans to diversify its offerings, winning mindshare as well as market share. Figures showed that the Bank's share of total customer deposits in the Kingdom was 4.18% in 2018 and 4.87% of total credit. In Palestine, the Bank secured 9.33% in 2018 of total customer deposits and 8.89% of total credit of Jordanian banks providing services in the Palestinian market. In Syria, which has been embroiled in a protracted conflict, the Bank's received 2.5% by end of September 2018 of total customer deposits and clinched 4.2% of total credit extended by private banks.

Products and Services:

Bank of Jordan continued to offer a range of products and services to its customers, small businesses and corporate, institutional, and government clients. New financing programs and campaigns were launched throughout 2018 for the various sectors supported by highly performing employees who deliver exceptional service.

Retail Services:

Bank of Jordan continued to roll out innovative services and products for retail clients. The Bank was the first to launch the smart bracelet in Jordan, enabling clients to pay with a simple tap of the wrist. The wPay bracelet operates like any other contactless prepaid card and transactions are processed and amounts deducted in a secure manner.

Features include daily and monthly withdrawal limits that can be set in advance. Parents who order the gadget for their children receive text messages of purchases made, which allows them to monitor and control their children's expenses.
Additionally, the Bank, in cooperation with MasterCard, launched the World MasterCard, which provides access to exclusive offers and services among other unique benefits across the world.

These include unlimited free access to hundreds of airport lounges as well as free accommodation in designated hotels in Europe, the Middle East, and Africa.

The Card is also safe to use: cardholders can use their contactless-enabled cards to pay with a simple tap against POS contactless readers available in many retail stores, restaurants, companies, and other outlets.

As part of its marketing strategy, more offers were added in 2018. Lenient credit requirements applied for auto loans to make them more competitive, and the savings accounts campaign continued for the second year in a row. The management also continued to grow the sales force by hiring the right staff and improving the skills of existing personnel.

Training workshops were organized for employees working in branches, the call center, as well as the direct sales team to ensure that every interaction with the client reflects the Bank's high standards.

Corporate Services:

Bank of Jordan continued to sell to large corporate clients, offering various financing solutions to firms in agriculture, energy, food trading, and the industrial sector – among others.

The recently developed online banking service has become available for corporate clients as of this year.

On another front, fierce market competition prompted the Bank to organize several training courses for customer relationship managers delivered by Bank of Jordan Credit Academy in cooperation with Moody's Analytics. New marketing strategies were rolled out to help identify and approach potential clients. A number of mechanisms were also set in place to track and document marketing activities, including KINZ system for opportunity management.

SMEs Services:

The Bank continued to supply capital to small and medium size enterprises, which represent the vast majority of businesses in Jordan, and a critical source for youth employment. Short and long term funding was extended for SMEs in the trade, manufacturing, agriculture, real estate, transportation, and services sectors through specialized centers covering most governorates. In Palestine, lending was provided to SMEs in agriculture, fishing and forestry, manufacturing industry, trade and advertisement. The Bank also continued to implement the Point of Sale program for Visa card holders, with new overdraft limits granted in proportion to the annual point of sale turnover. The service is being provided in cooperation with NIS and MEPS.

Also this year, staff working in SME centers received training on credit analysis and research as part of a training program delivered by Moody's Analytics. The same program was implemented in Palestine.

Financial Leasing:

Financial leasing programs continued to be offered as an alternative financing option for retail and corporate clients through a BoJ subsidiary, Jordan Company for Financial Leasing. Assets purchased and leased include cars, trucks, transport vehicles, industrial machines, medical equipment, and other fixed assets.

In 2018, the company launched a website to inform customers about the various leasing services and products it provides. Additionally, credit applications can now be completed online.

Network of Branches:

To expand its footprint, the Bank pressed ahead with its brick and mortar expansion plan in 2018. It also ensured that every touchpoint reflects and reinforces the Bank's corporate identity. Two new branches were opened in Jordan, and two others were relocated during the year. In parallel, several branches were renovated inside and outside Amman. Construction of a new call center has also begun. It is worth noting that the Bank currently runs 75 branches in Jordan and 14 in Palestine - one more branch is scheduled to be opened in Jerusalem.

The Bank also worked on strengthening its visual brand identity; a new two dimensional logo is now placed on all bank forms as well as all correspondences and applications. This step is meant to enhance the Bank's image and send a powerful message of impact and power in a highly competitive market.

Electronic Banking Options:

Bank of Jordan continues to embrace major digital payment trends reshaping the industry. BOJ Mobile – Jordan was launched with a host of new features for retail clients. The app allows customers to swiftly access their accounts and balances and check details of their credit/debit cards and financial transfers - among other functions. Bank of Jordan has been connected to E-Fawateercom as a biller service provider for credit card payments – a step which aims to create a smoother customer experience.

In the meantime, the Bank continued to expand its ATM fleet. In Jordan alone, the number of ATMs reached 143, while it rose to 42 in Palestine. The self-service machines are installed in high traffic areas to ensure 24/7 access. All ATMs now offer E-fawateercom service where timely payments are directly made to beneficiaries, after the offline payment service was stopped.

Organizational Structure and Technical Resources:

Bank of Jordan continues to strive to build and maintain the most efficient systems and operations in 2018. It also pressed ahead with plans to build scalable, digitally enabled business models; leveraging technology to respond to the Bank's as well as customer's current and future needs. The year was marked by the execution of various projects aimed at enhancing services across distribution outlets and operations based on transaction volume - among other parameters.

In another milestone, the Bank migrated to the Cloud to run its various systems including the ICBS for Bahrain branch, the new HR system, the CX and Office 365. This has largely contributed to cutting cost and increased business productivity. Another advantage is that these systems are being constantly upgraded by suppliers.

Added to that, the mandatory upgrade of the SWIFT interface system was completed. In Palestine, the Corporate Credit Management (CCM) project is now up and running. The intranet was also upgraded in Jordan and Palestine and smart ATM surveillance systems were installed.

On the organizational level, major structural changes were made in 2018. The Bank separated the board compliance committee from the risk committee - among other changes. Similarly, some branches and departments, including the Retail Banking Department, and Bank of Jordan – Syria had their organizational structures redesigned. Additionally, Bank of Jordan – Bahrain was added to the BoJ general (overall) management structure.

Likewise, new SOPs were adopted, namely for the Project Management Department as well as the IT Department to ensure they align with best management practices and COBIT good-practice framework.

Also starting 2018, the e-application system has been used to pass applications from the Call Center to executive departments. The step is designed to speed up service delivery as customer centricity was defined a priority. For Bank of Jordan – Bahrain, all regulatory requirements have been satisfied and an IGrafx FlowCharter was installed.

To enhance customer experience, the SRM system was applied, with the aim of managing and tracking the Bank's interaction with customers across all social media platforms. This helps the Bank follow up and measure customer feedback on content posted by the Bank. The ELOQUE system was also implemented to automate, organize, and carry out marketing and communications campaigns to the target market by email. This takes place in addition to measuring the sales success against campaign objectives.

Moving westward, the Operations Concentration Project was applied in all branches in Palestine to ensure services are provided with the same quality and speed across BoJ group. Also in 2018, New SOPs for several departments - including the Central Deposit Processing, Branch Support, Collection, Central Trade Services, Central Loans Processing, Treasury and Investment Operations - were developed. The move falls under ongoing efforts to streamline work processes and improve workflow efficiency.

A major step towards improving compliance, risk management, and data security was the application of GoAML software which allows for data exchange between the government-run AML/CFT Unit and the Bank - as per regulatory requirements. In Bahrain, several policies were drafted covering compliance, fraud and corruption, fair treatment of customers, FATCA requirements, and AML/CFT measures – pending endorsement. The Bank continued to ensure sufficient controls and processes are well in place to improve online banking security given the growing use of e-payment channels. It also obtained an Attestation of Compliance with the Payment Card Industry Data Security Standard (PCI DSS) - version 3.2.

As for the implementation of COBIT (Control Objectives for Information and related Technologies), governance guidelines for information technology management and IT governance have been reviewed and amended pending approval. The Bank has also adopted the updated version of COBIT.

Furthermore, the Due diligence, Classification, and Documentation requirements have been satisfied in accordance with the Foreign Tax Compliance Act (FATCA). The Bank has been a participating Foreign Financial Institution (FFI) with IRS since 2014. FATCA Reporting requirements have also been met through disclosure of required data. This is in addition to meeting the withholding requirements based on the Risk based approach. And for the first time, the FATCA Responsible Officer (RO) certifications, required every three years, have been successfully submitted to the IRS.

Risk policies were updated and approved, including those pertaining to operational, market, liquidity, and interest rate risks as mandated by regulators. For the second year in a row, the Bank has been labelled as a domestic Systemically Important Bank (D-SIBs) after it met CBJ's quantitative and qualitative requirements.

The Bank continued to carry out stress testing in line with Basel I and Basel II guidelines, monitored capital adequacy, and applied the ICAAP. The Bank also ensured that foreign branches were compliant with Basel requirements for market risks. Financial analyses were conducted on capital and liquidity ratios and asset growth to inform investment and credit decisions.

It is worth noting that the Board is committed to corporate governance best practices in banking. It has also set up an effective complaint handling mechanism.

Human Resources:

Human resource development was once again a top priority in 2018 with more and more opportunities provided for employees to learn new skills and improve their knowledge abilities and output.

Several projects were implemented during the year including the new Oracle – Cloud/Performance and Goals program which helped improve performance and employee development management.

Comprehensive training courses were also organized under the Core Competencies and Leadership program for senior employees to help them use the new system. The project will also help the Bank identify training and recruitment needs in the near future.

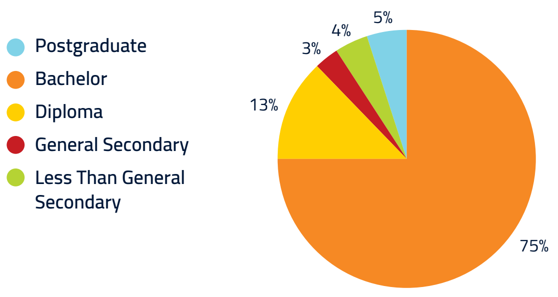
The Bank has also launched the Internship program; offering students in Jordan and Palestine on-the-job training to help them gain work experience before they are qualified for an actual job.

Further training was conducted at the Sales Academy - set up by Bank of Jordan and run by a specialized training firm. All new hires are enrolled in the Consultative Sales Certification (CSC) program, a comprehensive performance sales development program, held quarterly and delivered by competent staff trained by the firm.

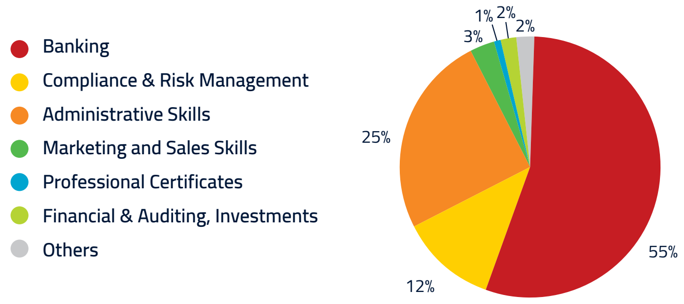
Additionally, Bank of Jordan – Bahrain organized training courses for its employees on anti-money laundering in cooperation with Bahrain Institute of Banking and Finance (BIBF). Other training and employee development courses are scheduled for 2019.

Training on anti-money laundering was also delivered for new employees in Bahrain with the help of the Compliance Department, who developed the training material.

Classification of Bank Employees According to Educational Qualifications for the Year 2018



Training Courses Distribution During 2018



Corporate Social Responsibility:

Bank of Jordan continued to act responsibly and give back to the community by extending cash and other assistance to various community-based organizations, charities, and voluntary associations in support of educational, health, cultural, social, and sports activities.

- Education

Believing that investing in education is a crucial investment for the Kingdom's future, the Bank pressed ahead with its long-standing policy of supporting educational initiatives. The Bank continued its strategic partnership with the Children's Museum for the ninth consecutive year. Under the arrangement, children and their parents enjoy free access to the facility on the first Friday of every month. It also supported the Elia Nuqul Foundation through the "Personal Leadership Program" designed for students eligible for undergraduate scholarships. Moreover, the Bank funded several scholarships in cooperation with various national institutions. Furthermore, Bank of Jordan assisted with the renovation and expansion costs of the Admission and Registration Unit at the University of Jordan. The Bank also helped researchers and students by providing them with the information they need to complete their studies.

- The Environment

On the environment front, the Bank supported King Hussein Bin Talal Cultural Initiative who seek to encourage people to read and find job opportunities for the unemployed. It was also one of the sponsors of the First Jordanian International Agricultural Forum organized by the Ministry of Agriculture. For the fifth year in a row, the Bank supported a tree-planting campaign organized by the Arab Group for the Protection of Nature. The initiative, under which 500 citrus trees were planted, aims to help impoverished families in the Jordan Valley secure a source of income. This took place in addition to supporting initiatives by the Petra National Trust Association for the workshops titled "Inspired by Cultural Heritage".

- Sports

In sports, the Bank sponsored Jordanian athlete and runner Nabil Maqableh participate in various local and international competitions and training camps. Assistance was also provided to the Jordan Football Association whereby tickets were purchased for underprivileged students to give them the chance to attend the 2018 AFC Women's Asian Cup held in Jordan in April 2018. Moreover, Bank of Jordan helped the Jordanian Club for the Deaf organize a football championship and participated in the Amman Baccalaureate School Marathon as a gold sponsor.

- Conferences

The Bank sponsored several conferences in 2018. It participated in the 9th International Conference of the Royal Medical Services and Jordan Health Exhibition as a silver sponsor. It served as a gold sponsor for the first Engineering Consultative Week - organized by the Jordan Engineers Association - and at the Sixth General Conference of Arab Union of Electricity.

Bank of Jordan- Bahrain took part in the Bonds, Loans & Sukuk Conference as a bronze sponsor. The sponsorship of the event, held in Saudi Arabia, falls under efforts aimed to improve the Bank's presence and ties with key players in the capital market.

- National Initiatives, Charities, and Humanitarian Organizations

Also in 2018, the Bank continued sponsoring families of martyrs from the Jordan Armed Forces and security apparatus who served and died for their country. Other institutions that received cash assistance from the Bank in 2018 include Palestine International Institute through sponsorships of annual events and other medical initiatives that seek to extend medical support to Palestinians. Additionally, the Bank continued to support the Society for the Care of Gifted Autistic Children, the Chechen and Circassian societies and Princess Taghreed Institute for Development and Training.

Iftar banquets were hosted for orphans during the month of Ramadan and food parcels were distributed to the underprivileged. The Bank also supported the White Beds Society, helping them continue to care for senior citizens. It joined hands with the Jordan Armed Forces to organize a mass wedding. Furthermore, BoJ supported MAP solidarity campaign for the second year in a row and other initiatives launched by the Welfare Association such as Cycling for Palestine. As for cultural activities, the Bank sponsored an exhibition to celebrate renowned Jordanian painter Muhanna Durra organized by the Royal Society of Fine Arts.

Total donations and support totaled JD 668.7 thousand in 2018.

Gold sponsorship of Amman Baccalaureate School marathon.

Sponsored the "Lanterns Campaign"
during Ramadan in collaboration with Steps Organization.

Sponsored the Welfare Association (Cycling for Palestine initiative)

Sponsored a campaign titled "Lets Collaborate"
via the Jordanian Society for Medical Aid in Palestine.

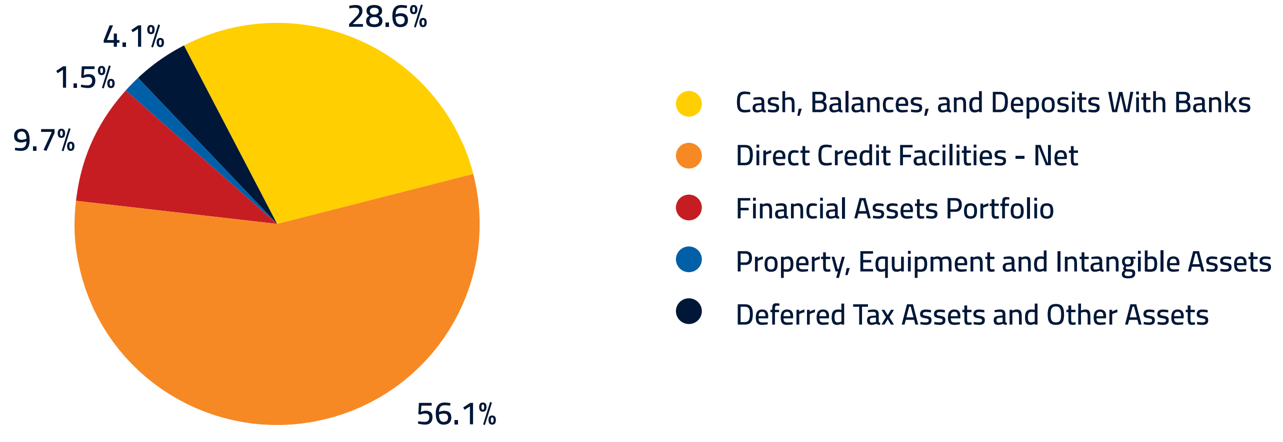
Sponsored a football championship for the deaf.

Analysis of Financial Position and Business Results for 2018

Assets slightly rose by 2.1% in 2018 to JD 2,619.1 million from a year earlier. To maintain its financially strong platform, the Bank continued to grow shareholder equity through optimal asset allocation while maximizing profit and minimizing risk. It also ensured that it has in place sufficient liquidity to meet its various obligations.

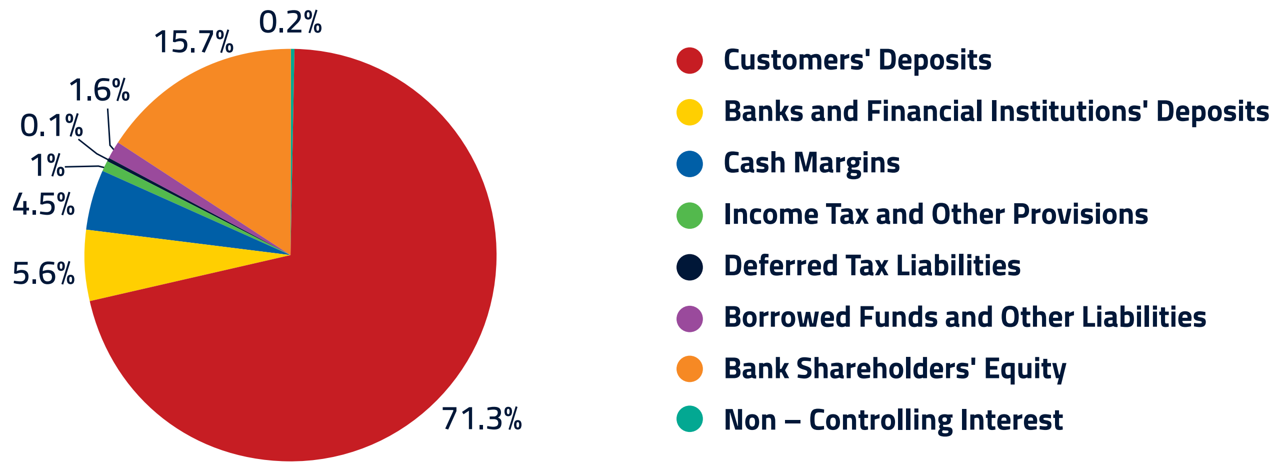
The Bank's Assests	JD (Millions)		Relative Significance %	
	2018	2017	2018	2017
Cash, Balances and Deposits with Banks	747.7	659.3	28.6%	25.7%
Direct Credit Facilities-Net	1,469.2	1,447.2	56.1%	56.4%
Financial Assets Portfolio	254.9	334.6	9.7%	13.1%
Property, Equipment and Intangible Assets	39.3	36.7	1.5%	1.4%
Deferred Tax Assets and Other Assets	108	87.3	4.1%	3.4%
Total Assets	**2,619.1**	**2,565.1**	**100%**	**100%**

Relative Significance of the Bank's Assets 2018



Liabilities and Owners' Equity	JD (Millions)		Relative Significance %	
	2018	2017	2018	2017
Customers' Deposits	1,867.8	1,845.8	71.3%	72.0%
Banks and Financial Institutions' Deposits	145.2	64.9	5.6%	2.5%
Cash Margins	117.3	149.4	4.5%	5.8%
Financial Derivatives	-	0.2	0.0%	0.0%
Income Tax and Other Provisions	27.2	24.6	1.0%	0.9%
Deferred Tax Liabilities	3.3	-	0.1%	0.0%
Borrowed Funds and Other Liabilities	40.8	41.1	1.6%	1.6%
Bank Shareholders' Equity	411.9	433.7	15.7%	17.0%
Non – Controlling Interest	5.6	5.4	0.2%	0.2%
Total Liabilities and Owners' Equity	**2,619.1**	**2,565.1**	**100%**	**100%**

Relative Significance of the Bank's Liabilities and Owners' Equity 2018



Direct Credit Facilities:

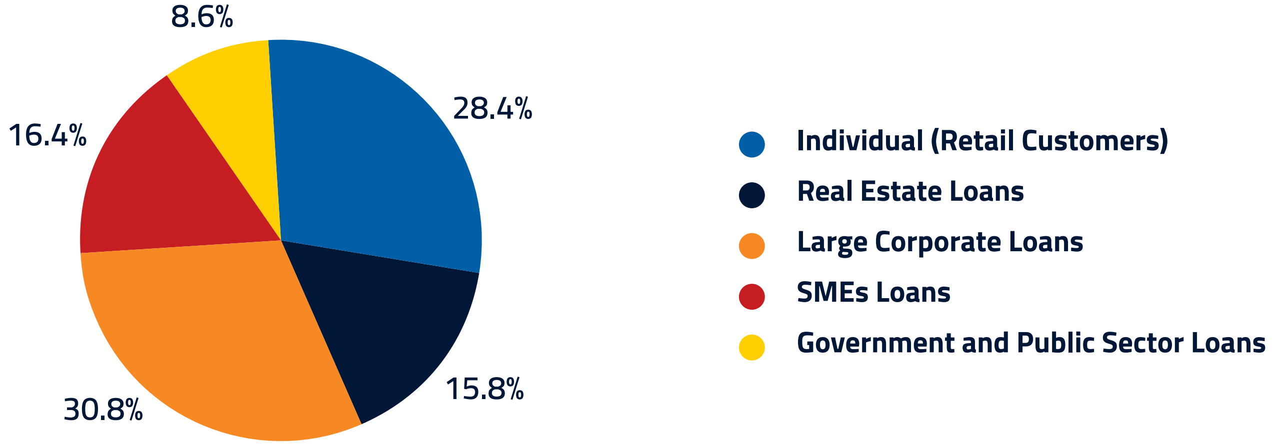
Total credit facilities inched up 2.2% year-on-year, resting at JD 1,575.1 million, thanks to well-informed decisions reached by the executive committee and executed by the risk management staff. The Bank's approach to risk took into account, among other variables, fluctuations in interest rate yield spread. This, in addition to constant measuring and monitoring of the market, credit risks and others. The collection team also proceeded with collecting loans as they fell due.

The ratio of non-performing loans (after deducting interest in suspense) to total credit stood at 5.3% against 4.5% in 2017, still within the benchmark ratio.

Once again, the Bank was a major financer for corporations, SMEs, individuals, and the Jordanian government, providing funds for the various sectors and projects to ensure a balanced asset mix.

Total of Credit Facilities Portfolio (After Deducting Interest and Commission Received in Advance)	JD (Millions)		Relative Significance %	
	2018	2017	2018	2017
Individual (Retail Customers)	447.6	377.2	28.4%	24.5%
Real Estate Loans	248.8	234.0	15.8%	15.0%
Large Corporate Loans	485.6	459.9	30.8%	30.0%
SMEs Loans	258.4	241.1	16.4%	15.6%
Government and Public Sector Loans	134.7	229.4	8.6%	14.9%
Total Direct Credit Facilities	**1,575.1**	**1,541.6**	**100%**	**100%**

Relative Significance of Credit Facilities Portfolio According to Type 2018



Financial Assets Expected Credit Loss Provision:

To offset potential losses, the Bank continued to set aside provisions for debts that will likely default or become unrecoverable – as per regulatory and accounting requirements, and audit recommendations. Thus, the coverage ratio of provisions for non-performing loans (net interest in suspense and cash margin) reached 109.41% in 2018 versus 125.36% the year before. The fair value of collateral against loans stood at JD 611.8 million versus JD 544.4 million.

Financial Assets Portfolio:

The financial assets portfolio saw a year-on-year drop of 23.8%. Financial assets at fair value through comprehensive income plunged by 55.2% following a decision to sell some of the Bank's stocks in active markets. Financial assets at amortized cost also fell 7.4%. These represent investments in bonds and treasury bills, issued and guaranteed by the government, as well as other bonds and corporate debentures. At the same time, financial assets through profit and loss went down JD 27.3 thousand.

Financial Assets Portfolio	JD (Millions)		Relative Significance %	
	2018	2017	2018	2017
Financial Assets at Fair Value through Profit or Loss	0.2	0.2	0.1%	0.1%
Financial Assets at Fair Value through Comprehensive Income	51.4	114.8	20.2%	34.3%
Financial Derivatives	0.01	-	0.0%	0.0%
Financial Assets at Amortized Cost	203.3	219.6	79.7%	65.6%
Total	**254.9**	**334.6**	**100%**	**100%**

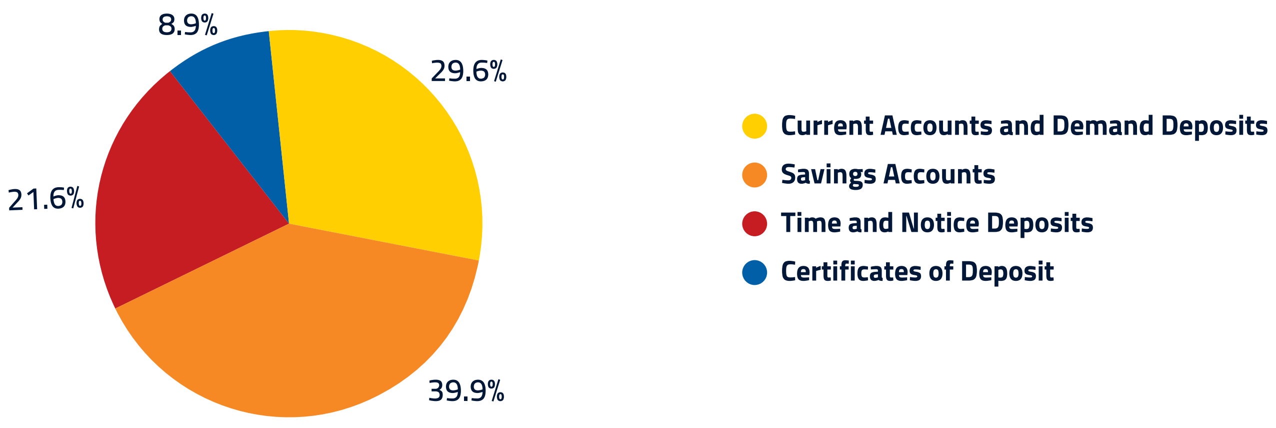
Relative Significance of Financial Assets Portfolio According to Type 2018

Customer Deposits:

Customer deposits edged up 1.2% in 2018 when compared to the previous year, clocking in at JD 1,867.8 million. Despite fierce market competition, the Bank worked hard to protect and expand its customer base. Furthermore, the Bank continued to develop and market its savings account and CDs programs. Figures show that savings deposits and time deposits slid 0.3% and 18.9% respectively, while CDs saw a remarkable growth of 81.8%. Current and demand deposits also witnessed a growth of 8.6%. Non-interest bearing deposits, in the meantime, amounted to JD 627.8 million against JD 675.4 million in 2017.

Customer Deposits According to Type	JD (Millions)		Relative Significance %	
	2018	2017	2018	2017
Current Accounts and Demand Deposits	553.3	509.4	29.6%	27.6%
Savings Accounts	745.0	747.2	39.9%	40.5%
Time and Notice Deposits	404.1	498.2	21.6%	27.0%
Certificates of Deposit	165.4	91.0	8.9%	4.9%
Total	**1,867.8**	**1,845.8**	**100.0**	**100.0**

Relative Significance of Customers' Deposits 2018



Shareholders' Equity:

Shareholder's equity declined by 5% to JD 411.9 million in 2018 from a year earlier. Statutory reserves jumped by 8.8% to JD 87.9 million, while the fair value reserve plummeted 67% after the Bank decided to trim its stakes in some investments. As per the Board's recommendation to the General Assembly, shareholders are set to receive cash dividends of 18% of capital – equivalent to JD 36 million and to retain the remaining profits.

Capital Adequacy:

The capital adequacy ratio, which retracted to 16.81% from 19.08% in 2017, was still higher than the CBJ minimum ratio of 14.125%, set in accordance with the Basel III guidelines. The Primary Capital for ordinary shareholder Tier 1 (CETI) also slid to 16.35% in 2018 from 18.32% in 2017.

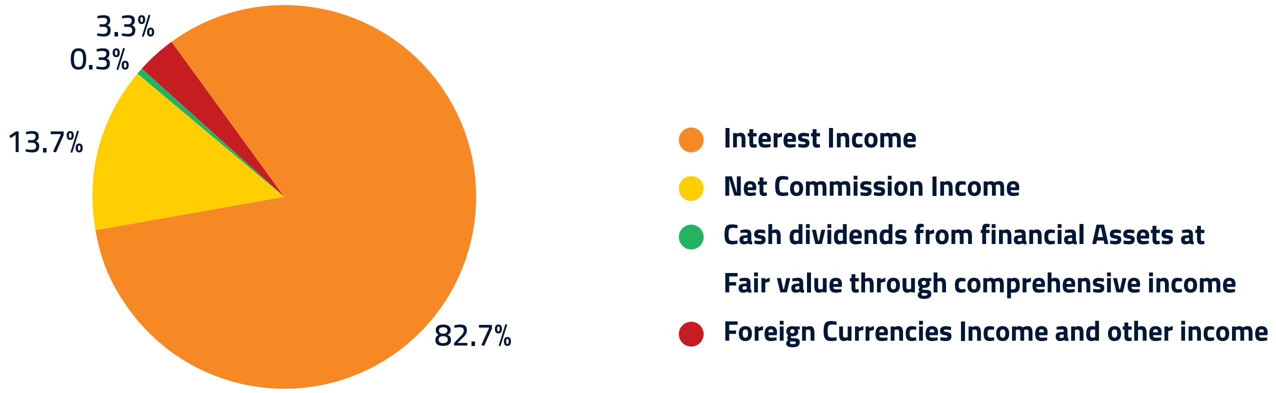
Financial Results:

Total revenues fell 1.7% to JD 178.8 million in 2018. Total income reached JD 141.7 million versus JD 155 million, representing year-on-year drop of 8.6%. Net interest and commission income stood at JD 135.3 million, up 6.4%. Profits before tax and provisions netted JD 71.7 million when compared to JD 91.6 million in 2017. Counting in provisions for impairment of direct credit facilities, provision for assets foreclosed by the bank, other provisions, and income tax, net income settled at JD 41.2 million against JD 45.6 million in 2017, down 9.6%

Net Profit Before and After Taxes and Provisions	JD (Millions)		Difference
	2018	2017	2018
Net Profit before Taxes and Provisions	71.7	91.6	(19.9)
Direct Credit Facilities Provision	(6.0)	(20.6)	14.6
Financial Assets Expected Credit Loss Provision	(1.6)	-	(1.6)
Provision for assets foreclosed by the bank	(0.2)	(2.9)	2.7
Other Provisions	(1.0)	(0.5)	(0.5)
Profit Before Income Tax	62.9	67.6	(4.7)
Income Tax Expense	(21.7)	(22.0)	0.3
Net Profit	41.2	45.6	(4.4)

Total Realized Revenue	JD (Millions)		Relative Significance %	
	2018	2017	2018	2017
Interest Income	147.8	129.9	82.7%	71.4%
Net Commissions Income	24.6	24.3	13.7%	13.4%
Cash dividends from financial Assets at Fair value through comprehensive income	0.5	4.6	0.3%	2.5%
Foreign Currencies Income and other income	5.9	23.1	3.3%	12.7%
Total	**178.8**	**181.9**	**100%**	**100%**

Relative Significance of Total Revenues 2018



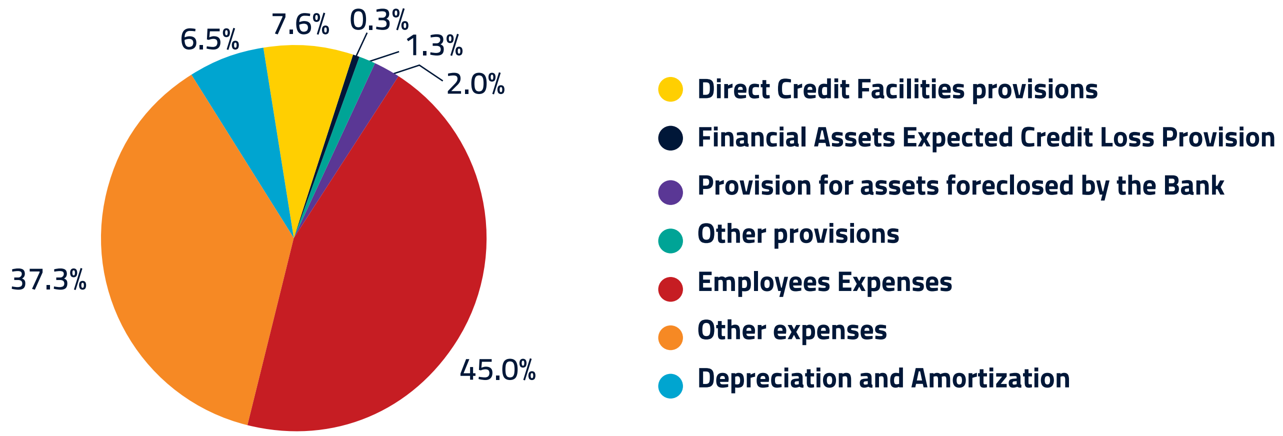
Expenses and Provisions:

The Bank's expenses and provisions dropped by 10% to JD 78.8 million in 2018. This came on the back of the JD 13 million drop in the Financial Assets Expectd Credit Loss Provision. The depreciation and amortization item, meanwhile, recorded an increase of 6.5%. Employee expenses were also higher by JD 1.9 million.

The compensation package of the senior management totaled JD 2.4 million in 2018. Audit fees stood at JD 96.7 and JD 19.7 thousand for Bank of Jordan and Bank of Jordan – Syria, respectively. For Excel for Financial Investments, the audit fees totaled JD 4.06 thousand and JD 2.9 thousand for Jordan Leasing Company.

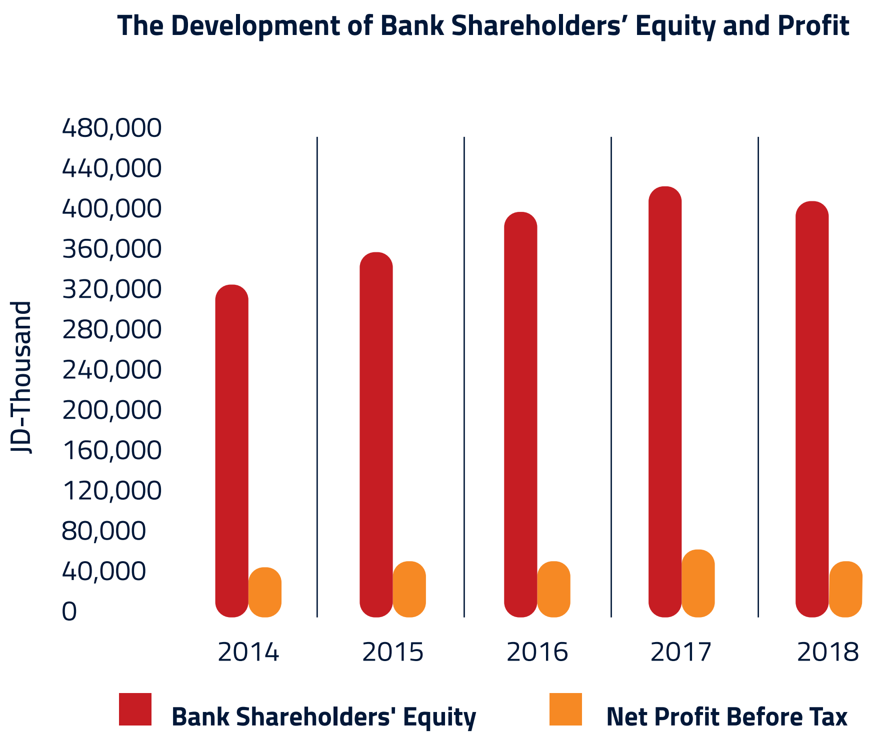
Expenses and Provisions	JD (Millions)		Relative Significance %	
	2018	2017	2018	2017
Direct Credit Facilities Provision	6.0	20.6	7.6%	23.6%
Financial Assets Expected Credit Loss Provision	1.6	-	2.0%	0.0%
Provision for assets foreclosed by the bank	0.2	2.9	0.3%	3.3%
Other Provisions	1.0	0.5	1.3%	0.6%
Employees Expenses	35.5	33.6	45.0%	38.4%
Other Expenses	29.4	25.0	37.3%	28.6%
Depreciation and Amortization	5.1	4.8	6.5%	5.5%
Total	**78.8**	**87.4**	**100%**	**100%**

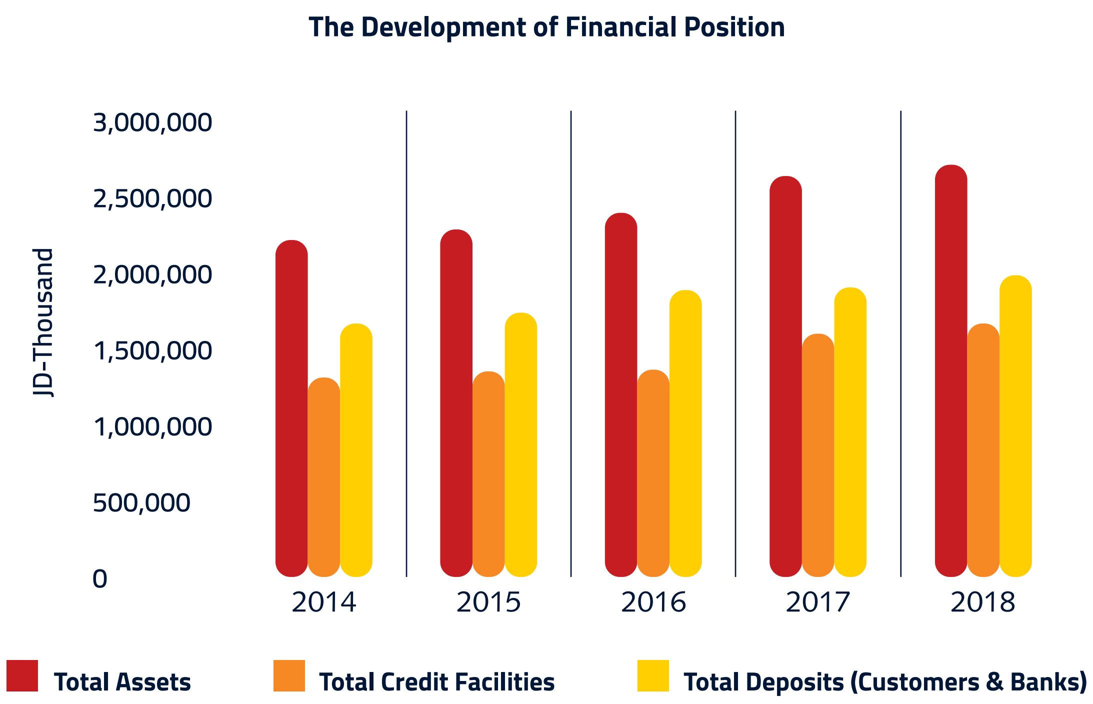
Relative Significance of Expenses and Provisions 2018



Main Financial Ratios	2018	2017
Return on Average Bank shareholders' Equity	9.82%	11.15%
Return on Capital	20.62%	22.8%
Return on Average Assets	1.59%	1.86%
Profitability per Employee (after Tax)	21,403 JD	22,601 JD
Interest Income / Average Assets	5.70%	5.30%
Interest Expense / Average Assets	1.43%	1.10%
Interest Margin / Average Assets	4.27%	4.20%
Coverage Ratio of provisions for Non-Performing Loans (Net)	109.41%	125.36%
Non-performing loans (after deducting interest in suspense) / total credit facilities	5.3%	4.50%

Financial indicators for the years (2014 – 2018)	Amount in JD Thousand				
Financial Year	2014	2015	2016	2017	2018
Total Assets	2,190,187	2,206,222	2,338,839	2,565,132	2,619,080
Total Credit Facilities	1,196,856	1,221,967	1,297,832	1,541,582	1,575,119
Total Deposits (Customers and Banks)	1,702,899	1,688,476	1,752,603	1,910,697	2,013,035
Bank Shareholders' Equity	335,746	362,242	405,447	433,665	411,891
Non-controllers' Interest	4,116	4,703	6,989	5,491	5,566
Net Profit Before Tax	59,999	61,966	62,315	67,583	62,959





Our Goals for 2019

The implementation of newly enhanced digital services has been defined as a key goal for 2019 aimed at satisfying the expectations of connected customers - which are evolving faster than ever before. This has also been set as a main objective in the second phase of the Bank's strategic plan and other development plans executed at the technical, organizational, and operational levels.

Financial Goals:

- Ensure that key financial ratios fall within the range set by the regulator and within international limits. This means that capital adequacy should hover around 14.5%, and legal liquidity must be kept at 100% or higher.
- Improve the Bank's competitive positioning in the various markets.
- Maximize profitability, and aim for a return on assets ratio of no less than 1.8%

Markets and Customers:

- Grow and diversify the customer base by reaching out to new sectors and segments. This is in addition to improving the level of services and products. These efforts are bolstered by the Bank's strong fundamentals and regional expansion schemes planned for the few coming years.
- Contribute to national development efforts through financing key economic sectors: education, trade, industry, construction, transport, health, mining, tourism, services, and other promising sectors, through high performing teams.
- Expand the branch and ATM network through opening at least six new branches in Jordan and Palestine and adding at least 27 ATMs in target locations in 2019.
- Support activities that help achieve sustainable development; mainly educational, health, charitable, environmental, and social initiatives.

Operations and IT:

Keep abreast of advances in technology to enhance the customer digital experience. This will be achieved through launching the Mobile Banking app with new features, moving to the cloud, and keeping the Bank's website well-maintained. The Bank will also continue to implement the Customer Relation Management (CRM) and Enterprise Content Management (ECM) projects.

