

Annual Report 2015



Annual Report

For the year ended on 31st December 2015





His Majesty
King Abdullah II bin Al-Hussein



HRH Crown Prince
Al-Hussein bin Abdullah II

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Bank's Message

Vision:

Our vision is to become Jordan's leading private financial institutions. We strive to achieve this goal through acquiring advanced, secured services, in line with the best banking practices.

Mission Statement:

Our mission is to provide our corporate, retail, and investment clients with customized, high quality and competitively priced financial solutions. Through both our ever-increasing regularly enhanced range of cutting-edge banking solutions and our efficient distribution channels, we are committed to delivering world-class products and services that reward our stakeholders, customers as well as our personnel.

Our values:

- The bank's employees are our greatest asset.
- The Bank's clients are our first priority.
- Transparency is the foundation of our credibility.
- A sense of responsibility is the guide to our customer service.
- Our commitment is the continuous improvement.
- Our responsibility lies firmly with our society.

The Board of Directors And Chairman's Message

Leadership is harmony and attention

The Board of Directors is the ultimate voice of the Bank and its family. It leads the Bank in its march towards achieving its noble objective and purpose.





The Board of Directors

Mr. Michael Faiq Ibrahim Al-Sayegh

Chairman

H.E. Mr. Ayman Hazza' Barakat Al-Majali

Vice Chairman

Social Security Corporation/ Board Member

Represented by:

Mr. Ayman Mahmoud Kassab until 2015/02/14

Dr. Yasser Manaa Al-Adwan as of 2015/02/15 until 2015/08/25

Dr. Jehad Ali Ahmad Al-Shara as of 2015/08/26

Social Security Corporation/ Board Member

As of 2015/10/25 under a letter of assignment for each meeting

Dr. Hamza Ahmad Khalifa Jaradat

H.E. Dr. "Mohammad Jawad" F. Hadid

Board Member

First Jordan Investment Company / Board Member

Represented by Mr. "Mohammad Khair" Ababneh

Mr. Sharif T. Al-Rawashdeh

Board Member

Mr. Saleh Mohammad "Zeid Kilani"

Board Member

Mrs. Eman Mahmoud A. Al-Damen/ Board Member

As of 2015/10/25

Yazeed Shamseddin Al Khalidi/ Board Member

As of 2015/10/25

National Paints Factories Co. Ltd./ Board Member

As of 2015/10/25

Represented by: Mr. Abdelnour Nayef Abdelnour

Chairman's Message



Dear Shareholders,

It gives me great pleasure to present the Jordan Commercial Bank's twelfth annual report for the year 2015, during which the local economy faced many challenges and difficulties due to the regional circumstances surrounding the Kingdom in terms of security, politics and economics affecting various economic sectors but the banking sector managed to surmount such difficulties and challenges, achieving positive results at all levels and good growth rates in various activities.

During the year 2015, the Jordan Commercial Bank (the "Bank") continued its stride achieving excellent financial results and high growth rates which the Bank started in the year 2014 in comparison with the Banking sector and its strategic plans and objectives. The financial results and indicators achieved by the Bank during the year 2015 were better than the previous year.

As for profits, the Bank achieved after-tax net profits of JD 15.8 million compared to JD 11.7 million in the year 2014 with an increase of JD 4.1 million i.e. 34% leading to increasing the average return on assets to 1.2% while the average return on equity rose to 12.2% considered to be the highest percentage among the banking sector.

As for its banking activities, the Bank achieved a 14% growth rate in net facilities portfolio and the growth rate in deposits reached 29% while it reached 28% in total assets; these growth rates are considered the highest within the Jordanian banking sector. The Bank also achieved growth in the balance of shareholders' equity with a percentage of 15% during the year 2015.

The Bank's ability to achieve the highest growth rates in the banking sector and high financial indicators reflects the trust of its clients whereby leading to increasing the volume of their transactions with the Bank. At the top of its priority, the Bank is stepping up its efforts to serve its clients and ensure the quality of service provided to them via all traditional and electronic methods around the clock because clients are the pivot of the banking process. The Bank is constantly developing its branches and buildings, diversifying and increasing channels of service provision so as to promote its presence in the banking market as well as enhance the Bank's positive image among clients. The Bank also delivers all banking services and solutions to clients according to their needs and wishes as well as in the manner that suits them. Such attention was reflected in the Bank's customer base leading to the expansion in market share whereby facilities increased from 2.4% at the beginning of the year to reach 2.5% at the end of 2015 and the market share in deposits increased from 2.2% at the beginning of the year to reach 2.6% at the end of 2015 at the level of branches located in Jordan and Palestine.