Risk Management and Information Security:

Develop the risk management function across the BoJ group based on best international practices. In due course, a comprehensive project will be executed in cooperation with a leading company in the field. The Bank will also continue to comply with banking regulations and guidelines and enhance information security systems through infrastructure resilience. Specialized information security companies will also be contracted to ensure data is protected round-the-clock.

Learning and Development:

Enhance employee overall performance and fostering a learning culture in the workplace through delivering specialized training programs. The Bank will also continue to implement the behavioral competencies project and incorporate these competencies into HR operations.

Consolidated Financial Statements and Independent Auditor’s Report 2018

KPMG

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Independent Auditor's Report

To the Shareholders of
Bank of Jordan
Public Shareholding Company
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Bank of Jordan and its subsidiaries "The Bank"** which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statements of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in owner's equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of December 31, 2018 and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

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

Key Audit Matters

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

KPMG

1. Adequacy of Expected Credit Loss Provision against Direct Credit Facilities

Key Audit Matters description	How our audit addressed the key audit matters
The Bank has adopted International Financial Reporting Standard No. (9) starting from January 1st 2018, replacing International Accounting Standard No. (39), which replaced IAS (39) loss model for calculating the impairment against financial assets to the forward-looking model "Expected credit loss" that requires the management to establish assumptions, estimates and basis for calculating the expected credit losses. Credit facilities are considered important assets of the Bank. The nature and characteristics of credit facilities granted to customers vary from sector to sector and from country to country due to the nature of the Bank's geographical spread. Therefore, the methodology for calculating the expected credit loss provision against direct credit facilities is different due to sectors differences and different risk assessment related to these countries and their legal and organizational requirements. The calculation and accuracy of expected credit losses requires the Bank's management to make assumptions and definitions, including "probability of default", "significant increase in credit risk" etc,it also requires the use of estimates on the classification of direct credit facilities on different stages and the adequacy of the collaterals then the suspension of interest in the event of default in accordance with the instructions of the regulatory authorities. Such matters makes expected credit loss provision against direct credit facilities a key audit matter. Net credit facilities granted by the Bank to customers amounted to JD 1,469 million, which represent 56% of the total assets as of December 31, 2018. The expected credit loss provision against direct and indirect facilities amounted to JD 105 million as of December 31, 2018.	The audit procedures performed included a review and understanding of the nature of credit facilities portfolio, evaluating the Bank's credit policy, internal control system adopted in granting and monitoring credit and evaluating the extent to which they comply with the requirements of IFRS and comparing the results with the instructions of the regulatory authorities. We completed our understanding of the Bank's methodology for calculating expected credit losses by using experts where appropriate and assessing the expected credit loss model, which includes the following: - Review of the methodology used by the Bank to calculate the expected credit losses and its conformity with the requirements of IFRS (9). - Review of the expected credit loss methodology preparation at the model's level. - Credit exposures stages classification of and their reasonableness and determining the significant increase in credit risk - Review the validity and accuracy of the model used in the calculation process and its components (Probability of Default (PD), Loss Given Default (LGD), Exposure to Default (EAD) and effective interest rate and related accruals). - Review the assumptions used for the forward looking and macroeconomic factors - Review of the of expected credit loss calculations. - Review of the completeness of information used in the calculation of expected credit losses and review of the related maker-checker process and it's related supporting documentation - Review of the governance procedures related to the expected credit loss calculations. We also assessed the adequacy of the disclosures related to the credit facilities and the expected credit loss provision against credit facilities and related risks in the accompanying notes.

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2. **Foreign Currency Translation Reserve / Investments in Foreign Subsidiaries**

Key Audit Matters description	How our audit addressed the key audit matters
Due to the deployment of the Bank's foreign branches in several countries and the dealing in various foreign currencies, the Bank may be exposed to fluctuation of exchange rates risks arising from some of those countries' prevailing conditions. Therefore, translating the assets and liabilities of foreign branches and subsidiaries from the local currency (the functional currency) to Jordanian dinar is significant to our audit. Moreover, the exchange differences arising from evaluating the net investment in foreign branches and subsidiaries are shown within other comprehensive income items.	The audit procedures included testing the internal control system relating to determination of foreign currency exchange rates adopted by management. In addition, the audit procedures included reviewing a sample of foreign currency exchange rates adopted by management and matching them with those set by the Central Bank of Jordan. The audit procedures also included re-calculating a sample of the differences arising from translating those currencies shown within other comprehensive income items. They included as well obtaining the subsidiary's financial statements, verifying management's exchange rates, and matching them with the exchange rates of the Central Bank of Jordan.

Other Information

Management is responsible for the other information. This comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor thereon, in which we expected to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence

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that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Bank's effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. 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 and to which reference should be made.

Kawasmy and Partners
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Hatem Kawasmy
License No. (656)

Amman – Jordan
February 28, 2019

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Kawasmy & Partners Co.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Statement (A)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY)	Note	December 31,	
Amman - Jordan		2018	2017
Assets		JD	JD
Cash and balances with central banks	4	360,142,503	268,583,151
Balances with banks and financial institutions	5	152,118,694	265,682,212
Deposits with banks and financial institutions	6	235,435,227	125,000,000
Financial derivatives	38	10,601	-
Financial assets at fair value through profit or loss	7	169,677	196,987
Financial assets at fair value through comprehensive income	8	51,391,078	114,791,862
Direct credit facilities at amortized cost	9	1,469,239,659	1,447,227,771
Financial assets at amortized cost	10	203,395,684	219,576,390
Property and equipment – Net	11	34,344,020	31,930,233
Intangible assets	12	4,998,823	4,839,231
Deferred tax assets	18	18,580,246	14,683,719
Other assets	13	89,253,998	72,620,383
Total Assets		2,619,080,210	2,565,131,939
Liabilities and Owners' Equity			
Liabilities:			
Banks and financial institutions' deposits	14	145,242,827	64,896,195
Customers' deposits	15	1,867,792,486	1,845,800,756
Cash margins	16	117,268,917	149,356,693
Financial derivatives	38	-	178,833
Other provisions	17	5,194,240	5,006,765
Income tax provision	18	21,978,685	19,602,158
Deferred tax liabilities	18	3,296,665	-
Borrowed funds	19	4,557,811	2,437,716
Other liabilities	20	36,291,532	38,696,473
Total Liabilities		2,201,623,163	2,125,975,589
Owners' Equity:			
Equity Attributable to the Bank's shareholders			
Paid-up capital	21	200,000,000	200,000,000
Statutory reserve	22	87,947,294	80,820,952
Voluntary reserve	22	134,330	134,330
General banking risks reserve	22	2,258,450	15,128,290
Special reserve	22	5,849,039	4,103,632
Foreign currency translation differences	23	(12,256,254)	(12,256,254)
Fair value reserve	24	26,668,016	81,288,341
Retained earnings	25	101,289,732	64,446,126
Total Equity Attributable to the Bank's Shareholders		411,890,607	433,665,417
Non-controlling interests		5,566,440	5,490,933
Total Owners' Equity		417,457,047	439,156,350
Total Liabilities and Owners' Equity		2,619,080,210	2,565,131,939

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Statement (B)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY) Amman - Jordan	Note	For the Year Ended December 31, 2018 JD	2017 JD
Interest income	27	147,810,673	129,861,236
Less: Interest expense	28	37,072,130	26,919,012
Net Interest income		110,738,543	102,942,224
Net – Commissions income	29	24,597,018	24,259,668
Net interest and commissions income		135,335,561	127,201,892
Foreign currencies income	30	2,447,014	2,760,010
(Loss) Gain from financial assets at fair value through profit or loss	31	(4,670)	4,217
Cash dividends from financial assets at fair value through comprehensive income	8	524,261	4,636,746
Gain on sale of financial assets at amortized cost	10	-	87,724
Other income	32	3,440,414	20,327,389
Total Income		141,742,580	155,017,978
Employees expenses	33	35,500,079	33,572,988
Depreciation and amortization	12,11	5,116,629	4,806,532
Other expenses	34	29,381,128	25,006,129
Financial assets expected credit loss provision	35	7,642,134	-
Direct credit facilities provision	9	-	20,637,508
Provision for assets foreclosed by the Bank	13	196,629	2,925,420
Other provisions	17	947,049	486,038
Total Expenses		78,783,648	87,434,615
Profit before Income Tax		62,958,932	67,583,363
Less: Income tax expense	18	21,714,509	21,973,902
Profit for the Year Statements (C) and (D)		41,244,423	45,609,461
Attributable to:			
Bank's Shareholders		41,527,540	46,795,537
Non-controlling Interests		(283,117)	(1,186,076)
Profit for the Year		41,244,423	45,609,461
Earnings per share for the year attributable to the Banks' shareholders			
Basic/Diluted	36	0.208	0.234

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement (C)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY) Amman - Jordan	Ended December 31, 2018 JD	2017 JD
Profit for the Year - Statement (B)	41,244,423	45,609,461
Other comprehensive income items:		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Foreign currencies translation differences	-	(612,098)
	-	(612,098)
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
(Loss) from sales of financial assets at fair value through comprehensive income - Net after Tax	(4,266,804)	-
Change in fair value reserve in equity instrument classfied as fair value through other comprehensive income - net of tax	(15,276,485)	17,722,753
	(19,543,289)	17,722,753
Total Comprehensive Income-Statement (D)	21,701,134	62,720,116
Total Comprehensive Income attributable to:		
The Bank's Shareholders	21,984,251	64,218,188
Non-controlling Interests	(283,117)	(1,498,072)
	21,701,134	62,720,116

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

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Statement (D)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY) Amman - Jordan	Paid-Up Capital	Reserves							Retained Earnings	Total equity attributable to the Banks' Shareholders Equity	Non-Controlling Interests	Total Owners' Equity
		Statutory	Voluntary	General Banking Risks	Special	Foreign Currency Translation Differences	Fair Value Reserve					
For the Year Ended December 31, 2018	JD	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD
Balance - beginning of the Year	200,000,000	80,820,952	134,330	15,128,290	4,103,632	(12,256,254)	81,288,341		64,446,126	433,665,417	5,490,933	439,156,350
Effect of IFRS (9) Implantation	-	-	-	-	-	-	-		(7,342,151)	(7,342,151)	(58,286)	(7,400,437)
Adjusted Balance- Beginning of the Year	200,000,000	80,820,952	134,330	15,128,290	4,103,632	(12,256,254)	81,288,341		57,103,975	426,323,266	5,432,647	431,755,913
Foreign currency translation differences	-	-	-	-	-	-	-		-	-	-	-
Profit for the year – Statement (B)	-	-	-	-	-	-	-		41,527,540	41,527,540	(283,117)	41,244,423
Change in fair value reserve in equity instrument classfied as fair value through other comprehensive income - net of tax	-	-	-	-	-	-	(15,276,485)		-	(15,276,485)	-	(15,276,485)
Recognized loss from sale of equity instrument classfied as financial assets as fair value through other comprehensive income - Net after tax	-	-	-	-	-	-	(39,343,840)		35,077,036	(4,266,804)	-	(4,266,804)
Total Comprehensive Income – Statement (C)	-	-	-	-	-	-	(54,620,325)		76,604,576	21,984,251	(283,117)	21,701,134
Transfer to reserves	-	7,126,342	-	(12,869,840)	1,745,407	-	-		3,581,181	(416,910)	416,910	-
Dividends paid*	-	-	-	-	-	-	-		(36,000,000)	(36,000,000)	-	(36,000,000)
Balance – End of the Year	200,000,000	87,947,294	134,330	2,258,450	5,849,039	(12,256,254)	26,668,016		101,289,732	411,890,607	5,566,440	417,457,047
For the Year Ended December 31, 2017												
Balance – Beginning of the year	200,000,000	73,917,046	113,124	12,996,161	3,330,908	(12,401,835)	63,565,588		63,926,237	405,447,229	6,989,005	412,436,234
Foreign currency translation differences	-	21,206	21,206	4,072	-	145,581	-		(492,167)	(300,102)	(311,996)	(612,098)
Profit for the year – Statement (B)	-	-	-	-	-	-	-		46,795,537	46,795,537	(1,186,076)	45,609,461
Changes in fair value reserve	-	-	-	-	-	-	17,722,753		-	17,722,753	-	17,722,753
Total Comprehensive Income – Statement (C)	-	21,206	21,206	4,072	-	145,581	17,722,753		46,303,370	64,218,188	(1,498,072)	62,720,116
Transfer to reserves	-	6,882,700	-	2,128,057	772,724	-	-		(9,783,481)	-	-	-
Dividends paid*	-	-	-	-	-	-	-		(36,000,000)	(36,000,000)	-	(36,000,000)
Balance – End of the Year	200,000,000	80,820,952	134,330	15,128,290	4,103,632	(12,256,254)	81,288,341		64,446,126	433,665,417	5,490,933	439,156,350

* According to the resolution of the Bank's General Assembly in its ordinary meeting held on April 26, 2018, it was approved to distribute 18% of the Bank's capital in cash to shareholders which is equivalent to JD 36,000,000 (against 18% of the Bank's capital in cash to shareholders which is equivalent to JD 36,000,000 according to the resolution of the bank's general assembly in its ordinary meeting held on April 17,2017).

** According to Central Bank of Jordan Circular No. 10/1/1359 dated January 25, 2018 and Central Bank of Jordan Circular No. 13/2018 dated June 6, 2018, General banking risks reserve accumulated balance as of January 1, 2018 related to the Jordan branches and its subsidiaries were transferred to the retained earnings.

*** According to the instructions of the regulatory bodies:
- The general banking risks reserve and special reserve cannot be utilized without prior approval from the Central Bank of Jordan and the Palestine Monetary Authority.
- Retained earnings include a restricted amount of JD 18,580,246 against deferred tax benefits as of December 31, 2018. This restricted amount cannot be utilized through capitalization or distribution unless actually realized based on the Central Bank of Jordan's instructions.
- Retained earnings include an amount of JD 3,302,537 as of December 31, 2018 which are restricted amounts and represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through actual sale as instructed by the Central Bank of Jordan and Jordan Securities Commission also retained earning balance include JD 813,437 as of December 31 2018 that cannot be utilized through distribution or any other purposes unless there are a former approval from the Central Bank of Jordan resulting from application of Central Bank of Jordan Circular no. 10/1/1359 dated January 25, 2018 and Central Bank of Jordan Circular No. 13/2018 dated June 6, 2018.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Statement (E)

BANK OF JORDAN (PUBLIC SHAREHOLDING LIMITED COMPANY)		For the Year Ended December 31,	
Amman - Jordan	Note	2018	2017
Cash Flows From Operating Activities:		JD	JD
Profit before income tax – Statement (B)		62,958,932	67,583,363
Adjustments for non-cash items:			
Depreciation and amortization	12,11	5,116,629	4,806,532
financial assets expected credit loss provision	35	7,642,134	-
Direct credit facilities provision	9	-	20,637,508
Gain from sale of property and equipment	32	(11,626)	(204,110)
(Loss) from financial assets at fair value through profit or loss Unrealized	31	17,109	8,732
Effect of exchange rate fluctuations	30	(2,165,919)	(2,307,543)
Other provisions	17	947,049	486,038
Provision for assets foreclosed by the bank	13	196,629	2,925,420
Assets foreclosed by the bank revaluation loss	32	1,488,560	-
Foreign currency exchange differences		-	(402,831)
Profit before changes in assets and liabilities		76,189,497	93,533,109
Changes in Assets and Liabilities:			
(Increase) in restricted balances		(1,367,787)	(1,174,192)
(Increase) decrease in deposits with banks and financial institutions (maturing over 3 months)		(110,452,225)	(100,000,000)
Decrease in financial assets at fair value through profit or loss		10,201	-
(Increase) in direct credit facilities at amortized cost		(29,593,245)	(241,852,246)
(Increase) decrease in other assets		(22,998,935)	(21,064,065)
Increase in deposits and financial institutions (maturing over 3 months)		109,405,874	21,531,993
Increase in customer's deposits		21,991,730	238,821,626
(Decrease) Increase in cash margins		(32,087,776)	20,064,591
Increase in borrowed funds		2,120,095	2,012,837
(Decrease) Increase in other liabilities		(10,087,309)	16,038,883
Net Change in Assets and Liabilities		(73,059,377)	(65,620,573)
Net Cash Flows from Operating Activities before paid taxes, end-of-service indemnity provision, and lawsuits provision		3,130,120	27,912,536
End-of-service indemnity and lawsuits provisions paid	17	(759,574)	(533,936)
Taxes paid	18	(21,816,266)	(21,876,847)
Net Cash Flows (used in) from Operating Activities		(19,445,720)	5,501,753
Cash Flows from Investing Activities:			
(Purchase) of financial assets at amortized cost		(42,941,639)	(85,774,723)
Sale and Maturity of financial assets at amortized cost		58,521,996	38,836,013
(Purchase) of financial assets at fair value through comprehensive income		(610,884)	(5,015,771)
Sale of financial assets at fair value through comprehensive income		51,979,238	75,000
Maturity (Purchase) of financial derivatives		(189,434)	161,178
(Purchase) of property and equipment and advance payments to acquire property and equipment		(6,845,067)	(5,489,943)
Sale of property and equipment		186,255	332,735
(Purchase) of intangible assets	12	(1,019,570)	(2,101,181)
Net Cash Flows from (Used in) Investing Activities		59,080,895	(58,976,692)
Cash Flows from Financing Activities:			
Foreign currency translation differences		-	(612,098)
Dividends distributed to shareholders		(35,916,117)	(35,519,318)
Net Cash Flows (used in) Financing Activities		(35,916,117)	(36,131,416)
Effect of exchange rate fluctuations on cash and cash equivalents	30	2,165,919	2,307,543
Net Increase (Decrease) in Cash and Cash Equivalents		5,884,977	(87,298,812)
Cash and cash equivalents - Beginning of the year		476,846,860	564,145,672
Cash and Cash Equivalents - End of the Year	37	482,731,837	476,846,860

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

1. General

Bank of Jordan was established in 1960 as a public shareholding Limited Company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. However, the Bank's authorized and paid-up capital was increased in several stages, the last of which took place in accordance to the general assembly's resolution at their extraordinary meeting held on April 9, 2016. Thus, the Bank's capital was increased from 155/1 million to 200 million through the capitalization of JD 13,702,858 from voluntary reserve and JD 31,197,142 from retained earnings. The legal procedures related to the capital increase were completed on April 19, 2016.

The Bank provides all financial and banking services within its scope of activities. Those services are offered at its (75) branches across Jordan, (14) branches across Palestine and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan – Syria).

The Bank has established a branch at the Kingdom of Bahrain, which commenced it's operations during the first quarter of 2018 after obtaining all necessary approvals from Central Bank of Jordan and regulatory authorities in the Kingdom of Bahrain.

The consolidated financial statements have been approved by the Board of Directors in its meeting No. 613 held on January 28, 2019.

2. Summary of Significant Accounting Policies

Financial Statements Basis of Preparation

- The consolidated financial statements for the Bank and its subsidiaries were prepared in accordance to standards issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretation Committee Emanating 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 financial derivatives measured at fair value at the date of the consolidated financial statements. Moreover, hedged financial assets and financial liabilities are stated at fair value.
- The consolidated financial statements are presented in Jordanian Dinar "JD", as it is the Bank's functional currency.

Changes in the Accounting Polices

- The accounting policies adopted in the consolidated financial statement are consistent with those adopted in the year ended December 31, 2017 except for the following new adopted and modified standards, effective starting from January 1st, 2018:
- International Financial Reporting Standard (9): Financial Derivatives
- International Financial Reporting Standard (15): Revenue from Contracts with Customers.
- International Financial Reporting Standard (2): Classification and Measurements of Share-Based Payments.
- IAS (40): Clarify Transfers of Investment in Property.
- Annual Improvements to IFRSs (2014 –2016) Cycle- Amendments on IFRS (1) and IAS (28).
- IFRIC (22): Foreign currency transactions and Advance Consideration.
- The adoption of the above standards has not affected the amounts or disclosures in the consolidated financial statements, except for the effect of applying International Financial Reporting Standard (9), the expected financial impact of applying IFRS (9) and IFRS (15) is as follows:

IFRS (9): Financial Instruments

The Bank has adopted IFRS (9) starting from January 1, 2018. IFRS (9) defines requirements for the recognition and measurement of both financial assets and liabilities and certain contracts for the purchase or sale of non-financial items. This standard replaces IAS No.(39) "Financial instruments" (Recognition and Measurement).

The following table summarizes the impact of the adoption of IFRS (9) net of tax on opening balances on provisions, deferred tax assets, retained earnings and non-controlling interests.

Impact of IFRS (9) Implementation on Opening Balances	In Jordanian Dinar
Provisions	
Recognition of expected credit losses under IFRS (9)	11,654,128
Impact as of January 1, 2018	11,654,128
Deferred Tax Assets	
Recognition of deferred tax assets on expected credit losses calculated in accordance with IFRS (9)	4,253,691
	4,253,691
Retained Earnings	
Recognition of expected credit losses in accordance with the requirements of IFRS (9)	11,595,842
Related taxes	(4,253,691)
Effect of application as of January 1, 2018	7,342,151
Non- Controlling Interest	
Recognition of expected credit losses in accordance with the requirements of IFRS (9)	58,286
Effect of application as of January 1, 2018	58,286

The details of the new significant accounting policies and the nature of the impact of changes in previous accounting policies are set out below:

A. Classification and Measurement of Financial Assets and Financial Liabilities

IFRS (9) largely retains the existing requirements in IAS (39) for the classification and measurement of financial liabilities. However, it eliminates the classification of held-to-maturity financial assets, loans and receivables and available-for-sale assets that fall under the International Accounting standards No. (39). Criteria.

Financial Assets:

The Bank has early adopted the first phase of IFRS (9) as of January 1st, 2011 based on the Central Bank of Jordan and the Jordan Securities Commission request. There were no material differences between the first phase of the Standard and the final version of the Standard issued on July 24, 2014.

Under IFRS (9), on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – debt investment or equity investment; or fair value through statement of profit or loss. The classification of financial assets under IFRS (9) is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through statement of comprehnsive income:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).
- A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).

On initial recognition of an equity investment not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in the consolidated statement of comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through the consolidated statement of profit or loss. This includes all derivative financial assets. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies applied are similar to the accounting policies adopted by the Bank (considering that the Bank has early adopted to the first phase of IFRS (9)) with the exception of the following accounting policies that became effective from January 1, 2018:

Debt investments at fair value through satatement of other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in the consolidated statement of other comprehensive income. On derecognition, accumulated gains and losses transferred from the consolidated statement of other compressive income to consolidated statement of profit or loss.

The adoption of IFRS (9) did not have any impact on the Bank's consolidated financial statements with respect to financial assets.

Financial Assets	Original Classification according to IAS (39)	Classification according to IFRS (9)	Book Value based on the Original Classification	Fair Value Based on the new Classification
Other assets	Other assets	Direct credit facilities at amortized cost	3,301,382	3,301,382

Financial Liabilities:

The adoption of IFRS (9) has no material impact on the Bank's accounting policies relating to financial liabilities. IFRS (9) has maintained the requirements of IAS (39) regarding the classification of financial liabilities. IAS (39) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit or loss, whereas IFRS (9) requires:

- Recognition of differences in valuation of financial liabilities classified as financial liabilities at fair value through statement of profit and loss as a result of changes in credit risk in the consolidated statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss.

The Bank has not classified any financial liabilities as financial liabilities at fair value through profit or loss. Accordingly, there is no impact of applying IFRS (9) to the consolidated financial statements.

B. Impairment on financial assets:

IFRS (9) replaces the "loss recognition" model adopted in IAS (39) to calculate the impairment of financial assets over "expected credit loss" model, which requires the use of estimates and judgments to estimate economic factors which has an effect on the impairment on the new module. The model will be applied to financial assets - debt instruments classified at amortized cost or at fair value through other statement of comprehensive income but not an investments in equity instruments. Where credit losses are recognized in accordance with IFRS (9), which is earlier than IAS (39).

Under IFRS (9), impairment losses are measured according to the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the consolidated financial statements date.
- Lifetime ECLs: These ECLs result from all possible default events over the expected life of a financial instrument from the date of consolidated financial statements.
- The Bank measures impairment allowances equal to expected credit losses within 12 months if these assets are classified as Tier 1 and have the following characteristics:
- Debt securities that are determined to have low credit risk at the consolidated financial statements date.
- Other debt securities and balances at central Banks and financial institutions and for which credit risk has not significantly increased since initial recognition.

The expected impairment of the life of the financial instrument to maturity is calculated in the event of a significant increase in credit risk, which requires the conversion of the financial instrument from level 1 to level 2, or if the financial instrument is applied to specific situations within the Standard, within the second level directly. If the financial instrument is impaired or there is objective evidence of impairment as a result of a loss or default after initial recognition with a negative impact on the future cash flow, the financial instrument is transferred to the third level. The expected credit loss model requires recognition of expected loss over the life of asset debt instruments that are very similar to the requirements of IAS (39).

When determining whether the credit risk of financial assets has significantly increased since initial recognition and in estimating expected credit loss, the Bank relies on reasonable and supportive information available and relevance, including quantitative and qualitative information and analysis of this information based on the Bank's past experience and credit study, the Bank assumes that the credit risk of the financial asset has substantially increased if it is over 30 days past due or the credit rating of the customer has decreased by two levels.

The Bank considers financial assets to be impaired when:

- The borrower likely be unable to pay its credit obligations to the Bank without recourse to the procedures for using collateral held against such obligations (if any).
- If over, 90 days have elapsed on financial assets maturity.

The expected credit loss calculation mechanism depends on the probability of default, which is calculated according to credit risk and future economic factors loss given default which depends on the value of existing collateral, the exposure at default. The expected credit loss is discounted at the effective interest rate of the financial asset. In every financial period, the Bank evaluates the credit rating of financial assets at amortized cost and debt securities at fair value through other comprehensive income. The credit rating of financial assets is considered to be impaired when one or more event that has a negative impact on estimated future cash flows of financial asset occur. Provisions loss for financial assets measured at amortized cost are deducted from the total carrying amount of the financial asset.

For debt securities at fair value through statement of other comprehensive income, the provision for impairment is recognized in consolidated statement of comprehensive income and is not deducted from the carrying amount of the financial asset. The losses of other financial assets are presented under 'Financing Expenses' in the same manner of disclosure used in accordance with IAS (39). Such disclosure is not included in the consolidated statement of profit or loss and consolidated statement of comprehensive income based on material considerations.

In general, it is expected that impairment losses will increase and become more fluctuate for the financial assets according to IFRS (9), as a result of the implementation resulted expected credit loss on January 1, 2018 was as follows:

Items (in Jordanian Dinar)	Balance as of December 31, 2017	Reclassified Balance	Expected Credit Loss	Balance as of January 1, 2018 After Adopting IFRS (9)	Effect of Reclassification	Statement of Financial Position Items Affected by the Adoption of IFRS (9)
Cash and balances with central banks	268,583,151	-	200,884	268,382,267	-	Retained earnings
Balances with banks and financial institutions	265,682,212	-	17,291	265,664,921	-	Retained earnings
Deposits with banks and financial institutions	125,000,000	-	7,150	124,992,850	-	Retained earnings
Financial assets at fair value through profit or loss	196,987	-	-	196,987	-	-
Financial assets at fair value through comprehensive income	114,791,862	-	-	114,791,862	-	-
Debt instruments within financial assets at amortized cost portfolio	219,576,390	-	74,293	219,502,097	-	Retained earnings
Direct credit facilities at amortized cost	1,447,227,771	3,301,382	4,830,069	1,445,699,084	-	Credit facilities, other assets and Retained earnings
Individual	352,809,746	971,967	447,918	353,333,795	-	-
Real estate loans	227,882,269	1,363,840	676,587	228,569,522	-	-
Corporate	409,712,199	642,538	(7,235,768)	417,590,505	-	-
SMEs	227,470,820	323,037	10,714,428	217,079,429	-	-
Government and public sector	229,352,737	-	226,904	229,125,833	-	-
Other Assets	72,620,383	(3,301,382)	-	69,319,001	-	Other assets
Letters of guarantees	133,848,164	-	5,299,963	128,548,201	-	Retained earnings
Un-utilized balances	440,916,414	-	1,089,758	439,826,656	-	Retained earnings
Letters of credit	97,469,846	-	35,016	97,434,830	-	Retained earnings
Acceptances	52,615,066		99,704	52,515,362	-	Retained earnings
	3,238,528,246	-	11,654,128	3,226,874,118	-	

The effect of IFRS (9) implementation was as follows:

Financial Instrument	Provisions Balance before IFRS (9) Implementation	Result of Recalculation Difference	Provisions Balance According to IFRS 9
Balances with central banks	-	200,884	200,884
Balances with banks and financial institutions	-	17,291	17,291
Deposits with banks and financial institutions	-	7,150	7,150
Direct credit facilities at amortized cost	86,485,514	4,830,069	91,315,583
Debt instruments within financial assets at amortized cost portfolio	-	74,293	74,293
Letters of guarantees	-	5,299,963	5,299,963
Un-utilized balances	-	1,089,758	1,089,758
Letters of credit	-	35,016	35,016
Acceptences	-	99,704	99,704
	86,485,514	11,654,128	98,139,642

The expected credit loss was distributed according to IFRS 9 on the opening balances as follows:

Item (in JOD)	Stage One		Stage Two		Stage Three	Total
	Individual	Collective	Individual	Collective		
Balances with central banks	200,884	-	-	-	-	200,884
Balances with banks and financial institutions	17,291	-	-	-	-	17,291
Deposits with banks and financial institutions	7,150	-	-	-	-	7,150
Direct credit facilities at amortized cost	1,287,889	3,382,752	896,716	335,632	85,412,594	91,315,583
Debt instruments within financial assets at amortized cost portfolio	74,293	-	-	-	-	74,293
Letters of guarantees	46,865	-	1,835	-	5,251,263	5,299,963
Un-utilized balances	562,440	346,187	175,023	6,108	-	1,089,758
Letters of credit	28,589	-	6,427	-	-	35,016
Acceptences	96,657	-	3,047	-	-	99,704
	2,322,058	3,728,939	1,083,048	341,740	90,663,857	98,139,642

Transmission to IFRS (9):

The Bank has utlized the exception provided by the standard on the implementation as of January 1, 2018, by recording the impact from adopting IFRS (9) to the opening balances of retained earnings and non-controlling interests rather than restating the consolidated financial statements for the year ended December 31, 2017 and earliest, note (40) provides detailed information about the Bank methodolgy and the distribution of financial assets according to IFRS (9) requirments.

IFRS (15) Revenue from Contracts with Customers

IFRS (15) revenue from contracts with customers, which sets out a comprehensive framework for determining the value and timing of revenue recognition, applies to all entities entering into contracts for the supply of services and goods with customers except for contracts subject to other accounting standards such as the International Financial Reporting Standard NO. (9), International Accounting Standards No.(17), which superseded IAS (11), Construction Contracts, IAS (18) Revenue and the Report Standards Committee's Interpretation (13): Customer Loyalty Program, Interpretations Committee Report Criteria (15): Agreements creation of real estate, and the interpretation of the Standards Committee reports (18): operations of assets from customers transfer, interpretation (31) - barter transactions involving advertising services, were no material impact of the application of the standard on the summary of the Bank's consolidated financial statements.

Summary of Significant Accounting Policies

Basis of Consolidation

- The consolidated financial statements include 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.

The Bank has the following subsidiary Companies as of December 31, 2018:

Name of Subsidiary	Paid-up Capital	Bank's Ownership Percentage	Subsidiary's Nature of Business	Place of Operation	Acquisition Date
		%			
Excel for Financial Investments Company	JD 3.5 Million	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan – Syria*	3,000 Million (Syrian – Lira)	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD 20 Million	100	Finance Lease	Amman	October 24, 2011

The most important information of the subsidiaries for the year 2018 and 2017 is as follows:

Name of Subsidiary	December 31, 2018		For the Year 2018	
	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Excel for Financial Investments Company	5,858,341	501,270	1,618,578	639,506
Bank of Jordan – Syria*	51,119,962	40,052,837	2,612,253	3,164,907
Jordan Leasing Company	25,961,127	4,439,320	1,932,007	1,066,581

Name of Subsidiary	December 31, 2017		For the Year 2017	
	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JD	JD	JD	JD
Excel for Financial Investments Company	10,179,364	780,213	1,820,557	624,230
Bank of Jordan – Syria*	47,522,921	35,788,915	2,599,306	4,924,946
Jordan Leasing Company	28,453,373	4,701,395	2,084,798	931,610

- The results of the subsidiaries are incorporated into the consolidated statement of profit or loss from the effective date of acquisition which is the date 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 profit or loss up to the effective date of disposal which is the date the Bank loses control over the subsidiaries.
- Non-controlling interest's represents the portion of equity not held by the Bank in the subsidiary Company.

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

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 Directors 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.

Effective Interest Rate

Policy applicable from 1 January 2018

Interest income and expense are recognized in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit loss.

For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including expected credit loss.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Calculation of Interest Income and Expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. This applies on information on when financial assets are credit-impaired.

Net Commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, is recognized as the related services performed.

A contract with a customer that results in a recognized financial instrument may be partially in the scope of IFRS (9) and IFRS (15). If this is the case, then the Group first applies IFRS (9) and then applies IFRS (15) to the residual.

Leases

Bank acting as a lessee – Finance Leases

Assets held by the Group under leases that transfer to the Group substantial risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

Bank acting as a lessee – Operating Leases

Assets held under other leases are classified as operating leases and are not recognized in the Bank's consolidated statement of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Bank acting as a lessor – Finance Leases

Where the Bank is the lessor in a lease agreement that transfers substantial risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized and presented within loans and advances.

Dividend Income

Dividend income is recognized when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment.

From 1 January 2018, dividends on equity instruments designated as at fair value through consolidated statements of profit or loss that clearly represent a recovery of part of the cost of the investment are presented in other comprehensive income.

Financial Assets and Financial Liabilities

A. Recognition and Initial Measurement

Loans, advances, deposits and debt instruments are initially recognized at inception. All other financial assets and financial liabilities are recognized initially when the Bank becomes a party to the contractual provisions of the financial asset or liability.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

B. Classification

Financial Assets- Policy Applicable from 1 January 2018

Upon initial recognition, financial assets are classified as assets at amortized cost or at fair value through statement of comprehensive income or at fair value through statement of profit or loss.

Financial assets are measured at amortized cost if the following two conditions are met and are not designated as a fair value instrument through statement of profit or loss:

- These financial assets are retained in the business model whose objective is to hold the assets to collect contractual cash flows.
- Be on specific dates and these flows are only payments out of the amount and interest on the original amount outstanding.

Financial assets are measured at fair value through statement of comprehensive income if the following two conditions are met and are not designated as a fair value through statement of profit or loss:

- These financial assets are held in a business model whose objective is to be achieved through the collection of contractual cash flows and the sale of financial assets.
- Be on specific dates and these flows are only payments out of the amount and interest on the original amount outstanding.

Upon initial recognition of investment in shares not held for trading, the Bank may, with no right to withdraw its decision, choose to present subsequent changes in the fair value of the investment in consolidated comprehensive income. These decisions are made for each investment separately.

All other financial assets are measured at fair value through profit or loss.

Business Model Assessment: Policy Applicable from 1 January 2018

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial Assets - Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as the profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows.
- Prepayment and extension terms.
- Terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans).

C. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

- The Bank classified its financial assets into one of the following categories:
- loans and receivables;
- held-to-maturity;
- available-for-sale; and
- at fair value through profit or loss, and within this category as:
- held-for-trading; or
- Designated as at fair value through profit or loss.

The bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or fair value through profit or loss.

D. Derecognition

Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The difference between the carrying amount of the assets derecognised and the recoverable amount of the Bank is recognized in the consolidated statement of profit or loss and the cumulative portion of the consolidated comprehensive income for the consolidated profit or loss relating to that asset is reversed.

From January 1st 2018 any cumulative gain/loss recognized in other comprehensive income in respect of equity investment securities designated as at fair value through other comprehensive income is not recognized in the consolidated statement of profit or loss.

Financial Laiabilities

The Bank derecognises financial liabilities when their contractual obligations are discharged, cancelled or expired.

E. Modifications of Financial Assets and Financial Liabilities - Policy Applicable from 1 January 2018

Adjusted Financial Assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Adjusted Financial Liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in the consolidated statement of profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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.

Fair Value

The closing price (Asset Purchase/Liabilities Selling) as of the date of the consolidated financial statements in active markets represents the fair value of financial assets and derivatives that have declared market prices.

In case a 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:

- 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.
- 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 profit or loss.

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 a financial instrument cannot be measured reliably, it is stated at cost less any impairment.

Impairment in Financial Assets

Policy applicable from 1 January 2018

Financial Assets

The Bank recognises expected credit loss on:

- Financial assets at amortized cost.
- Finance lease receivables
- Contractual guarantees

No impairment loss is recognized on equity investments.

The Bank measures loss allowances at an amount equal to lifetime expected credit loss, except for the following, for which they are measured as 12-month expected credit loss:

- Debt investment securities determined to have low credit risk at the date of consolidated financial statements.
- Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime expected credit loss.

The 12 month expected credit loss is the portion of the expected credit loss arising from the possible default of the financial instruments within 12 months from the date of the consolidated financial statements.

The 12 month expected credit loss recognized (financial instruments - the first stage).

The expected credit loss on the life of the financial instrument is the portion of the expected credit loss that results from the possible default of the financial instruments over the life of the financial instrument.

The expected credit losses are recognized over the life of the recognized financial instrument (financial instruments - the second phase).

Expected credit loss are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the date of the consolidated financial statements.
- Financial assets that are credit-impaired at the date of the consolidated financial statements.
- Undrawn loan commitments.
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The provision for credit loss is presented in the consolidated statement of financial position

The provision for credit losses is presented in the consolidated statement of financial position as follows:

- Less the total carrying amount of financial assets at amortized cost.
- Loan commitments and financial guarantee contracts: generally, they are recognized as a provision.
- For debt securities that are measured at fair value through the statement of comprehensive income, an allowance is not recognized in the consolidated statement of financial position because the carrying amounts of these assets are measured at fair value. However, the provision for loss is disclosed and recognized in the fair value reserve.

Write-off

Loans and debt securities are written off partially or in full when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the consoldidated statement of profit or loss and consolidated statement of other comprehensive income.

Direct Credit Facilities

- A provision for the impairment of direct credit facilities is recognized when the Bank cannot obviously recover the overdue amounts, and there is objective evidence that the future cash flows of the direct credit facilities have been negatively impacted by an event as well as the estimation of the impairment loss. The provision amount is charged to in the consolidated statement of profit or loss.
- 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.
- The credit facilities and their own suspended interests that have been fully provided for with provisions, are transferred to items off the consolidated statement of financial position based on the board of directors’ decisions regarding this issue.
- The suspended interests related to accounts which have legal suits are recorded at items off the consolidated statement of financial position based on the board of directors’ decisions with this regards.

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 profit or loss.

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 profit or loss.

- When the conditions of an effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio is recorded in the consolidated statement of profit or loss 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 profit or loss in the period in which the hedge transaction impacts the consolidated statement of profit or loss.

- 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 profit or loss in the same year.

- Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of profit or loss. 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 until maturity date 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 should face opposite direction 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 are thereof deducted. Any impairment is recorded in the consolidated statement of profit or loss 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 to/from this category except for certain cases specified at the International Financial Reporting Standards (and in the case of selling any of those assets before its maturity date, the results should be recorded in a separate account in the consolidated statement of comprehensive income, disclosures should be made in accordance with the requirements of relevant International Financial Reporting Standards).

Financial Assets at Fair Value Through Profit or Loss

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

Financial Assets at Fair Value Through Comprehensive Income

- These 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 the consolidated owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not through the consolidated statement of profit or loss.
- No impairment testing is required for these assets.
- Dividends are recorded in the consolidated statement of profit or loss.

Impairment in Financial Assets- Policy Applicable Before December 1, 2018

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 profit or loss.
- 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.
- 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 Provision

The annual end-of-service indemnities paid to resigned employees are deducted from the related provision when paid. Moreover, the excess in the amounts paid to resigned employees than the booked provision are recorded in the consolidated statement of profit or loss. Furthermore, provision against commitments of end-of-service indemnity is taken to the consolidated statement of profit or loss.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from declared income 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, tax acceptable accumulated losses, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions enforced in the countries where the Bank operates.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of assets and liabilities in the consolidated financial statements and the value of taxable amounts. Deferred tax is calculated on the basis of liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.
- Deferred tax assets and deferred tax liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit or need will arise, 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 profit or loss.

- Treasury Shares

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

Accounts Managed on Behalf of Customers

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

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 is 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 profit or loss as a loss whereas any such increase is not recognized. Subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the previously recorded impairment. Moreover, at the beginning of 2015 and in accordance with the dissemination of the Central Bank of Jordan No. 15/1/4076 dated on March 27, 2014 and No. 10/1/2510 dated on February 14, 2017 the bank has started to calculate gradual provision against the assets foreclosed against debts with a period exceeding 4 years, noting that The Central Bank of Jordan issued circular No. 10/1/13967 dated 25 October 25, 2018 approving the extension of Circular No. 10/1/16607 on December 17, 2017, in which it confirmed postponing the provision calculation until the end of year 2019.

Intangible Assets

A. Goodwill:

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

B. Other Intangible Assets:

- Intangible assets raised through combination are stated at fair value on the date of acquisition. Other intangible assets raised other than combination 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 profit or loss. 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 profit or loss.
- 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 profit or loss 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 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 profit or loss.
- 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, 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 year. 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 profit or loss.

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 assets, 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 beforementioned 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.

A. Judgments
The following are the most significant judgments that have a material effect on the amounts of assets and liabilities in the consolidated financial statements applied in 2018 only:

- Classification of financial assets: Valuation of the business model under which the asset is to be held and determining whether the contractual terms of the SPPI are on the outstanding balance.

- The development of new criteria to determine whether financial assets have declined significantly since initial recognition, and determine the methodology of future expectations and methods of measuring expected credit loss.

B. Estimates
The following are the most significant accounting estimates affecting the consolidated financial statements as of December 31 2018: Impairment of financial instruments: input and measurement of expected credit loss and future expectations. Note (40) provides more detailed information on the Bank's methodology according to IFRS (9) requirements.

Applicable in 2017 and 2018:
The estimates included in the consolidated financial statements are reasonable and are detailed as follows:
- A provision for expected credit loss against financial assets is provided on the basis and estimates approved by management in conformity with the International Financial Reporting Standards (IFRS). The outcomes of these basis 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 more conservative outcomes that conform are used for the purpose of determining the provision according to the IFRS. Note (40) provides more detailed information about the Bank's methodology used.
- Management periodically reassesses the useful economic 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 expected useful economic lives. Impairment loss is taken to the consolidated statement of profit or loss.
- Impairment of assets foreclosed are recorded based on recent and approved evaluations of these assets performed by approved evaluators for the purposes of calculating the impairment. The impairment for these assets is reviewed periodically. Moreover, at the beginning of 2015 and in accordance with the dissemination of the Central Bank of Jordan No. 15/1/4076 dated on March 27, 2014 and No. 10/1/2510 dated on February 14, 2017 the bank has started to calculate gradual provision against the assets foreclosed against debts with a period exceeding 4 years, noting that The Central Bank of Jordan issued circular No. 10/1/13967 dated 25 October 25, 2018 approving the extension of Circular No. 10/1/16607 on December 17, 2017, in which it confirmed the postpone the provision calculation until the end of year 2019.
- A provision for lawsuits raised against the Bank is provided based on a legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- Income tax expense is charged for the current period according to the accounting regulations, laws and standards. Deferred tax assets, liabilities and tax provision are calculated and recognized.
- A provision for income tax is taken on the current year's profit and for accrued and estimated tax of the deducted provision for the prior year in case a final settlement with the Income Tax Department is reached for the prior year.
- Management periodically review financial assets that presented at amortized cost to estimate if there are any indication of impairment in its fair value, impairment loss is recorded in the consolidated condensed interim statement of profit or loss.
- 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 the IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When assessing the financial assets and liabilities' fair value, the Bank uses market information when available. In case level 1 inputs are not present, the Bank will deal with independent, qualified parties to prepare evaluation studies. Proper evaluation methods and inputs used in preparing the evaluation are reviewed by the management.

4.Cash and Balances with Central Banks

This item consists of the following:	December 31, 2018 JD	December 31, 2017 JD
Cash at vaults	74,159,406	71,753,575
Balances at Central Banks:		
- Current accounts and demand deposits	45,256,616	60,563,818
- Term and notice deposits	128,078,099	11,801,899
- Certificates of deposit	11,500,000	20,400,000
- Statutory cash reserve	101,342,436	104,063,859
	360,336,557	268,583,151
Less: Expected credit loss	(194,054)	-
	360,142,503	268,583,151

- Balances at central banks amounted to JD 286,177,151 as of December 31, 2018 (JD 196,829,576 as of December 31, 2017), these balances are distributed to credit stages according to the requirements of IFRS (9) as follows:

Item	Stage One	Stage Tow	Stage Three	Total
Balance at the beginning of the year	196,829,576	-	-	196,829,576
New balances during the year	116,276,200	-	-	116,276,200
Paid balances	(26,928,625)	-	-	(26,928,625)
	286,177,151	-	-	286,177,151
Transferred to first stage	-	-	-	-
Transferred to second stage	-	-	-	-
Transferred to third stage	-	-	-	-
Changes due to the adjusments	-	-	-	-
Written off- Balances	-	-	-	-
Adjusment due to exchange rates fluctuations	-	-	-	-
Balance at the End of the Year	**286,177,151**	**-**	**-**	**286,177,151**

Distribution of the total balances with central banks according to the banks internal credit rating categories was as follows:

Item	As of December 31, 2018					
Credit risk rating based on the Bank's internal credit rating system:	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
1	227,637,131	-	-	-	-	227,637,131
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	-	-	-	-	-	-
5	-	-	-	-	-	-
6	58,540,020	-	-	-	-	58,540,020
7	-	-	-	-	-	-
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
Total	**286,177,151**	**-**	**-**	**-**	**-**	**286,177,151**

- The expected credit loss provision which calculated in accordance with the requirements of IFRS (9) amounted to JD 194,054 as of December 31, 2018 (JD 200,884 As of January 1, 2018), the movement on the expected credit loss provision was as follows:

Item	Stage One	Stage Two	Stage Three	Total
Balance at the beginning of the year after IFRS (9) implementation	200,884	-	-	200,884
Credit loss on new balances during the year	2,955	-	-	2,955
Expected credit loss reversal on Paid balances	(9,785)	-	-	(9,785)
	194,054	-	-	194,054
Transferred to stage one	-	-	-	-
Transferred to stage two	-	-	-	-
Transferred to stage three	-	-	-	-
Changes due to the adjusments:	-	-	-	-
Written off- Balances	-	-	-	-
Adjusment due to exchange rates fluctuations	-	-	-	-
Balance at the End of the Year	**194,054**	**-**	**-**	**194,054**

- Statutory cash reserve, amounted to JD 101,342,436 as of December 31, 2018 (JD 104,063,859 as of December 31, 2017).
- Restricted balances other than cash reserve amounted to JD 2,443,099 as of December 31, 2018 (JD 2,443,099 as of 31 December 2017).
- Term and notice Deposit balance includes JD 10,635,000 maturing within a period exceeding three months as of December 31, 2018 (JD 9,358,000 as of December 31, 2017).

5. Balances with Banks and Financial Institutions	"Local Banks and Financial Institutions"		"Foreign Banks and Financial Institutions" As of December 31,		Total	
This item consists of the following:	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	-	-	24,583,280	18,476,828	24,583,280	18,476,828
Deposits maturing within 3 months or less	95,372,559	177,538,910	32,166,489	69,666,474	127,539,048	247,205,384
	95,372,559	177,538,910	56,749,769	88,143,302	152,122,328	265,682,212
Less: Expected credit	(152)	-	(3,482)	-	(3,634)	-
	95,372,407	177,538,910	56,746,287	88,143,302	152,118,694	265,682,212

Distribution of the total balances with banks and financial institutions according to the banks internal credit rating categories was as follows:	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Credit risk rating based on the Bank's internal credit rating system:						
1	5,346,817	-	-	-	-	5,346,817
2	11,063,216	-	-	-	-	11,063,216
3	26,908,111	-		-	-	26,908,111
4	1,925,055	-	-	-	-	1,925,055
5	9,576,900	-	-	-	-	9,576,900
6	96,398,810	-	-	-	-	96,398,810
7	-	-	903,419	-	-	903,419
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
Total	**151,218,909**	**-**	**903,419**	**-**	**-**	**152,122,328**

Balances at Banks' and financial institutions credit stages distribution according to the requirements of IFRS (9) was as follows	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year	265,682,212	-	-	-	-	265,682,212
New balances during the year	42,699,189	-	903,419	-	-	43,602,608
Paid balances	(157,162,492)	-	-	-	-	(157,162,492)
	151,218,909	-	903,419	-	-	152,122,328
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
Changes due to the adjustments	-	-	-	-	-	-
Written off- Balances	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**151,218,909**	**-**	**903,419**	**-**	**-**	**152,122,328**

- The provision for expected credit loss which was calculated in accordance with the requirements of IFRS(9) amounted to JD 3,634 as of December 31, 2018 (JD 17,291 as of January 1, 2018), the movement on the expected credit loss provision was as follows:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year after IFRS (9) implementation	17,291	-	-	-	-	17,291
Credit loss on new balances during the year	3,006	-	-	-	-	3,006
Expected credit loss reversal- Paid balances	(16,663)	-	-	-	-	(16,663)
	3,634	-	-	-	-	3,634
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
Changes due to the adjustments	-	-	-	-	-	-
Written off- Balances	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**3,634**	**-**	**-**	**-**	**-**	**3,634**

- Non-interest bearing balances at banks and financial institutions amounted to JD 17,231,357 as of December 31, 2018 (JD 15,073,372 as of December 31, 2017). Restricted balances at banks and financial institutions amounted to JD 2,343,989 as of December 31, 2018 (JD 2,253,202 as of December 31, 2017).

6. Deposits with Banks and Financial Institutions

This item consists of the following:	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	As of December 31,					
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 to 6 months	-	10,000,000	-	-	-	10,000,000
Deposits maturing within 6 to 9 months	-	-	-	-	-	-
Deposits maturing within 9 months to a year	-	-	-	-	-	-
Deposits maturing after 1 year	196,085,000	115,000,000	39,367,225	-	235,452,225	115,000,000
	196,085,000	125,000,000	39,367,225	-	235,452,225	125,000,000
Less: Expected credit	(15,281)	-	(1,717)	-	(16,998)	-
	196,069,719	**125,000,000**	**39,365,508**	**-**	**235,435,227**	**125,000,000**

Distribution of the total deposits with banks and financial institution according to the banks internal credit rating categories was as follow:	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Credit rating categories based on the Bank's rating system:						
1	11,007,225	-	-	-	-	11,007,225
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	-	-	-	-	-	-
5	28,360,000	-	-	-	-	28,360,000
6	196,085,000	-	-	-	-	196,085,000
7	-	-	-	-	-	-
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
Total	**235,452,225**	**-**	**-**	**-**	**-**	**235,452,225**

Deposits with banks and financial institutions are credit stages distribuion according to the requirements of IFRS(9) was as follows:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year	125,000,000	-	-	-	-	125,000,000
New balances during the year	125,542,225	-	-	-	-	125,542,225
Paid balances	(15,000,000)	-	-	-	-	(15,000,000)
	235,542,225	-	-	-	-	235,542,225
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
Changes due to the adjustments	-	-	-	-	-	-
Written off- Balances	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**235,542,225**	**-**	**-**	**-**	**-**	**235,542,225**

Provision for expected credit loss which was calculated in accordance with the requirement of IFRS(9) amounted to JD 16,998 as of December 31, 2018 (JD 7,150 as of January 1, 2018), the movement on the expected credit loss provision was as follows:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year after IFRS (9) implementation	7,150	-	-	-	-	7,150
Credit loss on new balances during the year	11,524	-	-	-	-	11,524
Expected credit loss reversal of matured Balances	(1,676)	-	-	-	-	(1,676)
	16,998	-	-	-	-	16,998
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
Changes due to the adjustments	-	-	-	-	-	-
Written off- Balances	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**16,998**	**-**	**-**	**-**	**-**	**16,998**

- There are no restricted deposits as of December 31, 2018 and 2017.

7. Financial Assets at Fair Value through Profit or Loss	As of December 31,	
This item consists of the following:	2018	2017
	JD	JD
Shares listed in local active markets	61,200	112,200
Shares unlisted in local active markets	108,477	84,787
	169,677	**196,987**

8. Financial Assets at Fair Value Through Comprehensive Income	As of December 31,	
This item consists of the following:	2018	2017
	JD	JD
Shares listed in local active markets	40,970,486	100,843,880
Shares unlisted in local active markets*	3,397,719	2,856,601
Shares listed in foreign active markets	5,512,994	9,393,266
Shares unlisted in foreign active markets*	1,509,879	1,698,115
	51,391,078	**114,791,862**

- Total cash dividends from financial assets at fair value through comprehensive income amounted to JD 524,261 for the year ended December 31, 2018 (JD 4,636,746 for the year ended December 31, 2017).

* The fair value for unlisted investments had been calculated in accordance with the Bank's share of the net assets of these Investments based on the lastest audited financial statements for the Company in which the Bank invested.

9. Direct Credit Facilities at amortized cost	December 31,	
This item consists of the following:	2018	2017
	JD	JD
Individual (Retail Customers):	447,634,876	377,216,321
Overdraft accounts	12,402,174	9,255,980
Loans and discounted bills*	412,272,989	350,692,614
Credit cards	22,959,713	17,267,727
Real estate loans	248,820,243	234,024,646
Corporate:	743,969,204	700,988,262
Large corporate customers	485,610,545	459,850,066
Overdraft accounts	72,572,930	75,961,510
Loans and discounted bills*	413,037,615	383,888,556
SMEs	258,358,659	241,138,196
Overdraft accounts	61,478,453	56,231,895
Loans and discounted bills*	196,880,206	184,906,301
Government and public sector	134,694,447	229,352,737
Total	1,575,118,770	1,541,581,966
Less: expected credit loss provision	(97,004,644)	(86,485,514)
Less: Interest in suspense	(8,874,467)	(7,868,681)
Net Direct Credit Facilities at amortized cost	**1,469,239,659**	**1,447,227,771**

* Net of interest and commission received in advance amounting to JD 17,143,016 as of December 31, 2018 (JD 13,765,564 as of December 31, 2017).

- Non-performing credit facilities amounted to JD 91,750,968 representing (5/83%) of the direct credit facilities balance for the year (JD 76,806,921 representing (4/98%) for prior year).

- Non-performing credit facilities after deducting the suspended interest amounted to JD 82,912,912 representing (5/3%) of direct credit facilities after deducting the suspended interest for the year (JD 68,938,240 representing (4/5%) for prior year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 62,383,704 representing (3/96%) of total direct credit facilities for the year (JD 78,267,657 representing (5/08%) for the prior year). Moreover, credit facilities granted to the public sector in Palestine amounted to JD 44,387,835 for the year (JD 65,823,307 for the prior year).

Total Direct credit facilities credit stages Distribution according to the requirements of IFRS (9) was as follows:	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	862,917,501	518,253,341	60,036,556	26,970,527	76,705,423	1,544,883,348
New facilities During the year	253,557,738	235,440,198	6,971,225	6,188,264	11,332,525	513,489,950
Facilities paid	(286,419,501)	(153,810,416)	(28,939,887)	(4,114,298)	(12,101,482)	(485,385,584)
	830,055,738	599,883,123	38,067,894	29,044,493	75,936,466	1,572,987,714
Transfer to Stage One	11,049,068	9,721,599	(11,049,068)	(9,268,092)	(453,507)	-
Transfer to Stage Two	(18,050,529)	(13,456,500)	18,052,679	14,143,170	(688,820)	-
Transfer to Stage Three	(6,975,690)	(3,975,655)	(1,790,560)	(4,295,143)	17,037,048	-
Effect on the provision at the end of the year as a result of classification changes between the three stages during the year	-	-	-	-	-	-
Changes due to the adjustments	4,186,237	(881,266)	554,804	(1,648,500)	(80,219)	2,131,056
Written -off Balances	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**820,264,824**	**591,291,301**	**43,835,749**	**27,975,928**	**91,750,968**	**1,575,118,770**

The movement on the total expected credit loss provision was as follows:	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year after IFRS (9) implementation	1,287,889	3,382,752	23,430,064	335,632	62,879,246	91,315,583
Credit loss on new balances during the year	343,900	978,038	140,958	438,442	10,280,599	12,181,937
Expected credit loss reversal of matured facilities	(182,822)	(261,445)	(8,534,121)	(189,416)	(6,820,189)	(15,987,993)
	1,448,967	4,099,345	15,036,901	584,658	66,339,656	87,509,527
Transfer to Stage One	(66,064)	(56,096)	44,932	56,096	21,132	-
Transfer to Stage Two	167,215	83,829	(412,594)	(83,829)	245,379	-
Transfer to Stage Three	-	-	-	-	-	-
Effect on the provision at the end of the year as a result of classification changes between the three stages during the year	(136,870)	(32,537)	2,837	404,814	8,981,609	9,219,853
Changes due to the adjustments	332,143	(8,299)	468	153,218	161,346	638,876
Written off- Balances	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	-	-	-	-	(363,612)	(363,612)
Balance at the End of the Year	**1,745,391**	**4,086,242**	**14,672,544**	**1,114,957**	**75,385,510**	**97,004,644**

Provision for expected credit loss provision against credit facilities

The following is the movement on the expected credit loss provision againts direct credit facilities	As of December 31, 2018					
	Individual (Retail Customers)	Real Estate Loans	Corporates: Large Corporate Customers	Corporates: SMEs	Government and Public sector	Total
	JD	JD	JD	JD	JD	JD
Balance – Beginning of the year	21,961,829	5,394,424	47,560,829	11,568,432	-	86,485,514
Effect of adopting IFRS (9)	447,918	676,587	(7,235,768)	10,714,428	226,904	4,830,069
Adjusted Balance – Beginning of the Year	22,409,747	6,071,011	40,325,061	22,282,860	226,904	91,315,583
Impairment loss of new facilities during the year	8,510,955	1,400,317	999,660	1,054,819	-	11,965,751
Reversed from impairment loss of the (settled) balances	(1,732,527)	(1,450,016)	(9,050,506)	(3,516,444)	(22,314)	(15,771,807)
	29,188,175	6,021,312	32,274,215	19,821,235	204,590	87,509,527
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
Effect on the provision at the end of the year as a result of classification changes between the three stages during the year	394,233	(6,413)	7,496,286	1,335,747	-	9,219,853
Changes due to the adjustments	173,496	135,700	126,531	203,149	-	638,876
Written off- Balances	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	(246,969)	-	(24,542)	(92,101)	-	(363,612)
Balance at the End of the Year	29,508,935	6,150,599	39,872,490	21,268,030	204,590	97,004,644
Distributed as follow:						
Provision on individual level	3,690	85,443	862,673	778,191	204,590	1,934,587
Provision on collective level	29,505,245	6,065,156	39,009,817	20,489,839	-	95,070,057
Balance at the End of the Year	29,508,935	6,150,599	39,872,490	21,268,030	204,590	97,004,644

The movement on the impairment loss in accordance with Central Bank instructions no. 47/2009 as of December 31, 2017 was as follows:	As of December 31, 2017					
	Individual (Retail Customers)	Real Estate Loans	Corporates: Large Corporate Customers	Corporates: SMEs	Government and Public sector	Total
	JD	JD	JD	JD	JD	JD
Balance – Beginning of the Year	18,953,345	2,785,243	35,966,394	7,135,540	-	64,840,522
Foreign currency differences	103,241	6,855	855,790	41,598	-	1,007,484
Provision for the year deducted from revenues	2,905,243	2,602,326	10,738,645	4,391,294	-	20,637,508
Balance – End of the Year	21,961,829	5,394,424	47,560,829	11,568,432	-	86,485,514
Distributed as follows:						
On a single client basis	21,529,943	5,298,261	45,389,037	11,531,525	-	83,748,766
On a portfolio basis	431,886	96,163	2,171,792	36,907	-	2,736,748
Balance – End of the Year	21,961,829	5,394,424	47,560,829	11,568,432	-	86,485,514

The following are the details for each business segment as of December 31, 2018:

A. Individual Portfolio (Retail)	As of December 31, 2018					
Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Credit risk rating based on the Bank's internal credit rating system:						
1	-	-	-	-	-	-
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	-	-	-	-	-	-
5	-	-	-	-	-	-
6	393,809	-	-	-	-	393,809
7	-	-	77,034	-	-	77,034
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	332,074	332,074
No classified	730,189	402,377,559	-	15,419,716	28,304,495	446,831,959
Total	**1,123,998**	**402,377,559**	**77,034**	**15,419,716**	**28,636,569**	**447,634,876**

Related facilities Movment Disclosure:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	628,041	340,861,207	2,521	14,534,349	22,162,170	378,188,288
New facilities During the Year	586,866	198,133,310	31,180	4,887,342	2,783,542	206,422,240
Facilities Released	(33,050)	(130,834,383)	(2,521)	(2,910,806)	(1,060,103)	(134,840,863)
	1,181,857	408,160,134	31,180	16,510,885	23,885,609	449,769,665
Transfer to Stage One	-	6,134,316	-	(5,758,946)	(375,370)	-
Transfer to Stage Two	(45,854)	(8,001,915)	45,854	8,450,750	(448,835)	-
Transfer to Stage Three	-	(3,106,217)	-	(2,484,994)	5,591,211	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(12,005)	(808,759)	-	(1,297,979)	(16,046)	(2,134,789)
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**1,123,998**	**402,377,559**	**77,034**	**15,419,716**	**28,636,569**	**447,634,876**

Expected credit loss provision movment:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	2,575	2,752,419	-	195,198	19,459,555	22,409,747
Impairment Loss of new balances during the year	2,465	837,298	307	219,599	7,451,286	8,510,955
Recoveries from impairment loss on facilities due	(1,642)	(209,480)	-	(70,692)	(1,450,713)	(1,732,527)
	3,398	3,380,237	307	344,105	25,460,128	29,188,175
Transfer to Stage One	-	(53,772)	-	53,772	-	-
Transfer to Stage Two	-	62,702	-	(62,702)	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	-	(23,770)	-	404,891	13,112	394,233
Changes resulting from modification	(15)	20,558	-	152,953	-	173,496
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	(246,969)	(246,969)
Total Balance at the End of the Year	**3,383**	**3,385,955**	**307**	**893,019**	**25,226,271**	**29,508,935**

B. Real Estate Loan Portfolio

Item	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Credit risk rating categories based on the Bank's internal credit rating system:						
1	4,749	-	-	-	-	4,749
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	1,059,061	-	-	-	-	1,059,061
5	3,242,293	-	-	-	-	3,242,293
6	20,223,140	-	-	-	-	20,223,140
7	-	-	4,204,948	-	-	4,204,948
8	-	-	-	-	-	-
9	-	-	-	-	16,589	16,589
10	-	-	-	-	1,001,649	1,001,649
No classified	12,103,467	184,148,903	435,805	12,473,667	9,905,972	219,067,814
Total	**36,632,710**	**184,148,903**	**4,640,753**	**12,473,667**	**10,924,210**	**248,820,243**

Related facilities Movment Disclosure:	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	39,373,426	172,381,397	1,250,908	12,133,365	10,249,390	235,388,486
New facilities During the Year	10,922,345	34,055,055	263,197	1,281,148	513,589	47,035,334
Facilities Released	(9,870,447)	(19,475,845)	(44,000)	(1,036,972)	(2,968,144)	(33,395,408)
	40,425,324	186,960,607	1,470,105	12,377,541	7,794,835	249,028,412
Transfer to Stage One	106,968	3,495,693	(106,968)	(3,417,556)	(78,137)	-
Transfer to Stage Two	(4,172,406)	(5,408,986)	4,172,406	5,646,821	(237,835)	-
Transfer to Stage Three	-	(836,492)	(847,824)	(1,810,149)	3,494,465	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	272,824	(61,919)	(46,966)	(322,990)	(49,118)	(208,169)
Changes resulting from modification	-	-	-	-	-	-
Written-off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**36,632,710**	**184,148,903**	**4,640,753**	**12,473,667**	**10,924,210**	**248,820,243**

Expected credit loss provision movment:	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	99,229	591,172	13,801	68,548	5,298,261	6,071,011
Impairment Loss of new balances during the year	38,277	122,446	-	1,268	1,238,326	1,400,317
Recoveries from impairment loss on facilities due	(48,355)	(47,879)	(1,800)	(48,546)	(1,303,436)	(1,450,016)
	89,151	665,739	12,001	21,270	5,233,151	6,021,312
Transfer to Stage One	(1,688)	(2,090)	1,673	2,090	15	-
Transfer to Stage Two	932	19,725	(12,000)	(19,725)	11,068	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(742)	(8,093)	-	-	2,422	(6,413)
Changes resulting from modification	(4,352)	(22,076)	468	314	161,346	135,700
Written-off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**83,301**	**653,205**	**2,142**	**3,949**	**5,408,002**	**6,150,599**

C. Facilities granted to corporates

Item	As of December 31, 2018 Stage One Individual Level	Stage One Collective Level	Stage Two Individual Level	Stage Two Collective Level	Stage Three	Total
Credit risk rating categories based on the Bank's internal credit rating system:						
1	235,635	-	-	-	-	235,635
2	6,825,609	-	-	-	-	6,825,609
3	87,429,473	-	-	-	-	87,429,473
4	45,781,697	-	-	-	-	45,781,697
5	167,148,937	-	-	-	-	167,148,937
6	118,722,460	-	-	-	-	118,722,460
7	-	-	31,478,470	-	-	31,478,470
8	-	-	-	-	-	-
9	-	-	-	-	6,040,054	6,040,054
10	-	-	-	-	20,639,378	20,639,378
No classified	-	1,246,622	-	-	62,210	1,308,832
Total	**426,143,811**	**1,246,622**	**31,478,470**	**-**	**26,741,642**	**485,610,545**

Related facilities Movment Disclosure:

Item	Stage One Individual Level	Stage One Collective Level	Stage Two Individual Level	Stage Two Collective Level	Stage Three	Total
Total balance at the beginning of the year after IFRS (9) implementation	395,590,304	701,146	46,220,150	3,924	17,977,080	460,492,604
New facilities During the Year	153,586,719	986,965	5,536,635	-	6,718,662	166,828,981
Facilities Released	(117,957,420)	(441,489)	(24,522,821)	(3,924)	(4,218,564)	(147,144,218)
	431,219,603	1,246,622	27,233,964	-	20,477,178	480,177,367
Transfer to Stage One	6,771,281	-	(6,771,281)	-	-	-
Transfer to Stage Two	(10,698,942)	-	10,699,330	-	(388)	-
Transfer to Stage Three	(5,747,776)	-	(516,923)	-	6,264,699	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	4,599,645	-	833,380	-	153	5,433,178
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**426,143,811**	**1,246,622**	**31,478,470**	**-**	**26,741,642**	**485,610,545**

Expected credit loss provision movment:						
	Stage One		Stage Two			
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
Total balance at the beginning of the year after IFRS (9) implementation	523,808	7,064	23,230,708	65,057	16,498,424	40,325,061
Impairment Loss of new balances during the year	143,630	5,103	140,184	129,841	797,088	1,215,846
Recoveries from impairment loss on facilities due	(71,546)	(116)	(8,413,763)	(65,057)	(716,210)	(9,266,692)
	595,892	12,051	14,957,129	129,841	16,579,302	32,274,215
Transfer to Stage One	(59,893)	-	42,005	-	17,888	-
Transfer to Stage Two	104,064	-	(333,597)	-	229,533	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(86,135)	-	(1,189)	-	7,583,610	7,496,286
Changes resulting from modification	127,745	(1,214)	-	-	-	126,531
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	(24,542)	(24,542)
Total Balance at the End of the Year	**681,673**	**10,837**	**14,664,348**	**129,841**	**24,385,791**	**39,872,490**

D. Facilities granted to SME's	As of December 31, 2018					
	Stage One		Stage Two			
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
Credit risk rating categories based on the Bank's internal credit rating system:						
1	3,461,303	-	-	-	-	3,461,303
2	-	-	-	-	-	-
3	41,127	-	-	-	-	41,127
4	1,822,271	-	-	-	-	1,822,271
5	65,873,050	-	-	-	-	65,873,050
6	150,472,107	-	-	-	-	150,472,107
7	-	-	7,639,495	-	-	7,639,495
8	-	-	-	-	1,111,671	1,111,671
9	-	-	-	-	240,252	240,252
10	-	-	-	-	23,531,817	23,531,817
No classified	-	3,518,217	-	82,542	564,807	4,165,566
Total	221,669,858	3,518,217	7,639,495	82,542	25,448,547	258,358,659

Related facilities Movment Disclosure:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	197,972,993	4,309,591	12,562,977	298,889	26,316,783	241,461,233
New facilities During the Year	55,655,193	2,264,868	1,140,213	19,774	1,316,732	60,396,780
Facilities Released	(31,093,679)	(3,058,699)	(4,370,542)	(162,599)	(3,854,671)	(42,540,190)
	222,534,507	3,515,760	9,332,648	156,064	23,778,844	259,317,823
Transfer to Stage One	4,170,819	91,590	(4,170,819)	(91,590)	-	-
Transfer to Stage Two	(3,133,327)	(45,599)	3,135,089	45,599	(1,762)	-
Transfer to Stage Three	(1,227,914)	(32,946)	(425,813)	-	1,686,673	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(674,227)	(10,588)	(231,610)	(27,531)	(15,208)	(959,164)
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**221,669,858**	**3,518,217**	**7,639,495**	**82,542**	**25,448,547**	**258,358,659**

Expected credit loss provision movment:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	435,373	32,097	185,555	6,829	21,623,006	22,282,860
Impairment Loss of new balances during the year	159,528	13,191	467	87,734	793,899	1,054,819
Recoveries from impairment loss on facilities due	(38,965)	(3,970)	(118,558)	(5,121)	(3,349,830)	(3,516,444)
	555,936	41,318	67,464	89,442	19,067,075	19,821,235
Transfer to Stage One	(4,483)	(234)	1,254	234	3,229	-
Transfer to Stage Two	62,219	1,402	(66,997)	(1,402)	4,778	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(49,993)	(674)	4,026	(77)	1,382,465	1,335,747
Changes resulting from modification	208,765	(5,567)	-	(49)	-	203,149
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	(92,101)	(92,101)
Total Balance at the End of the Year	**772,444**	**36,245**	**5,747**	**88,148**	**20,365,446**	**21,268,030**

E. Facilities Granted to the Government and the Public Sector	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Credit risk rating categories based on the Bank's internal credit rating system:						
1	90,306,615	-	-	-	-	90,306,615
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	-	-	-	-	-	-
5	-	-	-	-	-	-
6	44,387,832	-	-	-	-	44,387,832
7	-	-	-	-	-	-
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
No classified	-	-	-	-	-	-
Total	**134,694,447**	**-**	**-**	**-**	**-**	**134,694,447**

Related facilities Movment Disclosure:						
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	229,352,737	-	-	-	-	229,352,737
New facilities During the Year	32,806,615	-	-	-	-	32,806,615
Facilities Released	(127,464,905)	-	-	-	-	(127,464,905)
	134,694,447	-	-	-	-	134,694,447
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**134,694,447**	**-**	**-**	**-**	**-**	**134,694,447**

Expected credit loss provision movment:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	226,904	-	-	-	-	226,904
Impairment Loss of new balances during the year	-	-	-	-	-	-
Recoveries from impairment loss on facilities due	(22,314)	-	-	-	-	(22,314)
	204,590	-	-	-	-	204,590
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**204,590**	**-**	**-**	**-**	**-**	**204,590**

Interest in Suspense:

The following is the movement on the interest in suspense:	As of December 31, 2018				
			Corporates		
	Individual (Retail Customers)	Real Estate Loans	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance at the Beginning of the Year	2,444,746	747,953	2,577,038	2,098,944	7,868,681
Add: Interest suspended during the year	404,140	430,950	600,999	405,964	1,842,053
Less: Interest in suspense reversed to revenues	(242,144)	(212,326)	(90,593)	(291,204)	(836,267)
classification	(651,314)	-	(801,247)	1,452,561	-
Balance at the End of the Year	**1,955,428**	**966,577**	**2,286,197**	**3,666,265**	**8,874,467**

	As of December 31, 2017				
			Corporates		
	Individual (Retail Customers)	Real Estate Loans	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance at the Beginning of the Year	2,526,228	524,594	2,304,247	1,623,509	6,978,578
Add: Interest suspended during the year	499,700	372,198	429,842	639,862	1,941,602
Less: Interest in suspense reversed to revenues	(433,662)	(148,839)	(157,051)	(164,427)	(903,979)
Less: interest in suspense written off based on settlements	(147,520)	-	-	-	(147,520)
Balance at the End of the Year	**2,444,746**	**747,953**	**2,577,038**	**2,098,944**	**7,868,681**

Direct credit facilities are distributed in accordance with geographical distribution and economic sectors as following:

	Inside Kingdom	Outside Kingdom	Total As of December 31, 2018	Total As of December 31, 2017
	JD	JD	JD	JD
Financial	8,856,920	-	8,856,920	9,011,477
Industrial	158,371,449	81,321,784	239,693,233	163,799,838
Trading	275,659,169	49,965,986	325,625,155	299,453,758
Real estate	214,270,294	5,144,253	219,414,547	203,963,583
Constructions	80,290,618	577,387	80,868,005	43,168,270
Agriculture	10,378,772	9,222,819	19,601,591	19,607,378
Tourism, restaurants and public facilities	101,654,011	17,398,640	119,052,651	175,163,205
Shares	8,750,746	-	8,750,746	10,038,543
Individuals	347,891,807	70,669,668	418,561,475	388,023,177
Government and public sector	90,306,615	44,387,832	134,694,447	229,352,737
Total	**1,296,430,401**	**278,688,369**	**1,575,118,770**	**1,541,581,966**

10. Financial Assets at Amortized Cost

This item consists of the following:	December 31, 2018	December 31, 2017
	JD	JD
Financial assets quoted in the market:		
Governmental bonds guaranteed by the government	122,203,545	147,095,719
Corporate bonds and debentures	47,813,637	35,151,182
Foreign governmental bonds	5,633,346	2,137,169
Total financial assets quoted in the market	175,650,528	184,384,070
Financial assets unquoted in the market:		
Corporate bonds and debentures	28,192,320	35,192,320
Treasury bills or guaranteed by the government	153,185	
Total financial assets unquoted in the market	28,345,505	35,192,320
Total Financial Assets at Amortized Cost	203,996,033	219,576,390
Less: Expected credit loss provision	(600,349)	-
Net financial assets at amortized cost	**203,395,684**	**219,576,390**

Analysis of bonds and bills:	December 31, 2018	December 31, 2017
	JD	JD
Financial assets with fixed-interest rate	195,430,823	216,002,472
Financial assets with floating interest rate	8,565,210	3,573,918
Total	**203,996,033**	**219,576,390**

During the year 2017, financial assets at amortized cost were sold with a nominal value of JD 21,979,000 as a result of the decrease in the credit rating of the majority of these assets. The sale resulted in profits of 87,724 for the year ended 31 December 2017.

Distribution of financial assets at amortized cost according to the Bank's internal credit rating categories as of December 31, 2018 was as follows:

	Stage One		Stage Two			
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
1	122,203,546	-	-	-	-	122,203,546
2	5,673,334	-	-	-	-	5,673,334
3	16,421,330	-	-	-	-	16,421,330
4	23,742,757	-	-	-	-	23,742,757
5	14,525,549	-	-	-	-	14,525,549
6	3,652,150	-	-	-	-	3,652,150
7	-	-	17,777,367	-	-	17,777,367
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
Total	**186,218,666**	**-**	**17,777,367**	**-**	**-**	**203,996,033**

Financial assets at amortized cost to credit stages distribution according to the requirements of IFRS (9) was as follows:

	Stage One		Stage Two			
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
Balance at the Beginning of the Year after IFRS (9) implementation	219,576,390	-	-	-	-	219,576,390
New invesment during the year	42,938,819	-	-	-	-	42,938,819
Matured invesments	(58,476,138)	-	-	-	-	(58,476,138)
	204,039,071	-	-	-	-	204,039,071
Transferred to stage one	-	-	-	-	-	-
Transferred to stage two	(17,820,405)	-	17,820,405	-	-	-
Transferred to stage three	-	-	-	-	-	-
Changes due to the adjusments	-	-	(43,038)	-	-	(43,038)
Written -off Investments	-	-	-	-	-	-
Adjusment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**186,218,666**	**-**	**17,777,367**	**-**	**-**	**203,996,033**

The movement on the expected credit loss provision was as follows:

Item	Stage One	Stage Two	Stage Three	Total
Balance at the Beginning of the Year after IFRS (9) Implementation	74,293	-	-	74,293
Credit loss on new balances during the year	60,169	-	-	60,169
Expected credit loss reversal of matured investments	(4,459)	-	-	(4,459)
	130,003	-	-	130,003
Transferred to stage one	-	-	-	-
Transferred to stage two	(6,207)	6,207	-	-
Transferred to stage three	-	-	-	-
Effect on the provision at the end of the period– as a result of classification changes between the three stages during the year	-	-	-	-
Changes due to adjusments	-	470,346	-	470,346
Written off- Investments	-	-	-	-
Adjusment due to exchange rates fluctuations	-	-	-	-
Balance at the End of the Year	**123,796**	**476,553**	**-**	**600,349**

The maturities of these financial assets at amortized cost are as follows:

	Up to 1 Month	Over 1 Month and Up to 3 Months	Over 3 Months and Up to 6 Months	Over 6 Months and Up to 1 Year	Over 1 Year and Up to 3 Years	Over 3 Years	Total
		JD	JD	JD	JD	JD	
December 31, 2018	5,673,334	25,145,321	15,050,437	3,573,513	83,206,715	71,346,713	203,996,033
December 31, 2017	-	17,000,095	2,141,421	39,280,656	102,938,133	58,216,085	219,576,390

11. Property and Equipment – Net

The details of this item are as follows:

2018	Lands	Buildings	Equipment Furniture and Fixtures	Vehicles	Computers	Decorations and Improvements	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
Beginning balance	4,159,347	13,849,927	20,569,386	892,918	11,956,635	20,572,804	72,001,017
Additions	-	682,302	2,117,958	16,096	678,882	2,028,331	5,523,569
(Disposals)	-	-	(679,395)	-	(280,050)	(1,240,454)	(2,199,899)
Foreign currencies differences	-	-	-	-	-	-	-
Ending balance	4,159,347	14,532,229	22,007,949	909,014	12,355,467	21,360,681	75,324,687
Accumulated depreciation:							
Beginning balance	-	6,263,580	15,427,229	380,780	7,834,029	16,594,741	46,500,359
Annual depreciation	-	253,738	1,479,214	94,503	1,025,582	1,403,614	4,256,651
(Disposals)	-	-	(647,770)	-	(242,941)	(1,134,559)	(2,025,270)
Foreign currencies differences	-	-	-	-	-	-	-
Ending balance	-	6,517,318	16,258,673	475,283	8,616,670	16,863,796	48,731,740
Net book value of property and equipment	4,159,347	8,014,911	5,749,276	433,731	3,738,797	4,496,885	26,592,947
Payments on acquisition of property and equipment*	-	2,393	4,894,432	-	1,371,160	1,483,088	7,751,073
Net Property and Equipment at the End of the Year	4,159,347	8,017,304	10,643,708	433,731	5,109,957	5,979,973	34,344,020
2017							
Cost:							
Beginning balance	3,671,477	13,483,963	20,042,356	1,026,495	10,802,396	19,372,663	68,399,350
Additions	462,871	92,869	1,250,321	249,583	2,147,663	1,301,737	5,505,044
(Disposals)	-	-	(801,555)	(386,896)	(1,019,454)	(185,077)	(2,392,982)
Foreign currencies differences	24,999	273,095	78,264	3,736	26,030	83,481	489,605
Ending balance	4,159,347	13,849,927	20,569,386	892,918	11,956,635	20,572,804	72,001,017
Accumulated depreciation:							
Beginning balance	-	6,015,986	14,751,951	641,180	7,855,568	15,341,641	44,606,326
Annual depreciation	-	215,190	1,390,072	79,361	964,300	1,334,028	3,982,951
(Disposals)	-	-	(765,321)	(343,422)	(1,005,622)	(149,993)	(2,264,358)
Foreign currencies differences	-	32,404	50,527	3,661	19,783	69,065	175,440
Ending balance	-	6,263,580	15,427,229	380,780	7,834,029	16,594,741	46,500,359
Net book value of property and equipment	4,159,347	7,586,347	5,142,157	512,138	4,122,606	3,978,063	25,500,658
Payments on acquisition of property and equipment*	-	1,298,106	601,954	-	207,905	4,321,610	6,429,575
Net Property and Equipment at the End of the Year	4,159,347	8,884,453	5,744,111	512,138	4,330,511	8,299,673	31,930,233

*The financial obligations relating to the acquisition of property and equipment amounted to JD 1,731,328 for the year 2018, and will be settled in accordance with the contractual conditions on the purchase of these assets.

- Fully depreciated property and equipment cost amounted to JD 31,601,660 for the year 2018 (JD 29,833,847 for the year 2017).

12. Intangible Assets

This item consists of computer software's which are amortized at an annual rate ranging from 15% to 20%, the details are as follows:

	December 31, 2018	December 31, 2017
	JD	JD
Balance at the Beginning of the Year	4,839,231	3,559,146
Additions during the year	1,019,570	2,101,181
Amortization for the year	(859,978)	(823,581)
Foreign currencies differences	-	2,485
Balance end of the Year	**4,998,823**	**4,839,231**

13. Other Assets

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Accrued interest income	10,106,510	8,132,535
Prepaid expenses	4,346,029	3,282,556
Assets foreclosed by the Bank in repayment of non performing debts*	50,063,535	45,050,608
Financial Assets foreclosed by the bank	6,816,468	-
Clearance cheques	7,593,695	3,589,269
Advanced payments on the acquisition of lands and real estates	1,579,037	699,123
Prepaid tax expenses	1,750,077	1,101,552
Accounts receivables and other debit balances	6,998,647	10,764,740
	89,253,998	**72,620,383**

*The following is the movement on the assets foreclosed by the Bank in repayment of non performing debts:	Foreclosed Assets	
	2018	2017
	JD	JD
Balance at the Beginning of the Year	54,781,771	41,511,299
Additions **	5,640,794	14,968,144
Disposals	(431,238)	(1,697,672)
End of the year balance	59,991,327	54,781,771
Impairment provision of assets foreclosed by the Bank***	(9,927,792)	(9,731,163)
Balance at the End of the Year	**50,063,535**	**45,050,608**

- According to the Jordanian Banks' Law, buildings and plots of lands foreclosed by the Bank in repayment of debts 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. Noting at the beginning of 2015 and in accordance with the dissemination of the Central Bank of Jordan No. 15/1/4076 dated on March 27, 2014 and No. 10/1/2510 dated on February 14, 2017 the bank has started to calculate gradual provision against the assets foreclosed against debts with a period exceeding 4 years, noting that The Central Bank of Jordan issued circular No. 10/1/13967 dated 25 October 25, 2018 approving the extension of Circular No. 10/1/16607 on December 17, 2017, in which it confirmed postponing the provision calculation until the end of year 2019.

** Additions during the year ended December 31, 2018 include assets foreclosed in fulfilment of debt obligations as settled with a client, amounting to JD 3.1 million, which were registered based on an irrevocable power of attorney affirmed by the Land and Survey Department. Moreover, the Bank possesses declarations and documents confirming that the land ownership and its proceeds are in favour of the Bank and that is according to the settlement agreement between both parties, which gives the debtor the right to repossess these foreclosed assets within a specified period of time.

*** The movement on the assets foreclosed by the Bank in repayment of non-performing debts provision loans was as follows:	2018	2017
	JD	JD
Balance at the Beginning of the Year	9,731,163	6,805,743
Additions	196,629	2,925,420
Balance at the End of the Year	9,927,792	9,731,163

14. Banks and Financial Institutions' Deposits

This item consists of the following:	December 31, 2018			December 31, 2017		
	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	-	9,429,939	9,429,939	-	16,109,902	16,109,902
Deposits maturing within 3 months	-	4,875,021	4,875,021	-	27,254,300	27,254,300
Deposits maturing within 3-6 months	-	-	-	-	1,063,500	1,063,500
Deposits maturing within 6-9 months	-	-	-	-	-	-
Deposits maturing within 9-12 months	-	-	-	-	-	-
Deposits maturity exceeds one year	70,000,000	60,937,867	130,937,867	-	20,468,493	20,468,493
	70,000,000	75,242,827	145,242,827	-	64,896,195	64,896,195

15. Customers' Deposits

This item consists of the following:	December 31, 2018				
	Individuals	Large Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	308,314,659	147,922,939	87,403,900	9,639,094	553,280,592
Saving accounts	731,787,872	1,759,724	11,357,537	52,203	744,957,336
Time and notice deposits	254,608,734	89,293,564	33,534,295	26,702,514	404,139,107
Certificates of deposit	156,026,951	4,382,080	5,006,420	-	165,415,451
Total	**1,450,738,216**	**243,358,307**	**137,302,152**	**36,393,811**	**1,867,792,486**

	December 31, 2017				
	Individuals	Large Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	359,179,245	59,273,278	82,724,253	8,194,986	509,371,762
Saving accounts	728,405,946	4,136,458	14,585,865	104,141	747,232,410
Time and notice deposits	261,365,266	123,126,021	26,440,518	87,296,528	498,228,333
Certificates of deposit	85,987,776	1,157,675	3,822,800	-	90,968,251
Total	**1,434,938,233**	**187,693,432**	**127,573,436**	**95,595,655**	**1,845,800,756**

- Deposits of the Jordanian Government and the public sector inside Jordan amounted to JD 28,539,472 equivalent to (1/53%) of total customers' deposits for the year (JD 90,414,825 equivalent to (4.9%) for the prior year).