Distinguished Shareholders:

Achieving good financial results is not only attributed to the Bank's attention to clients, but also to the Bank's attention to all aspects of the banking processes. Besides its attention to clients and in line with the expansion in activities, the Bank paid attention to investing in human resources which constitutes one of the basic components of the banking process. During the year 2015, the Bank provided its branches and Head Office with a number of banking professionals and experts, in addition to striving to develop its

current personnel through continuous training and development as the Bank adopts an incentive policy for employees by rewarding outstanding performance and adopting evaluation foundations focusing on such aspect.

The Bank also paid attention to the banking process whether by developing the internal work environment and procedures including (completing the centralization of many internal operations, updating and developing the banking system, and modifying the Bank's organizational structure so as to facilitate the banking business and communication between the employees who have direct contact with clients and the decision-maker to expedite the decision-making process for the best interest of the client and the Bank alike), or through services provided to the public such as introducing new services and developing current services. The Bank also sought to expand services provided to clients electronically or via mobile phones. During the year 2015, the Bank completed the construction of a new additional building for its Head Office which is located near the current site.

With the increasing volume of business, the Bank was keen on meeting the requirements and directives set by the Central Bank of Jordan and regulatory authorities, most notably with regard to the capital adequacy ratio which reached 14.2% which is higher than the minimum requirement set by the Central Bank at 12%. The Bank also raised the liquidity ratio to reach 131% while the ratio set by the Central Bank is 100%, taking into consideration the balance between return and risks facing banks as a result of lack of liquidity and meeting the emergency needs of clients for liquidity. The Bank also sought to meet the requirements of the Central Bank related to compliance with issued directives and regulations that organizes the banking business and client relations.

The efforts exerted by the Bank and its management for achieving the best financial results and developing the banking services and work procedures, did not prevent it from tackling its human and social responsibilities undertaken by all banks as a major part of the social fabric. During the year 2015, the Bank offered assistance to many charitable, cultural and social centers and services in addition to sponsoring numerous economic, sports and artistic activities and initiatives. The Bank also trained a number of new university graduates as it pays special attention to this category on constant basis.

Distinguished Shareholders:

I would like to thank all the members of the Board of Directors for providing support, advice and guidance to the executive management and in various aspects related to the banking business on a continuous basis. I would like also to thank them for understanding the various needs of the executive management and all employees so as to contribute to the development of the Bank. I would like also to express my deep gratitude to all employees of the Bank who worked as one family to achieve such outstanding results.

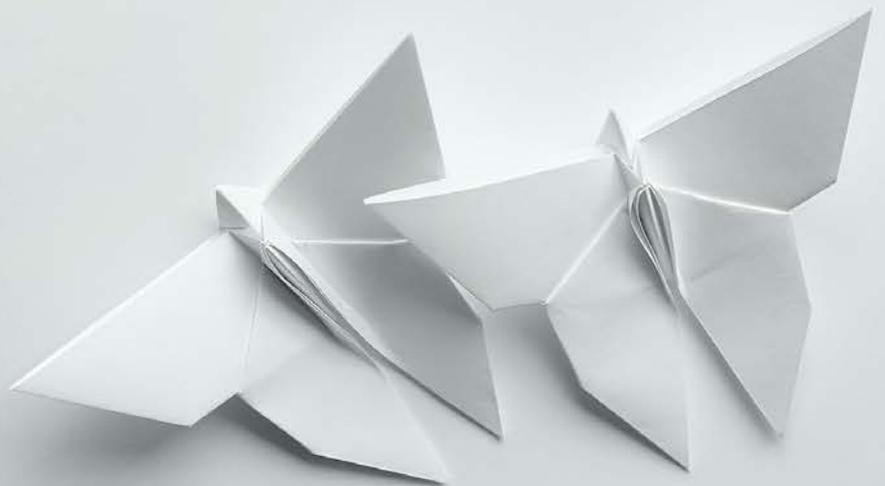
In conclusion, we promise you to spare no effort in helping the Bank achieve more outstanding results and develop its performance to better serve our clients and our beloved Jordan - May Allah the Almighty keep it, its King and its people blessed with safety and welfare.