- Non-interest bearing deposits amounted to JD 627,781,302 equivalent to (33,61%) of total customers' deposits for the year (JD 675,443,252 equivalent to (36,59%) of total deposits for the prior year).

- Restricted deposits amounted to JD 16,128,531 equivalent to (0/86%) of total customers' deposits for the year (JD 14,245,341 equivalent to (0,77%) of total deposits for the prior year).

- Dormant deposits amounted to JD 88,913,192 for the year (JD 82,220,824 for the prior year).

16. Cash Margins	December 31,	
The details of this item are as follows:	2018	2017
	JD	JD
Cash margins on direct credit facilities at amortized cost	97,690,528	106,152,279
Cash margins on indirect credit facilities	19,578,389	43,204,414
	117,268,917	149,356,693

17. Other Provisions					
The details of this item are as follows:	Beginning Balance	Provision Created during the Year	Provision Used During the Year	Foreign Currencies Differences	Ending Balance
2018	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	4,073,409	514,366	(683,010)	-	3,904,765
Provision for lawsuits raised against the Bank	676,564	432,570	(76,564)	-	1,032,570
Other provisions	256,792	113	-	-	256,905
	5,006,765	947,049	(759,574)		5,194,240
2017					
Provision for end-of-service indemnity	4,186,235	411,600	(524,426)	-	4,073,409
Provision for lawsuits raised against the Bank	626,714	53,877	(4,027)	-	676,564
Other provisions	203,043	20,561	(5,483)	38,671	256,792
	5,015,992	486,038	(533,936)	38,671	5,006,765

18. Income Tax		
A. Income tax provision: The movement on the income tax provision is as follows:	2018	2017
	JD	JD
Balance at the Beginning of the Year	19,602,158	16,872,706
Income tax paid	(21,816,266)	(21,876,847)
Accrued Income tax	24,192,793	24,606,299
Balance at the End of the Year	21,978,685	19,602,158
Income tax in the consolidated statement of profit or loss represents the following:	2018	2017
Income tax on current year's profit	19,978,599	24,606,299
Previous years income tax	1,378,746	-
Deferred tax assets for the year-addition	(3,253,263)	(2,840,086)
Amortization of deferred tax assets	3,610,427	207,689
	21,714,509	21,973,902
Income tax in the consolidated statement of comprehensive income represents the following:	2018	2017
Accrued income tax on profits from the sale of shares of financial assets through the statement of comprehensive income	4,214,194	-
	4,214, 194	-

- Legal income tax rate in Jordan amounts to 35%, whereas the legal income tax rate in Palestine where the Bank has investments and branches amounts to 15%, in Syria (a subsidiary) to 25% and 24% for the subsidiary companies in Jordan.
- A final settlement was reached with the Income and Sales Tax Department in Jordan up to the end of the years 2013 and 2015. Moreover, the Bank submitted its tax returns for the years 2014, 2016 and 2017 and has paid the required amounts according to the law. However, no final settlement has yet been reached with the Income and Sales Tax Department for these years. The Income and Sales Tax Department claims the Bank with tax differences against the year 2014 amounting to JD 2.9 Million. The Bank has objected this assessment and raised a lawsuit against the Income and Sales Tax Department in this regards which is still at the court of appeal. In the opinion of the management and its legal and tax consultant, the Bank will not entail any obligations in excess of the provision booked in the consolidated financial statements.
- The Bank has reached to final tax settlements with the Income Tax and Value Added Tax up to the end of the year 2017 on the Bank operation in Palestine. Moreover, in 2016 the Bank has booked an amount of JD 2.1 million to meet the tax liabilities of the Bank's results for the year 2018 (JD 0.9 million for income tax and JD 1.2 million for added value tax). In the opinion of the management and the tax consultant, the provisions recorded are adequate to meet the tax commitments.
- A final settlement was reached with the Income and Sales Tax Department up to the end of the year 2015 regarding Excel for Financial Investments Company (subsidiary). Furthermore, the Company has submitted its tax returns for the year 2016 and 2017. However, no final settlement has been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's management and its tax consultant, the allocated provisions in the financial statements are sufficient to meet any tax obligations.
- Jordan Leasing Company (subsidiary) has reached a final settlement with the Income and Sales Tax Department up to the year 2015. Moreover, the Company has submitted its tax returns for 2016 and 2017 and paid the declared taxes, however, it has not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's management and its tax consultant, the allocated provisions in the financial statements are sufficient to meet any tax obligations.
- The Bank calculated the accrued income tax for the year ended December 31, 2018 for the Bank and its subsidiary Companies and external branches. In the opinion of the management and its tax consultant, the balance is sufficient to meet the tax commitments as of that date.

B. Deferred Tax Assets

The details of this item are as follows:

Accounts Included	2018							2017
	Balance at the Beginning of the Year	Effect of implementation of IFRS (9)	Adjusted Beginning Balance	Amounts Released	Amounts Added	Balance at the End of the Year	Deferred Tax	Deferred Tax
Deferred Tax Assets:	JD	JD	JD	JD	JD	JD	JD	JD
Provisions for non-performing debts	22,533,348	-	22,533,348	8,050,000	-	14,483,348	5,503,672	7,886,672
Provision for non-performing debts	3,706,037	-	3,706,037	183,440	-	3,522,597	1,016,154	1,068,355
Provision for staff end-of-service indemnity	4,073,409	-	4,073,409	683,010	514,366	3,904,765	1,129,221	1,187,361
Interest in suspense	998,113	-	998,113	96,870	-	901,243	226,469	254,360
Provision for lawsuits raised against the Bank	676,564	-	676,564	76,564	432,570	1,032,570	373,962	225,624
Impairment in assets foreclosed by the Bank	9,731,163	-	9,731,163	-	196,629	9,927,792	3,531,592	3,243,455
Impairment in assets available for sale	62,831	-	62,831	-	-	62,831	23,876	21,991
Revaluation of assets foreclosed by bank	-	-	-	-	1,488,560	1,488,560	565,653	-
Expected credit loss provision	-	12,379,866	12,379,866	15,211	2,845,237	15,209,892	5,635,812	-
Other provisions	3,183,603	-	3,183,603	888,262	-	2,295,341	573,835	795,901
	44,965,068	12,379,866	57,344,934	9,993,357	5,477,362	52,828,939	18,580,246	14,683,719
C. Deferred Tax Liabilities:								
Fair value reserve	-	-	-	-	34,605,578	34,605,578	3,296,665	-

The Bank has changed the accounting estimates relating to the calculation of deferred tax liabilities on the gains on financial assets at fair value through the statement of comprehensive income during the first quarter of 2018 based on the decision of the Court of Cassation issued on February 6, 2018.

The movement of Deferred tax assets and liabilities as follows:	Deferred Tax Assets		Deferred Tax Liabilities	
	2018	2017	2018	2017
	JD	JD	JD	JD
Balance- beginning of the year	14,683,719	11,926,470	-	-
Effect of adopting IFRS (9)	4,253,691	-	-	-
Adjusted balance- beginning of the year	18,937,410	11,962,470	-	-
Effect of new income tax law	1,249,475	-	-	-
Addition	2,003,788	2,840,086	3,296,665	-
Amortized	(3,610,427)	(207,689)	-	-
Foreign currency difference	-	124,852	-	-
Balance- Ending of the year	18,580,246	14,683,719	3,296,665	-

* The percentage of tax used in the calculation of deferred taxes is the rate in force in the countries where the bank is operating
*During the year 2018, the amended Income Tax Law No. (38) for the year 2018 was adopted. Accordingly, the defferred tax assets and liabilities have been adjusted to match the new tax rates, as the Bank will benefit from these assets and liabilities in subsequent years based on new tax rate of 38%.

D. The following is a summary of the reconciliation between accounting profit and taxable profit:	2018	2017
	JD	JD
Accounting profit	62,958,932	67,583,363
Tax-exempt profits	(20,570,736)	(6,898,739)
Undetectable tax expenses	23,653,818	11,281,313
Taxable profit	66,042,014	71,965,937
Income tax rate	36,6%	%34,2
	24,192,793	24,606,299

19. Borrowed Funds		Number of Installments				
The details of this item are as follows:	Amount	In Total	The Remaining	Periodic Installments Maturity	Collaterals	Price of Borrowing Interest
December 31, 2018	JD				JD	
Borrowing from the Central Bank of Jordan	4,557,811	725	611	Monthly	Treasury Bonds and bills	1%-2.25%
Total	**4,557,811**					
December 31, 2017	JD				JD	
Borrowing from the Central Bank of Jordan	2,437,716	293	261	Monthly	Treasury Bonds and bills	1%-2.25%
Total	**2,437,716**					

- The above amount has been re-borrowed to the Bank's customers listed under small and medium entities with an interest rate ranging from 3% - 5,25%.
- This balance is borrowed at a fixed interest rate, and there is no borrowing at floating interest rates or with zero interest rate as of December 31, 2018 and 2017.

20. Other Liabilities	December 31,	
The details of this item are as follows:	2018	2017
	JD	JD
Accrued interest payable	7,379,940	5,079,792
Accepted cheques	5,598,178	6,315,946
Temporary deposits	5,658,133	17,814,290
Dividends payable	2,444,968	2,361,085
Deposits on safe boxes	174,124	173,945
Margins against sold real estate	140,200	289,250
Expected credit loss provision against indirect credit facilities **	7,598,485	-
Other liabilities*	7,297,504	6,662,165
	36,291,532	**38,696,473**

*** The details of other liabilities are as follows:**	December 31,	
	2018	2017
	JD	JD
Social security deposits	285,413	277,056
Income tax deposits	318,262	322,528
Accrued expenses	4,740,394	4,947,970
Incoming transfers	245,236	294,037
Out coming transfers	-	12,953
Board of Directors' members remuneration	55,000	55,000
Other credit balances	1,653,199	752,621
	7,297,504	**6,662,165**

Indirect credit facilities credit stages distribution according to the requirements of IFRS (9) was as follows:

	Stage One		Stage Two		Stage Three	Total
item	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the Beginning of the Year after IFRS (9) Implementation	651,983,786	42,172,143	20,505,269	432,998	9,755,293	724,849,489
New exposures during the year	141,250,360	15,698,076	8,943,433	90,777	-	165,982,646
Accrued exposures	(247,941,772)	(10,141,536)	(4,576,948)	(261,017)	(297,460)	(263,218,733)
Transferred to stage one	1,712,501	159,757	(1,712,501)	(157,493)	(2,264)	-
Transferred to stage two	(11,447,006)	(232,740)	11,511,747	232,797	(64,798)	-
Transferred to stage three	(678,613)	-	(206,578)	-	885,191	-
Effect on the provision at the end of the year – as a result of lassification changes between the three stages during the year	(2,298,429)	(364,399)	(101,568)	(1,501)	5,251	(2,760,646)
Changes due to the adjusments	-	-	-	-	-	-
Written – off facilities	-	-	-	-	-	-
Adjusment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**532,580,827**	**47,291,301**	**34,362,854**	**336,561**	**10,281,213**	**624,852,756**

** Expected credit loss provision distribution in accordance with the requirements of IFRS (9) against indirect credit facilities was as follows:

item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the Beginning of the Year after IFRS (9) Implementation	734,551	346,187	186,332	6,108	5,251,263	6,524,441
Credit loss on new exposures during the period	471,751	135,459	480,901	2,567	530,201	1,620,879
Impairment loss over accrued exposures	(271,442)	(79,322)	(130,115)	(4,419)	(476,956)	(962,254)
Transferred to stage one	(6,989)	(419)	923	419	6,066	-
Transferred to stage two	394	1,574	(406)	(1,574)	12	-
Transferred to stage three	-	-	1,526	-	(1,526)	-
Effect on the provision at the end of the year – as a result of classification changes between the three stages during the year	14,623	(276)	2,277	(7)	333,881	350,498
Changes due to the adjusments	67,624	(2,567)	-	(136)	-	64,921
Written -off facilities	-	-	-	-	-	-
Adjusment due to exchange rates fluctuations	-	-	-	-	-	-
Balance at the End of the Year	**1,010,512**	**400,636**	**541,438**	**2,958**	**5,642,941**	**7,598,485**

Indirect credit facilities distribution in accordance with the requirements of IFRS (9) as of December 31, 2018 at the Proudect level was as follows:

A. Letter of credit	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Credit risk rating based on the Bank's internal credit rating system:						
1	-	-	-	-	-	-
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	15,973,907	-	-	-	-	15,973,907
5	29,744,844	-	-	-	-	29,744,844
6	12,732,817	-	-	-	-	12,732,817
7	-	-	6,667,657	-	-	6,667,657
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
Total	**58,451,568**	**-**	**6,667,657**	**-**	**-**	**65,119,225**

Indirect facilities Movment Disclosure:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year after IFRS (9) implementation	93,945,557	-	3,524,289	-	-	97,469,846
New facilities during the year	3,369,155	-	3,393,601	-	-	6,762,756
Facilities paid	(38,791,902)	-	(250,358)	-	-	(39,042,260)
	58,522,810	-	6,667,532	-	-	65,190,342
Transfer to Stage One	-	-	-	-	-	-
Transfer to Stage Two	(125)	-	125	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(71,117)	-	-	-	-	(71,117)
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**58,451,568**	**-**	**6,667,657**	**-**	**-**	**65,119,225**

Movement of the provision impairment diclosure:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Total balance at the beginning of the year after IFRS (9) implementation	28,589	-	6,427	-	-	35,016
Impairment Loss of new balances during the year	27,278	-	32,044	-	-	59,322
Recoveries from impairment loss on investments due	(1,866)	-	(16)	-	-	(1,882)
Transfer to Stage One	(21)	-	21	-	-	-
Transfer to Stage Two	-	-	-	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of the reclassification between the three stages during the year	-	-	(21)	-	-	(21)
Changes resulting from modifications	923	-	-	-	-	923
Written off Investment	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**54,903**	**-**	**38,455**	**-**	**-**	**93,358**

B.Acceptances	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Credit risk rating based on the Bank's internal credit rating system:						
1	-	-	-	-	-	-
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	659,318	-	-	-	-	659,318
5	30,422,413	-	-	-	-	30,422,413
6	8,935,981	-	-	-	-	8,935,981
7	-	-	276,412	-	-	276,412
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
Total	40,017,712	-	276,412	-	-	40,294,124

Indirect facilities Movment Disclosure:						
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the Beginning of the year after IFRS (9) Implementation	52,349,699	-	265,367	-	-	52,615,066
New facilities during the year	18,065,999	-	132,317	-	-	18,198,316
Facilities paid	(30,385,472)	-	(111,855)	-	-	(30,497,327)
	40,030,226	-	285,829	-	-	40,316,055
Transfer to Stage One	35,450	-	(35,450)	-	-	-
Transfer to Stage Two	(49,719)	-	49,719	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	1,755	-	(23,686)	-	-	(21,931)
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-		-	-	-
Adjustments due to changes in exchange rates	-	-		-	-	-
Total Balance at the End of the Year	**40,017,712**	**-**	**276,412**	**-**	**-**	**40,294,124**

Movement of the provision impairment disclosure:

Item	Stage One Individual Level	Stage One Collective Level	Stage Two Individual Level	Stage Two Collective Level	Stage Three	Total
Balance at the Beginning of the year after IFRS (9) Implementation	96,657	-	3,047	-	-	99,704
Impairment Loss of new balances during the year	25,484	-	905	-	-	26,389
Recoveries from impairment loss on investments due	(75,590)	-	(564)	-	-	(76,154)
Transfer to Stage One	(181)	-	181	-	-	-
Transfer to Stage Two	109	-	(109)	-	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of the reclassification between the three stages during the year	(31)	-	432	-	-	401
Changes resulting from modifications	8,565	-	-	-	-	8,565
Written off Investment	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**55,013**	**-**	**3,892**	**-**	**-**	**58,905**

C. Letters of guarantee	As of December 31, 2018					
Item	Stage One Individual Level	Stage One Collective Level	Stage Two Individual Level	Stage Two Collective Level	Stage Three	Total
Credit risk rating based on the Bank's internal credit rating system:						
1	41,840	-	-	-	-	41,840
2	138,500	-	-	-	-	138,500
3	3,033,834	-	-	-	-	3,033,834
4	39,404,731	-	-	-	-	39,404,731
5	28,049,699	-	-	-	-	28,049,699
6	50,070,222	-	-	-	-	50,070,222
7	-	-	1,199,952	-	-	1,199,952
8	-	-	-	-	617,074	617,074
9	-	-	-	-	135,990	135,990
10	-	-	-	-	9,528,149	9,528,149
Total	**120,738,826**	**-**	**1,199,952**	**-**	**10,281,213**	**132,219,991**

Indirect facilities Movment Disclosure:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year after IFRS (9) implementation	122,489,102	-	1,603,768	-	9,755,293	133,848,163
New facilities during the Year	18,718,650	-	236,822	-	-	18,955,472
Facilities paid	(19,482,348)	-	(553,701)	-	(297,460)	(20,333,509)
	121,725,404	-	1,286,889	-	9,457,833	132,470,126
Transfer to Stage One	341,148	-	(341,148)	-		-
Transfer to Stage Two	(381,708)	-	446,449	-	(64,741)	-
Transfer to Stage Three	(678,613)	-	(206,578)	-	885,191	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(267,405)	-	14,340	-	2,930	(250,135)
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total balance at the end of the year	**120,738,826**	**-**	**1,199,952**	**-**	**10,281,213**	**132,219,991**

Movement of the provision impairment disclosure:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the beginning of the year after IFRS (9) implementation	46,865	-	1,835	-	5,251,263	5,299,963
Impairment Loss of new balances during the year	124,361	-	6,554	-	530,201	661,116
Recoveries from impairment loss on investments due	(4,632)	-	(163)	-	(476,956)	(481,751)
Transfer to Stage One	(5,183)	-	239	-	4,944	-
Transfer to Stage Two	213	-	(225)	-	12	-
Transfer to Stage Three	-	-	1,526	-	(1,526)	-
The effect on the provision as at the end of the year as a result of the reclassification between the three stages during the year	14,712	-	403	-	335,003	350,118
Changes resulting from modifications	53,991	-	-	-	-	53,991
Written off Investment	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total balance at the end of the year	**230,327**	**-**	**10,169**	**-**	**5,642,941**	**5,883,437**

D. Un-utilized facilities limits	As of December 31, 2018					
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Credit risk rating based on the Bank's internal credit rating system:						
1	406,156	-	-	-	-	406,156
2	-	-	-	-	-	-
3	18,798,895	-	-	-	-	18,798,895
4	54,246,165	-	-	-	-	54,246,165
5	123,859,138	-	-	-	-	123,859,138
6	114,123,356	-	-	-	-	114,123,356
7	-	-	25,882,272	336,561	-	26,218,833
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
No Classified	1,939,011	47,291,301	336,561	-	-	49,566,873
Total	**313,372,721**	**47,291,301**	**26,218,833**	**336,561**	**-**	**387,219,416**

Indirect facilities Movment Disclosure:						
	Stage One		Stage Two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the Beginning of the year after IFRS (9) Implementation	383,199,428	42,172,143	15,111,845	432,998	-	440,916,414
New facilities during the year	101,096,556	15,698,076	5,180,693	90,777	-	122,066,102
Facilities paid	(159,282,050)	(10,141,536)	(3,661,034)	(261,017)	-	(173,345,637)
	325,013,934	47,728,683	16,631,504	262,758	-	389,636,879
Transfer to Stage One	1,335,903	159,757	(1,335,903)	(157,493)	(2,264)	-
Transfer to Stage Two	(11,015,454)	(232,740)	11,015,454	232,797	(57)	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of a change in classification between the three stages during the year	(1,961,662)	(364,399)	(92,222)	(1,501)	2,321	(2,417,463)
Changes resulting from modification	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**313,372,721**	**47,291,301**	**26,218,833**	**336,561**	**-**	**387,219,416**

Movement of the provision impairment disclosure:

Item	Stage One		Stage Two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Balance at the Beginning of the year after IFRS (9) Implementation	562,440	346,187	175,023	6,108	-	1,089,758
Impairment Loss of new balances during the year	294,628	135,459	441,398	2,567	-	874,052
Recoveries from impairment loss on investments due	(189,354)	(79,322)	(129,372)	(4,419)	-	(402,467)
Transfer to Stage One	(1,604)	(419)	482	419	1,122	-
Transfer to Stage Two	72	1,574	(72)	(1,574)	-	-
Transfer to Stage Three	-	-	-	-	-	-
The effect on the provision as at the end of the year as a result of the reclassification between the three stages during the year	4,145	(2,567)	-	(136)	-	1,442
Changes resulting from modifications	-	-	-	-	-	-
Written off Investment	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Total Balance at the End of the Year	**670,327**	**400,912**	**487,459**	**2,965**	**1,122**	**1,562,785**

21. Paid_ Up Capital

The authorized capital of the Bank is JD 200,000,000 as of December 31, 2018 and 2017.

The authorized capital of the Bank is JD 200,000,000 by year end, divided into 200,000,000 shares at a par value of JD 1 each.

22. Reserves

- Statutory Reserve

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

Voluntary Reserve

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

- General Banking Risks Reserve

This item represents the general banking risks reserve in line with the instructions of the Central Bank of Jordan, The balance of the general bank risk reserve has been transferred to retained earnings as of January 1ST 2018 based on Central Bank of Jordan Circular No. 1359/1/10 dated January 25, 2018 and Central Bank Instructions No. 13/2018 dated June 6, 2018 and other regulatory 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 JD	Nature of Restriction
Legal reserve	87,947,294	Companies and Banks Laws
General banking risks reserve	2,258,450	Regulatory bodies requirements
Special reserve	5,849,039	Regulatory bodies requirements

23. Foreign Currency Translation Differences

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

The movement on this item during the year is as follows:	2018 JD	2017 JD
Balance at the Beginning of the Year	(12,256,254)	(12,401,835)
Changes in the translation of net investment in the subsidiary Company during the year*	-	145,581
Balance at the End of the Year	(12,256,254)	(12,256,254)

* 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 years 2018 and 2017.

24. Fair Value Reserve

The details of the fair value reserve are as follows:	2018	2017
	JD	JD
Balance at the Beginnings of the Year	81,288,341	63,565,588
Unrealized (loss) gains	(11,979,820)	17,722,753
(Loss) of equity instruments at fair value through comprehensive income transferred to retained earnings as a result of the sale	(39,343,840)	-
Deferred Tax Liabilities	(3,296,665)	-
Balance at the End of the Year*	**26,668,016**	**81,288,341**

* The fair value reserve is presented net of deferred tax in amount of JD 3,296,665.

25. Retained Earnings

The details of this item are as follows:	2018	2017
	JD	JD
Balance at the Beginnings of the Year	64,446,126	63,926,237
Expected credit losses over the assets as a result of IFRS (9) implementation	(11,595,842)	-
Effect of IFRS (9) implementation on the deferred tax assets	4,253,691	-
Adjusted Balance- Beginning of the year	57,103,975	63,926,237
Dividends distributed to shareholders	(36,000,000)	(36,000,000)
Profit for the year	41,527,540	46,795,537
Transferred from (to) reserves	3,581,181	(9,783,481)
Profit transferred as a result for sale of financial assets through comprehensive income	35,077,036	-
The currencies translation differences	-	(492,167)
Balance at the End of the Year	**101,289,732**	**64,446,126**

- Retained earnings include an amount of JD 18,580,246 restricted against deferred tax assets as of December 31, 2018 (JD 14,683,719 as of December 31, 2017).

- Retained earnings include an amount of JD 3,302,537 as of December 31, 2018 which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Exchange Commission. Also retained earnings include an amount of JD 813,437 as of December 31, 2018 that cannot be utilized by distribution or any purpose unless there is a formal approval from Central Bank of Jordan resulting from the application of Central Bank of Jordan circuler No. 10/1/1359 dated January 25, 2018.

26. Declared Dividends

The Board of Directors recommended the distribution of 18% of capital as cash dividends to the shareholders its meeting held during the year 2019 equivalent to JD 36 Million which remain subject to the approval of the General Assembly (while a dividend of 18% of the capital was distributed during the year 2018 in the amount of JD 36 million according to the general assembly decision in it's meeting held on April 26, 2018).

27. Interest Income

The details of this item are as follows:	2018	2017
	JD	JD
Direct Credit Facilities at amortized cost:		
Individual (retail customers):	43,674,550	36,208,858
Overdraft accounts	1,401,145	1,318,994
Loans and discounted bills	38,581,909	32,240,938
Credit cards	3,691,496	2,648,926
Real estate loans	19,142,570	17,310,483
Corporate Entities:	53,160,940	46,339,863
Large corporate customers:	34,216,166	30,423,105
Overdraft accounts	4,927,052	5,705,555
Loans and discounted bills	29,289,114	24,717,550
SMEs:	18,944,774	15,916,758
Overdraft accounts	4,064,077	3,410,265
Loans and discounted bills	14,880,697	12,506,493
Government and Public Sector	10,501,155	10,433,905
Other items:		
Balances with central banks	1,008,608	1,724,849
Balances and deposits with banks and financial institutions	11,239,472	9,456,054
Financial assets at amortized cost	9,083,378	8,387,224
Total	**147,810,673**	**129,861,236**

28. Interest Expense

The details of this item are as follows:	2018	2017
	JD	JD
Banks and financial institution deposits	3,381,364	1,388,386
Customers' deposits:		
Current and demand deposits	48,849	499,248
Saving accounts	4,017,155	1,901,997
Time and notice deposits	18,088,044	15,530,072
Certificates of deposit	5,941,725	2,811,574
Borrowed funds	48,188	68,714
Cash margins	1,575,377	1,215,514
Deposits insurance fees	3,971,428	3,503,507
	37,072,130	**26,919,012**

29. Net – Commissions Income

The details of this item are as follows:	2018	2017
	JD	JD
Commission's Income:		
Direct credit facilities commissions	5,328,169	5,381,011
Indirect credit facilities commissions	3,705,590	5,071,054
Other commissions	16,007,310	14,174,321
Total	25,041,069	24,626,386
Less: Commissions Expense	444,051	366,718
Net Commissions Income	**24,597,018**	**24,259,668**

30. Foreign Currency Income

The details of this item are as follows:	2018	2017
	JD	JD
From trading dealing	281,095	452,467
From revaluation	2,165,919	2,307,543
	2,447,014	**2,760,010**

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

The details of this item are as follows:

Year 2018	Realized Gain	Unrealized (Losses)	Shares Dividends	Total
	JD	JD	JD	JD
Local shares	3,847	(17,109)	8,592	(4,670)
	3,847	(17,109)	8,592	(4,670)

Year 2017	Realized (Losses)	Unrealized (Losses)	Shares Dividends	Total
	JD	JD	JD	JD
Local shares	-	(8,732)	12,949	4,217
	-	**(8,732)**	**12,949**	**4,217**

32. Other Income

The details of this item are as follows:	2018	2017
	JD	JD
Revenues returned from written-off-debts	1,610,139	15,247,317
Gain from the sale of assets foreclosed by the Bank	740,340	1,251,773
Revenue from telephone, post, and swift	597,941	552,276
Rents received from the Bank's real estate	212,277	505,978
Gains from the sale of property and equipment	11,626	204,110
Interest in suspense reversed to income	836,267	903,979
Financial assets foreclosed by the bank valuation loss	(1,488,560)	-
Other revenues	920,384	1,661,956
	3,440,414	**20,327,389**

33. Employees Expenses

The details of this item are as follows:	2018	2017
	JD	JD
Salaries, bonuses, and employees' benefits	27,983,983	26,781,918
Bank's contribution to social security	2,308,215	2,221,077
Bank's contribution to provident fund	1,670,592	1,651,824
Medical expenses	1,614,458	1,555,588
Staff training expenses	948,498	619,331
Transportation and travel expenses	888,986	646,220
Life insurance	85,347	97,030
	35,500,079	**33,572,988**

34. Other Expenses

The details of this item are as follows:	2018	2017
	JD	JD
Rent	4,230,069	3,389,558
Printing and stationery	1,092,634	955,744
Telephone, post and swift	1,634,606	1,633,516
Maintenance, repairs, and cleaning	4,295,374	3,553,662
Fees, taxes, and licences	3,682,945	3,050,321
Advertisements and subscriptions	6,062,016	4,958,617
Insurance expenses	2,466,019	2,156,311
Electricity and heating	1,806,266	2,218,021
Donations	668,663	689,897
Hospitality	452,041	322,817
Professional, consultancy and legal fees	1,627,866	1,369,315
Board of Directors members remunerations	55,000	55,000
Miscellaneous	1,307,629	653,350
	29,381,128	**25,006,129**

35. Financial Assets Expected Credit Losses Provision

The Bank has adopted IFRS(9) effective from January 1, 2018 which requires the Bank to calculate the expected credit losses on financial assets and as stated in note (2), the details on this item are as follows:

	For the year ended December 31,	
	2018	2017
	JD	JD
Expected credit losses over cash at central banks balances	(6,830)	-
Expected credit losses over banks and financial institutions balances	(13,657)	-
Expected credit losses over deposits with banks and financial institutions	9,848	-
Expected credit losses over direct credit facilities at amortized cost	6,052,673	-
Expected credit losses over financial assets at amortized cost	526,056	-
Expected credit losses over indirect facilities	1,074,044	-
	7,642,134	**-**

36. Earnings Per Share from Profit for the Year

The details of this item are as follows:	2018	2017
	JD	JD
Profit for the year (Bank's shareholders)	41,527,540	46,795,537
Weighted average number of shares	200,000,000	200,000,000
Net income for the year/share (Bank's shareholders)		
Basic	0.208	0.234
Diluted	0.208	0.234

37. Cash and Cash Equivalents

	December 31,	
The details of this item are as follows:	2018	2017
	JD	JD
Cash and balances with central Banks maturing within 3 months	349,701,557	259,225,151
Add: Balances with banks and other financial institutions maturing within 3 months	152,122,328	265,682,212
Less: Banks and financial institutions' deposits maturing within 3 months	(14,304,960)	(43,364,202)
Restricted balances	(4,787,088)	(4,696,301)
	482,731,837	476,846,860

38. Financial Derivatives

The details of financial derivatives at year-end are as follows:	Positive Fair Value	Negative Fair Value	Total Nominal Value Value	Nominal Value Maturities		
				Within 3 Months	From 3 To 12 Months	Total
2018	JD	JD	JD	JD	JD	JD
Foreign currencies forward contracts (purchase)	165,322	(154,721)	10,008,421	6,346,825	3,661,596	10,008,421
Total	**165,322**	**(154,721)**	**10,008,421**	**6,346,825**	**3,661,596**	**10,008,421**
2017	JD	JD	JD	JD	JD	JD
Foreign currencies forward contracts (purchase)	17,981	(196,814)	18,904,820	18,904,820	-	18,904,820
Total	**17,981**	**(196,814)**	**18,904,820**	**18,904,820**	**-**	**18,904,820**

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

39. Related parties Transactions

Within its normal activities, the Bank entered 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 following are summaries of balances and transactions with related parties:

	Related party					Total	
						December 31,	
Consolidated Statement of Financial Position Items:	Subsidiaries*	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	2018	2017
Assets:	JD	JD	JD	JD	JD	JD	JD
Investments	45,415,294	-	-	-	-	45,415,294	45,415,294
Credit Facilities	-	438,632	983,071	-	55,936,886	57,358,589	47,647,304
Deposits	1,190,099	-	-	-	-	1,190,099	4,208,460
Cash Margins	3,982,000	-	-	-	-	3,982,000	3,982,000
Liabilities:							
Customer Deposits	7,285,439	942,125	2,630,294	223,934	143,270,090	154,351,882	110,697,713
Bank Deposits	9,990,749	-	-	-	-	9,990,749	7,973,957
Borrowed funds	3,716,071	-	-	-	-	3,716,071	3,523,235
Off-balance sheet items							
Letters of guarantee	778,000	300	-	-	3,029,617	3,807,917	4,365,843
						Total for the year ended December 31,	
						2018	2017
Consolidated Statement of Profit or Loss Items:						JD	JD
Credit interest and commission	21,111	33,116	63,159	-	4,185,767	4,303,153	2,504,446
Debit interest and commission	1,057,224	15,235	83,253	55,341	3,283,460	4,494,513	4,509,055

Interest rates:
- Credit interest rates against facilities in JOD range from 3.375% (represent the minimum price for interest margin against 100% cash margin) to 15%.
- Credit interest rate against facilities in foreign currency is 6.053%.
- Debit interest rates for JOD range from 0.0025% to 5.75%.
- Debit interest rates for foreign currency range from 0.1%.

* Balances and transactions with subsidiary companies are excluded from the consolidated financial statements, but presnted for clarification purposes only.

-Investment in subsisidiary - Syria shown at cost, noting that the bank has accouted for this investment impaitmant in its records.

Bank's Executive Management Salaries and Remunerations Summary is as follows:	2018	2017
	JD	JD
Salaries and benefits	2,391,404	1,553,451
Transportation and board secretary	18,000	48,000
Total	**2,409,404**	**1,601,451**

The foreclosed assets in repayment of debts include assets foreclosed in fulfillment of debt obligations as settled with a client, amounting to JD 3.1 million, which were registered based on an irrevocable power of attorney affirmed by the Land and Survey Department. Moreover, the Bank possesses declarations and documents confirming that the land ownership and its proceeds are in favor of the Bank and that is according to the settlement agreement between both parties, which gives the debtor the right to repossess these foreclosed assets within a specified period of time.

40. Risk Management

First: Qualitative Disclosures:

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

* In this context, the Bank has formed a Risk and compliance Management Committee, derived from the Board of Directors to ensure the presence of an effective internal monitoring function in accordance with the policies and scope of work set for it by the Board of Directors.

* Risk management assumes the responsibility of managing the various types of risks through:
- Preparing policies and getting them approved by the Board of Directors.
- Analysing the risk types (credit, market, liquidity, operations information security).
- Developing measurement and control methodologies for each risk type.
- Providing the Board of Directors and executive management with reports and information about quantitative and qualitative measurements of the Bank risks.

* The Bank has established several systems to control and measure risks like capital adequacy, liquidity risk and ratios (LCR, NSFR) operating risks and events and market risk.

Credit Risks

Credit risks arise 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.

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 credit management as follows:

- Companies Credit Risk Department (for the 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 individual's credit portfolios risks).
- Credit Portfolios Risk Management Department: the department focuses on maintaining the quality of credit granted to the Bank's clients (Corporate, SME & Individual). Studying the Key Risk Indicators (KRI) and Key Performance Indicators (KPI) through preparing studies and reports covering the performance of economic sectors and industries and comparing it with the performance of the Bank's credit portfolios and associated provisions. Utilizing the aforementioned reports to establish proper recommendations which in turn provide guidance for the business development units to target promising economic sectors/industries or to avert expansion in the deteriorating ones. In addition to the above, the department of Credit Portfolios Risk Management conducts periodical studies and reports to shed light on the below aspects:
  - The concentration of credit portfolio across economic activity levels.
  - The concentration of credit portfolio across product levels.
  - Reports covering the Bank's default ratios and coverage ratios compared to the banking sector.
  - Credit portfolios performance reports, conducted on segment basis (Corporate, SME, Government and Individuals) compared to the banking sector in terms of growth and profitability rates.
  - The preparation for the implementation of IFRS (9) through conducting scenarios and reports required to comply with the IFRS (9) implementation by the beginning of 2018.
  - Applying a risk rating system through which the clients will be classified under ten stages (ratings) and according to the below factors:
    - Obligor Risk Rating (economic sector, management, financial standing, experience, etc).
    - Facility Risk Rating (risk weight will be assigned according to the type and nature of the facility).
    - Collateral Rating: (risk weight will be assigned according to the type and nature of the collateral), which will directly impact the Recovery Ratio, thus the calculation of Loss Given Default LGD.

2. Separating the 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. Determining credit concentrations at the credit type level, economic sector, geographical distribution, and credit portfolios, etc. Credit risks are managed by departments according to their specialization.

5. Implementing an authorization and relationship management system:

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

6. 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 risk 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.

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

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

9. Setting up a specialized department to follow up on the collection of dues and non-performing debts.

10. Setting up a committee for risk and compliance management at the Board of Directors level to review policies, credit strategies, investments and risks.

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

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

13. Preparation and implementation of Stress Testing procedures.

14. Control Reports:

The credit risks departments, each according to its specialization, control and evaluate all credit operations through a set of control procedures:

- Daily control:
  Monitoring credit violations, un-renewed due credit ceilings, due accounts, and others.
- Controlling the quality and distribution of the credit portfolio.
- Rating credit risks, economic sector, credit type, guarantees, concentration, credit asset quality trends, and others.
- Monitoring credit exposure at the customer level (Total Exposure), geographic area, credit type, economic sector, maturity date, guarantee type, and others.

These reports are submitted monthly to the risk and compliance management committee at the Board of Directors level. Timely reports on daily operations are submitted to the General Manager.

Operational Risk

Operational risks arise from the inefficiency or failure of internal operations, employees, or systems or may stem from external events including legal risks. The Operational Risk Unit was established in 2003 under the Risk Management Department to manage the Operational Risks in the bank where qualified staff were appointed and automated systems were supplied since that date to empower the unit to perform its duties effectively.

The Bank manages operational risks through the following process:

1. Setting the operational risks policy, approving it by the Board of Directors, and implementing it across the bank and its affiliates. This includes the standards for defining and measuring risks in addition to the Risk Appetite accepted for these risks.
2. Implementing an operational risk management system (CAREWeb).
3. Creating risk profiles for all Bank entities which include all operational risks that may affect the entity, the related controls to mitigate them and the frequency of their testing to ensure effective and continuous implementation. Reports on risk profiles are submitted to the Risk and Compliance Committee on the Board level for approval.
4. Internal Audit Department evaluates the validity of monthly self-assessment tests for the Bank's various units, classifies these units according to the approved classification standards and incorporates them into the internal audit reports it submits to the Audit Committee on a timely basis. The Operational Risk Unit incorporates self-assessment results in comparison with internal audit results for all of the Bank's entities and submits them to the Audit Committee on a quarterly basis.
5. Continuous evaluation of the Risk Profiles:
   In this regard, a self-assessment tool (Control & Risk Self-Assessment) has been applied to manage operational risks through continuous evaluation of risks to identify new risks, ensure the efficiency of control procedures to mitigate these risks, and update the risk profiles on a timely basis to reflect the actual internal control environment.
6. Setting up a database for operational incidents, analysing them and submitting reports on the concentration and type of these incidents to the Risk and Compliance Committee/Board of Directors.

7. Applying rating standards and evaluating the Bank's entities according to international classification standards for internal control environment.
8. Setting up and determining key risk indicators (KRIs) at the Bank's level and provides the related departments within the Bank with the results of these indicators to be monitored as well as applying rating standards and the correction procedures to avoid the risk before its occurrence.
9. Providing the Risk and Compliance committee on the Board of Directors level with periodic reports (monthly, quarterly) that reflect the actual internal control environment for the various units in the Bank.
10. Evaluating the policies and procedures in the Bank to identify any control gaps in these processes and arrange with concerned entities to rectify these gaps.
11. Conducting trainings and awareness sessions for the Bank's employees on Operational Risk Management to enhance the internal control environment at the Bank.
12. The entity's risk profile is updated in coordination with the Internal Audit Department to identify the risks to which the entity may be exposed and adversely affect the achievement of the objectives and strategy of the entity and its profits. Any amendments to the entity's risk profile shall be presented to the Risk Management Committee to be approved. The Internal Audit Department annually evaluates the entity's control procedures and presents the results of the examinations to the Risk Management and Compliance Committee.
13. The Operational Risk profile is updated at the entity level for AML Risk in coordination with the compliance department at the bank level for identifying AML and CTF risks and controls that mitigate them. Any amendments to the entity's AML risk profile shall be presented to the risk management committee to be approved by them. The Internal Audit Department annually evaluates the entity's control procedures and presents the results of the examinations to the and the Risk Management and Compliance Committee.
14. Risk assessment of strategic projects is evaluated in addition to the assessment of the risks of banking operations and the assessment of the risks of any new banking products to be put in place to establish control procedures to control these risks.

Liquidity and Market Risk

Liquidity Risk

Liquidity risk represents the Bank's inability to make the necessary funding available 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 in the market or selling the asset at a huge financial loss due to weak liquidity or demand in the market and includes the following:
- **Market Risk**
  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 and include the following:
  - Interest rate risks.
  - Currency exchange rate risks (dealing with foreign currency).
  - Fluctuation in shares prices risks.
  - Goods risks.

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 held for future buying and selling.
- Gaps in maturities of assets and liabilities and interest rate re-pricing.
- Holding of uncovered positions.

The substantial tools used to measure and manage markets risks are as follows:

- Basis Point Value
- Value at Risk
- Stress Testing

The Bank manages the market and liquidity risk through:

- A set of policies and procedures approved by the Board of Directors that define the principles for defining, measuring, monitoring, monitoring and managing market risks and liquidity risks.
- Asset and liability management system to adjust and measure liquidity risk and interest rates.
- Setting up a liquidity crisis management plan that includes the following:
- Specialized procedures for the management of liquidity risk.
- Specialized committee to manage liquidity risk.
- A liquidity contingency plan.

Developing measurement, management, and monitoring liquidity and market risk tools through:

- Preparing liquidity risk reports according to the maturity scale.
- Monitoring ceilings and quality of the investment portfolio.
- Identifying sources of funds, and classifying/analysing them according to their nature.
- Monitor the application of liquidity coverage ratio (LCR) and compliance with the minimum ratio.
- 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.
- The preparation of a periodic analysis about the developments in local and international markets.
- Monitoring investment tools and analyzing the range of conformity with the issued investment limits in the investment policy and the allowed losses limits.
- Analyzing ceilings and limitations of the investments and providing a recommendation to adjust it according to improvements and circumstances of international and local markets, and diversifying investment with what achieves best returns and less risks.
- Analyzing the investment concentrations on the level of each tool.
- Reviewing and assessing the portfolio's assets and liabilities.
- Analyzing credit rating for international and local banks according to the financial situation and how much it is effected by the economic crises and the spread of its range globally.
- Monitor interest trends on the volume of deposits, maturity date and its suspended range.
- The preparation of reports about the exceeding limit in investments tools.
- Monitoring the changes on interest prices in international and local markets.
- Monitoring the sensitivity of investment tools for changes in interest prices on each investment tool.
- Monitoring the pricing process for borrowing and lending/investments ceiling.
- Monitoring the concentration on markets/tool and geographical distribution.
- Submitting periodic reports to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/Board of Directors.