Sincerely,

Michael Al-Sayegh
Chairman of the Board

Executive Management

The sky is the limit for outstanding performance



The members of the Executive Management goes through stages which enhanced their experience until it is complete as the butterfly grows with a magnificent look, and the more it goes near light, its knowledge of hard work and persistence increases.



Executive Management

Executive Management:

Mr. Caesar Qulajen	CEO – Since 01/04/2015
Ms. Ghada Farhan	Deputy General Manager / Chief Operating Officer - COO
Mr. Rajai Kossous	Deputy General Manager / Chief Banking Officer - CBO
Mr. Rami Hadid	Asst. General Manager / Corporate Banking
Mr. Ziad Fatayer	Assistant General Manager, Retail Banking and Branches
Mr. Abdallah Kishek	Asst. General Manager Finance since 14/06/2015
Mr. Alaa Qahef	Asst. General Manager / Human Resources
Mr. Fadel Dbais	Asst. General Manager / Remedial Collection
Mr. Majdi Banat	Asst. General Manager / Banking Support and Operations
Mr. Mohammed Al-Quraan	Asst. General Manager / Credit
Dr. Mohammed Amro	Asst. General Manager / Treasury and Investment
Mr. Muntaser Alshashtari	Regional Manager / Palestine

Control Departments:

Dr. Abdullah Al-Amarat	Manager, Internal Audit Department
Mr. Mazen Al-Khateeb	Manager, Risk Department
Mr. Mahmoud Mahmoud	Manager, Compliance Monitoring and Anti-Money Laundry Department

Department Managers:

Mr. Ibrahim Alaween	Manager, Operations Engineering Department
Mr. Ashraf Al-Ajouri	Manager, Trade Finance
Mr. Jamal Raqad	Manager, Corporate Communications Department
Ms. Ruba Shehab	Manager, Credit Management and Monitoring Department
Mr. Ziad Al-Rumhi	Manager, Strategic Planning Department
Mr. Sami Nabulsi	Manager, Financial Institutions Department
Mrs. Shaden Attili	Manager, IT Department
Mr. Amid Al Batran	Manager, Central Operations Department
Mr. Fadi Rabie	Manager, Retail Banking Department
Mr. Mamoun Mubarak	Manager, Direct Sales Department
Mr. Maher Halsa	Manager, Administrative Department
Mr. Mohamed Obeidat	Manager, Credit Review Department
Mr. Mas'oud Al Tanbour	Manager, Legal Department
Ms. Noura Al-Jitan	Manager, HR Planning and Development Department
Mr. Hani Darwish	Manager, Treasury Department
Mr. Haitham Al-Shamaila	Manager, Credit Follow-up Department
Mr. Hesham Jabr	Manager, SME Banking Department
Mr. Wael Rabieh	Manager, Corporate Banking Department
Eng. Yasser Goussous	Manager, Engineering Department

Financial Analysis of the Bank's Activities in 2015

Flying towards an unhindered vision

The financial analysis seeks to identify financial balance requirements and discover strengths and weaknesses like the bird in its balanced flying and comprehensive view.



Summary of Financial Statements and Indicators:

	2011	2012	2013	2014	2015
	Amounts in JOD million				
Major Operating Results					
Net Interest Income	21.9	22.9	24.6	29.9	36.6
Net Interest Income and Commission	27.0	28.2	29.5	35.5	42.4
Gross Income	33.4	31.6	35.6	44.9	64.0
Net profit before tax	(1.0)	3.0	4.1	15.6	24.1
Net profit after tax	(1.3)	2.1	3.2	11.7	15.8
Earnings (Loss) per share/ JOD	-0.016	0.022	0.032	0,111	0,150
Major Balance Sheet Items					
Total Assets	801.4	844.3	1,049.8	1,165.3	1,487.6
Shareholders' Equity	91.8	103.5	108.9	120.4	138.0
Credit Portfolio – net	420.3	440.5	517.3	523.9	599.3
Securities Portfolio	201.0	174.7	272.4	365.4	405.9
Cash and Bank Balances	140.1	172.0	185.1	180.5	362.2
Customers' Deposits	609.8	618.5	743.0	810.3	1,041.5
Cash Margins	39.2	57.3	65.4	69.4	73.0
Banks' Deposits	44.4	38.9	112.2	140.3	193.4
Major Financial Ratios					
Return on average assets	-0.2%	0.3%	0.3%	1.1%	1.2%
Return on average owners' equity	-1.4%	2.1%	3%	10,2%	12.2%
Capital adequacy ratio	10.9%	12.2%	12.4%	13.1%	14.2%
Net credit portfolio / customers' deposits	68.9%	71.2%	69.6%	64.7%	57.5%
Net non-performing loans (not covered by provisions) / Net credit portfolio	10.0%	7.9%	3.6%	1.9%	3.6%
Coverage ratio for non-performing loans	41.7%	51.2%	69.8%	65.3%	56.3%
Legal liquidity ratio	111%	116.4%	108.6%	116.1%	131%

Financial Position and Business Results

Analysis of the Bank's Activities:

The Bank managed to achieve outstanding financial results which are the highest since its establishment as the net profit before tax amounted to JOD 24.1 million compared to JOD 15.6 million in 2014 with an increase of %54.5 (the average annual growth of net profit before tax for the last five years amounted to %89).

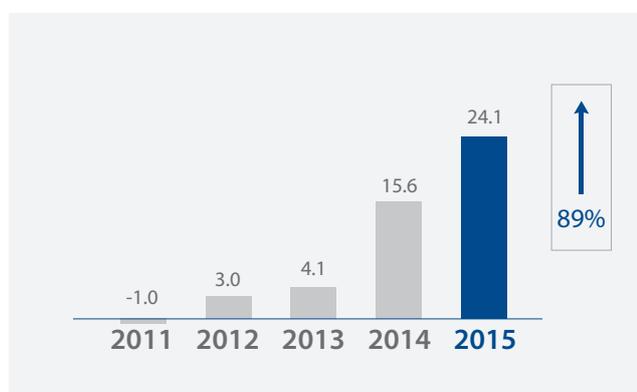
The net profit after tax amounted to JOD 15.8 million with a growth rate of %34 compared to the net profit in 2014 which amounted to JOD 11.7 million (with a growth rate of %64 for the last five years). These results were driver by the high growth rates achived in most operating indicators which reflect the Bank's ability to optimize the utilization of the available sources of funds to achieve the best revenues.

Major operating indicators include:

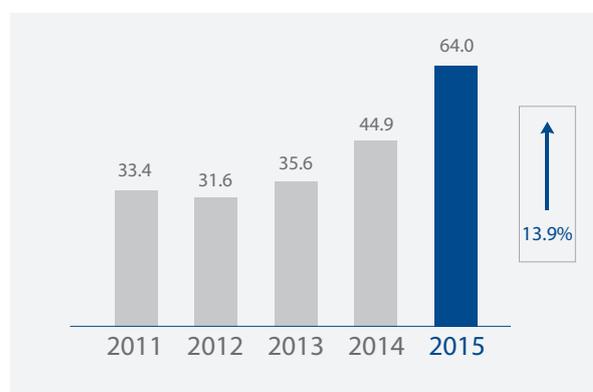
* Total income increased by JOD 19.1 million with a percentage of %42.6 to reach JOD 64 million compared to JOD 44.9 million in the previous year which is attribute to the rise in net interest income by JOD 6.7 million with a percentage of %22.4 to reach JOD 36.6 million at the end of 2015. During 2015, and due to intensive follow-up of bad debts, the Bank managed to recover JOD 16.2 million compared to JOD 5.6 million in the previous year.

* Non-interest income (net commission revenues, foreign exchange profits and financial assets revenues) constituted %17.3 of the total income as the Bank achieved non-interest income amounted to JOD 11.1 million compared to JOD 9.4 million in the previous year with a growth rate of %18.1 at the end of 2015.