Information Security Risk

Defined as any potential threat that may lead to a failure in confidentiality, availability, and integration of the Bank's information. Information security unit has been established to protect the Bank's information, users and assets by applying high level policies and procedures through specific definitions of mandatory baseline controls.

Bank of Jordan adopts the following principles to manage information security risks:

- Review Information Security Policies and update the policies to be in line with international standards.
- Comply with PCI-DSS Requirements.
- Monitor all systems, servers, and network components on a regular basis by using special tools to counter any threat.
- Review privileges based on job classification and function and restricted to least privileges necessary to perform job responsibilities.
- Identify threats and vulnerabilities and identify appropriate controls to mitigate any new risks.
- Review and update Business Contingency Plan periodically and periodically perform the necessary tests to check the effectiveness of the plan as well as the Disaster Recovery Plan.
- Review and evaluate the physical security controls on a regular basis.
- Coordinate or conduct security orientation and security awareness programs.
- Reporting information security/Communication Progress and related cases to upper management.
- Complying with SWIFT _ CSR requirements.
- Preparation of IT management governance guide and related technology and to be published on the Bank's website.
- Applying IT management governance and related technology COBIT5.

Compliance Risks

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

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

▪ Risk of non-compliance with regulations, laws and regulations:

- 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.
- Monitoring the implementation of the code of professional conduct.
- Preparing and monitoring implementation of a conflict of interest's management mechanism.
- Qualifying and training all Bank employees with regard to compliance management.
- Providing the Board of Directors and Executive Management with periodic reports that include violations and non-compliance at the Bank's unit level.

▪ Risks of money laundering and terrorist financing:

As for Anti-Money Laundering activities, an autonomous unit within the Compliance Department has been set up with appropriate and qualified capabilities and systems. The Bank manages the unit of Anti-Money Laundering and Terrorism Finance as follows:

1. Preparing the policy of combating money laundering and terrorism financing and approving it by the Board of Directors in accordance with the Law No. 46/2007 to combat money laundering and terrorist financing, and the instructions issued pursuant to it and to monitor its application on the ground and review it permanently.
2. The implementation of an automated system to check daily customer's transactions.
3. Rating of customers in accordance to their risk grade.
4. A periodic automated check to ensure that none of the Bank's customers are included in prohibited lists.
5. Periodic check for customers with high risks.
6. Awareness of the Bank's employees, each as per their specialities.

▪ Risks of FATCA Non-compliance and dealing with fraud cases:

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

- The preparation and adoption of a policy to deal with the FATCA law.
- The preparation and adoption of a compliance program with the FATCA law.
- Rehabilitation and training of all employees of the Bank to deal with the requirements of the FATCA law.
- Contracting with a specialized company to implement an automated system to manage the requirements of FATCA.
- Adjusting the application forms for opening new accounts to meet the requirements of the FATCA law.
- Developing a mechanism to update customer data on an ongoing basis.
- The compliance committee/Board of Directors is responsible for overseeing cases of fraud and suspicion by following up on the periodic reports submitted to the committee.

The unit submits a periodic report on compliance with the FATCA requirements to the compliance committee/Board of Directors.

▪ The Bank manages and handles customer complaints according to the following:

Based on the instructions of dealing with customers with the fairness and transparency of No. 56/2012 issued by the Central Bank of Jordan on 31/10/2012, a unit was established to manage and handle customer complaints and provide them with qualified human cadres and automated systems and administratively follow the Compliance Department. The unit complies to the following basis:

- Prepare a mechanism for the management and handling of customer complaints and their adoption as required.
- Preparation of the policy of dealing with customers fairly and transparently and duly adopted.
- Preparing the policy of dealing with customer complaints and approving them according to the rules according to the internal procedures instructions to deal with the complaints of customers of financial and banking services providers No. 1/2017 dated 28/8/2017 issued by the Central Bank of Jordan.
- Providing different communication channels to receive customer complaints.

IFRS (9) implementation related disclosures

First: Qualitative Disclosures

On July 24th 2014, the International Accounting Standards Board issued the final version of IFRS 9 related to Financial Instruments and Provisions, which will replace IAS 39 and will be mandatory effective from 1 January 2018. The standard includes the below:

- Classification and measurement of financial instruments.
- Determination of expected credit loss allowance.
- Hedge accounting.

The standard came in response to the lessons learned from the global financial crisis, since one of the reasons for the crisis was the delay in recognition of debt losses whereas Losses are recognized when realized. The new standard requires establishing provisions for credit facilities based on the expectations of borrower default or inability to meet financial commitments.

This standard introduced radical amendments to the methods used to calculate bank provisions as the current concept of assigning provisions is based on losses resulted from non-performing loans while the new standard works in proactive basis by assigning provision against current performing credit facilities assuming the occurrence of future default for such credit facilities. Based on the expectations of the future of the working debt Proactive as expected credit loss provision.

Bank of Jordan carried out IFRS 9 implementation works in cooperation with Moody's where the historical data of Bank of Jordan Group's were used to measure the expected credit losses weighted by the impact of economic scenarios.

The Central Bank of Jordan instructions as well as the Bank's business Model, risk departments (risk framework) and supervisory departments were all taken into consideration when forming Bank of Jordan IFRS (9) methodology. The Bank's management ensured that the methodology emulate the Bank's business model and apply the best practices, quantitative methods and statistical models to produce the components of the expected credit loss formula in:

((Expected Credit Loss = Probability of Default x Exposure at Default x Loss Given Default))

IFRS (9) Scope of Implementation:

Bank of Jordan IFRS (9) methodology catered for applying the standard on group level (foreign branches) and its subsidiaries and in line with the host country laws and regulations. The model of Expected Credit Loss calculation covers the following:

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortized cost.
- Financial guarantees (as per the standards requirements).
- Credit claims on banks and financial institutions (excluding current accounts used to cover the bank operations such as remittances, Letters of Guarantee and Letters of Credit) which falls within a short period of time (days).

The following are the main information and definitions used by the Bank to implement this standard:

- Definition of Default:

The occurrence of 90 days or more past due where such event indicates the obligor inability to meet the contractual obligations in full with the Bank.

- Definition of Probability of Default PD:

Probability of Default represent the risk of the customer's inability to meet its obligations toward the bank.

- Determination of PD for Corporate and SME Portfolios:

Through mapping the obligors ratings generated by the internal risk rating system with it's equivalent Probability of Default at this level of risk, taking into account that each risk rate reflects a certain level of risk and weighted by the portfolios historical default events (Corporates and SMEs).

- Determination of PD for Retail Portfolio:

These PDs were established based on the historical product default data (collective level) for each product, where the Observed Default Rate is calculated by applying a statistical model (Autoregressive Model) for evaluating the default rate for each product of individual's credit portfolio.

- Definition of Exposure at Default EAD:

Represent the borrower outstanding indebtedness toward the bank when default takes place.

The calculation of exposure at default were carried out in line with the historical utilization for the credit facilities and according to its nature (direct, indirect, revolving and\or amortizing) thus the basis for calculating the exposure at default was set based on the facility nature and age.

- Loss Given Default LGD:

Represent the bank loss resulted from non-performing credit loss impairment, in other terms (1- Recovery Ratio).

At the level of corporate and SME portfolios:

The Bank determine LGDs for credit instruments under Corporate and SME portfolios through using Moody's RiskCalc the LGD model, the model depends on the availability of several input such as obligor PD, business sector in addition to credit facility nature (revolving\amortizing) and takes into consideration the availability of tangible collaterals (secured or unsecured) and the collateral type and value. In addition to the above, the risk calculation LGD model avails LGD results according to credit maturity and its stage (12 months LGDs and the lifetime LGDs) accompanied with recovery ratios for each credit instrument.

- At the level of the individual portfolio:

the rate of loss was determined at the product level and conservatively based on the results of the bad debt sample for the previous five years.

- Zero LGDs was assigned for 100% cash collateralized facilities (dominated in the same currency) and for facilities availed for the Government of Jordan and\or backed by the Government of Jordan (regardless of credit facilities currency).

- Calculating the Expected Credit Loss ECL for Time Deposits Held with Other Banks:

Using the Banks Risk Calculation model, the probability of default and default due to default has been reached. Through Banks Risk Calculation, the called Expected Default Frequency EDF is produced, which is equivalent to the probability of default for the banks with which deposits are held. The risk of default in the inputs of the Risk Calculation LGD model Loss due to default and then the balance is calculated at default on the assumption of the entire deposit value without any modification to the possibility of default as the deposits can be subject to the calculation of the possibility of default for a period of time adjustment.

- Calculating the Expected Credit Loss ECL for Bonds:

- The largest share of the bond portfolio is bonds guaranteed by the Government of Jordan and are not subject to the expected credit loss.
- The PDs calculated by using Banks Risk Calculation model to cater for banks bonds while PDs for corporate bonds generated by mapping the Internal Risk Rate for the subject companies with the equivalent PDs. LGDs determination by using the Risk Calculation LGD model (same as other assets subject to ECL). Bond value at reporting date represent EAD. Once the ECL formula components defined, the Bank executes the calculations to define the ECL for bonds.

- Internal Credit Risk Rating:

- Bank of Jordan applies an internal risk rating system to classify the risks of corporate and small and medium-sized companies (SMEs) on a scale of 1-10, so each degree reflects the risk of default, thus identifying the possibility of the customer's failure through its risk rating.
- The customer risk rating process includes the study and analysis of the customer's quantitative data so that the financial performance of the client is evaluated, the financial performance of the client, the business activity and its relationship with the Bank as well as industry risks.

The risk rating table consists of 10 grades, each of which internally reflects the degree of risk associated with the customer. The higher the level of the customer's risk, the greater the risk of default. Consequently, more control is imposed on the client's account and more stringent procedures are followed. The grades from 1 to 6 generally reflect relatively acceptable risks (hence credit is included in the first stage), Grade 7 reflects a significant increase in the degree of risk to the client (therefore included in the second stage/watchlist), finally grades 8-10 reflects the customer's entry in the default case, accordingly to be classified within stage as a non-performing classification.

The table below shows the internal credit risk rating against customer risks and the probability of default corresponding to each rating:

Internal credit Risk Rating	Credit Stage	Propability of Default
1-6	Stage One – performing	From 0.008% to 4.2%
7	Stage Two - watchlist	From 6.5% to 15%
8-10	Stage Three – Non performing	100%

- Calculating Obligors Risk Rating and the Expected Credit Loss on Collective Basis:

Retail portfolio: Based on the historical product default data (collective level) for each product, where the Observed Default Rate calculated by applying a statistical model (Autoregressive Model) for evaluating the default rate for each product. Retail products categorized in 4 groups: housing loans, personal loans, auto loans and revolving loans including credit cards knowing that these products share the same characteristics in terms of: credit risk, collateral type, interest rate and maturity.

- Calculating Obligors Risk Rating and the Expected Credit Loss on Individual Basis:

- At the level of the portfolio of corporates and SMEs: By determining the classification of the client by the business segment (Business Segment), whether companies or small and medium enterprises and then study the historical default rate of the portfolio Historical Default Data (for the previous five years) and therefore give the customer degree of risk commensurate. The Segment Level Risk Rating is the historical default rate of the portfolio.
- After determining the probability of default for the client at the portfolio level, the expected credit loss for the customer is calculated on an individual basis, depending on the nature of the facilities granted to the customer/age of credit and guarantees (as applicable to all SME customers).

IFRS (9) Implementation Governance:

- Bank of Jordan IFRS (9) methodology covers the Governance procedures followed in applying the IFRS (9) which summarize the roles and responsibilities for all parties involved in implementation works in addition to data checking mechanisms applied in checking the data used in IFRS (9) implementation.
- Governance procedures covers audit role and the validation of expected credit loss adequacy allocated by the Bank. In addition to the above Audit is also responsible for conducting periodic review to ensure data accuracy used in applying the IFRS9 in order to meet the regulator requirements. Furthermore, Audit are in charge of monitoring involved units and evaluate the IFRS 9 implementation by generating periodic reports to the board who in turn approve the results and role responsible for applying effective monitoring through defining committees and unit roles in the Bank to unit roles in the Bank to provide the proper infrastructure and ensure work integration between these units ensure work integration between these units.

Changes in Credit Risk and Determinants Followed by the Bank's in Calculation of Expected Credit Loss:

Adopting the Internal Credit Rating System adopted by the Bank of Jordan in addition to the decisions of the Credit Committee. For the purpose of determining a significant change in the classification of a customer's risk rating, the rating of the customer five years ago is compared with their current rating or (due appearance) for 30 days or more, which requires the transfer of the customer from Stage 1 to Stage 2 while a decline in customer rating (two notches) indicates a substantial change in the credit type.

For the purpose of transfer of credit claims between the stages, the following controls have been set:

1. Adoption of a standard (30-day due period) since the inception of the application as an indication of an increase in credit risk.
2. If there is a maturity of more than 30 days and up to 59 days at the account level, all the facilities granted to the customer are classified as Stage 2.
3. Client classified under watchlist, all it's products granted shall remain within Stage 2 until the customer is obliged to pay (3) monthly instalments, two quarterly instalments or one semi-annual premium. In the case of a customer's commitment and the transfer of its classification to a regular transaction, the customer is treated according to the base number of days due only.
4. If the classified client is not performing all the products granted to him remain within Stage 3. If the account is settled, the client is transferred to Stage 2, the classification of the customer will be under watch list transferred from non performing and the client will stay under this classification until point 3 is met.

Applying Macroeconomic Scenarios on the Expected Credit Loss (ECL) Results:

The ECL result is a weighted average of 3 scenarios (40% of baseline scenario + 30% of downside scenario + 30% of upside scenario) on the final result of the expected credit loss at the facility/instrument level and the expected credit loss is the result of the maturity of each facility and the stage at which the customer is classified (Stage 1, Stage2 & Stage3).

Several factors were used to predict the expected future events and to use more than one scenario (basic, negative and positive). These factors were summarized in the adoption of the impact of change in GNP, the performance of the financial market (for the corporate portfolio and SMEs) and the change in the consumer price index and the performance of the financial market (For the individual portfolio).

Employing the impact of economic scenarios in calculating the expected credit loss:

Corporates and SMEs Portfolio	The most statistically relevant model is one that includes the performance of the financial market Equity and GDP as independent variables having an impact on credit quality (dependent variable). Whenever one of these variables changes, it will affect the quality of credit (negatively or positively). Based on the results of the statistical test (t-statistics), the economic variables (the performance of the financial market and the GDP) were adopted as they were considered the most appropriate to determine the change in the credit quality of the customer.
Individuals Portfolio	The economic indicators adopted in the calculation of the credit loss are the Consumer Price Index (CPI) and the Stock Prices Proxies Index (SPI) as an indicator that reflects the position of the labor market.
Bonds	The propability of default PD and the loss given default: financial data were entered for the Banks bonds purchased as this process produces Expected Default Frequency which is equivalent to the probability of default.Then LGD is generated after that exposure at default EAD is calculated assuming the full bond value. The expected ECL loss is calculated using the Moody's Impairment calculation model.
Jordan Leasing Company	EAD is calculated based on the total value of the contract and not on the value of the receivables (net of utilized), regardless of the percentage of utilization linked to the percentage of completion. The calculation of the loss given default, taking into consideration the good coverage through the percentage of contribution and real estate value coverage of the loan, as the percentage of the contribution is fixed whether the project is within the stages of completion or completed. Linking the customer's portfolio propability of default with the point in time propability of default PIT PD to be subject to economic scenarios. Accordingly, the expected credit loss results have been produced at the customer level by classifying them within the corporate or individuals portfolio.
Excel for Financial invesmnet	EAD is calculated on the gross limits although the utilization is tied to the deposit of shares (it is not possible to utilize without a contribution from the customer) which represents the most conservative balance. Calculation of the LGD based on the percentage of the customer's contribution (1-percentage of the customer's contribution). Linking the customer's portfolio propability of default with the point in time propability of default PIT PD to be subject to the economic scenarios and will therefore produce the expected credit loss at the client and portfolio levels.
Bank's Deposits	Calculating the probability of default and the loss given default LGD for the production of Expected Default Frequency EDF, which is equivalent to the probability of default for the banks whose deposits are held. The LGD is then generated and then EAD is calculated assuming the full deposit value then ECL is calculated using the Moody's ImpairmentCalc model.

Second: Quantitative Disclosures:

(40/A) Credit Risk

Exposure to credit risk (after expected credit losses provisions and interest in suspense and before collateral held or other mitigation factors):	2018	2017
	JD	JD
Consolidated Statement of Financial Position items		
Balances with central banks	285,983,097	196,829,576
Balances with banks and financial institutions	152,118,694	265,682,212
Deposits with banks and financial institutions	235,435,227	125,000,000
Direct credit facilities at amortized cost	1,469,239,659	1,447,227,771
Individuals (retail customers)	416,170,513	352,809,746
Real estate loans	241,703,067	227,882,269
Corporates	676,876,222	637,183,019
Large corporate customers	443,451,858	409,712,199
SMEs	233,424,364	227,470,820
Government and public sector	134,489,857	229,352,737
Financial assets at amortized cost (Bonds & Treasury Bills)	203,395,684	219,576,390
Other assets	-	25,769,100
	2,346,172,361	2,280,085,049
Off-Balance Sheet		
Letters of guarantee	126,336,554	133,848,164
Letters of credit	65,025,867	97,469,846
Acceptances	40,235,219	52,615,066
Un-utilized direct and indirect facilities limits	385,656,631	440,916,414
Total	**2,963,426,632**	**3,004,934,539**

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

- Obtaining suitable guarantees and recording them correctly against any potential risks. These guarantees represent cash guarantees, and non-cash guarantees such as real estate, vehicles, equipment and stock mortgages in addition to guarantees and credit derivatives binding to all parties involved and legally exercisable at all competent courts.
- Having a credit rating system for the 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, type and degree of risk to ensure regularly their adequacy against the credit granted.
- Conducting a legal audit of all contracts and documents their applicability according to the Bank's system, laws and regulations.
- Having financial derivatives that mitigate market risks.

Table below illustrates credit exposures distribution according to the risk grades:

December 31, 2018

Credit risk Rating Based on the Bank's internal risk Rating System:	Category Classification according to Instructions (47/2009)	Total Exposure	Expected Credit Losses (ECL)	Probability of Default (PD)	Classifications by External Classification Institutions	Exposure at Default (EAD) in Million Dinars	Average Loss given Default (LGD)%
1	Performing	458,669,526	67,006	0.008%	Aaa	460,652,537	37.140%
2	Performing	24,890,751	685	0.012% - 0.028%	Aa1 - Aa3	24,890,751	44.505%
3	Performing	117,200,843	4,575	0.042% - 0.100%	A1 - A3	116,557,106	40.485%
4	Performing	221,265,036	84,093	0.150% - 0.35%	Baa1 - Baa3	207,958,989	38.345%
5	Performing	547,802,920	561,112	0.51% - 1.30%	Ba1 - Ba3	530,218,607	40.432%
6	Performing	840,360,478	2,377,257	1.90% - 4.20%	B1 - B3	826,592,816	37.256%
7	Performing	97,835,832	16,731,145	6.50% - 15%	Caa1 - Caa3	91,783,617	47.352%
Unclassified	Performing	667,625,050	4,563,840	0.212%	-	697,272,269	53.819%
Non - Performing exposure							
8	Non-performing	1,727,837	189,828	100%	Default	1,728,839	36.449%
Unclassified	Non-performing	1,754,710	730,401	100%	Default	1,759,787	61.025%
9	Non-performing	6,285,948	6,232,720	100%	Default	6,432,671	37.155%
Unclassified	Non-performing	4,411,687	2,952,805	100%	Default	4,495,482	58.017%
10	Non-performing	51,489,402	44,903,654	100%	Default	57,348,335	43.809%
Unclassified	Non-performing	27,524,776	26,019,043	100%	Default	30,242,399	51.013%
Total		**3,068,844,796**	**105,418,164**			**3,057,934,205**	

	December 31, 2017							
	Individual (Retail Customers)	Real Estate Loans	Corporates		Other Assets	Government and Public Sector	Banks and Other Financial Institutions	Total
			Large Corporate Customers	SMEs				
	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	-	-	24,979,662	-	-	351,468,794	196,829,576	573,278,032
Accepted grade risk	347,375,058	217,183,251	439,378,823	224,656,170	25,769,100	2,137,169	421,421,839	1,677,921,410
of which due (*):								
Up to 30 days	17,954,282	573,274	5,049,154	4,240,917	-	-	-	27,817,627
From 31 to 60 days	816,797	76,625	6,569,012	607,867	-	-	-	8,070,301
Watch list	4,357,067	6,658,410	33,243,712	2,173,692	-	-	-	46,432,881
Non-performing:	25,484,196	10,182,985	26,831,406	14,308,334	-	-	-	76,806,921
Substandard	1,721,441	474,682	3,477,998	47,184	-	-	-	5,721,305
Doubtful	2,361,843	2,875,523	560,019	405,411	-	-	-	6,202,796
Losses written-off	21,400,912	6,832,780	22,793,389	13,855,739	-	-	-	64,882,820
Total	377,216,321	234,024,646	524,433,603	241,138,196	25,769,100	353,605,963	618,251,415	2,374,439,244
less: interest in suspense	(2,444,746)	(747,953)	(2,577,038)	(2,098,944)	-	-	-	(7,868,681)
Less: Provision for impairment	(21,961,829)	(5,394,424)	(47,560,829)	(11,568,432)	-	-	-	(86,485,514)
Net	**352,809,746**	**227,882,269**	**474,295,736**	**227,470,820**	**25,769,100**	**353,605,963**	**618,251,415**	**2,280,085,049**

- Exposure include direct credit facilities, balances and deposit with banks and financial institutions, Treasury bonds and any assets with credit exposures.
* The entire debt balance is due if one installment or interest is due for more than 90 days. The current account is considered receivable if the limit exceeds 90 days.

Distribution of collaterals fair value against total credit exposures:

	December 31, 2018									
		Fair value of collaterals								
Item	**Total Exposure Value**	Cash Collaterals	Quoted Stocks	Accepted Letter of Guaranteed	Real Estate	Cars and Mechanics	Others	Total Value of Collaterals	**Net Exposure after Collaterals**	**Expected Credit Loss (ECL)**
Balances with central banks	286,177,151	-	-	-	-	-	-	-	286,177,151	194,054
Balances with banks and financial institutions	152,122,328	-	-	-	-	-	-	-	152,122,328	3,634
Deposits with banks and financial institutions	235,452,225	-	-	-	-	-	-	-	235,452,225	16,998
Direct credit facilities at amortized cost:								-	-	
Individuals (retail customers)	445,679,448	16,826,512	2,275,943	-	5,778,843	38,285,630	16,266	63,183,194	382,497,554	29,508,935
Real estate Loans	247,853,666	1,022,441	-	-	236,955,863	4,373	2,650,971	240,633,648	7,220,018	6,150,599
Corporate										
Large corporate customers	483,324,348	23,080,033	10,432,626	2,524,057	35,469,699	7,984,198	8,862,145	88,352,758	394,971,590	39,872,490
SMEs	254,692,394	17,818,603	2,779,304	2,194	96,008,648	6,294,790	5,187,736	128,091,275	126,599,819	21,268,030
Government and Public Sector	134,694,447	-	-	-	-	-	91,524,517	91,524,517	43,169,930	204,590
Bonds and Treasury Bills:										
Within financial assets at amortized cost	203,996,033	-	-	-	-	-	-	-	203,996,033	600,349
Total	**2,443,992,040**	**58,747,589**	**15,487,873**	**2,526,251**	**374,213,053**	**52,568,991**	**108,241,635**	**611,785,392**	**1,832,206,648**	**97,819,679**
Financial Guarantees	132,219,991	2,186,192	8,500	552,423	7,374,266	82,480	-	10,203,861	122,016,130	5,883,437
Letters of Credit and acceptances	105,413,349	587,635	-	-	1,081,074	20,882	-	1,689,591	103,723,758	152,263
Other Liabilities	387,219,416	-	-	-	-	-	-	-	387,219,416	1,562,785
Gross total	**3,068,844,796**	**61,521,416**	**15,496,373**	**3,078,674**	**382,668,393**	**52,672,353**	**108,241,635**	**623,678,844**	**2,445,165,952**	**105,418,164**

Exposure under stage 3:

Item	Total Exposure Value	Cash Collaterals	Quoted Stocks	Accepted Letter of Guaranteed	Real Estate	Cars and Mechanics	Others	Total Value of Collaterals	Net Exposure after Collaterals	Expected Credit Loss (ECL)
	December 31, 2018									
		Fair value of collaterals								
Direct credit facilities at amortized cost:										
Individual (retail customers)	26,715,089	31,608	-	-	61,600	9,778	-	102,986	26,612,103	25,226,271
Real estate Loans	9,960,094	4,957	-	-	7,736,258	4,373	-	7,745,588	2,214,506	5,408,002
Corporate								-	-	
Large corporate customers	24,455,448	29,014	-	127,170	4,811,392	65,771	-	5,033,347	19,422,101	24,385,791
SMEs	21,782,281	914,010	2,376	2,194	11,496,404	816,951	-	13,231,935	8,550,346	20,365,446
Government and Public Sector	-	-	-	-	-	-	-	-	-	-
Total	**82,912,912**	**979,589**	**2,376**	**129,364**	**24,105,654**	**896,873**	**-**	**26,113,856**	**56,799,056**	**75,385,510**
Financial Guarantees	10,281,213	1,454,253	-	-	607,499	-	-	2,061,752	8,219,461	5,642,941
Gross total	**93,194,125**	**2,433,842**	**2,376**	**129,364**	**24,713,153**	**896,873**	**-**	**28,175,608**	**65,018,517**	**81,028,451**

The fair value distribution of guarantees provided against facilities is as follows:

	December 31, 2017					
			Corporates			
	Individual (Retail Customers)	Real Estate Loans	Large Corporate Customers	SMEs	Government and Public Sector	Total
Collaterals:	JD	JD	JD	JD	JD	JD
Low grade	-	-	-	-	-	-
Standard grade	42,837,575	239,388,563	85,172,125	124,641,226	-	492,039,489
Watch List	185,554	5,494,073	9,295,388	2,819,136	-	17,794,151
Non-performing:	870,856	5,298,292	3,501,236	24,903,943	-	34,574,327
Substandard	426,847	399,111	138,146	10,749,822	-	11,713,926
Doubtful	6,046	1,458,905	943,002	178,333	-	2,586,286
Losses written-off	437,963	3,440,276	2,420,088	13,975,788	-	20,274,115
Total	**43,893,985**	**250,180,928**	**97,968,749**	**152,364,305**	**-**	**544,407,967**
Of _ which:						
Cash margins	10,174,472	6,698,637	10,633,385	19,923,363	-	47,429,857
Real estate	8,674,005	240,341,649	65,852,155	128,897,909	-	443,765,718
Listed shares	-	-	15,773,583	630,046	-	16,403,629
Equipment and vehicles	25,045,508	3,140,642	5,709,626	2,912,987	-	36,808,763
Total	**43,893,985**	**250,180,928**	**97,968,749**	**152,364,305**	**-**	**544,407,967**

1. Rescheduled Loans

These represent loans classified previously as non-performing, removed from non-performing credit facilities according to proper scheduling, and reclassified as debts under watch list.

Total rescheduled loans amounted to JD 6,343,863 as of December 31, 2018 (JD 4,742,800 as of December 31, 2017).
This balance represents the rescheduled loans either classified as watch list or returned to performing loans.

2. Restructured Loans

Restructuring means to rearrange facilities instalments by increasing their duration, postponing some instalments, or increasing their grace period, and classified as debts under watch list total amounted to JD 9,170,414 as of December 31, 2018 (JD 6,165,742 as of December 31, 2017).

3. Bonds, Debentures and Treasury Bills

The schedule below shows the distribution of bonds, debentures and bills according to the international agencies' classification:

Rating Grade	Rating Agency	Classification	Within Financial Assets at Amortized Cost JD	Total JD
Foreign Bank Bonds	Moody's	Aa3	5,673,334	5,673,334
Foreign Bank Bonds	Moody's	A1	5,674,318	5,674,318
Foreign Bank Bonds	Moody's	A2	5,775,022	5,775,022
Foreign Bank Bonds	Moody's	A3	4,971,990	4,971,990
Foreign Bank Bonds	Moody's	Baa1	3,550,437	3,550,437
Foreign Bank Bonds	Moody's	Ba1	6,525,548	6,525,548
Jordanian Government Bonds	Moody's	B1	122,203,547	122,203,547
Foreign Bank Bonds	Moody's	B1	10,696,765	10,696,765
Foreign Bank Bonds	Moody's	B2	10,579,566	10,579,566
Unrated Bonds			28,345,505	28,345,505
Total			**203,996,033**	**203,996,033**

4. Concentration in credit exposure according to geographical distribution was as follows:

A. Gross Distribution Exposures Based on Geographic Areas:

Item	December 31, 2018							
	Inside Jordan	Other Middle East Countries	Europe	Asia	Africa	America	Other Countries	Total
Balances with central banks	227,637,131	58,345,966	-	-	-	-	-	285,983,097
Balances with banks and financial institutions	95,372,407	15,724,121	11,333,407	2,343,218	-	6,145,337	21,200,204	152,118,694
Deposits with banks and financial institutions	196,069,719	28,358,935	-	11,006,573	-	-	-	235,435,227
Direct credit facilities at amortized cost	1,212,259,981	248,175,451	-	-	8,804,227	-	-	1,469,239,659
Bonds and Treasury Bills:								
Within financial assets at amortized cost	130,126,768	51,585,064	21,683,852	-	-	-	-	203,395,684
Total/Current year	1,861,466,006	402,189,537	33,017,259	13,349,791	8,804,227	6,145,337	21,200,204	2,346,172,361
Financial Guarantees	90,229,091	8,729,975	19,641,374	6,021,979	73,691	1,625,443	15,001	126,336,554
Letters of Credit	50,288,586	12,125,393	-	2,611,888	-	-	-	65,025,867
Acceptances	39,985,333	249,886	-	-	-	-	-	40,235,219
Un-utilized balances	346,869,065	38,787,566	-	-	-	-	-	385,656,631
Total	**2,388,838,081**	**462,082,357**	**52,658,633**	**21,983,658**	**8,877,918**	**7,770,780**	**21,215,205**	**2,963,426,632**

B. Exposure Distribution According to Stages Classification as Per IFRS:(9)

	December 31, 2018					
	Stage One		Stage two		Stage Three	Total
Item	Individual Level	Collective Level	Individual Level	Collective Level		
Inside Kingdom	1,730,498,478	565,756,990	54,773,109	25,241,166	12,568,338	2,388,838,081
Other middle east countries	383,983,831	68,338,734	8,154,369	2,008,087	(402,664)	462,082,357
Europe	35,357,819	-	17,300,814	-	-	52,658,633
Asia	21,983,658	-	-	-	-	21,983,658
Africa	8,877,918	-	-	-	-	8,877,918
America	7,770,780	-	-	-	-	7,770,780
Other Countries	21,215,205	-	-	-	-	21,215,205
Total	**2,209,687,689**	**634,095,724**	**80,228,292**	**27,249,253**	**12,165,674**	**2,963,426,632**

Geographical area	December 31, 2017						
	Inside Jordan	Other Middle East Countries	Europe	Asia*	America	Other Countries	Total
Items	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	144,081,489	52,748,087	-	-	-	-	196,829,576
Balances with banks and financial institutions	187,538,969	51,875,569	14,142,933	694,440	5,999,267	5,431,034	265,682,212
Deposits with banks and financial institutions	125,000,000	-	-	-	-	-	125,000,000
Direct Credit Facilities:	1,234,234,298	212,993,473	-	-	-	-	1,447,227,771
Individual (retail customers)	306,696,656	46,113,090	-	-	-	-	352,809,746
Real estate loans	224,812,746	3,069,523	-	-	-	-	227,882,269
Corporate entities	539,195,466	97,987,553	-	-	-	-	637,183,019
Large corporate customers	391,871,557	17,840,642	-	-	-	-	409,712,199
SMEs	147,323,909	80,146,911	-	-	-	-	227,470,820
Government and public sector	163,529,430	65,823,307	-	-	-	-	229,352,737
Bonds and Treasury Bills:							
Within financial assets at amortized cost	162,095,719	35,248,711	22,231,960	-	-	-	219,576,390
Other Assets	25,769,100	-	-		-	-	25,769,100
Total for the year 2017	**1,878,719,575**	**352,865,840**	**36,374,893**	**694,440**	**5,999,267**	**5,431,034**	**2,280,085,049**

*Except for Middle Eastern countries.

Second: Quantitative Disclosures

5. Concentration in credit exposure according to the economic sector as follows:

A. Gross distribution exposures based on financial instruments:

Item	December 31, 2018									
	Financial	Industrial	Trading	Real Estate	Agriculture	Touristic Hotels Restaurants Public Facilities	Stock	Individuals	Government and Public Sector	Total
Balances with central banks	285,983,097	-	-	-	-	-	-	-	-	285,983,097
Balances with banks and financial institutions	152,118,694	-	-	-	-	-	-	-	-	152,118,694
Deposits with banks and financial institutions	235,435,227	-	-	-	-	-	-	-	-	235,435,227
Direct credit facilities at amortized cost	8,824,447	230,921,821	288,649,030	294,259,206	19,057,146	83,996,425	7,691,460	401,350,267	134,489,857	1,469,239,659
Bonds and Treasury Bills:										-
Within financial assets at amortized cost	56,699,587	4,383,038	20,175,869	-	-	24,918,031	-	-	97,219,159	203,395,684
Total current year	739,061,052	235,304,859	308,824,899	294,259,206	19,057,146	108,914,456	7,691,460	401,350,267	231,709,016	2,346,172,361
Financial Guarantees	33,828,122	7,394,324	19,488,385	39,049,107	363,035	23,460,032	-	2,753,549	-	126,336,554
Letters of Credit	14,582,254	12,139,016	33,356,738	1,089,139	2,593,497	1,265,223	-	-	-	65,025,867
Acceptances	-	2,427,274	13,313,081	5,393,911	19,100,953	-	-	-	-	40,235,219
Un-utilized balances	7,377,058	93,523,699	135,399,887	26,249,503	21,217,886	55,146,937	-	46,741,661	-	385,656,631
Total for 2018	**794,848,486**	**350,789,172**	**510,382,990**	**366,040,866**	**62,332,517**	**188,786,648**	**7,691,460**	**450,845,477**	**231,709,016**	**2,963,426,632**

B. Exposure distribution according to stages classification as per IFRS (9)

Item	December 31, 2018					
	Stage One		Stage two		Stage Three	Total
	Individual Level	Collective Level	Individual Level	Collective Level		
Financial	653,319,405	124,631,954	16,827,260	-	69,867	794,848,486
Industrial	327,443,334	3,777,825	18,930,844	97,491	539,678	350,789,172
Trade	465,634,887	11,878,947	32,207,657	-	661,499	510,382,990
Real estates	151,089,027	191,577,952	5,905,524	12,441,576	5,026,787	366,040,866
Agriculture	58,526,771	413,407	3,351,078	-	41,261	62,332,517
Tourism, restaurants and public facilities	176,430,039	3,921,853	2,954,803	102,580	5,377,373	188,786,648
Stocks	7,619,357	72,103	-	-	-	7,691,460
Individuals	137,915,853	297,821,683	51,126	14,607,606	449,209	450,845,477
Government and Public Sector	231,709,016	-	-	-	-	231,709,016
Total 2018	**2,209,687,689**	**634,095,724**	**80,228,292**	**27,249,253**	**12,165,674**	**2,963,426,632**

Economic sector	December 31, 2017										
	Financial	Industrial	Trading	Real Estate	Construction	Agriculture	Touristic Hotels Restaurants Public Facilities	Stock	Individuals	Government and Public Sector	Total
Items	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	196,829,576	-	-	-	-	-	-	-	-	-	196,829,576
Balances with banks and financial institutions	265,682,212	-	-	-	-	-	-	-	-	-	265,682,212
Deposits with banks and financial institutions	125,000,000	-	-	-	-	-	-	-	-	-	125,000,000
Direct credit facilities	8,664,723	155,651,536	280,849,600	201,079,819	42,626,267	19,384,626	144,734,306	10,038,543	354,845,614	229,352,737	1,447,227,771
Bonds & Treasury Bills:											
Within financial assets at amortized cost	68,069,116	4,411,555	-	-	-	-	24,979,662	-	-	122,116,057	219,576,390
Other Assets	25,699,978	24,248	44,579	227	-	-	-	-	68	-	25,769,100
Total for the year 2017	**689,945,605**	**160,087,339**	**280,894,179**	**201,080,046**	**42,626,267**	**19,384,626**	**169,713,968**	**10,038,543**	**354,845,682**	**351,468,794**	**2,280,085,049**

6. Re-classified credit exposures

A. Total re-classified credit exposure:

	December 31, 2018					
	Stage Two		Stage Three			
Items	Total Exposure Value	Reclassified exposures	Total Exposure Value	Reclassified exposures	Total reclassified exposures	Percentage of Reclassified Exposures
Cash and balances with central banks	-	-	-	-	-	0.0%
Balances with banks and financial institutions	-	-	-	-	-	0.0%
Deposits with banks and financial institutions	-	-	-	-	-	0.0%
Direct credit facilities at amortized cost	71,811,677	4,699,290	91,750,968	15,814,502	20,513,792	12.5%
Bonds and Treasury Bills:						
Within financial assets at amortized cost	17,777,367	17,777,367	-	-	17,777,367	100.0%
Total	89,589,044	22,476,657	91,750,968	15,814,502	38,291,159	21.1%
Letters of guarantees	1,199,952	(86,937)	10,281,213	823,380	736,443	6.4%
Letters of credit	6,667,657	125	-	-	125	0.0%
Acceptances	276,412	(9,417)	-	-	(9,417)	(3.4%)
Un-utilized balances	26,555,394	9,661,132	-	-	9,661,132	36.4%
Gross total	**124,288,459**	**32,041,560**	**102,032,181**	**16,637,882**	**48,679,442**	**21.5%**

B. Expetced credit loss against reclassified exposures:	December 31, 2018							
	Reclassified exposures			Expected credit loss for reclassified exposures				
				Stage Two		Stage Three		
Item	Gross Reclassified Exposure from Stage Two	Gross Reclassified Exposure from Stage Three	Gross Reclassified Eexposure	Individual Level	Collective Level	Individual Level	Collective Level	Total
Cash and balances with central banks	-	-	-	-	-	-	-	-
Balances with banks and financial institutions	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	165,942	9,409,466	9,575,408	(364,357)	530,299	9,409,466	-	9,575,408
Bonds and Treasury Bills:								
Within financial assets at amortized cost	476,553	-	476,553	476,553	-	-	-	476,553
Total	**642,495**	**9,409,466**	**10,051,961**	**112,196**	**530,299**	**9,409,466**	**-**	**10,051,961**
Letters of guarantees	1,943	338,433	340,376	1,943	-	338,433	-	340,376
Letters of credit	-	-	-	-	-	-	-	-
Acceptances	553	-	553	553	-	-	-	553
Un-utilized balances	3,519	338,433	341,952	4,817	(1,298)	338,433	-	341,952
Gross total	**648,510**	**10,086,332**	**10,734,842**	**119,509**	**529,001**	**10,086,332**	**-**	**10,734,842**

Total Credit Exposure according to classification instructions (47/2009) compared to IFRS (9):

As of December 31, 2018	According to Classification Instructions No. (47/2009)				According to IFRS (9)								
					Stage One			Stage Two			Stage Three		
Item	Total	Interest in Suspense	Outstanding Balance	Provision	Gross	ECL	Interest in Suspense	Gross	ECL	Interest in Suspense	Gross	ECL	Interest in Suspense
Performing	1,454,635,923	36,412	1,454,599,511	2,914	1,411,556,125	5,831,633	36,411	-	-	-	-	-	-
Watch list	28,590,570	-	28,590,570	1,164,788	-	-	-	71,811,677	1,304,153	-	-	-	-
Non performing	-	-	-	-	-	-	-	-	-	-	91,750,968	75,385,510	8,838,056
Of which:													
Substandard	2,861,608	6,079	2,855,529	1,793,214	-	-	-	-	-	-	-	-	-
Doubtful	10,938,897	236,715	10,702,182	8,061,905	-	-	-	-	-	-	-	-	-
Losses written-off	78,091,772	8,595,261	69,496,511	63,867,043	-	-	-	-	-	-	-	-	-
Total	**1,575,118,770**	**8,874,467**	**1,566,244,303**	**74,889,864**	**1,411,556,125**	**5,831,633**	**36,411**	**71,811,677**	**1,304,153**	**-**	**91,750,968**	**75,385,510**	**8,838,056**

As of January 1, 2018	Total	Interest in Suspense	Outstanding Balance	Provision	Gross	ECL	Interest in Suspense	Gross	ECL	Interest in Suspense	Gross	ECL	Interest in Suspense
Performing	1,418,342,163	24,619	1,418,317,540	-	1,418,342,163	4,670,641	24,621	-	-	-	-	-	-
Watch list	46,432,882	-	46,432,882	2,736,750	-	-	-	1,232,348	1,407,957	-	-	-	-
Non performing	-	-	-	-	-	-	-	-	-	-	76,806,921	62,879,246	7,844,060
Of which:													
Substandard	5,721,305	22,257	5,699,048	4,319,210	-	-	-	-	-	-	-	-	-
Doubtful	6,202,796	128,085	6,074,710	3,871,352	-	-	-	-	-	-	-	-	-
Losses written-off	64,882,820	7,693,716	57,189,105	53,024,854	-	-	-	-	-	-	-	-	-
Total	**1,541,581,966**	**7,868,677**	**1,533,713,285**	**63,952,166**	**1,418,342,163**	**4,670,641**	**24,621**	**1,232,348**	**1,407,957**	**-**	**76,806,921**	**62,879,246**	**7,844,060**

40./b Market Risks:

Qualitative 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 shares prices. Moreover, market risks arise from the existence of open positions in interest rates, currency exchange rates, and investments in shares. These risks are monitored according to specific policies and procedures through special committees and associated work centres and include the following:

- Interest rate risks.
- Currency exchange rate risks.
- Fluctuation in share prices 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 held for future buying and selling.
- Foreign currency fluctuations.
- Gaps in maturities of assets and liabilities and interest rate re-pricing.
- Creation of uncovered positions.

Interest Rate Risks

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

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

Foreign Currency Risks

Foreign currency risks are the risks arising from changes in the values of financial instruments as a result of fluctuations in the prices of foreign currencies using good 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 a market risk unit such as follows:

- Exceeding limits is not allowed, and any currency excess is settled immediately.
- Any dealer should close the position immediately when the loss reaches the allowed maximum limit.
- The Treasury and Investment Department analyzes 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 foreign currency positions at the Bank:

Currency Type	December 31, 2018 JD	December 31, 2017 JD
USD	17,190,069	4,923,107
GBP	44,848	1,401,199
Euro	36,931	1,410,118
JPY	272	9,633,041
Other currencies	(23,307,421)	(20,876,901)
	(6,035,301)	(3,509,436)

Share Prices Risks

Share prices 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 shares investments held by the Bank are listed in Amman Stock Exchange.

Markets Risk Management

The Bank follows financial and investment 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.
- Implementation of (Reuters) Application to monitor continuity risk in the global capital market, cash markets and currency exchange.
- 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, local and international stocks.
  - Preparation of periodic reports, to be presented to the Investment Committee, Executive Risk Management Committee and Risk Management Committee/Board of Directors.

Quantitative Disclosures:

1. Interest Rate Risks	December 31, 2018		
	Increase in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity
Currency	JD	JD	JD
USD	2%	343,801	-
GBP	2%	897	-
Euro	2%	739	-
JPY	2%	5	-
Other Currencies	2%	(466,148)	-
Currency	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
	JD	JD	JD
USD	2%	(343,801)	-
GBP	2%	(897)	-
Euro	2%	(739)	-
JPY	2%	(5)	-
Other Currencies	2%	466,148	-
	December 31, 2017		
Currency	Increase in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity
		JD	JD
USD	2%	98,462	-
GBP	2%	28,024	-
Euro	2%	28,202	-
JPY	2%	192,661	-
Other Currencies	2%	(417,538)	-
Currency	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
USD	2%	(98,462)	-
GBP	2%	(28,024)	-
Euro	2%	(28,202)	-
JPY	2%	(192,661)	-
Other Currencies	2%	417,538	-

2. Foreign Currency Risks	December 31, 2018		
	Increase in Currency Exchange Rate (%)	Effect on Profits or Losses	Effect on Equity
Currency	JD	JD	JD
USD	5%	859,503	-
GBP	5%	2,242	-
Euro	5%	1,847	-
JPY	5%	14	-
Other Currencies	5%	(1,165,371)	-
	December 31, 2017		
	Increase in Currency Exchange Rate (%)	Effect on Profits or Losses	Effect on Equity
Currency	JD	JD	JD
USD	5%	246,155	-
GBP	5%	70,060	-
Euro	5%	70,506	-
JPY	5%	481,652	-
Other Currencies	5%	(1,043,845)	-

3. Fluctuation in Share Prices Risks	December 31, 2018		
Indicator	Increase in Index	Effect on Profits or Losses	Effect on Equity
		JD	JD
Amman Stock Exchange	5%	3,060	2,048,524
Palestine Stock Exchange	5%	-	275,650
	December 31, 2017		
Indicator	Increase in Index	Effect on Profits or Losses	Effect on Equity
		JD	JD
Amman Stock Exchange	5%	5,610	5,042,194
Palestine Stock Exchange	5%	-	276,234
New York Stock Exchange	5%	-	193,429

Concentration of Foreign Currency Risk

Currency	December 31, 2018					
	USD	GBP	Euro	JPY	Other	Total
Item	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances with Central Banks	65,485,946	117,167	2,951,091	321	41,412,667	109,967,192
Balances with banks and financial institutions	167,732,389	8,265,744	13,453,026	60,082	23,557,241	213,068,482
Direct credit facilities at amortized cost	213,465,186	-	2,144,613	-	115,399,739	331,009,538
Financial assets (at amortized cost and at fair value and associates)	81,555,826	-	-	-	292,112	81,847,938
Other assets	3,241,660	2,087	12,112	42	6,965,551	10,221,452
Total assets	531,481,007	8,384,998	18,560,842	60,445	187,627,310	746,114,602
Liabilities:						
Banks and financial institutions' deposits	11,183,115	79,005	925,864	-	1,038,086	13,226,070
Customers' deposits	392,526,415	8,208,881	15,125,583	58,971	181,376,412	597,296,262
Cash margins	20,490,971	39,149	2,491,818	1,202	6,055,371	29,078,511
Other liabilities	90,090,437	13,115	(19,354)	-	22,464,862	112,549,060
Total Liabilities	514,290,938	8,340,150	18,523,911	60,173	210,934,731	752,149,903
Net position- financial position items 2018	17,190,069	44,848	36,931	272	(23,307,421)	(6,035,301)
Commitments and contingent liabilities off Balance Sheet items for the year 2018	115,320,196	16,910	20,354,989	24,034	5,644,662	141,360,791

Currency	December 31, 2017					
	USD	GBP	Euro	JPY	Other	Total
Item	JD	JD	JD	JD	JD	JD
Total assets	524,577,161	9,414,622	20,477,350	9,692,034	188,863,721	753,024,888
Total Liabilities	519,654,054	8,013,423	19,067,232	58,993	209,740,622	756,534,324
Net position - financial position items 2017	4,923,107	1,401,199	1,410,118	9,633,041	(20,876,901)	(3,509,436)
Commitments and contingent liabilities off Balance Sheet items for the year 2017	181,443,132	11,422	13,555,639	16,652	14,670,982	209,697,827

Interest Re-pricing Gap

Rating on basis of re-pricing periods or maturity:	Less Than 1 Month	From 1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 Year	From 1 to 3 Years	More Than 3 Years	Items Without Interests	Total
Year 2018	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances with Central Banks	127,884,045	-	-	-	-	-	232,258,458	360,142,503
Balances and deposit with banks and financial institutions	134,887,337	-	-	-	235,435,227	-	17,231,357	387,553,921
Financial assets at fair value	-	-	-	-	-	-	51,560,755	51,560,755
Direct credit facilities at amortized cost	254,633,390	221,606,842	163,834,303	155,247,006	298,513,022	375,405,096	-	1,469,239,659
Financial assets at amortized cost	5,673,320	25,145,106	15,049,824	3,540,171	83,173,612	70,813,651	-	203,395,684
Property and equipment – Net	-	-	-	-	-	-	34,344,020	34,344,020
Intangible assets	-	-	-	-	-	-	4,998,823	4,998,823
Deferred assets	-	-	-	-	-	-	18,580,246	18,580,246
Other assets	-	-	-	-	-	-	89,264,599	89,264,599
Total Assets	523,078,092	246,751,948	178,884,127	158,787,177	617,121,861	446,218,747	448,238,258	2,619,080,210
Liabilities								
Banks and financial institutions' deposits	4,875,021	-	-	-	130,937,867	-	9,429,939	145,242,827
Customers' deposits	782,516,082	125,660,148	95,886,596	163,511,506	47,545,174	24,891,678	627,781,302	1,867,792,486
Cash margins	33,887,656	2,054,493	583,627	4,923,900	145,898	29,040,451	46,632,892	117,268,917
Sundry provisions	-	-	-	-	-	-	5,194,240	5,194,240
Income tax provision	-	-	-	-	-	-	21,978,685	21,978,685
Borrowed funds	104,799	211,564	327,195	673,607	1,802,309	1,438,337	-	4,557,811
Deferred tax liabilities	-	-	-	-	-	-	3,296,665	3,296,665
Other liabilities	-	-	-	-	-	3,296,665	32,994,867	36,291,532
Total liabilities	821,383,558	127,926,205	96,797,418	169,109,013	180,431,248	58,667,131	747,308,590	2,201,623,163
Interest Re-pricing Gap	(298,305,466)	118,825,743	82,086,709	(10,321,836)	436,690,613	387,551,616	(299,070,332)	417,457,047
Year 2017								
Total Assets	432,032,549	231,480,973	175,482,856	244,332,744	588,392,903	451,256,927	442,152,987	2,565,131,939
Total Liabilities	453,980,569	128,943,503	136,013,461	231,719,328	186,846,895	151,250,325	837,221,508	2,125,975,589
Interest Re-Pricing Gap	(21,948,020)	102,537,470	39,469,395	12,613,416	401,546,008	300,006,602	(395,068,521)	439,156,350

Liquidity Risk

First: this table summarizes the (undiscounted) liabilities on the remaining period for contractual maturities at the date of consolidated financial statements:

	Within 1 Month	From 1 to 3 Month	From 3 to 6 Month	From 6 Months to 1 Year	From 1 to 3 Year	Over 3 Years	Without Maturity	Total
December 31, 2018	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institutions' deposits	14,304,960	-	-	-	130,937,867	-	-	145,242,827
Customers' deposits	485,215,406	135,809,392	165,064,932	288,273,114	372,336,039	421,093,603	-	1,867,792,486
Cash margins	41,182,736	2,394,259	5,083,389	12,788,310	22,818,123	33,002,100	-	117,268,917
Financial derivatives	-	-	-	-	-	-	-	-
Borrowed funds	104,799	211,563	327,195	673,607	2,143,227	1,097,420	-	4,557,811
Sundry provisions	283,905	3,750,000	50,000	50,000	115,656	-	944,679	5,194,240
Income tax provision	8,431,153	-	4,215,577	9,331,955	-	-	-	21,978,685
Deferred tax liabilities	-	-	-	-	-	-	3,296,665	3,296,665
Other liabilities	19,112,374	381,971	81,865	8,765,877	-	-	7,949,445	36,291,532
Total liabilities	568,635,333	142,547,185	174,822,958	319,882,863	528,350,912	455,193,123	12,190,789	2,201,623,163
Total Assets (According to expected maturity)	701,746,995	246,785,034	179,136,237	170,673,381	713,490,407	361,467,296	245,780,860	2,619,080,210
December 31, 2017	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institutions' deposits	43,364,202	-	1,063,500	-	20,468,493	-	-	64,896,195
Customers' deposits	463,048,344	124,293,883	151,406,714	248,970,653	360,707,169	442,036,180	55,337,813	1,845,800,756
Cash margins	76,310,761	493,071	5,518,359	11,945,933	22,366,764	32,721,805	-	149,356,693
Financial derivatives	178,833	-	-	-	-	-	-	178,833
Borrowed funds	48,426	96,852	145,278	290,556	581,112	1,275,492	-	2,437,716
Sundry provisions	-	-	-	-	-	-	5,006,765	5,006,765
Income tax provision	3,997,321	-	15,604,837	-	-	-	-	19,602,158
Other liabilities	24,929,879	4,261,052	3,545,515	4,864,441	3,228	-	1,092,358	38,696,473
Total liabilities	611,877,766	129,144,858	177,284,203	266,071,583	404,126,766	476,033,477	61,436,936	2,125,975,589
Total Assets (According to expected maturity)	539,056,293	234,376,141	184,447,596	267,439,676	634,510,074	407,733,850	297,568,309	2,565,131,939

Second: this table summarizes the financial derivatives maturities on the remaining period of contractual maturity from the date of the consolidated financial statements.

- Financial derivatives/liabilities which have been totally reconciled includes:

Trading Derivatives	December 31, 2018			December 31, 2017		
	Currency Derivatives	from 3 Months to One Year	Total	Up to 3 Months	From 3 Months to One Year	Total
Currency Derivatives	JD	JD	JD	JD	JD	JD
Outflow	(6,333,777)	(3,664,043)	(9,997,820)	(18,904,820)	-	(18,904,820)
Inflow	6,346,825	3,661,596	10,008,421	18,725,987	-	18,725,987
Total	**13,048**	**(2,447)**	**10,601**	**(178,833)**	**-**	**(178,833)**

Items off-consolidated statement of financial position:	December 31, 2018			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	105,413,349	-	-	105,413,349
Un-utilized balances	387,219,416	-	-	387,219,416
Letters of guarantee	132,219,991	-	-	132,219,991
Operational lease contracts	3,599,220	9,102,589	4,636,800	17,338,609
Capital commitments	1,731,328	-	-	1,731,328
Total	**630,183,304**	**9,102,589**	**4,636,800**	**643,922,693**
	December 31, 2017			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	150,084,912	-	-	150,084,912
Un-utilized balances	440,916,414	-	-	440,916,414
Letters of guarantee	133,848,164	-	-	133,848,164
Operational lease contracts	3,238,718	7,286,346	1,477,268	12,002,332
Capital commitments	1,696,882	-	-	1,696,882
Total	**729,785,090**	**7,286,346**	**1,477,268**	**738,548,704**

41. Bank's Business Segments

1. Information about the Bank's business segments:

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-makers through the following main segments:

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

Information about Bank business segments distributed in accordance with the activities is as follows:

	Individual (Retail Customers)	Corporation	Treasury	Financial Brokerage	Other	Total 2018	Total 2017
	JD	JD	JD	JD	JD	JD	JD
Total Revenues	51,823,475	68,628,177	20,655,045	1,594,174	(958,291)	141,742,580	155,017,978
Expected credit loss provision	(6,984,940)	(136,307)	(515,345)	(5,542)	-	(7,642,134)	-
Provision for impairment in direct credit facilities	-	-	-	-	-	-	(20,637,508)
Segments operations results	44,838,535	68,491,870	20,139,700	1,588,632	(958,291)	134,100,446	134,380,470
Other expenses	(41,079,175)	(33,983,260)	(4,832,676)	(300,735)	9,054,332	(71,141,514)	(66,797,107)
Profit before tax	3,759,360	34,508,610	15,307,024	1,287,897	8,096,041	62,958,932	67,583,363
Income tax	(1,369,803)	(10,701,744)	(7,336,634)	(308,825)	(1,997,503)	(21,714,509)	(21,973,902)
Net profit for the Year	**2,389,557**	**23,806,866**	**7,970,390**	**979,072**	**6,098,538**	**41,244,423**	**45,609,461**
Other information							
Capital Expenditures	1,786,594	237,105	79,222	1,613	4,740,533	6,845,067	5,489,943
Depreciation and amortization	1,990,133	239,219	52,572	3,947	2,830,758	5,116,629	4,806,532
Total Assets	582,693,089	902,592,843	1,015,369,349	893,275	117,531,654	2,619,080,210	2,565,131,939
Total Liabilities	**1,494,032,160**	**473,534,061**	**174,967,235**	**501,271**	**58,588,436**	**2,201,623,163**	**2,125,975,589**

2. Information about Geographical Distribution:

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

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

	Inside the Kingdom		Outside the Kingdom		Total	
	2018	2017	2018	2017	2018	2017
	JD	JD	JD	JD	JD	JD
Total Revenues	151,710,250	159,515,297	27,548,502	22,788,411	179,258,752	182,303,708
Total Assets	1,796,184,264	1,977,069,000	822,895,946	588,062,939	2,619,080,210	2,565,131,939
Capital Expenditures	5,799,352	4,487,797	1,045,715	1,002,146	6,845,067	5,489,943

42. Analysis of Assets and Liabilities Maturities:

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

	December 31, 2018		
	Up to 1 Year	Over 1 Year	Total
Assets	JD	JD	JD
Cash and balances with Central Banks	270,431,363	89,711,140	360,142,503
Balances with banks and financial institutions	152,118,694	-	152,118,694
Deposits with banks and financial institutions	-	235,435,227	235,435,227
Financial assets at fair value through profit or loss	-	169,677	169,677
Financial assets at fair value through comprehensive income	-	51,391,078	51,391,078
Direct credit facilities at amortized cost	794,582,562	674,657,097	1,469,239,659
Financial assets at amortized cost	49,408,425	153,987,259	203,395,684
Property and equipment – Net	-	34,344,020	34,344,020
Intangible assets	-	4,998,823	4,998,823
Deferred tax assets	-	18,580,246	18,580,246
Other Assets	31,800,603	57,463,996	89,264,599
Total Assets	1,298,341,647	1,320,738,563	2,619,080,210
Liabilities			
Banks and financial institutions' deposits	14,304,960	130,937,867	145,242,827
Customers' deposits	1,074,362,844	793,429,942	1,867,792,786
Cash margins	61,448,694	55,820,223	117,268,917
Financial derivatives	-	-	-
Other provisions	4,133,905	1,060,335	5,194,240
Income tax provision	21,978,685	-	21,978,685
Borrowed funds	1,317,164	3,240,647	4,557,811
Deferred tax liabilities	-	3,296,665	3,296,665
Other liabilities	32,994,867	3,296,665	36,291,532
Total Liabilities	1,210,541,119	991,082,044	2,201,623,163
Net	87,800,528	329,656,519	417,457,047

	December 31, 2017		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets			
Cash and balances with Central Banks	155,160,492	113,422,659	268,583,151
Balances with banks and financial institutions	263,429,010	2,253,202	265,682,212
Deposits with banks and financial institutions	10,000,000	115,000,000	125,000,000
Financial assets at fair value through profit or loss	-	196,987	196,987
Financial assets at fair value through comprehensive income	-	114,791,862	114,791,862
Direct credit facilities	693,117,712	754,110,059	1,447,227,771
Financial assets at amortized cost	58,422,172	161,154,218	219,576,390
Property and equipment – Net	-	31,930,233	31,930,233
Intangible assets	-	4,839,231	4,839,231
Deferred tax assets	-	14,683,719	14,683,719
Other Assets	45,190,320	27,430,063	72,620,383
Total Assets	**1,225,319,706**	**1,339,812,233**	**2,565,131,939**
Liabilities			
Banks and financial institutions' deposits	44,427,702	20,468,493	64,896,195
Customers' deposits	987,719,594	858,081,162	1,845,800,756
Cash margins	94,268,124	55,088,569	149,356,693
Financial derivatives	178,833	-	178,833
Other provisions	-	5,006,765	5,006,765
Income tax provision	19,602,158	-	19,602,158
Borrowed funds	581,112	1,856,604	2,437,716
Other liabilities	37,600,887	1,095,586	38,696,473
Total Liabilities	**1,184,378,410**	**941,597,179**	**2,125,975,589**
Net	**40,941,296**	**398,215,054**	**439,156,350**

43. Capital Management

Capital Components:

- Paid-Up Capital:

  The paid-up capital of Bank of Jordan consists of (200/1) million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of local and regional expansion.

- Regulatory Capital:

  Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) 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 according to Basel (III) consists of:

  - Ordinary shares, retained earnings, accumulated comprehensive income items, declared reserves, minority interest and interim profit after tax and expected distributions and regulatory adjustments.

- Regulatory Authorities' Requirements:

The regulatory authorities' instructions entail that the minimum capital shall be JD 100 million. Moreover, banks have been requested to increase their capital adequacy ratio to not be less than 14.125% according to the Central Bank of Jordan instructions, and the ratio of owners' equity to total assets financial leverage ratios must not be less than 4%.

- Achieving the Objectives of Capital Management:

The Bank's management 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, reflected in the increase in the reserves and retained earnings.

The regulatory capital adequacy ratios according to the standard approach are as follows:	In Thousands of JD	In Thousands of JD
	2018	2017
Primary Capital Items for Ordinary Shareholders (CET 1):	JD	JD
Paid-up capital	200,000	200,000
Statutory reserve	87,947	80,821
Voluntary reserve	134	134
Other reserves	5,849	4,104
Fair value reserve	26,668	81,288
Retained earnings	61,174	28,446
Non-controlling interest in the capital of subsidiaries	3,103	3,198
Less: Intangible assets	(4,999)	(4,839)
Foreign currency translation differences	(12,256)	(12,256)
Deferred tax assets	(18,581)	(14,684)
Total Primary Capital Ordinary Shareholder (CET 1)	349,039	366,212
Additional Capital Items		
Stage one provision balance against debt instruments not exceeding 1.25 % of the total risk weighted assets	7,581	-
General banking risk reserve	2,258	15,129
Total additional capital	9,839	15,129
Total regulatory capital	358,878	381,341
Total risk weighted assets	2,134,526	1,998,965
Capital adequacy ratio (%)	**16.81%**	**19.08%**
Primary capital for ordinary shareholders (CET 1)%	16.35%	18.32%
Capital adequacy Tier 1 (%)	16.35%	18.32%

44. Fair Value Hierarchy

A. The Fair Value of Financial Assets and Financial Liabilities of the Bank Specified at Fair Value on an Ongoing Basis:
Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period, the following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	Fair Value and the Important Intangible Inputs
	December 31, 2018	December 31, 2017				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Income Statement						
Shares that have an available market price	61,200	112,200	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have an available market price	108,477	84,787	Level Two	Financial Statements issued by companies		
Total	169,677	196,987				
Financial Assets at Fair Value through Comprehensive Income						
Shares that have available market price	46,483,480	110,237,146	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have available market price	4,907,598	4,554,716	Level Two	Financial Statements issued by companies	Does Not Apply	Does Not Apply
Total	51,391,078	114,791,862				
Assets Foreclosed by Bank	6,816,468	-	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Forward contracts foreign currency	10,601	-	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Total Financial Assets at Fair Value	51,571,356	114,988,849				
Financial Liabilities at Fair Value						
Forward contracts foreign currency	-	178,833	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Total	-	178,833				

There were no transfers between level 1 and level 2 during the year 2018.

B. The Fair Value of Financial Assets and Financial Liabilities of the Bank (Non-Specific Fair Value on an Ongoing Basis):

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

Financial Assets of Non-Specified Fair Value	December 31, 2018		December 31, 2017		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	JD
Balances at central banks	286,177,151	286,193,941	196,829,576	196,842,990	Level Two
Balances at banks and financial institutions	152,122,328	153,134,705	265,682,212	266,402,186	Level Two
Deposits at banks and financial institutions	235,452,225	239,298,074	125,000,000	127,536,945	Level Two
Loans, bills and other	1,405,705,500	1,408,994,013	1,382,864,854	1,385,372,118	Level Two
Financial assets at amortized cost	203,996,033	205,933,214	219,576,390	221,758,509	Level Two
Total Financial Assets of non-specified Fair Value	2,343,444,564	2,402,043,219	2,235,003,640	2,300,750,394	
Financial Liabilities of Non-Specified Fair Value					
Deposits at banks and financial institutions	145,242,827	146,062,258	64,896,195	64,986,870	Level Two
Customers' deposits	1,867,792,486	1,874,252,746	1,845,800,756	1,850,775,176	Level Two
Cash insurance	117,268,917	117,276,687	149,356,693	149,367,014	Level Two
Total Financial Liabilities of Non-Specified Fair Value	2,130,304,230	2,137,591,692	2,060,053,644	2,065,129,060	

The fair value for the financial assets and liabilities for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflects the credit risk of the parties that are dealing with it.

C. Non-Financial Assets and Liabilities not Measured at Fair Value but its in fair Value disclosed in the Consolidated Financial Statements:	December 31, 2018		December 31, 2017		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	JD
Other assets	59,991,327	108,489,272	45,050,608	102,837,646	Level Two
	59,991,327	108,489,272	45,050,608	102,837,646	

The above items set out the fair value of non-financial assets that are determined on the basis of prices of similar instruments in an inactive market.

45. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

New Standards:

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

- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).
- International Financial Reporting Standards (17): Insurance Contracts (effective on January 1st, 2021 with earlier application permitted).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective on January 1st, 2019).
- Amendments to IFRS 9 "Pre-Payment Features with Negative Compensation" (effective 1 January 2019).
- Amendments to IAS (19) Amendments to the Plan, Amortization or Settlement (effective 1 January 2019).
- Annual improvements to IFRS 2015-2017 (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective 1 January 2019).
- Amendments to IFRS (10) and IAS (28) Sale or Contribution of Assets between Investor and its Associates or Joint Venture (no date specified).

Bank management does not expect that there will be a material impact from following the above standards upon application except for the effect of the adoption of IFRS (16) "Leases".

Effect of the Application of IFRS (16) "Leases":

The Bank is required to adopt IFRS (16) "Leases" from January 1, 2019. The Bank has assessed the estimated impact that initial application of IFRS (16) will have on its consolidated financial statement for the year ended December 31, 2018, as described below. The actual impact of adopting the standard on January 1, 2019 may change because:

- The Bank has not finalized the testing and assessment of controls over its new IT systems.
- The new accounting policies are subject to change until the Bank presents its first consolidated financial statement that includes the date of initial application.

IFRS (16) defines the accounting treatment model for lessees. Where the lessee recognizes and discloses the assets in the consolidated financial statements. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short-term leases and leases of low value-items.

IFRS (16) did not have a material impact on the accounting treatment of leases for current policies, in the lessor's perspectives.
IFRS (16) replaces existing leases guidance, including IAS (17) Leases and IFRIC (4) determining whether as arrangement contains a lease.

1. Leases in which the Bank is a lessee:

The Bank will recognize new assets and liabilities related to operational leases. These assets will be depreciated and the expense will be reflected in the consolidated statement of profit or loss in addition to the interest expense arising from the acquisition of the asset. Previously, the Bank recognized operating lease expense on a straight-line basis over the term of the lease, and recognized the asset and liabilities only to the extent that there was a timing difference between actual lease payments and the expenses recognized.

In addition, the Bank will no longer recognize provisions for operating leases that it assesses to be onerous. Instead, the Bank will include the payments due under the lease in its lease liability.

No significant impact is expected for the Bank's finance leases.

Based in the information currently available, the Bank estimates that it will recognize additional lease liabilities approximately by the amount of JD 14.2 million and assets right of use by the same amount as of January 1, 2019. The Bank do not expect the adoption of IFRS (16) to impact its ability to comply with the revised maximum leverage threshold loan.

2. Leases in which the Bank is a lessor

No significant impact is expected for other leases in which the Bank is a lessor.

3. Transition Period:

The Bank plans to apply IFRS (16) initially on January 1, 2019, using the second option of the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS (16) will not impact the opening balance of retained earnings at January 1, 2019, and with no restatement of comparative information.

46. Commitments and Contingent Liabilities

a. Contingent Liabilities:	2018 JD	2017 JD
Letters of credit includes:	65,119,225	117,983,214
Inwards letters of credit	-	20,513,368
Acceptances includes:	40,294,124	56,193,136
Unguaranteed inward acceptances	-	3,578,070
Letters of guarantee:		
Payment	32,187,987	38,782,029
Performance	64,243,430	61,137,598
Other	35,788,574	33,928,537
Un-utilized direct and indirect credit facilities limits	387,219,416	440,916,414
Total	624,852,756	748,940,928

Expected credit loss provision based on IFRS (9) requirements on the off – balance sheet items (unfunded) amounted to JD 7,598,485 for the year ended December 31, 2018 (JD 5,415,620 as of January 1st 2018).

b. Contractual Obligations:	2018 JD	2017 JD
Contracts for purchasing of property and equipment*	1,731,328	1,696,882
Contracts for operating and financing lease**	17,338,609	12,002,332
Total	19,069,937	13,699,214

* These commitments mature in less than 1 year.

** These commitments mature between 1 year to 10 years.

46. C. 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 cheques. These lawsuits amounted to JD 17,573,962 as of December 31st, 2018 (JD 17,056,280 for prior year). In the opinion of the management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits in excess of provision recorded which amounted to JD 1,032,570 as of December 31st, 2018 (JD 676,564 prior year). 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 Profit or Loss or against the recorded provision when paid.

47. Comparative Figures

Some comparative figures have been reclassified to conform with the current year classification, this amendment did not have any impact on the consolidated statement of changes in equity, the consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended December 31, 2017.

Additional Information as Required by the Jordan Securities Commission 2018

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 2018

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 and custody services.

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

The Bank has (75) branches and (3) exchange offices in Jordan, in addition to (14) branches and one office in Palestine and one Branch in Bahrain. 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 has reached (1,927) 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	954	Hakama St./Irbid	9	Al Fuheis	7	Abu Nsair	7
Regional Management	160	Zarqa	7	Tareq	7	North Hashmi	7
Al Shmeisani	20	Faisal St./Zarqa	10	Zarqa Free Zone	7	Sahab	7
Amman/ Downtown	6	New Zarqa	7	Marj Al Hamam	8	Al Abdali Mall	12
Karak	7	North Shuneh	7	Al Jeezah	7	Madaba	8
Irbid	11	Kufranjah	4	Ras Al Aein	5	First Circle	9
Al Hussun St.	7	Al Qweismeh	11	Dahyet Al Yasmeen	8	Al hurrieh Mall	12
Eidoun St./Irbid	7	Third Circle	7	Al Sweifieh	10	Dahyet El Nakheel	7
Ma'an	7	Mecca St.	14	Al Wehdat	9	Ramallah	28
Rumtha	7	University of Jordan	6	Al Jabal Al Shamali	7	Hebron	19
Al Turrah	4	Thirty St. /Irbid	9	Durret Khalda	13	Jenin	20
Salt	8	Al Nuzha	7	Al Ruseifa	7	Nablus	21
Jerash	9	Al Hassan Industrial city	7	Al Madina Al Monawara St./Tla'a Al Ali	8	Gaza	16
Al Mahatta	7	Al Gardens	19	Abu Alanda	9	Al Ram/Ramallah	8
Al Yarmouk St./Al Nasser	7	Al Madina Al Monawara St.	7	Khalda	9	Al Eizaryeh/Jerusalem	8
Marka	10	Aqaba	12	City Mall	13	Industrial Area/Ramallah	9
Ajloun	8	Al Bayader	8	Um Uthaina	9	Bethlehem	9
Jabal Al Hussein	11	Industrial Area/Al Bayader	7	Al Rabiyeh	7	Tulkarm	10
Al Khalidi	6	Al Mafraq	10	Abdoun	10	Qabatiya	7
Al Jubaiha	9	North Azraq	6	Al Hurrieh St./Mogablain	8	Rafidia	7
Commercial Market	7	Jabal Al Weibdeh	8	Al Rawnaq	8	Al Naser	10
Wadi Al Seer	6	Deir Abi Saeed	7	Sport City	6	Al Eersal	6
Airport	3	Sweileh	9	Taj Mall	13	Bahrain	6

1. c- Capital Investment Volume:

JD 411.9 million as of December 31st, 2018.

2. Subsidiaries:

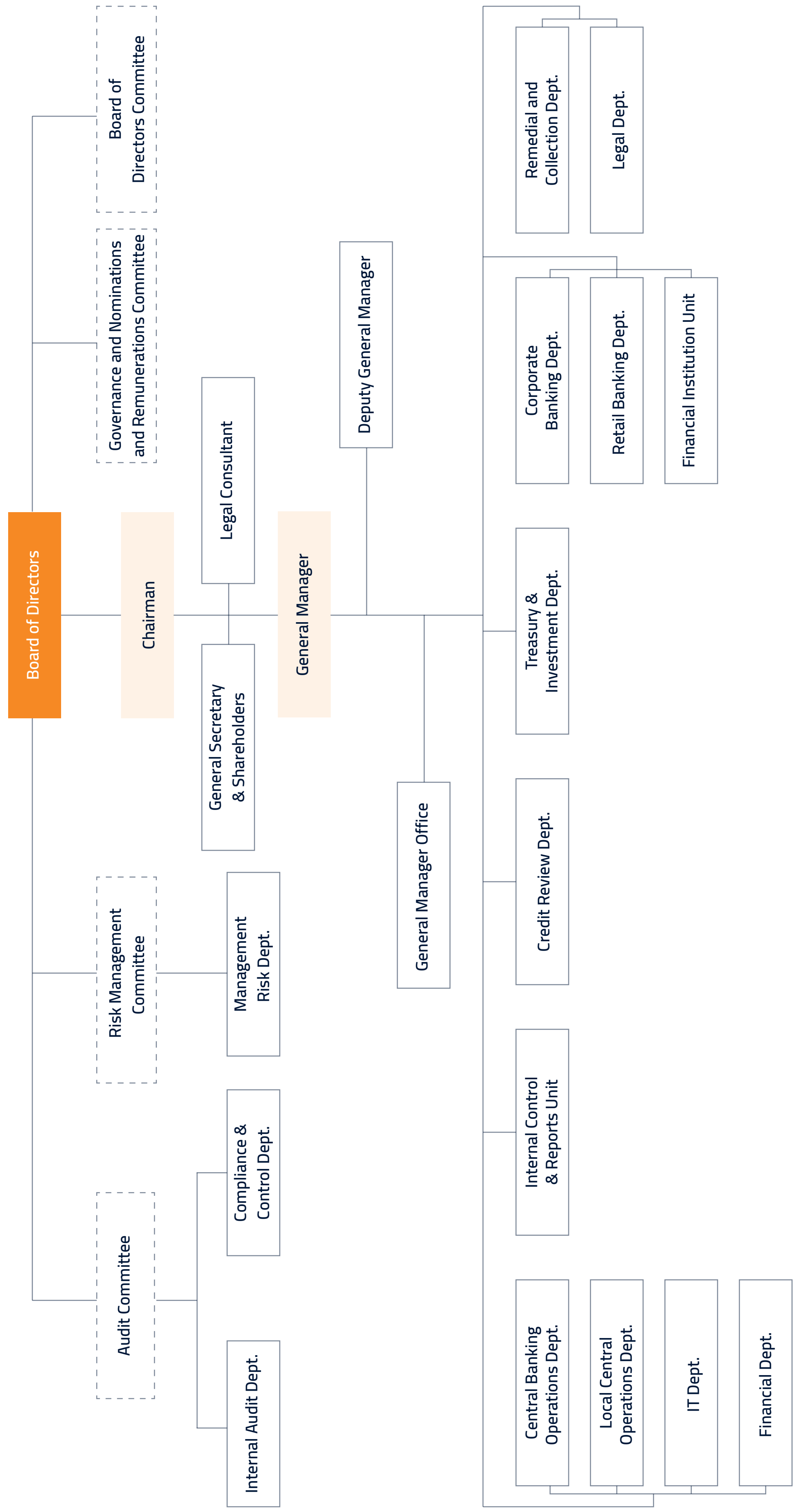
a. Bank of Jordan - Syria / Syrian Arab Republic

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.: 00963-11-22900000 Fax: 00963-11-2317267
Number of Employees	224 employees
Projects Owned by the Bank and their Capitals	There are no projects owned

Branch Location and Number of Employees

Branch	Address	Tel.	Fax	P.O. Box	Number of Employees
Baghdad St. Branch	Damascus - Sabaa Bahrat Square	00963-11-22900100	00963-11-2317730	P.O. Box 8058 Damascus, Syria	**11**
Abu Rumaneh Branch	Damascus – Abu Rumaneh- Arab league Square	00963-11-3354500	00963-11-3354506	P.O. Box 8058 Damascus, Syria	**11**
Abaseen Branch	Damascus - Abaseen Square	00963-11-4438261	00963-11-4438267	P.O. Box 8058 Damascus, Syria	**7**
Jarmana Branch	Damascus Suburban – Jarmana – Al Raees Square	00963-11-5662273	00963-11-5659377	P.O. Box 8058 Damascus, Syria	**7**
Harasta Branch (Temporarily closed)	Damascus Suburban – Harasta	00963-11-5376711	00963-11-5376717	P.O. Box 8058 Damascus, Syria	**None**
Sahnaya Branch	Damascus Suburban – Sahnaya	00963-11-22911300	00963-11-22911311	P.O. Box 8058 Damascus, Syria	**7**
Al Faisal St. Branch / Aleppo	Aleppo – Al Malek Faisal St.	00963-21-2228071	00963-21-2228071	P.O. Box 8058 Aleppo, Syria	**6**
Baroon Branch / Aleppo	Aleppo – Baroon St.	00963-21-2126996	00963-21- 2125985	P.O. Box 8058 Aleppo, Syria	**5**
Alazeziah Branch / Aleppo	Aleppo – Alazeziah Area – Alzahraa Cinema St.	00963-21-2122697	00963-21-2125672	P.O. Box 8058 Aleppo, Syria	**5**
Hamdanieh Branch / Aleppo (Temporarily closed)	Aleppo – Almartini Hotel – Hamdanieh	00963-21-5120152	00963-21-5120156	P.O. Box 8058 Aleppo,Syria	**None**
Homs Branch	Homs – Square 94 – Abou Tammam St.	00963-31-2220603	00963-31-2222305	P.O. Box 3058 Homs, Syria	**5**
Lattakia Branch	Lattakia - Al-Korneish Al-Gharbee St.	00963-41-457623	00963-41-456768	P.O. Box 58 Lattakia,Syria	**11**
Tartous Branch	Tartous – Al Thawra St.	00963-43-313733	00963-43-313793	P.O. Box 8058 Damascus, Syria	**6**
Al-Swaidaa Branch	Swaidaa – Qanawat St.	00963-16-324188	00963-16-324288	P.O. Box 88 Swaidaa, Syria	**8**

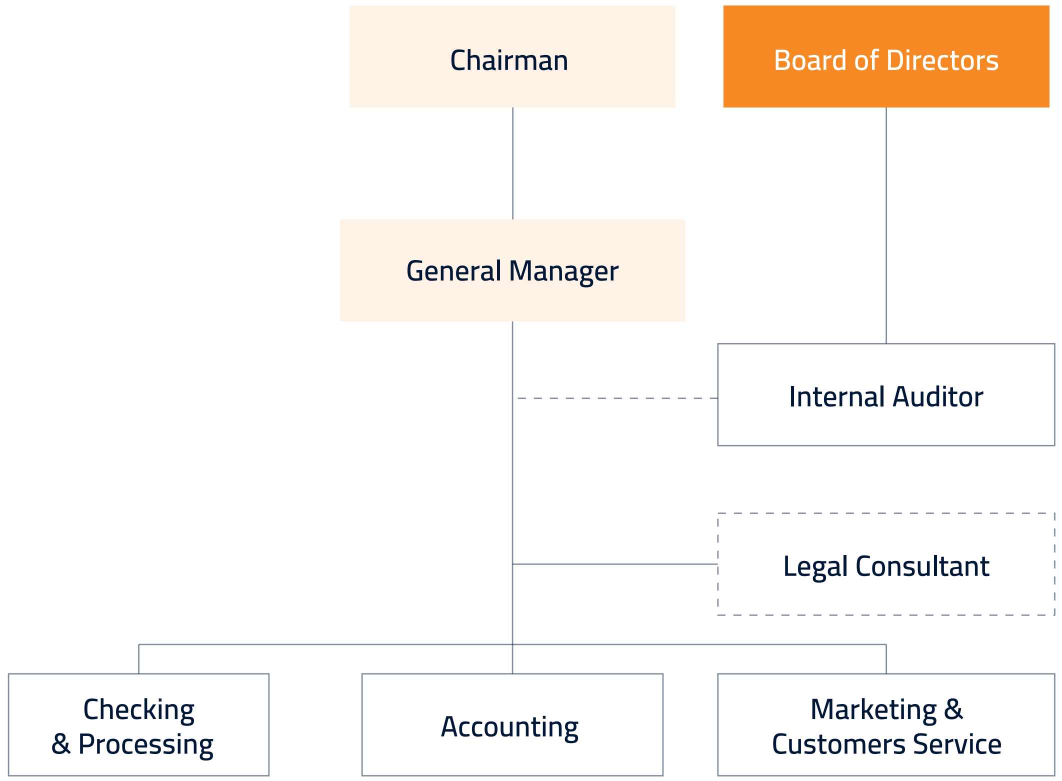
Organizational Structure / Bank of Jordan – Syria



b. Jordan Leasing Company - Limited Private Shareholding Company/ 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	JD 20,000,000
Bank's Ownership Percentage	100%
Address	Amman - Mecca St. - Al-Husseini Complex - Bldg. No.164 P.O. Box 2140 Amman 11181 Jordan Tel.: +962 6 5542697 Fax: +962 6 5542698
Number of Employees	3 employees
Branches	None
Projects Owned by Company and their Capitals	There are no projects owned

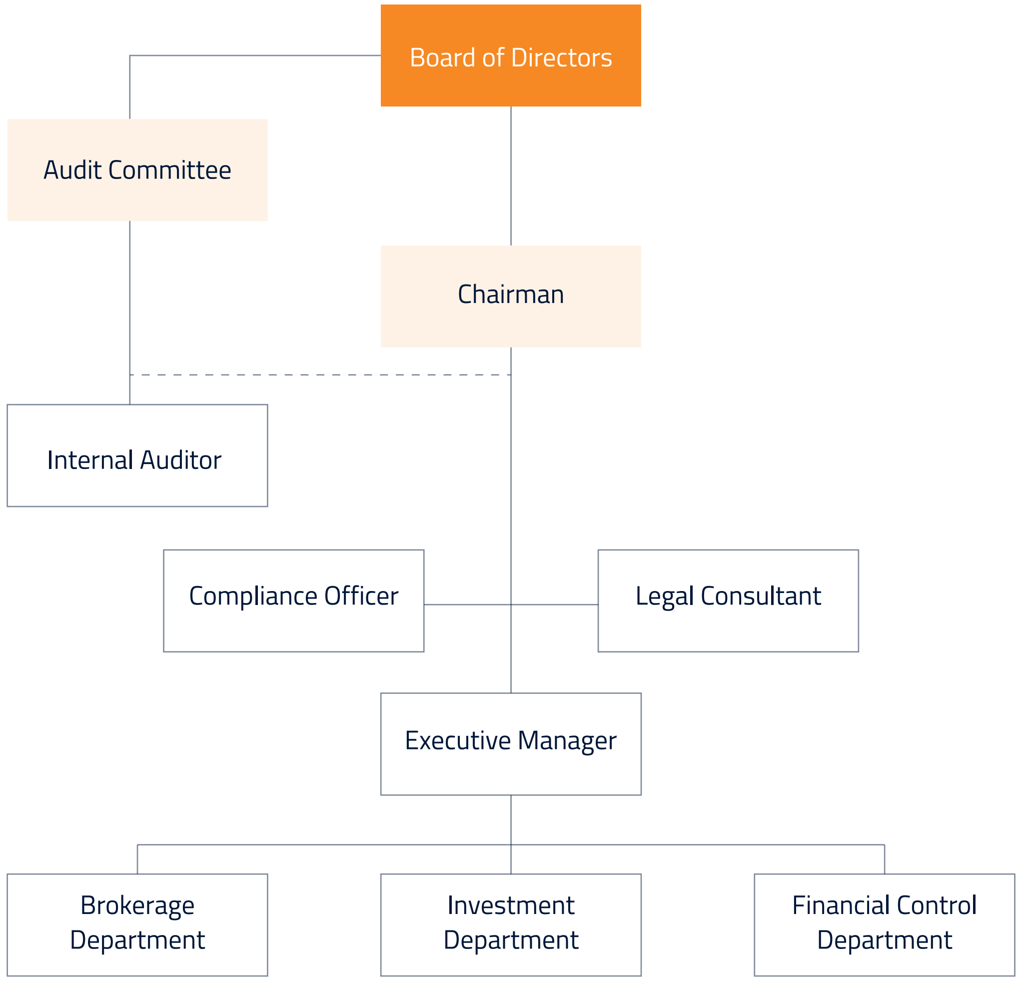
Organizational Structure / Jordan Leasing Company



C. Excel for Financial Investments Company - 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	JD 3,500,000
Bank's Ownership Percentage	100%
Address	Amman - Mecca St. - Al-Husseini Complex - Bldg. No. 164 P.O. Box 942453 – Amman 11194 – Jordan Tel.: +962 6 5519309 +962 6 5516809 Fax: +962 6 5519567
Number of Employees	8 employees
Branches	None
Projects Owned by Company and their Capitals	There are no projects owned

Organizational Structure / Excel for Financial Investments Company



3.a - Names and Resumes of Board of Directors:

Mr. Shaker Tawfiq Fakhouri
Chairman of the Board/Dedicated Representative of Al-Ekbal Jordanian General Trading (LLC).