Net profit before tax (JOD Million)



Total Income (JOD Million)



* In return, operating expenses (employees' expenses, general and administrative expenses and depreciation expenses) rose to reach JOD 26.7 million compared to JOD 23.9 million at the end of 2014. This is attributed to the rise of total employees' expenses by %17.5 with JOD 2 million to reach JOD 13.4 million as the Bank enhanced employees' cadre during 2015 and attracted efficient and expert employees due to the Bank's awareness that provision of good services and development of the Bank needs a team with high efficiency and professional expertise. The Bank also approved the 16th salary for the first time in line with the Jordanian banking market due to its belief that employees' income should be raised as it considers its employees the basic foundation for its success and future expectations.

* The operating efficiency ratio (Total operating expenses/ net operating income) amounted to %41.7 compared to %53.2 in the previous year which denotes the effective management of operating expenses.

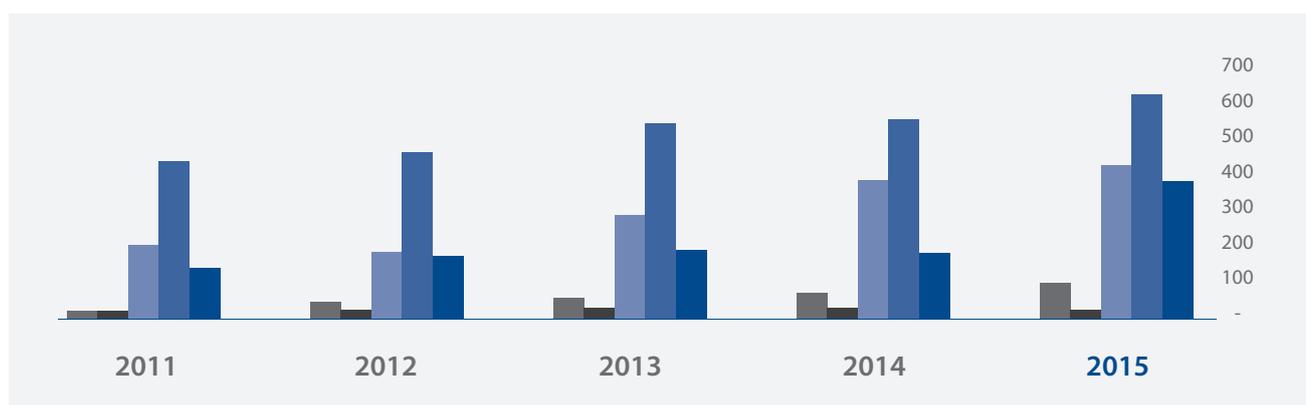
* In its continued endeavor to improve the quality of the credit portfolio, the Bank enhanced the impairment provision of credit facilities to face bad debts as the expenses of the impairment provision of credit facilities amounted to JOD 12.3 million compared to JOD 5.2 million in the previous year.

Analysis of the Bank's financial position:

The Bank managed to achieve high growth rates in most of its financial position items as total assets for the previous year rose by %27.7 to make the balance of assets reach JOD 1.487,6 million, hence the average growth rate for the past five years for total assets amounted to %13.2.

The increase of assets is mainly attributed to the growth of placements in the monetary market by %100.7 and the growth of credit facilities portfolio by %14.4 and the growth of financial assets portfolio by %12.8.