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

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

Professional Experience:
- Chairman of the Board of Bank of Jordan, as of August 2007 to date.
- Chairman of the Board of Bank of Jordan - Syria as of July 2015 to date.
- Chairman & CEO of Bank of Jordan, as of August 2007 until January 2017.
- CEO of Bank of Jordan, as of August 2003 until January 2017.
- Deputy General Manager of Bank of Jordan, from December 1996 until August 2003.
- Executive Assistant to the General Manager of Bank of Jordan, from January 1995 until December 1996.
- Attended several advanced banking and leadership seminars and courses, including:
  - The "Comprehensive Banking Operations" training program at Bank of Jordan branches, from February 1991 until January 1993.
  - A specialized credit training course at the Headquarters of Manufacturers/ Hanover Bank, USA, from September 1990 until February 1991.

Other Current Board Memberships:
- Chairman of the Board of Directors of Bank of Jordan – Syria.
- Chairman of the Board of Directors of Excel for Financial Investments Co.
- Member of the Board of Trustees – King Abdullah II Center for Excellence.
- Board Member of the Middle East Company for Insurance.

Mr. Walid Tawfiq Fakhouri
Vice Chairman/ Representative of Al Tawfiq Investment House - Jordan

Date of Birth: 12/2/1972 **Date of Membership:** 18/4/2017
Nature of Membership: Non-Executive/ Non-Independent

Educational Background:
– M.A. in Business Administration from City University/ UK, 2000.
– B.A. in Science Marketing from Western International University/ UK, 1992.

Professional Experience:
- Chairman of the Board of Al-Tawfiq Investment House/ Jordan, as of 2007.
- Board member of Bank of Jordan from 17/02/2005 until 14/06/2015.
- Chairman of Petroeuropa/ Spain, as of 2014.
- Chief Executive Officer of JABA Inversiones Inmobiliarias / Spain, as of 2014.
- Chairman of the Board of the Arab Islamic Bank/ Palestine, from 2001 until 04/2016.
- Vice Chairman of Al-Ekbal Investment Company from 2009 until 08/2017.
- Vice Chairman of Excel for Financial Investments Company, from 23/03/2006 until 15/10/2014 and from 19/11/2014 until 18/04/2016.
- Member of the Executive Committee of the Islamic Corporation for Development of the Private Sector - Islamic Development Bank/ Jeddah, from 9/2009 until 2013.
- 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 member of Al-Ekbal Investment Company.

Former Board Memberships:
- The International Tobacco and Cigarettes Company.
- Zahrat Al Urdon Real Estate & Hotels Investments Company.
- Trust International Transport Company.
- Board Member of Jordan Express Tourist Transportation Company (JETT).
- Al-Yarmouk Insurance Company.
- Arab Union International Insurance Company.
- Industrial Development Bank.
- 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.

Dr. Mazen Mohammad Al-Basheir
Board Member/ Representative of Arab Gulf General Inv. & Transport Co.

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

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

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

Other previous Board Memberships:
-Board Chairman and Chief Executive Officer of the Consultant and Investment Group Company (Istishari Hospital) since 6/2007 until 1/2016.

Dr. Yanal Mawloud Naghouj
Board Member/ Representative of Al-Yamama for General Investments Co. (Limited Liability)

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

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

Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali
Board Member/ Representative of Al-Araka for Investments Co.

Date of Birth: 6/7/1962 **Date of Membership:** 7/3/2009
Nature of Membership: Non-Executive/ Non-Independent

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

Professional Experience:
- CEO of New Vision for Electronics as of 3/2015 to date.
– CEO of King Abdullah II Design and Development Bureau, from 7/2010 until 5/2014.
– CEO of Aqaba Development Corporation, from 1/2010 until 7/2010.
– General Manager of Saraya Aqaba, from 2/2007 until 12/2009.
– Revenues and Customs Commissioner in Aqaba Special Economic Zone Authority (ASEZA), from 1/2004 until 2/2007.
– Gulf Area Manager of Qatar for the Middle East Contracting Company, from 9/2002 until 12/2003.
– Tala Bay CEO, from 10/2000 until 9/2002.
– General Manager of Trans Jordan for Communications 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 Jordan Investment Trust, as of October 2017.
- Member of the Board of Social Security Investment Fund, as of 4/2017.

Former Board Memberships:
- Chairman of the board of the King Abdullah II Design & Development Bureau (KADDB) from 12/2010 until 5/2014.
- Member of the Board of Injaz from 2016 until 2018.
- Member of the Board of Trustees - Mutah University from 2009 until 2018.
- Board Member of Jordan Investment Trust, as of July 2014 until October 2017.
- Member of the Board of Trustees - The Royal Tank Museum.
- Member of the Board of Trustees - Jordan University for Science and Technology (JUST).
- Member of the Board of Aqaba Water Company, from 1/2010 until 8/2010.
- Member of the Board of the Aqaba port and Containers Company, from 1/2010 until 8/2010.
- Member of the Board of Directors of Aqaba Airports Company, from 1/2010 until 8/2010.
- Member of the Board of Trustees - Applied Sciences University, from 1/2006 until 10/2009.
- ASEZA Commissioner, from 1/2004 until 2/2007.
- Board Member of Jordan Electricity Distribution Company, from 6/2006 until 3/2007.
- Board Chairman of Aqaba International School, from 6/2006 until 2/2007.
- Board Member of the Yemeni Payphone Company, from 9/1998 until 9/2000.
- Board Member of the Middle East Defense and Security Agency, from 8/1997 until 11/2003.
- Vice Chairman of the King Abdullah Special Operation Training Center (KASOTC), from 12/2010 until 2/2013.
- Member of Greater Amman Municipality Council, from 8/2010 until 8/2013.

Mr. Haitham Mohammed Samih Barakat
Board Member/ Representative of Al Lu'lu'a Trading & Investment Co.

Date of Birth: 1/5/1960 **Date of Membership:** 30/7/2015
Nature of Membership: Non-Executive/ Non-Independent

Educational Background:
– B.Sc. in Electrical Engineering from the Portland State University/ USA, 1984.

Professional Experience:
- General Manager of the Advanced Engineering Group/ Jordan, from 2007 until March 2018.
- Founder and partner of the Advanced Electrical Engineering Company/ Qatar, as of 2001 to date.
- CEO of Kuwait Electrical Poles & Lighting Industries Company WLL (KEPLIC)/ Kuwait, as of 1999 to date.
- Founder and CEO of the Qatar Electromechanical Company/ Qatar, from 1998 until September 2017.
- Deputy General Manager of the National Industries Company/ Jordan, from 1/2004 until 7/2004.
- Founder and CEO of Faddan Electromechanical Contracting Company/ Jordan, from 1994 until 1997.
- Deputy General Manager of Faddan for Trading and Contracting Company/ Kuwait, from 1984 until 1990.

Other Current Board Memberships:
- Board Member of the Arab Islamic Bank/ Palestine.

Former Board Memberships:
- Board Member of Al-Saqr Insurance Company.
- Founding Member of the Clean Energy Company/ Jordan.
- Board Member of the United Cable Industries Company/ Jordan.

Professional Experience Acquired from Private Business:
– Over 30 years of experience in Jordan, the Gulf, and the USA including founding and managing various engineering companies in several countries.

Other Professional Experience:
- Experience in project management and development.

Mr. Mohammad Anwar Hamdan
Board Member

Date of Birth: 5/12/1949 **Date of Membership:** 30/7/2015
Nature of Membership: Non-Executive/ Independent

Educational Background:
– MBA in International Management from Thunderbird University/ USA, 1979.
– B.A. in Accounting from the University of Jordan, 1973.

Professional Experience:
- Deputy General Manager of Bank of Jordan from 1/2007 until 6/2012.
- Assistant General Manager/ Credit Management/ Bank of Jordan, from 11/1994 until 1/2007.
- Assistant General Manager/ Credit Management/ Cairo Amman Bank, from 1/1990 until 11/1994.
- Senior Manager/ Credit Management/ Bank of Jordan, from 8/1985 until 12/1990.
- Assistant Manager for Investment & Branches/ Jordan Kuwait Bank, from 7/1979 until 8/1985.
- Senior Financial Analyst/ Central Bank of Kuwait, from 5/1976 until 5/1978.
- Financial Analyst/ Central Bank of Jordan, from 8/1973 until 5/1976.

Former Board Memberships:
- Board Member in Ready Mix Concrete & Construction Supplies Company - representing Bank of Jordan.
- Board Member in Baton for Concrete Blocks and Interlocking Tiles Company - representing Bank of Jordan.

Other Current Board Memberships:
- Membership of Investment Committee of the University of Jordan Fund.

Mr. Husam Rashed Manna'
Board Member

Date of Birth: 6/9/1963 **Date of Membership:** 30/7/2015
Nature of Membership: Non-Executive/ Independent

Educational Background:
-Master of Business Administration (MBA) from California State University, Chico 1989.
-Bachelor of Science, Business Administration from California State University, Chico 1987.

Professional Experience:
- Chief Commercial officer of Shams Ma'an Power Generation Co. from 10/2015 until 9/2017.
- Portfolio Manager/ Private business, as of 5/2004 to date.
- General Manager of Aqaba Manufacturing & Refining Vegetable Oils CO. (AMRV), from 5/2011 until 5/2013.
- Member of the Auditing Committee of Al Janoub Filter Manufacturing Company (AJFM), from 5/2008 until 10/2010.
- Portfolio Manager at Arab Banking Corporation/ Investment Department, from 3/2002 until 4/2004.
- Corporate Head/ Manager at Arab Banking Corporation/ Credit Facilities Department, from 9/2000 until 2/2002.
- Senior International Credit Officer/ Supervisor at Arab Bank Plc./ Credit Facilities Division – Int'l Branches & Assoc. Co.'s, from 7/1994 until 5/2000.
- Credit Officer/ Section Head at Arab Bank Plc. – Mahatta Branch/ Credit Facilities Dept., from 6/1991 until 6/1994.
- Account Executive at Metropolitan Life - San Francisco/ California, USA, from 6/1989 until 6/1990.

Former Board Memberships:
- Member of the Board of Directors of Al Janoub Filter Manufacturing Company (AJFM) from 5/2008 until 10/2010.
- Member of the Board of Directors of Real Estate Investment Compound Company from 3/2002 until 4/2004.

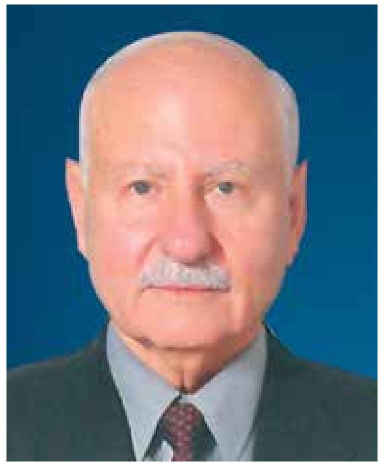
Mr. Walid Mohammad Al-Jamal
Board Member/ Representative of Al Pharaenah Int'l for Industrial Investments Co.

Date of Birth: 9/4/1971 **Date of Membership:** 12/1/2017
Nature of Membership: Non-Executive/ Non-Independent

Educational Background:
- Master of Business Administration in Professional Accounting, from Canisuis College, Buffalo/ USA, 1995.
- B.A. in Accounting from the university of Jordan/ Jordan, 1992.

Professional Experience:
- CEO of Jordan Decapolis Properties Company, as of 9/2014 to date.
- Director of Finance and Administration, First Jordan Investment Company, from 2011 until 2013.
- Deputy CEO for Finance and Administration/ MGC/ Saudi Arabia, from 2007 until 2011.
- Financial Controller and HR Director, Dar Al-Dawa Group, from 2001 until 2007.

Other Current Board Memberships:
- Chairman of the Board of Directors of Jordan Dubai Properties for Land Development Company.
- Chairman of the Board of Directors of Jordan Eye for Tourist Resorts Company.
- Chairman of the Board of Directors of Jordan Dubai for Specialized Tourist Resorts Company.
- Chairman of the Board of Directors of Aman Jordan Decapolis for Tourism Investments Company.
- Chairman of the Board of Directors of South Dead Sea Development for Specialized Resorts Company.
- Chairman of the Board of Directors of Ahyaa Amman for Hotel Investments Company.
- Chairman of the Board of Directors of Ahyaa Al Asimah for Tourist Investments Company.
- Chairman of the Board of Directors of Ahyaa Al Asimah for Real Estate Investments Company.
- Chairman of the Board of Directors of Ahyaa Al Asimah for Specialized Investments Company.
- Chairman of the Board of Directors of Eagle Group International Investment.
- Vice Chairman of the Board of Directors of Jordan Decapolis Properties Company.
- Chairman of the Board of Directors of Ahyaa Amman Real Estate Development Company.
- Chairman of the Board of Directors of Al Rashad Industrial Investments Company.
- Board Member of Al Daman Al-Mumayaz Tourism Investments Company.
- Board Member of Ma'in Hot Springs Resort Company.



Mr. Walid Rafiq Anabtawi
Board Member

Date of Birth: 30/3/1944 Date of Membership: 17/4/2017
Nature of Membership: Non-Executive/ Independent

Educational Background:
- B.A. in Accounting, from Alexandria University/ Egypt, 1968.

Professional Experience:
- Assistant General Manager - Investment and Branches Management/ Bank of Jordan/ Jordan, from Apr 2004 until Oct 2005.
- Assistant General Manager/ Bank of Jordan/ Jordan - Organization, Operations, and Automation Management, from Oct 2001 until Jun 2003.
- Executive Manager/ Bank of Jordan/ Jordan - Organization, Operations, and Automation Management, from Jan 1992 until Oct 2001.
- Manager of Internal Audit/ Bank of Jordan/ Jordan, from Mar 1990 until Jan 1992.
- Assistant Head at A department – Banks Supervision Department – Central Bank of Jordan/ Jordan, from Jul 1986 until Mar 1990.
- Senior Assistant Manager – Internal Audit Department/ Arab National Bank – Saudi Arabia, from Feb 1983 until Jun 1986.
- Supervisor/ Banking Supervision Department, Central Bank of Jordan/ Jordan, from Jul 1976 until Feb 1983.
- Division Assistant Head/ Arab Bank/ Amman Branch/ Jordan, from May 1969 until Jul 1976.
- Accountant – Accounting Department/ Royal Jordanian/ Jordan, from Oct 1968 until May 1969.
- Took part in and helped organize over 50 training workshops inside and outside Jordan.

Other professional Experience:
Extensive administrative experience in leading financial institutions including:
- Developing work procedures and control measure to ensure competence and effectiveness.
- Supervising the development and application of E-banking systems.
- Diverse experience in internal audit and internal control systems.

Mr. Wissam Rabee' Saab
Board Member

Date of Birth: 1/8/1981 Date of Membership: 17/4/2017
Nature of Membership: Non-Executive/ Independent

Educational Background:
- B.A. in Business Computer (Minor Mathematics), from Lebanese American University (L.A.U.)/ Beirut, Lebanon, 2005.

Professional Experience:
- Investment Manager, Zahran Group, Riyadh/KSA, Investment Management Dept., from Jan 2012 to date.
- Investment Advisor, DARFIN CAPITAL, Riyadh KSA, International Markets, Asset Management Dept. from Jun 2009 until Dec 2011.
- Investment Advisor, Abu Dhabi Commercial Bank (ADCB), Dubai, Private Banking & Wealth Management, from Jan 2008 until Oct 2008.
- Senior Relationship Manager, Abu Dhabi Commercial Bank (ADCB) Abu Dubai/ UAE, Private Banking & Wealth Management, From Apr 2007 until Dec 2007.
- Relationship Manager, Abu Dhabi Commercial Bank (ADCB), Dubai, private Banking & Wealth Management from Mar 2005 until Mar 2007.
- Sales Agent, American Life Insurance Company (ALICO), Lebanon, from Jul 1999 until Jan 2005.
- Insurance Broker, Fidelity General Insurance Co. – Beirut, Lebanon, from Jan 2001 until Dec 2003.
- Investment Agent, Investa Co. (Agents for Zurich Financial Services) - Beirut, Lebanon, from Jul 2001 until Dec 2001.
- Computer Assistant, LAU - Beirut, Lebanon, from Oct 1999 until Jun 2000.

b- Names and Resumes of Senior Executive Managers

Mr. Saleh Rajab Hammad
Chief Executive Officer

Date of Birth: 27/7/1962 Date of Appointment: 27/7/2015

Educational Background:
– B.Sc. in Computer Science from University of Jordan, 1985.

Professional Experience:
- Chief Executive Officer as of 22/03/2018 to date.
- Acting General Manager/CEO from 13/1/2017 until 21/03/2018.
- AGM/ Chief Risk Officer, and Board Secretary, at Bank of Jordan from 27/7/2015 until 12/1/2017.
- AGM/ Chief Risk Officer, and Board Secretary at Bank of Jordan, from 15/12/2014 until 28/5/2015.
- Executive Manager/ Compliance and Risk Department, and Board Secretary, at Bank of Jordan, from 1/2009 until 12/2014.
- Manager of Compliance and Operational Risk Department at Bank of Jordan, from 12/1994 until 12/2008.
- Long-standing experience in auditing and operations.
- Attended several courses on risk management and the Basel requirements organized in Jordan and abroad.
- Holds several professional certificates including CCO, and CORE certificates.

Other Current Board Memberships:
- Chairman of the Jordan Leasing Company.
- Vice Chairman of Excel for Financial Investments Company.
- Board Member of Bank of Jordan – Syria.
- Board Member of Al-Ekbal Investment Co. (PLC.).
- Board Member of Jordan Payment and Clearing Co. (Jo - PACC).

Dr. Nasser Mustafa Khraishi
AGM/ Chief Operating Officer

Date of Birth: 25/4/1962 Date of Appointment: 9/4/2014

Educational Background:
- PhD in Electrical Engineering/ Control Theory/ Stanford University/ USA, 1990.
- M.Sc. in Engineering Economic systems/ Stanford University/ USA, 1985.
- B.Sc. in Electrical Engineering/ Kuwait University/ Kuwait, 1984.

Professional Experience:
- AGM/ Chief Operating Officer/ Bank of Jordan, as of December 2014 to date.
- Executive Manager/ Capital Markets Departmen/ Bank of Jordant, from April 2014 until December 2014
- General Manager/ Monere LLC/ California, from 2011 until 2014.
- Assistant General Manager/ Operations and Information Systems/ Bank Al Etihad, from 2009 until 2011.
- Assistant General Manager/ Information Systems/ Jordan Kuwait Bank, from 2004 until 2009.
- Held several executive senior positions in several research and consulting firms offering services in Information Systems/ USA, from 1988 until 2004.

Other Current Board Memberships:
- Board Member of Excel for Financial Investments Company.

Former Board Memberships
- Board Member of Al-Ekbal Investment Co. (PLC).

Mr. Osama Samih Sukkari
Legal Advisor

Date of Birth: 27/4/1955 **Date of Appointment as a Legal Advisor:** 28/4/2015

Educational Background:
– B.A. in Law from Beirut Arab University/ Lebanon, 1977.

Professional Experience:
- Legal Advisor, Bank of Jordan as of April 2015 to date.
- Legal Advisor & Head of legal Department, Bank of Jordan as of April 1994 to April 2015.
- Extensive experience in Legal consultations and lawsuits, as of 1981.

Other Current Board Memberships:
- Board Member of Bank of Jordan – Syria.
- Board Member of Pharma International Company.

Former Board Memberships:
- Vice Chairman of the Board of Directors of Jordan Leasing Company.
- Member of the Insurance Council of the Social Security Corporation.
- Board Member of Excel for Financial Investments Company.
- Board Member of Al-Mowahadah for Transportation Company.
- Board Member of the National Industries Company.
- Board Member of Al-Takamolyeh Investments Company.
- Board Member of Al-Shamikha for Real Estate Investments Company.

Mr. Nader Mohammad Sarhan
Executive Manager/ Chief Risk Officer
Board Secretary

Date of Birth: 7/10/1967 **Date of Appointment:** 2/4/2017

Educational Background:
- M.A. in Accounting from the Arab Academy for Banking and Financial Sciences/Jordan, 2002.
- B.A. in Accounting from Mansoura University/ Egypt, 1990.

Professional Experience:
- Certified Board of Directors Certified Program, 2018 from the International Finance Corporation (IFC).
- FATCA Responsible Officer as of 7/2017 to date.
- Acting Manager/ Chief Risk Officer at Bank of Jordan, as of 24/4/2017 to date.
- Board Secretary as of 18/4/2017 to date.
- Executive Manager/ Credit Review Management/ Bank of Jordan, as of 4/2017 to date.
- Executive manager/Credit Review Management/Bank of Jordan, from 12/2014 until 1/2017.
- Manager/ Credit Department (Corporate, commercial, branches abroad)/ Bank of Jordan, from 4/2013 until 12/2014.
- Manager/ Credit Department (Corporate and branches abroad)/ Bank of Jordan, from 11/2007 until 4/2013.
- Head of Credit Review (specialized Lending)/ The Housing Bank for Trade and Finance, from 6/2005 until 10/2007.
- Team Leader/ the Commercial Credit Department/ The Housing Bank for Trade and Finance, from 10/2004 until 6/2005.
- Manager of Commercial Credit Department/ The Housing Bank for Trade and Finance, from 9/2003 until 10/2004.
- Head of the Corporate Accounts/ Jordan Commercial Bank, from 10/2002 until 9/2003.
- Head of Commercial Credit Relations/ the Commercial Credit Department/ The Housing Bank for Trade and Finance, from 1992 until 10/2002.

Mr. Khaled Atef Abu Jawid
Executive Manager/ Retail Banking Management

Date of Birth: 23/2/1970 **Date of Appointment:** 1/12/2015

Educational Background:
-Master Business Administration from al Zaytonah University / Jordan, 2011.
-Bachelor Financial management from Amman al ahliya University / Jordan, 1994.

Professional Experience:
- Executive Director / Retail Banking Department at Bank of Jordan as of 2015 To date.
- Director of Retail Banking Department / Arab Bank from 2012 until 2015.
- The region manager in the Arab Bank from 2010 until 2012.
- Manager / employee of several positions in the Arab Bank from 1994 until 2010.

Former Board Memberships:
- Financial solution for mobile payments Company.
- MEPS -Palestine Company.

Mr. Nasser "Mohammad Saleh" Obaid
Executive Manager / Human Resources Department as of 4/11/2018

Date of Birth: : 7/4/1968 **Date of Appointment:** 4/11/2018

Educational Background:
- M.A. in Human Resources and Employee Relations /Penn State University/ pennsylvania USA, 2017.
- B.A. of science in Business Management Human Resources Major /Indiana University/ USA, 1997.

Professional Experience:
- Executive Manager / HR Department/Bank of Jordan, as of November 2018 To date.
- Executive manager / HR Department/Reza Company KSA, from 2015 until 2017.
- Executive manager / HR Department/Nadec Company KSA, from 2011 until 2015
- Executive manager / HR Department/Pepsico Company KSA, from 2007 until 2010.
- Regional Manager/ HR Department/Baker Hughes Company USA from 1998 until 2006.

Mr. Hatem Nafi' Foqahaa
Regional Manager/ Palestine Branches Management

Date of Birth: 4/5/1965 **Date of Appointment:** 28/1/1992

Educational Background:
-M.A. in Accounting/ University of Jordan/ Jordan, 1993.
-B.A. in Accounting/ Birzeit University/ Palestine, 1989.

Professional Experience:
- Regional Manager/ Palestine Branches Management/ Bank of Jordan, as of 1/2015 to date.
- Acting Regional Manager/ Palestine Branches Management/ Bank of Jordan, from 3/2014 until 12/2014.
- Assistant Regional Manager/ Palestine Branches Management/ Bank of Jordan, from 7/2012 until 3/2014.
- Credit Manager/ Palestine Branches/ Bank of Jordan, from 8/2010 until 7/2012.
- Manager/ Ramallah Branch/ Bank of Jordan, from 9/2001 until 8/2010.
- Assistant Manager/ Ramallah Branch/ Bank of Jordan, from 5/1999 until 9/2001.
- Supervisor of the Letters of Credit and Guarantee Department/ Bank of Jordan, from 10/1996 until 5/1999.
- Letters of Credit and Guarantee Officer/ Bank of Jordan, from 1/1992 until 10/1996.

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:
- Executive Manager/ Internal Audit Department, Bank of Jordan as of January 2009 to date.
- Manager of Internal Audit Department at Bank of Jordan, from December 2007 until January 2009.
- Manager of Bank of Jordan/ Amman Branch, from April 2006 until December 2007.
- Manager of Internal Audit Department at Bank of Jordan, from November 1994 until April 2006.
- Senior Inspector at Cairo Amman Bank, from January 1987 until October 1994.
- Huge experience in auditing and accounting gained through years of work with major auditing firms, including Al-Sha'er Auditing Firm.
- Lecturer on Banking Operations and Auditing at training courses organized by Bank of Jordan.
- Attended several advanced courses and seminars on administration and banking.

Mr. Dumam Mohammad Khraisat
Executive Manager/ Central Operations Management

Date of Birth: 20/12/1972 **Date of Appointment:** 1/7/2015

Educational Background:
– M.A. in Accounting from University of Jordan/ Jordan, 1996.
– B.A. in Accounting from University of Jordan/ Jordan, 1994.

Professional Experience:
- Executive Manager/ Central Operations Management/ Bank of Jordan as of July 2015 to date.
- Executive Manager/ Central Operations Management/ Bank of Jordan from March 2015 until May 2015.
- Manager Processes Reengineering Department/ Bank of Jordan, from November 2005 until February 2015.
- Manager/ Operations Engineering Department/ Bank of Jordan, from June 2005 until November 2005.
- Manager/ Banking Operations Department/ Bank of Jordan, from 1/6/2005 until 13/6/2005.
- Head of the Program Testing Unit/ Bank of Jordan, from August 2004 until May 2005.
- Branch Assistant Manager/ Bank of Jordan/ Marka Branch, from November 2003 until August 2004.
- Supervisor/ the Branches Management Department/ Bank of Jordan, from October 2002 until November 2003.
- Internal Auditor/ Internal Audit Department/ Bank of Jordan, from March 1998 until October 2002.
- Internal Auditor/ Internal Audit Department/ Cairo Amman Bank, from 1994 until 1998.

Mr. Ra'f Yousef Abu Dahoud
Executive Manager/Commercial Business Development Department

Date of Birth: 8/12/1968 **Date of Appointment:** 27/6/2016

Educational Background:
- Bachelor in Accounting , Yarmouk University/Jordan, 1994.

Professional Experience:
- Executive Manager/Commercial Business Development Dept. at Bank of Jordan as of June/2016 to date.
- Executive Manager/Commercial Business Development Dept. at Bank of Jordan from septemper 2008 to April 2016.
- Manager / Small and Medium Enterprises Dept. at Bank al Etihad from 2001 until 2008.
- Credit Facilities Manager / Shmeisani branch at Bank al Etihad from 1999 until 2001.
- Inspector in the Audit Department / Head Office at Bank al Etihad from October 1997 until October 1999.
- Head of the Bills Section /Ramtha Branch at Bank al Etihad from September 1994 until October 1997.

Membership in other Boards of Director:
- Vice Chairman of the Jordan Leasing Company.
- Board Member of Excel Investment Company

Mr. Omar Ahmad Mustafa
Executive Manager/Corporate Business Development Department

Date of Birth: 18/5/1969 **Date of Appointment:** 24/7/2011

Educational Background:
- M.A. in International Trade, from Jordan Institute of Diplomacy/University of Jordan/ Jordan, 2003
- B.A. in Business Administration, Mutah University/Jordan, 1990.

Professional Experience:
- Executive Manager – Corporate Business Development Department at Bank of Jordan as of 24/7/2011 to date.
- Executive Manager – Corporate Business Development Department at Bank of Jordan from 2/11/2008 until 3/5/2009.
- Held senior positions in credit management at Arab Bank Group from 2001 until November 2008.
- Experience in Trade Finance and Credit at Arab Bank Group
- Participated in specialized training courses in banking Majors.
- Earned the Certified Lender Business Banker (CLBB) certification in 2005 from the Institute of Certified Bankers/the Arab Academy for Banking and Financial Sciences.

Mr. Mohammad Hikmat AlSawalqa
Executive Manager/Corporate Business Development Department

Date of Birth: : 9/3/1971 **Date of Appointment:** 22/3/2015

Educational Background:
- B.A Economic Graduated 1994 from Yarmouk University.

Professional Experience:
- Executive Manager/ corporate Banking Group /Bank of Jordan as of March /2015 to date.
- AVP / Corporate Banking Group / United Arab Bank/ UAE from June 2010 until March 2015.
- Team Leader-Large Corporate Banking / Arab Banking Corporation, Jordan from June 2009 until May 2010.
- commercial center manager / Commercial Bank of Dubai, United Arab Emirates- from October 2004 until October 2009
- Deputy Branch manager & corporate manager for Two Branches / Commercial Bank International from October 1998 until October 2004.
- Credit Officer / Arab banking Corporation, Jordan from June 1995 until October 1998.

Mr. Mousa Yousef Mousa
Treasurer/ Treasury & Investment Department

Date of Birth: 13/2/1980 **Date of Appointment:** 31/3/2016

Educational Background:
– B.A. in Accounting/Al Zaytoonah University/ Jordan, 2002.

Professional Experience:
- Treasurer/ Treasury and Investment Department/ Bank of Jordan, as of 3/2016 to date.
- Treasurer/ Treasury and Investment Department/ Bank of Jordan, as of 3/2014 to 1/2016.
- Chief Dealer/ Treasury and Investment Department/ Bank of Jordan, from 2007 until 2/2014.
- Dealer/ Treasury and Investment Department/ Cairo Amman Bank, from 2002 until 2007.

Mrs. Lana Fayez Al-Barrishi
Manager/ Compliance Department

Date of Birth: 30/7/1980 **Date of Appointment:** 29/11/2015

Educational Background:
- B.A. in Business Administration/ University of Jordan/ Jordan, 2002.

Professional Experience:
- Manager/ Compliance Department/ Bank of Jordan, as of November 2015 to date.
- Officer/ Corporate Governance/ Bank of Jordan.
- Manager/ Compliance Department/ Bank of Jordan, from June 2014 until September 2015.
- Head of the Anti-Money Laundering and Combating Financing Terrorism Unit/ Bank of Jordan, from 2011 until May 2014.
- Officer/ the Anti-Money Laundering and Terror Financing Unit/ Cairo-Amman Bank, from 2009 until 2011.
- Customer Service Officer/ Cairo Amman Bank, from 2002 until 2009.
- Certified Anti-Money Laundering specialist CAMS.
- Certified Anti-Corruption Manager CACM.
- (ICA) certified form International Compliance Association.

Mr. Hani Hasan Mansi
Manager/ Financial Control Department

Date of Birth: 30/6/1981 **Date of Appointment:** 1/2/2015

Educational Background:
– Bachelor degree in Accounting, Applied Sciences University, 2005, Amman, Jordan.

Professional Experience:
- Manager/ Financial Control Department/ Bank of Jordan as of March 2016 to date.
- Acting Manager/ Financial Control Department/ Bank of Jordan as of February 2015 to February 2016.
- Manager – External Audit Division – Deloitte & Touche M.E, Amman/ Jordan from June 2012 until 2014.
- Assistant manager - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from December 2011 until May 2012.
- Supervisor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from December 2010 until November 2011.
- Senior 2 - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2010 until November 2010.
- Senior 1 Auditor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2009 until May 2010.
- Acting Senior Auditor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2008 until May 2009.
- Semi Senior Auditor - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from June 2007 until May 2008.
- Junior level - External Audit Division - Deloitte & Touche M.E, Amman/ Jordan from December 2005 until May 2007.

Other Professional Experience:
- Financial Consultant – Binladin Holding Company, Jeddah/ Saudi Arabia from 2014 until 2015.

Other Current Board Memberships:
- Board Member of Jordan Leasing Company.
- Board Member of Excel for Financial Investments Company.

Mr. Mazen Ratib Al- Sharif
Team Leader /Corporate Business Development Department Until 12/11/2018

Date of Birth: 25/2/1971 **Date of Appointment:** 4/10/2015

Educational Background:
-M.A. in Business Administration (MBA) , from Wilfrid Laurier University Canada,2005
- B.A. in Accounting, Alahlliya University/Jordan, 1994.

Professional Experience:
- Executive Team Leader – Corporate Business Development Department at Bank of Jordan as of 2015 until 12/11/2018.
- Manager – Commercial Banking at CIBC Bank-Canada from 2008 until 2015.
- Senior Relation Analyst at GE Commercial Finance, Toronto/ Chicago from 2006 until 2008.

Other Current Experiences:
- Experience in Sales, Marketing, Insurance and Customer Service.

Mrs. Rabab Jamil Abbadi
Executive Manager/ Human Resources Department until 4/4/2018

Date of Birth: 10/12/1963 **Date of Appointment:** 7/9/2015

Educational Background:
- MBA - Marketing/ Coventry University/ UK, 2003.
- B.Sc. in Chemical Engineering/ Baghdad University/ Iraq, 1987.

Professional Experience:
- Executive Manager/ HR Department/ Bank of Jordan, as of 9/2015 to 4/4/2018.
- Executive Manager/ HR Department/ Bank of Jordan, from 9/2009 until 7/2015.
- Acting Manager/ Financial Control Department/Bank of Jordan, from 8/2014 until 1/2015.
- Head of HR/ Bahrain and Egypt/ Standard Chartered Bank, from 9/2006 until 8/2009.
- Head of HR/ LEVANT/Standard Chartered Bank, from 9/2004 until 8/2006.
- Worked for Great Plains in the Middle East in several positions including HR Products Manager, from 10/2000 until 8/2002.
- HR Senior Officer/ the American University of Sharjah/ UAE, from 7/1999 until 10/2000.
- Credit Officer/ Bank Al Etihad, from 9/1996 until 5/1999.
- Credit Officer/ Industrial Development Bank, from 4/1991 until 8/1996.
- Chemical Engineer/ Intermediate Petrochemicals Industries (IPI), from 11/1988 until 11/1990.

4. Shareholders who own 1% or more of the Bank's shares (2017 & 2018):

Name	Nationality	No. of Shares 2018	Percentage 2018	No. of Shares 2017	Percentage 2017	The ultimate beneficiary of shares 2018	The status of shares 2018*
Mr. Tawfiq Shaker Fakhouri	Jordanian	-	-	41,115,777	20.557%	-	-
Al-Ekbal Jordanian General Trading (LLC)	Jordanian	5,000	0.0025%	25,735,753	12.867%	Mr. Tawfiq Shaker Fakhouri	-
Al Pharaenah Int'l for Industrial Investments Co.	Jordanian	19,765,863	9.882%	19,765,863	9.882%	Mr. Laith bin Ghaith Pharaon Mrs. Hala bint Abdelrahman Pharaon Mr. Wael bin Ghaith Pharaon Mrs. Dima bint Ghaith Pharaon	partially mortgaged
Al Araka for Investments Co.	Jordanian	5,000	0.0025%	12,236,424	6.118%	Al-Yamama For General Investments Co. Is represented by Mr. Samer Tawfiq Fakhouri Mr. Walid Tawfiq Fakhouri	-
Libyan Foreign Bank	Libyan	9,090,909	4.545%	9,090,909	4.545%	Himself (The capital is fully owned by the Central Bank of Libya)	-
Mr. Graeme Allah bin Raddad Al-Zahrani	Saudi Arabia	8,033,561	4.016%	8,033,561	4.016%	Himself	-
Mrs. AWatef Mohammed Almasri	Jordanian	5,603,838	2.802%	5,603,838	2.802%	Herself	-
Mr. Shaker Tawfiq Fakhouri	Jordanian	5,391,490	2.695%	5,381,490	2.690%	Himself	-
Mr. Hussni Jalal AlKurdi	Jordanian	3,914,653	1.957%	3,914,653	1.957%	Himself	-
Mrs. Maha Nasri Nasser	Jordanian	3,000,000	1.500%	3,000,000	1.500%	Herself	-
Al-Yamama For General Investments Co.	Jordanian	5,000	0.0025%	2,490,648	1.245%	Mr. Samer Tawfiq Fakhouri Mr. Walid Tawfiq Fakhouri	-
ALARRAKKA FOR GENERAL INVESTMENTS	Cayman Islands	12,231,424	6.115%	-	-	Mr. Tawfiq Shaker Fakhouri	-
AL EQBAL FOR GENERAL INVESTMENTS	Cayman Islands	16,000,000	8%	-	-	Mr. Tawfiq Shaker Fakhouri	-
ALYAMAMA FOR GENERAL INVESTMENTS	Cayman Islands	17,371,178	8.685%	-	-	Mr. Tawfiq Shaker Fakhouri	-
AL LOLOUA FOR GENERAL INVESTMENTS	Cayman Islands	18,000,000	9%	-	-	Mr. Tawfiq Shaker Fakhouri	-
ARAB GULF FOR GENERAL INVESTMENTS	Cayman Islands	18,000,000	9%	-	-	Mr. Tawfiq Shaker Fakhouri	-

* The status of shares 2018 (fully or partially mortgaged)

5. Competitive Position of the Bank and its Market Share:
Mentioned within the Bank's achievements in 2018 (page 20).

6. There is no depedence on specific suppliers or key clients (wether locally or aboard), 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 do any of its products or services, as stated by laws and regulations or others.
- The Bank has not obtained any patents or concession rights.

8. There are no decisions issued by the government or international organizations or any other entity that would have any material effect on the Bank's operations, products, or competitive capabilities.
- The Bank adheres to all laws, regulations, and international standards that are related to its business.
- International Quality Standards do not apply to the Bank.

9. A- An Organizational Structure of the Bank and its Subsidiaries:
- Bank of Jordan Organizational Structure can be found on the last page, number (231).
- Bank of Jordan – Syria Organizational Structure can be found on (page 185).
- Jordan Leasing Company Organizational Structure can be found on (page 186).
- Excel for Financial Investments Company Organizational Structure can be found on (page 187).

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	85	8	1	1
Higher Diploma	6	1	-	-
Bachelor's Degree	1,450	156	1	6
Diploma	244	28	-	-
General Secondary Education	63	14	1	-
Pre-Secondary Education	77	17	-	1
Total	**1,927**	**224**	**3**	**8**

C. Details of Training Programs in 2018:

Description	No. of Courses	No. of Participants
In-house Courses (organized by the Bank's Training Department)	386	4,093
External Courses	61	143
Total	**447**	**4,236**

Areas of Training:

Topic	No. of Courses	No. of Participants
Banking	244	2,324
Compliance & Risk Management	55	1,108
Administrative Skills	113	628
Marketing and sales skills	11	110
Computer	2	4
Professional Certificates	5	7
Financial, Auditing and Investment	11	19
Legal	3	20
Others	3	16
Total	**447**	**4,236**

10. Description of Risks:
Mentioned within the corporate government on (page 222). 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 may stem from external events including legal risks.

Liquidity Risk:
Represents the Bank's inability to make the necessary funding available 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 in the market or selling the asset at a huge financial loss due to weak liquidity or demand in the market.

Market risks:

These risks represent 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 investment portfolios, both for the purpose of trading or exchange and include the following:

- Interest rate risks
- Currency exchange rate risks (Dealing with Foreign Currency)
- Fluctuation in share price risks
- Goods Risks

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, held for future buying and selling.
- Gaps in the maturities of assets and liabilities and interest rate re-pricing.
- Holding of uncovered positions.

Information Security Risk:

Defined as any potential threat that may lead to failure in confidentiality, availability, and integration of the Bank's information.

Compliance Risk:

This arises from the probable failure of the Bank to comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws and code of ethics issued by the international and local regulatory bodies, including the Bank's internal policies.

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 the 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.

Foreign Currency Risks:

These risks arise 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.

Share Price Risks:

These risks result from the changes in the fair values of investments in shares.

11. Bank Achievements in 2018:

Mentioned in the Board of Directors' Report under a separate section (page 19), supported with figures and a description of the Bank's main events in 2018.

12. There is no financial impact of non-recurring operations during 2018 and no intervention in the Bank's main activities.

13. Realized Profits/Losses, Dividends, Bank Shareholders' Equity, and the Closing Price of Shares 2014-2018:

Financial Indicators for the past five years (2014-2018)						In JD (Thousand)	
Fiscal Year	Bank Shareholders' Equity	Non-Controllers' Interest	Net Profit Before Tax	Cash Dividends		Distribution of Bonus Shares	Closing Price of Share (JD)
				Amount	%		
2014	335,746	4,116	59,999	31,020	20%	-	2.65
2015	362,242	4,703	61,966	31,020	20%	44,900	2.60
2016	405,447	6,989	62,315	36,000	18%	-	2.88
2017	433,665	5,491	67,583	36,000	18%	-	3.00
2018	411,892	5,566	62,959	36,000	18%	-	2.45
2015	Recommendation to distribute JD 44.9 million/share in 19/4/2016						

14. Analysis of Bank's Financial Position and Business Results for the Year 2018:

Mentioned in the Board of Directors' Report, under a separate section (page 27). Below are the main financial ratios:

No.	Financial Ratios	2018	2017
1	**Return on Average Bank Shareholders' Equity**	9.82%	11.15%
2	**Return on Capital**	20.62%	22.8%
3	**Return on Average Assets**	1.59%	1.86%
4	**Profitability per Employee (After tax)**	JD 21,403	JD 22,601
5	**Interest Income to Average Assets**	5.70%	5.30%
6	**Interest Expense to Average Assets**	1.43%	1.10%
7	**Interest Margin to Average Assets**	4.27%	4.20%
8	**Non-Performing Loans (after deducting interest in suspense) to Total Credit Facilities**	5.3%	4.50%

15. The Bank's Future Plans

The Bank's strategic future plans, projects, and the Board of Directors' projections, are all mentioned within Bank of Jordan's Goals for 2019, listed under a separate section (page 36).

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

Statement	Auditors' Remuneration (JD)
Bank of Jordan	96,746
Bank of Jordan – Syria	19,692
Excel For Financial Investments Company	4,060
Jordan Leasing Company	2,900
Total	**123,398**

Auditors were paid an amount of (JD 68,854) in 2018, against Tax consulting services.

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	
			2018	2017
Al-Ekbal Jordanian General Trading (LLC)	Board Member	Jordanian	5,000	25,735,753
Mr. Shaker Tawfiq Fakhouri	Chairman Of The Board/ Dedicated Representative of the company	Jordanian	5,391,490	5,381,490
Mrs. Suha Faisal Sroor	Wife	Jordanian	105,350	150,000
Aya Shaker Fakhouri	Daughter	Jordanian	10,017	-
Tala Shaker Fakhouri	Daughter	Jordanian	10,018	-
Sarah Shaker Fakhouri	Daughter	Jordanian	10,218	200
Salma Shaker Fakhouri	Daughter	Jordanian	10,018	-
Tamara Shaker Fakhouri	Daughter	Jordanian	10,018	-
Tawfiq Shaker Fakhouri	son	Jordanian	352,000	352,000
Al Tawfiq Investment House - Jordan	Board Member	Jordanian	5,000	149,964
Mr. Walid Tawfiq Fakhouri	Vice Chairman of the Board/ Representative of the Company	Jordanian	176,957	-
Mrs. Shatha Abdel-majid Al-Dabbas	Wife	Jordanian	368	368
Rakan Walid Fakhouri	son	Jordanian	39,776	37,212
Mariam Walid Fakhouri	Daughter	Jordanian	71,829	67,199
A`esha Walid Fakhouri	Daughter	Jordanian	17,155	16,051
Ahmad Walid Fakhouri	son	Jordanian	14,800	13,845
Arab Gulf General Inv. & Transport Co.	Board Member	Jordanian	10,569	10,569
Dr. Mazen Mohammad Al-Basheir	Board Member/ Representative of the Company	Jordanian	138,039	138,039
Dr. Farihan Fakhri Barghouti	Wife	Jordanian	51,579	51,579
Al Yamama for General Investments Co. (Limited liability)	Board Member	Jordanian	5,000	2,490,648
Dr.Yanal Mawloud Naghouj	Board Member/ Representative of the Company	Jordanian	6,447	6,447
Mrs. Dana Kayd Sagha	Wife	Jordanian	795,970	775,970
Al Araka for Investments Co.	Board Member	Jordanian	5,000	12,236,424
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member/ Representative of the Company	Jordanian	5,446	8,446
Al Pharaenah Int'l for Industrial Investments Co.	Board Member	Jordanian	19,765,863	19,765,863
Mr. Walid Mohammad Al-Jamal	Board Member/ Representative of the Company	Jordanian	-	-
Al Lu'lu'a Trading & Investment Co.	Board Member	Jordanian	12,131	12,131
Mr. Haitham Mohammed Samih Barakat	Board Member/ Representative of the Company	Jordanian	6,615	6,615
Mr. Mohammad Anwar Hamdan	Board Member	Jordanian	6,447	6,447
Mr. Husam Rashed Manna'	Board Member	Jordanian	6,447	6,447
Mr. Walid Rafiq Anabtawi	Board Member	Jordanian	5,000	5,000
Mr. Wissam Rabee' Saab	Board Member	Lebanese	5,000	5,000

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

Name	Status	Nationality	No. of Shares	
			2018	2017
Mr. Saleh Rajab Hammad	Chief Executive Officer	Jordanian	42,079	42,079
Dr. Nasser Mustafa Khraishi	AGM / Chief Operating Officer	Jordanian	7,000	-
Saleen Nasser Khraishi	Daughter	Jordanian	4,500	-
Mr. Osama Samih Sukkari	Legal Advisor	Jordanian	158,670	148,670
Mrs. Najwa Mohammad Manku	Wife	Jordanian	123,971	117,267
Mr. Nader Mohammad Sarhan	Executive Manager / Chief Risk Officer / Board Secretary	Jordanian	34,500	34,500
Mrs. Nida'a Hasan Abu Zahra	Wife	Jordanian	650	9,000
Shaker Nader Sarhan	Son	Jordanian	5,000	5,000
Mr. Khaled Atef Abu Jawid	Executive Manager / Retail Banking Management	Jordanian	-	-
Mr. Nasser "Mohammad Saleh" Obaid	Executive Manager / Human Resources Department As of 4/11/2018	Jordanian	-	-
Mr. Hatem Nafi' Foqahaa	Regional Manager / Palestine Branches Management	Palestinian	-	-
Mr. Turki Yousef Al-Jabour	Executive Manager / Internal Audit Department	Jordanian	85,000	70,000
Mr. Dumam Mohammad Khraisat	Executive Manager /Central Operations Management	Jordanian	-	-
Mr. Ra'f Yousef Abu Dahoud	Executive Manager/Commercial Business Development Department	Jordanian	-	-
Mr. Omar Ahmad Mustafa	Executive Manager/Corporate Business Development Department	Jordanian	37,000	37,000
Mr. Mohammad Hikmat AlSawalqa	Executive Manager/corporate Business Development Department	Jordanian	-	-
Mr. Mousa Yousef Mousa	Treasurer / Treasury & Investment Department	Jordanian	-	-
Mrs. Lana Fayez Al-Barrishi	Manager / Compliance Department	Jordanian	2,597	-
Mr. Hani Hasan Mansi	Manager / Financial Control Department	Jordanian	-	-
Mr. Mazen Ratib Al- Sharif	Team Leader /Corporate Business Development Department Until 12/11/2018	Jordanian	388	388
Mrs. Rabab Jamil Abbadi	Executive Manager/ Human Resources Department Until 4/4/2018	Jordanian	-	-

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 2018 and 2017:

Name	Position	Company	Equity Share in Bank of Jordan 2018	Equity Share in Bank of Jordan 2017
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board/ Dedicated	Shaker Fakhouri & Associates Co.	-	32,529
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	Apollo Trading Industrial Co.	-	-
		Jordan Investment Trust	7,360	7,360
		El-Ettjahat for Commercial Investment	-	-
Mr. Haitham Mohammed Samih Barakat	Board Member	(KEPLIC) Co. / Kuwait	-	-
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 2018:

Name	Position	Annual Transport Allowance And attend Committees JD	allowance membership JD	Annual Remuneration JD	Annual Expenses Travel JD	Total JD
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board/ Dedicated/ Representative of Al-Ekbal Jordanian General Trading (LLC)	40,680	32,812	5,000	-	78,492
Mr. Walid Tawfiq Fakhouri	Vice Chairman of the Board/ Representative of Al Tawfiq Investment House – Jordan	11,550	18,750	5,000	7,245	42,545
Dr. Mazen Mohammad Al-Basheir	Board Member/ Representative of Arab Gulf General Inv. & Transport Co.	36,480	18,750	5,000	-	60,230
Dr. Yanal Mawloud Naghouj	Board Member/ Representative of AL Yamama for General Investments Co. (Limited liability)	36,120	18,750	5,000	-	59,870
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member / Representative of Al Araka for Investments Co.	9,500	18,750	5,000	-	33,250
Mr. Walid Mohammad Al-Jamal	Board Member/ Representative of Al Pharaenah Int'l for Industrial Investments Co.	15,600	18,750	5,000	-	39,350
Mr. Haitham Mohammed Samih Barakat	Board Member / Representative of Al Lu'lu'a Trading & Investment Co.	28,140	18,750	5,000	4,470	56,360
Mr. Mohammad Anwar Hamdan	Board Member	22,440	18,750	5,000	-	46,190
Mr. Husam Rashed Manna'	Board Member	39,540	18,750	5,000	-	63,290
Mr. Walid Rafiq Anabtawi	Board Member	23,010	18,750	5,000	-	46,760
Mr. Wissam Rabee' Saab	Board Member	13,012	18,750	5,000	4,148	40,910
Total		**276,072**	**220,312**	**55,000**	**15,863**	**567,247**

The Board of Directors acknowledge that they didn't receive any benefits or remunerations either personally or from related parties whether cash or in kind other than mentioned above.

B. Benefits and Remuneration of the Executive Managers for the Year 2018:

Name	Position	Annual Salary	Annual Remuneration	Annual Allowance for Transportation & Assuming Board Secretary Position	Total
		JD	JD	JD	JD
Mr. Saleh Rajab Hammad	Chief Executive Officer	267,766	180,000	0	447,766
Dr. Nasser Mustafa khraishi	AGM / Chief Operating Officer	166,134	67,925	0	234,059
Mr. Osama Samih Sukkari	Legal Advisor	214,460	107,873	0	322,333
Mr. Nader Mohammad Sarhan	Executive Manager / Chief Risk Officer/ Board Secretary	113,688	29,160	18,000	160,848
Mr. Khaled Atef Abu Jawid	Executive Manager / Retail Banking Management	128,016	40,243	0	168,259
Mr. Nasser "Mohammad Saleh" Obaid	Executive Manager / Human Resources Dept. As of 4/11/2018	17,123	0	0	17,123
Mr. Hatem Nafi' Foqahaa	Regional Manager / Palestine Branches Management	117,576	6,233	9,000	132,809
Mr. Turki Yousef Al-Jabour	Executive Manager / Internal Audit Dept.	83,768	21,747	0	105,515
Mr. Dumam Mohammad Khraisat	Executive Manager /Central Operations Management	70,843	0	0	70,843
Mr. Ra'f Yousef Abu Dahoud	Executive Manager/Commercial Business Development Dept.	103,400	41,184	0	144,584
Mr. Omar Ahmad Mustafa	Executive Manager/Corporate Business Development Dept.	99,640	39,686	0	139,326
Mr. Mohammad Hikmat AlSawalqa	Executive Manager/corporate Business Development Dept.	73,034	22,960	0	95,994
Mr. Mousa Yousef Mousa	Treasurer/ Treasury & Investment Dept.	67,616	14,736	0	82,352
Mrs. Lana Fayez Al-Barrishi	Manager / Compliance Dept.	56,986	14,412	0	71,398
Mr. Hani Hasan Mansi	Manager / Financial Control Dept.	56,400	8,986	0	65,386
Mr. Mazen Ratib Al- Sharif	Team Leader /Corporate Business Development Dept. Until 12/11/2018	54,176	0	0	54,176
Mrs. Rabab Jamil Abbadi	Executive Manager/ Human Resources Dept. until 4/4/2018	31,296	29,143	0	60,439
Total		**1,721,922**	**624,288**	**27,000**	**2,373,210**

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

The Bank's donations and support of activities related to the protection of the environment and the local community stood at JD 668.7 thousand, as detailed below:

Activity	Amount (JD)
Supporting the Martyrs' Families of the Armed Forces and Security Services Fund	100,000
Supporting the National Financial and Social Education Program	51,700
Supporting the Children's Museum	51,126
Scholarship / Student at the King's Academy	26,587
Supporting the Senior Citizens Forum / White Beds Society	25,000
Support the Petra National Trust	25,000
Supporting the Taawon Foundation	17,725
Supporting the National Forum for Awareness and Development	17,500
Supporting social and charitable organizations and activities	230,296
Supporting Educational Activities	39,900
Supporting Cultural Activities	28,649
Supporting Environmental Activities	19,000
Sports Activities Supporting	19,000
Miscellaneous	17,180
Total	**668,663**

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:

No contracts have been signed between the Bank and any of its subsidiaries or affiliates or with the Board Chairman or General Manager or board members or with any bank employee or their relatives. This is with the exception of the normal banking transactions - disclosed in note No. (39) on the financial statements - to which commercial interest and commission rates apply. All credit facilities granted to the concerned entities are classified as performing loans against which no provisions have been allocated.

21. Responsibility towards the Environment and Society and Corporate Social Responsibility:

A. Responsibility towards the Environment and Society:

As part of its responsibility towards the environment and society, the Bank supported King Hussein Bin Talal Cultural Initiative. It was also one of the sponsors of the First Jordanian International Agricultural Forum organized by the Ministry of Agriculture. And for the fifth year in a row, the Bank supported a tree-planting campaign organized by the Arab Group for the Protection of Nature. The initiative, under which 500 citrus trees were planted, aims to help impoverished families in the Jordan Valley secure a source of income. This in addition to supporting initiatives by the Petra National Trust Association for workshops titled "inspired by cultural heritage".

B. Corporate Social Responsibility

The Bank continued to act responsibly and give back to the community, extending cash and other assistance to various community-based organizations, charities, and voluntary associations in support of educational, health, cultural, social, and sports activities.

Believing that investing in education is a crucial investment in the Kingdom's future, the Bank pressed ahead with its long-standing policy of supporting educational initiatives. Thus, it continued its strategic partnership with the Children's Museum for the ninth consecutive year. It also supported Elia Nuqul Foundation through the "Personal Leadership Program". Furthermore, Bank of Jordan assisted with the renovation and expansion costs of the Admission and Registration Unit at the University of Jordan. The Bank also continued to support families of martyrs from the Jordan Armed Forces and security apparatus who served and died for their country. Moreover, the Bank sponsored several conferences in 2018; it participated in the 9th International Conference of the Royal Medical Services and Jordan Health Exhibition as a silver sponsor. It also served as a gold sponsor for the first Engineering Consultative Week - organized by the Jordan Engineers Association - and for the Sixth General Conference of Arab Union of Electricity.

Additionally, Bank of Jordan- Bahrain took part in the Bonds, Loans & Sukuk Conference as a bronze sponsor. The sponsorship of the event, held in Saudi Arabia, falls under efforts aimed to improve the bank's presence and ties with key players in the capital market.

Mentioned within the Bank's Achievements in 2018 (page 25)

C. Annual Financial Statements - 2018

The Bank's annual financial statements, audited by the Bank's auditors Kawasmy & Partners Co. (KPMG) Jordan and a comparison with the previous year (2017), 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, KPMG Jordan, which includes 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 2018 annual financial statements (Page 39).

E. Acknowledgment

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

1. The Board of Directors of Bank of Jordan acknowledges, in accordance with its knowledge and belief, that there are no material matters that may affect the continuity of the Bank's operations during the financial year 2019.
2. The Board of Directors of Bank of Jordan acknowledges its responsibility for the preparation of the financial statements for 2018 and that the Bank has an effective control system.
3. The Chairman of the Board, General Manager and the Financial Control Manager acknowledge that the information and data mentioned in the Bank of Jordan 2018 Annual Report are true, accurate and complete.

Corporate Governance

BANK OF JORDAN COMMITMENT TO THE CORPORATE GOVERNANCE GUIDE

Realizing that good corporate governance is a key to success, the Bank's Board of Directors is keen on applying corporate governance practices that comply with the regulations issued by the Central Bank of Jordan and the Corporate Governance Guide for banks in Jordan. These practices, which have been incorporated into the Bank of Jordan Corporate Governance Guide, 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. The bank has published the Corporate Governance Report on its website bankofjordan.com.

It is worth noting that the Bank conducts periodic reviews of this Guide, and whenever the need arises, to ensure that it captures the Bank's changing needs as well as developments in the banking industry. The Corporate Governance Guide is included in the annual report (Arabic version), alongside a separate report for the general public (shareholders) on the Bank's compliance with provisions of the Guide.

COMPONENT ONE (BOARD OF DIRECTORS)

- Chairman of the Board:

In line with best managerial practices, the Chairman and General Manager positions were kept seperate. The duties and responsibilities of each post have also been identified.

- Board of Directors:

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

The board shall consist of 11 members who will be elected by the general assembly to a four-year term. The members shall have the expertise and qualifications that shall enable each of them to voice his/her opinion independently during board discussions. The suitability of board members has been assessed against the policy related to board members' suitability in line with the requirements of the Corporate Governance Guide, and adjustments/corrections have been made accordingly. The Board Chairman shall be elected by the board members.

The Board convened (9) times during 2018. 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:

Name	Status	Nature of Membership	No. of Attendance	Loan Balance for the Board Member JD
Mr. Shaker Tawfiq Fakhouri	Chairman of the Board/Dedicated Representative of Al-Ekbal Jordanian General Trading (LLC)	Non-Executive/ Non-Independent	9	2,379
Mr. Walid Tawfiq Fakhouri	Vice Chairman/Representative of Al Tawfiq Investment House - Jordan	Non-Executive/ Non-Independent	5	3
Dr. Mazen Mohammad Al-Basheir	Board Member/Representative of Arab Gulf General Inv. & Transport Co.	Non-Executive/ Non-Independent	8	769
Dr. Yanal Mawloud Naghouj	Board Member/Representative of Al-Yamama for General Investments Co. (Limited Liability)	Non-Executive/ Non-Independent	9	-
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member/Representative of Al-Araka for Investments Co.	Non-Executive/ Non-Independent	9	49,120
Mr. Haitham Mohammed Samih Barakat	Board Member/Representative of Al Lu'lu'a Trading & Investment Co.	Non-Executive/ Non-Independent	8	246,886
Mr. Mohammad Anwar Hamdan	Board Member	Non-Executive/ Independent	8	-
Mr. Husam Rashed Manna'	Board Member	Non-Executive/ Independent	9	3,508
Mr. Walid Mohammad Al-Jamal	Board Member/Representative of Al Pharaenah Int'l for Industrial Investments Co.	Non-Executive/ Non-Independent	9	110,864
Mr. Walid Rafiq Anabtawi	Board Member	Non-Executive/ Independent	9	15,751
Mr. Wissam Rabee' Saab	Board Member	Non-Executive/ Independent	5	9,353
Mr. Nader Mohammad Sarhan	Executive Manager/ Chief Risk Officer/Board Secretary	-	8	Don't apply

Memberships of the Board of Directors Held by a Member of the Board of Directors of Public Shareholding Companies:

Name	Membership in the Boards of Public Shareholding Companies
Mr. Shaker Tawfiq Fakhouri Chairman of the Board/Dedicated Representative of Al-Ekbal Jordanian General Trading (LLC)	- Chairman of the Board of Directors of Bank of Jordan – Syria - Board Member of the Middle East Company for Insurance
Mr. Walid Tawfiq Fakhouri Vice Chairman Representative of Al Tawfiq Inv. House - Jordan	- Board Member of Al-Ekbal Investment Company
Dr. Mazen Mohammad Al-Basheir Board Member Representative of Arab Gulf General Inv. & Transport Co.	None
Dr. Yanal Mawloud Naghouj Board Member Representative of Al-Yamama for General Investments Co. (Limited Liability)	None
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali Board Member Representative of Al-Araka for Investments Co.	- chairman of Jordan Investment Trust, as of October 2017
Mr. Haitham Mohammed Samih Barakat Board Member Representative of Al Lu'lu'a Trading & Investment Co.	- Board Member of the Arab Islamic Bank/Palestine.
Mr. Mohammad Anwar Hamdan Board Member	None
Mr. Husam Rashed Manna' Board Member	None
Mr. Walid Mohammad Al-Jamal Board Member Representative of Al Pharaenah Int'l for Industrial Investments Co.	- Vice Chairman of the Board of Directors of Jordan Decapolis Properties Company
Mr. Walid Rafiq Anabtawi Board Member	None
Mr. Wissam Rabee' Saab Board Member	None

Name of the Bank's Corporate Governance Officer:

The Bank's Corporate Governance Officer/ Mrs. Lana Fayez Al-Barrishi/ Compliance Manager.

- The Committees of the Board:

As per the Corporate Governance Guide, seven 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, the Executive Committee, the Compliance Committee, and Information Technology Governance Committee.

- The Audit Committee:

The audit committee comprises three qualified board members who enjoy adequate experience in accounting, finance, or any other relevant field. The majority of the Committee members, including the head, must be independent. The board chairman cannot serve as head of the committee. The committee's head may not head any other board committee.

Names, Qualifications, Financial and Accounting Expertise of the Members of the Audit Committee:

The Audit Committee consists of the following:	No. of Attendance	Qualifications	Professional Experience
Mr. Mohammad Anwar Hamdan Head of the Committee	5	- MBA in International Management from Thunderbird University/ USA, 1979. - B.A. in Accounting from the University of Jordan, 1973	▪ Deputy General Manager of Bank of Jordan from 1/2007 until 6/2012. ▪ Assistant General Manager/Credit Management/Bank of Jordan, from 11/1994 until 1/2007. ▪ Assistant General Manager/Credit Management/Cairo Amman Bank, from 1/1990 until 11/1994. ▪ Senior Manager/Credit Management/Bank of Jordan, from 8/1985 until 12/1990. ▪ Assistant Manager for Investment & Branches/Jordan Kuwait Bank, from 7/1979 until 8/1985. ▪ Senior Financial Analyst/Central Bank of Kuwait, from 5/1976 until 5/1978. ▪ Financial Analyst/Central Bank of Jordan, from 8/1973 until 5/1976.
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali Member of the Committee	5	- 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.	▪ CEO of New Vision for Electronics as of 3/2015 to date. ▪ CEO of King Abdullah II Design and Development Bureau, from 7/2010 until 5/2014. ▪ CEO of Aqaba Development Corporation, from 1/2010 until 7/2010. ▪ General Manager of Saraya Aqaba, from 2/2007 until 12/2009. ▪ Revenues and Customs Commissioner in Aqaba Special Economic Zone Authority (ASEZA), from 1/2004 until 2/2007. ▪ Gulf Area Manager of Qatar for the Middle East Contracting Company, from 9/2002 until 12/2003. ▪ Tala Bay CEO, from 10/2000 until 9/2002. ▪ General Manager of Trans Jordan for Communications 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.
Mr. Walid Rafiq Anabtawi Member of the Committee	5	- B.A. in Accounting, from Alexandria University/ Egypt, 1968.	▪ Assistant General Manager - Investment and Branches Management/Bank of Jordan/Jordan, from Apr 2004 until Oct 2005. ▪ Assistant General Manager/Bank of Jordan/Jordan - Organization, Operations, and Automation Management, from Oct 2001 until Jun 2003. ▪ Executive Manager/Bank of Jordan/Jordan - Organization, Operations, and Automation Management, from Jan 1992 until Oct 2001. ▪ Manager of Internal Audit/ Bank of Jordan/Jordan, from Mar 1990 until Jan 1992. ▪ Assistant Head at A department – Banks Supervision Department – Central Bank of Jordan/ Jordan, from Jul 1986 until Mar 1990. ▪ Senior Assistant Manager – Internal Audit Department/Arab National Bank – Saudi Arabia, from Feb 1983 until Jun 1986. ▪ Supervisor/Banking Supervision Department, Central Bank of Jordan/ Jordan, from Jul 1976 until Feb 1983. ▪ Division Assistant Head/Arab Bank/Amman Branch/Jordan, from May 1969 until Jul 1976. ▪ Accountant – Accounting Department/ Royal Jordanian/ Jordan, from Oct 1968 until May 1969. ▪ Took part in and helped organize over 50 training workshops inside and outside Jordan
Mr. Nader Mohammad Sarhan Executive Manager Chief Risk Officer Board Secretary Committee Rapporteur	5	-	-

The Audit Committee held (5) meetings in 2018.
The Audit Committee does not substitute 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 Audit Committee met with the External Auditor (4) times during 2018.

- The Corporate Governance and Strategy Committee:

The board chairman and two independent members as a minimum were elected to the Corporate Governance and Strategies Committee. The committee provides guidance and feedback on the development of the Corporate Governance Guide. It also ensures the guide is updated and properly implemented.

The Corporate Governance and Strategy Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	Head of the Committee	1
Mr. Husam Rashed Manna'	Member	1
Mr. Walid Rafiq Anabtawi	Member	1
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	1

The Corporate Governance and Strategy Committee held (1) meetings during 2018.

- The Risk Management Committee:

The Risk Management Committee comprises three board members, one of whom is independent. Members of the senior executive management can also join the committee. The committee deals with all types of risks facing the bank.

The Risk Management Committee consists of the following:	Status	No. of Attendance
Dr. Mazen Mohammad Al Basheir	Head of the Committee	6
Mr. Shaker Tawfiq Fakhouri	Member	6
Mr. Mohammad Anwar Hamdan	Member	6
Mr. Saleh Rajab Hammad	Member	6
Dr. Nasser Mustafa Khraishi	Member	6
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Member / Board Secretary / Committee Rapporteur	6

The Risk Management Committee held (6) meetings during 2018.

- The Executive Committee:

Five board members were elected to the Executive Committee, one of whom may be independent provided that he/she is not a member of the Audit Committee. Other members of the senior executive management may join the committee's meetings to present their recommendations.

The Executive Committee consists of the following:	Status	No. of Attendance
Mr. Shaker Tawfiq Fakhouri	Head of the Committee	43
Dr. Mazen Mohammad Al Basheir	Member	48
Dr. Yanal Mawloud Naghouj	Member	45
Mr. Haitham Mohammed Samih Barakat	Member	25
Mr. Husam Rashed Manna'	Member	50
Facilities Committee's Rapporteur/ Committee's Rapporteur		50

The Executive Committee held (50) meetings in 2018.

- The Nominations and Remunerations Committee:

The Nominations and Remunerations Committee was elected and consists of three members, with at least two, including the head, independent members.

The Nominations and Remunerations Committee consists of:	Status	No. of Attendance
Mr. Walid Rafiq Anabtawi	Head of the Committee	6
Mr. Shaker Tawfiq Fakhouri	Member	6
Mr. Mohammad Anwar Hamdan	Member	6
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	6

The Nominations and Remunerations Committee held (6) meetings in 2018.

- Information Technology Governance committee:

Three board members were elected to the IT Governance Committee who enjoy vast experience and/or knowledge in IT.

The Information Technology Governance committee consists of the following:	Status	No. of Attendance
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Head of the Committee	2
Mr. Husam Rashed Manna'	Member	2
Mr. Walid Rafiq Anabtawi	Member	2
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	2

The Information Technology Governance committee held (2) meetings in 2018.

- Compliance Committee:

The compliance committee comprises three board members, mostly independent. The committee meets regularly and upon need.

The Compliance Committee consists of the following:	Status	No. of Attendance
Mr. Husam Rashed Manna'	Head of the Committee	3
Mr. Shaker Tawfiq Fakhouri	Member	3
Mr. Walid Rafiq Anabtawi	Member	3
Mr. Nader Mohammad Sarhan Executive Manager/Chief Risk Officer	Board Secretary/ Committee Rapporteur	3

The Compliance Committee held (3) meetings in 2018

- The Board Secretary:

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

- The Senior Executive Management

Members of the senior executive management, including the general manager, must have the attributes and qualifications stated in the Bank's Corporate Governance Guide.

The following are the names of Senior Executive Management and their Executive Positions:

Name	Position
Mr. Saleh Rajab Hammad	Chief Executive Officer
Dr. Nasser Mustafa Khraishi	AGM/Chief Operating Officer
Mr. Osama Samih Sukkari	Legal Advisor
Mr. Nader Mohammad Sarhan	Executive Manager/Chief Risk Officer/Board Secretary
Mr. Khaled Atef Abu Jawid	Executive Manager/Retail Banking Management
Mr. Nasser "Mohammad Saleh" Obaid	Executive Manager/Human Resources Dept. as of 4/11/2018
Mr. Hatem Nafi' Foqahaa	Regional Manager/Palestine Branches Management
Mr. Turki Yousef Al-Jabour	Executive Manager/Internal Audit Dept.
Mr. Dumam Mohammad Khraisat	Executive Manager/Central Operations Management
Mr. Ra'f Yousef Abu Dahoud	Executive Manager/Commercial Business Development Dept.
Mr. Omar Ahmad Mustafa	Executive Manager/Corporate Business Development Dept.
Mr. Mohammad Hikmat AlSawalqa	Executive Manager/Corporate Business Development Dept.
Mr. Mousa Yousef Mousa	Treasurer/Treasury & Investment Dept.
Mrs. Lana Fayez Al-Barrishi	Manager/Compliance Dept.
Mr. Hani Hasan Mansi	Manager/Financial Control Dept.
Mr. Mazen Ratib Al-Sharif	Team Leader/Corporate Business Development Dept. until 12/11/2018
Mrs. Rabab Jamil Abbadi	Executive Manager/Human Resources Dept. until 4/4/2018

- Conflict of Interests:

The Board of Directors emphasized in the Bank's Corporate Governance Guide 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 III 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, Credit Review Department for branches in Palestine), and Credit Portfolios Risk department. Furthermore, the Bank has updated and developed policies and procedures related to risk management aimed at ensuring credit quality. In addition, the Bank implemented the "Reveleus System" for calculating the capital adequacy ratio.

As for operational risks, the Bank has been implementing the CAREweb 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.

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

A. The Risk Management Department shall submit its reports to the Risk Management Committee on regular basis. As for daily operations, the Department shall report directly 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.
  - The Department shall recommend to the Risk Management Committee risk ceilings and related approvals. It shall also submit reports and record any exceptions from the risk management policy.
  - Providing the Board and the Executive Management with information about risk assessment and risk profile at 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, in performing their tasks, help the Risk Management to implement its duties, 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. Conducting stress tests regularly in order to assess the Bank's ability to deal with risks and financial stressors. The Board plays a significant role in deciding on the assumptions and scenarios used in this simulation technique. The test results are later examined and thoroughly discussed by the board. In light of these results, the Risk Management Committee approves measures needed to manage potential risks and mitigate losses.
F. Conducting Internal Capital Adequacy Assessment Process (ICAAP), which helps identify all potential risks through an effective methodology that takes into account the Bank's strategy and capital adequacy. The methodology is regularly reviewed to ensure that the Bank keeps sufficient capital buffers to shield it against potential losses.
G. 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 Regulators' 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 the instruction of Anti-Money Laundering and Terrorist Finance No. (51/2010) date 23/11/2010. An independent Financial Crime Unit responsible for carrying out financial and tax audit. The unit, to which FATCA is affiliated, Customer complaints are handled by an independent unit affiliated with the Compliance Department

The Compliance Department has the following responsibilities:

a. Drawing up the compliance policy as well as improving and reviewing it regularly (at least once a year) and whenever necessary.
b. Applying the compliance policy at the Bank.
c. Preparing an efficient methodology to ensure the Bank's compliance with effective laws and legislation in addition to any related regulations.
d. Submitting its periodic reports on its work and on the compliance of the Bank's departments and employees to Compliance Management Committee/ Board of Directors.
e. Special policies pertaining to anti money laundering and terrorism financing were drafted and implemented. Other policies related to implementing financial and tax audit, FATCA requirements, and to managing customer complaints were also formulated and implemented.

5. Financial Reports

The Executive Management of the Bank shall undertake the following tasks:
a. Preparing financial reports according to International Accounting Standards.
b. Presenting the reports to the Board members at each regular meeting.
c. Publishing financial data every three months.
d. Sending financial reports and full reports to the shareholders annually.

6. Code of Conduct:

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

Component Four (Treatment of Shareholders)

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

The Board shall provide shareholders with the following:

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

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

Component Five (Transparency and Disclosure)

Bank of Jordan Corporate Governance Guidelines are based on the principles of integrity, objectivity, transparency, disclosure, openness, and accountability for decisions adopted by the Bank. This stems from the Bank's belief that disclosure offers the only means to provide transparent, accurate, comprehensive, and timely information. This helps users assess the Bank's financial position, its achievements, activities, as well as risks facing the Bank and the risk management policies. The Bank disclosed all required information from different regulatory institutions. It also published the Corporate Governace Guide to the public and the extent of the management adheres to it. In accordance with the instructions of dealing with customers fairly and transparently No. (56/2012) date 31/10/2012 the Bank established a dedicated unit to manage and address customers' complaints. The unit was equipped with qualified human resources and automated systems and all necessary means available to accommodate and resolve complaints. This unit was administratively subordinated to the compliance department in the Bank.

Shaker Tawfiq Fakhouri
Chairman of the Board

Disclosure and Transparency

Disclosure and Transparency

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

- The customer complaints mangement and handling procedures are approved and circulated to all Bank employees.
- The policy to deal with customers fairly and in a transparent manner that is adopted and disseminated to the whole Bank.
- The provision of different communication channels for receiving customer complaints through the following ways:
  - Direct call to the unit dialing (06-5692572) or a toll-free number (080022335).
  - Email complainthandling@bankofjordan.com.jo
  - Fax to 06-5600918.
  - Telephone complaints allotted to the Bank's branches in times of official business.
  - Personal visit to the General Administration Building.
  - Contact Center for complaints made after official hours.
- Adoption of Service Level Agreement (SLA) and escalation procedures in the event of delay to respond to customer complaints from various units of the Bank in order to meet customer requirements within the specified time frame.
- Study and evaluation of customer complaints to find out actual facts of these complaints and concentration, classification and impact.
- Provision of the Board of Directors and senior management with periodic disclosures including a summary of complaints by the degree of risk concentration and classified according to the degree of risk and the actions taken to reduce their recurrence in the future.
- Provision of Central Bank of Jordan with the statistics periodically (quarterly) of complaints received by the unit.

Following is the statistical report of the complaints that were received from customers in 2018 through various channels distributed according to Electronic Services, (bank cards, contracts terms and conditions, interest rates/ returns, marketing services and products, remittences, work environment, commissions and fees, e-services, professional behavior and others).

Bank Cards	Contracts, Terms and Conditions	Interest rates/ returns	Marketing Services And products	Remittances	Work Environment	Commissions, and Fees	E-Services	Professional Behavior	Others	Total
37	128	25	8	6	173	9	18	251	58	713

These complaints were resolved within the following framework:

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

Addresses of
Bank of Jordan Branch Network

Addresses of Bank of Jordan Branches
Jordan Branch Network

Head Office – Al Shmeisani
bankofjordan.com
Tel.: 5696277 Fax: 5696291 P.O.Box 2140 Amman 11181 Jordan

Amman Area

Al Shmeisani - Main Branch
Tel.: 5609200 Fax: 5696092 P.O.Box 2140 Amman 11181 Jordan

Amman – Downtown Branch
Tel.: 4624348 Fax: 4657431 P.O.Box 2140 Amman 11181 Jordan

Commercial Market Branch
Tel.: 4617003 Fax: 4624498 P.O.Box 2140 Amman 11181 Jordan

Al Mahatta Branch
Tel.: 4655707 Fax: 4651728 P.O.Box 2140 Amman 11181 Jordan

Al Yarmouk St.- Al Nasser Branch
Tel.: 4910037 Fax: 4910038 P.O.Box 2140 Amman 11181 Jordan

First Circle Branch
Tel.: 4625132 Fax: 4653914 P.O.Box 2140 Amman 11181 Jordan

Third Circle Branch
Tel.: 4616528 Fax: 4656632 P.O.Box 2140 Amman 11181 Jordan

Al Khalidi Branch
Tel.: 4680025 Fax: 4680028 P.O.Box 2140 Amman 11181 Jordan

Jabal Al Hussein Branch
Tel.: 4656004 Fax: 4653403 P.O.Box 2140 Amman 11181 Jordan

Al Gardens Branch
Tel.: 5688391 Fax: 5688416 P.O.Box 2140 Amman 11181 Jordan

Al Madina Al Monawara St. Branch
Tel.: 5513953 Fax: 5514938 P.O.Box 2140 Amman 11181 Jordan

Jabal Al Weibdeh Branch
Tel.: 4646980 Fax: 4615605 P.O.Box 2140 Amman 11181 Jordan

Tareq Branch
Tel.: 5053898 Fax: 5053908 P.O.Box 2140 Amman 11181 Jordan

Marka Branch
Tel.: 4893581 Fax: 4894341 P.O.Box 2140 Amman 11181 Jordan

Al Qweismeh Branch
Tel.: 4778626 Fax: 4745301 P.O.Box 2140 Amman 11181 Jordan

Abu Alanda Branch
Tel.: 4164204 Fax: 4162697 P.O.Box 2140 Amman 11181 Jordan

Al Bayader Branch
Tel.: 5852009 Fax: 5815391 P.O.Box 2140 Amman 11181 Jordan

Industrial Area – Al Bayader Branch
Tel.: 5861057 Fax: 5813642 P.O.Box 2140 Amman 11181 Jordan

Sweileh Branch
Tel.: 5349823 Fax: 5342318 P.O.Box 2140 Amman 11181 Jordan

Al Fuheis Branch
Tel.: 4720832 Fax: 4721093 P.O.Box 2140 Amman 11181 Jordan

Abu Nsair Branch
Tel.: 5237481 Fax: 5249080 P.O.Box 2140 Amman 11181 Jordan

Jabal Al Nuzha Branch
Tel.: 4645933 Fax: 4645934 P.O.Box 2140 Amman 11181 Jordan

Wadi Al Seer Branch
Tel.: 5814255 Fax: 5816552 P.O.Box 2140 Amman 11181 Jordan

Ras Al Aein Branch
Tel.: 4748314 Fax: 4786311 P.O.Box 2140 Amman 11181 Jordan

Dahyet Al Yasmeen Branch
Tel.: 4392693 Fax: 4391242 P.O.Box 2140 Amman 11181 Jordan

Marj Al Hamam Branch
Tel.: 5713568 Fax: 5713569 P.O.Box 2140 Amman 11181 Jordan

Al Sweifieh Branch
Tel.: 5861235 Fax: 5861237 P.O.Box 2140 Amman 11181 Jordan

Al Wehdat Branch
Tel.: 4780375 Fax: 4778982 P.O.Box 2140 Amman 11181 Jordan

Mecca St. Branch
Tel.: 5542609 Fax: 5534741 P.O.Box 2140 Amman 11181 Jordan

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

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

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

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

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

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

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

Al Hurrieh St.- Mogablain Branch
Tel.: 4203178 Fax: 4203376 P.O.Box 2140 Amman 11181 Jordan

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

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

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

Durret Khalda Branch
Tel.: 5510825 Fax: 5511416 P.O.Box 2140 Amman 11181 Jordan

Al Madina Al Monawara - Tla'a Al Ali Branch
Tel.: 5513208 Fax: 5513029 P.O.Box 2140 Amman 11181 Jordan

Sahab Branch
Tel.: 4025694 Fax: 4025693 P.O.Box 2140 Amman 11181 Jordan

Al Abdali Mall Branch
Tel.: 4011420 Fax: 4011425 P.O.Box 2140 Amman 11181 Jordan

Um Uthaina Branch
Tel.: 5505450 Fax: 5560258 P.O.Box 2140 Amman 11181 Jordan

Al hurrieh Mall Branch
Tel.: 5609221 Fax: 4202104 P.O.Box 2140 Amman 11181 Jordan

Dahyet El Nakheel
Tel.: 4791113 Fax: 5737128 P.O.Box 2140 Amman 11181 Jordan

Central Jordan

Salt Branch
Tel.: 05-3554901 Fax: 05-3554902 P.O.Box 2140 Amman 11181 Jordan

Zarqa Branch
Tel.: 05-3985092 Fax: 05-3984741 P.O.Box 2140 Amman 11181 Jordan

Faisal St. Branch – Zarqa
Tel.: 05-3936725 Fax: 05-3936728 P.O.Box 2140 Amman 11181 Jordan

New Zarqa Branch
Tel.: 05-3854940 Fax: 05-3862583 P.O.Box 2140 Amman 11181 Jordan

Zarqa Free Zone Branch
Tel.: 05-3826193 Fax: 05-3826194 P.O.Box 2140 Amman 11181 Jordan

Al Ruseifa Branch
Tel.: 05-3746923 Fax: 05-3746913 P.O.Box 2140 Amman 11181 Jordan

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

Al Jeezah Branch
Tel.: 4460180 Fax: 4460133 P.O.Box 2140 Amman 11181 Jordan

Madaba Branch
Tel.: 05-3244081 Fax: 05-3244723 P.O.Box 2140 Amman 11181 Jordan

Al Jabal Al Shamali Branch
Tel.: 05-3744038 Fax: 05-3744029 P.O.Box 2140 Amman 11181 Jordan

North Jordan

Irbid Branch
Tel.: 02-7242347 Fax: 02-7276760 P.O.Box 2140 Amman 11181 Jordan

Al Hussun St. Branch
Tel.: 02-7279066 Fax: 02-7270496 P.O.Box 2140 Amman 11181 Jordan

Eidoun St. Branch
Tel.: 02-7276403 Fax: 02-7277504 P.O.Box 2140 Amman 11181 Jordan

Thirty St. Branch
Tel.: 02-7246636 Fax: 02-7248772 P.O.Box 2140 Amman 11181 Jordan

Hakama St. Branch
Tel.: 02-7400018 Fax: 02-7406375 P.O.Box 2140 Amman 11181 Jordan

Deir Abi Saeed Branch
Tel.: 02-6521351 Fax: 02-6521450 P.O.Box 2140 Amman 11181 Jordan

Al Hassan Industrial City Branch
Tel.: 06-5609200 Fax: 02-7395445 P.O.Box 2140 Amman 11181 Jordan

Rumtha Branch
Tel.: 02-7383706 Fax: 02-7381388 P.O.Box 2140 Amman 11181 Jordan

Al Turrah Branch
Tel.: 02-7360011 Fax: 02-7360200 P.O.Box 2140 Amman 11181 Jordan

Ajloun Branch
Tel.: 02-6420039 Fax: 02-6420841 P.O.Box 2140 Amman 11181 Jordan

Kufranjah Branch
Tel.: 02-6454973 Fax: 02-6454053 P.O.Box 2140 Amman 11181 Jordan

Jerash Branch
Tel.: 02-6351453 Fax: 02-6351433 P.O.Box 2140 Amman 11181 Jordan

Al Mafraq Branch
Tel.: 02-6233317 Fax: 02-6233316 P.O.Box 2140 Amman 11181 Jordan

North Shuneh Branch
Tel.: 02-6587177 Fax: 02-6587377 P.O.Box 2140 Amman 11181 Jordan

North Azraq Branch
Tel.: 05-3834308 Fax: 05-3834307 P.O.Box 2140 Amman 11181 Jordan

South Jordan

Karak Branch
Tel.: 03-2351043 Fax: 03-2353451 P.O.Box 2140 Amman 11181 Jordan

Ma'an Branch
Tel.: 03-2132090 Fax: 03-2131855 P.O.Box 2140 Amman 11181 Jordan

Aqaba Branch
Tel.: 03-2013118 Fax: 03-2014733 P.O.Box 2140 Amman 11181 Jordan

Exchange Offices

King Hussein Bridge - Arrivals Office
Tel.: 05-3581146 Fax: 05-3581147

King Hussein Bridge - Departures Office
Tel.: 05-3539138 Fax: 05-3581147

King Hussein Bridge - Arab Departures Office
Tel.: 05-3581099 Fax: 05-3581147

Palestine Branch Network

Regional Management
Tel.: +970 22411466 Fax: +970 22952705 P.O.Box 1328

Ramallah Branch
Tel.: +970 22411475 Fax: +970 22958684 P.O.Box 1829

Nablus Branch
Tel.: +970 92381120/5 Fax: +970 92381126 P.O.Box 107

Jenin Branch
Tel.: +970 42505403 Fax: +970 42505402 P.O.Box 183

Jenin Municipality Office
Tel.: +970 42505233 Fax: +970 42505231 P.O.Box 183

Qabatiya Branch
Tel.: +970 42512482 Fax: +970 42512483 P.O.Box 183

Gaza Branch
Tel.: +970 82865281 Fax: +970 82824341 P.O.Box 528

Al Naser Branch
Tel.: +970 82857230 Fax: +970 82859258 P.O.Box 528

Hebron Branch
Tel.: +970 22224351 Fax: +970 22224350 P.O.Box 494

Al Ram Branch
Tel.: +970 22343840 Fax: +970 22343842 P.O.Box 1328

Al Eizaryeh Branch
Tel.: +970 22790243 Fax: +970 22790245 P.O.Box 148

Industrial Area Branch/ Ramallah
Tel.: +970 22963785 Fax: +970 22963788 P.O.Box 1484

Tulkarm Branch
Tel.: +970 92687882 Fax: +970 92687884 P.O.Box 18

Bethlehem Branch
Tel.: +970 22749938 Fax: +970 22749941 P.O.Box 207

Rafidia Branch
Tel.: +970 92343647 Fax: +970 92343747 P.O.Box 107

Al Eersal Branch
Tel.: +970 22976315 Fax: +970 22976320 P.O.Box 1328

Bahrain Branch

Bahrain Financial Harbour/ West Tower
Tel.: +973 17503051 Fax: +973 17503030
P.O.Box 60676 Manama - Bahrain

Organizational Structure / Bank of Jordan - Head Office