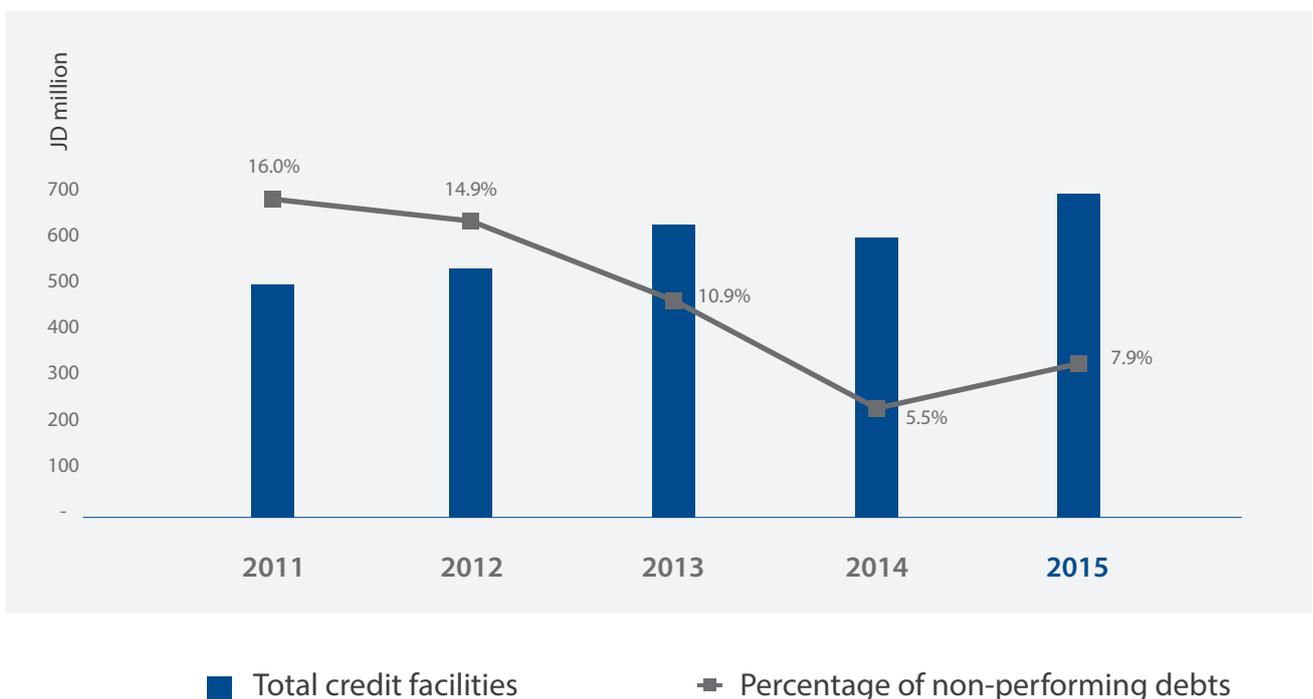
The following diagram indicates the development of the main captions of assets during the years (2015-2011):



- Cash and bank balances
- Credit facilities portfolio – net
- Securities portfolio
- Fixed assets and non-tangible assets
- Other assets

The net credit facilities portfolio amounted to JOD 599.3 million compared to JOD 523.9 million at the end of the previous year with a growth rate of %14.4 with an amount of JOD 75.4 million which positively contributed to increasing revenues.

It is noteworthy that the Bank focused on improving the quality of credit portfolio during 2015 as it adopted a selective policy in granting facilities in addition to increasing efforts to follow up debts which show signs of default and work to build impairment provisions to face bad debts as the percentage of net non-performing debts amounted to %7.9 and the Banks also keeps monetary and in-kind guarantees against such debts so the coverage ratio of such provisions and guarantees for bad debts amount to %123.3.

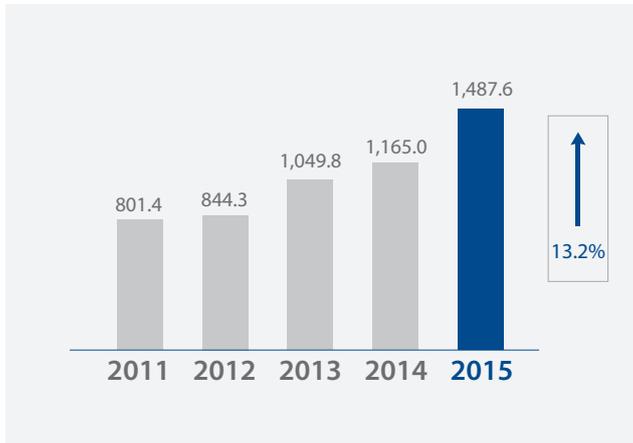


In the area of sources of funds, the Bank managed, despite the fierce competitive environment, to increase customers' deposits to reach JOD 1,041.5 with an increase of JOD 231.2 million and a growth rate of %28.5 compared to the previous year which denotes the Bank's ability to attract deposits and depositors' confidence in the Bank.

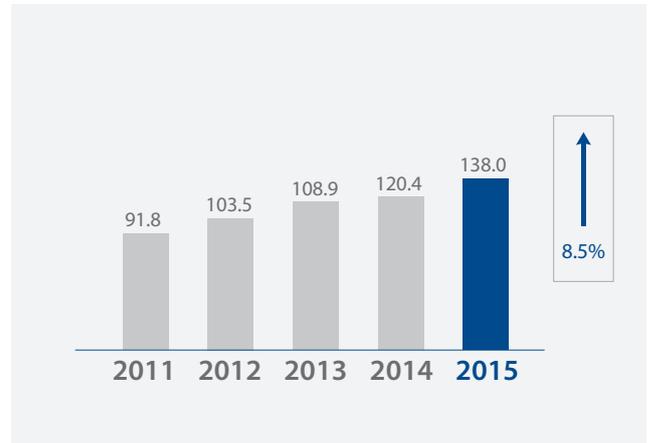
Capital Adequacy:

The capital adequacy ratio exceeded the minimum requirements of Basel Committee by %8 and the minimum requirements of the Central Bank of Jordan to reach its highest rate by %14.21 since five years.

Total assets (JOD Million)



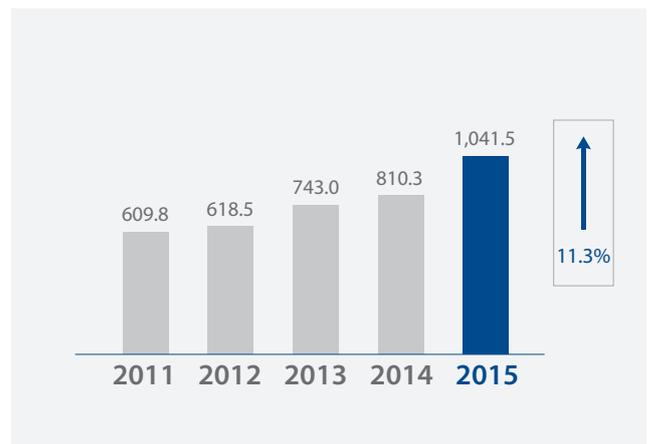
Total Shareholders' equity (JOD Million)



Net credit portfolio (JOD Million)



Customers' deposits (JOD Million)



Major Activities of JCB's sectors and departments in 2015

Business sectors:

Retail Sector:

One of the strategic objectives and foundations of the Bank, is to pay special care and attention to the Retail sector and attraction of customers of such sector as well as the provision of banking services which suit their needs. Such attention was reflected in the financial results of the sector in particular and the Bank in general as growth rates of facilities and deposits were higher than the growth rates of the banking sector and the market share of deposits increased from %2.22 to %2.64 at the end of 2015 compared to the beginning of the year.

In the Bank's endeavor to translate this attention to the services provided, the Bank launched a special product for car loans ("Tejari Auto") at competitive prices and suitable conditions for the customers of this sector. The Bank also provided offers and campaigns which suit the various segments of this sector as there were several campaigns including: "Set El-Habayeb" Campaign which is addressed to mothers, "Your Weight is your Prize" Campaign which is addressed to workers and "Back to Schools Festival" which is for school students.

At the level of the sector's administrative achievements, the Bank updated data to meet the needs of the regulatory authorities. The Bank also implemented the operating efficiency measurement system so as to expedite the provision of services to customers within approved standard times.

In the area of credit cards and so as to provide services to customers according to the best international standards in the area of security and privacy of customers' information, the Bank obtained the Payment Card Industry Data Security Standards (PCI).

The Bank's attention was not only restricted to the customers of Retail sector in Jordan branches but there was a tendency from the Bank towards the customers of Palestine branches as a number of agreements were signed between the Bank's Palestine Regional Office and a number of auto trade companies including (the Palestinian Motor Company, Arab Company for vehicles' trade and Gargour Company) so as to facilitate dealings of the Bank's customers.

Moreover, the Bank continued developing its products and services provided to customers of this sector and continued developing channels of service provision and adding more services whether via electronic channels or traditional channels.

Corporate Banking Sector:

The Corporate sector is one of the most important sources of income for the Bank and one of the most sectors which utilize available funds. Therefore, the Bank focused on this sector and the services provided to customers via it.

The Corporate sector provides a wide range of services that suits the needs of its customers whether the large corporate segment (while focusing on sectors which witness growth such as the energy, communications, education and other sectors supported by the Central Bank and the Jordanian government) or the SMEs segment as moving towards this segment is one of the Bank's strategic objectives. To achieve such objectives, the Bank sponsored the SME Forum held by the Union of Arab Banks in collaboration with the Central Bank and the Association of Banks in Jordan so as to discuss strategies and mechanisms to support SMEs and promote their role in the social and economic development. The Bank also participated in the "Open Day for Funding the Industrial Sector" which was addressed to the industrial sector in general while focusing on the SME segment. The Bank also cooperates with the Central Bank on a permanent basis to benefit from the CBJ's programs as well as the international entities which support SME loans.

The services provided to the Corporate sector include loans, facilities, renewable loans and banking groups. The Bank also grants indirect facilities such as (guarantees, letters of credit, bills of collections, withdrawals and etc.) to cover various needs of customers. Through the Corporate sector, the Banks seeks to expand its customers' base benefiting from the credit information center which provides information required about customers of the banking sector which assists in reducing risks related to lack of information about customers.

Treasury Sector:

Through its affiliated departments such as (Treasury Department, Investment Department, Financial Institutions Department and Correspondent Banks), the Treasury and Investment Sector plays a main and pioneering role in management of the Bank's assets and liabilities, management of relationships with financial institutions and management of various investments efficiently as follows:

- The Treasury Department performs management and pricing of assets and liabilities and management of the Bank's deposits through control of costs for sources of funds. The Treasury Department plays a major role in the deposits' market among banks and participates effectively in the government bonds market. In addition, the Treasury Department provides new financial instruments to customers for hedging in the local and international market when dealing with foreign currencies as it has recently provides deferred and future contracts' products and barbers in addition to margin trading products in foreign currencies which enhances the Bank's profits from foreign currencies despite the continuing global volatility in financial markets.
In addition, the Treasury Department plays a pivotal role in liquidity management and maintaining high liquidity ratios compared to the requirements of the Central Bank. The Treasury Department maintains strong and high-return bonds portfolio despite the low interest rates at the local and global level.
- The Financial Institutions Department plays an important role in opening up horizons for dealing with many financial institutions and correspondent banks of high credit ranking. The department also continues management of banking relationships with banks and financial institutions effectively through a locally, regionally and internationally wide network which enhanced the Bank's ability to carry out activities whether in the area of foreign trade, credit facilities or treasury operations and consequently boosted the Bank's profits and revenues from foreign trade, bank transfers and operations to reduce and diversify risks at competitive rates. In addition, the department follows up the credit conditions of countries, banks and financial institutions to reduce the potential or expected risks on a daily basis. The department also has a strong presence in the Swift International Banking Operations Seminar (SIBOS) which was held in Singapore as the Bank's services were internationally presented and marketed.
- The Investment Department seeks to take advantage of investment opportunities available at the local and regional level so as to achieve the best return on investments while maintaining the quality of the Bank's investment portfolio through selecting securities with good return and high liquidity within acceptable risks despite the weak performance of the local and global financial market as the department managed to expand into specialized investment services such as management of issuance trusteeship and undertaking the role of payment agent, registrar and custodian in addition to providing financial consultancies and services to a number of corporate bonds as well as participating therein within profitable interest rates.

In line with the development of various conditions and financial markets, the year 2015 witnessed review and update of the investment policy so as to achieve balance among liquidity, return and risks in addition to reviewing, examining and analyzing credit ceilings granted to correspondent banks based on accurate academic and professional foundations by a specialized technical and professional team so as to be in line with the foundations of corporate governance and risk management.

Support Sectors and Departments:

Human Resources Department

During 2015, and in line with its belief in the importance of the human element, investment therein, its development as well as providing appropriate conditions for work, the Bank enhanced its cadre with a number of employees who are experienced in the banking market and sought to increase such cadre to suit the volume of work while maintaining an appointment policy which is based on efficiency, availability of skills and expertise so as to ensure providing equal opportunities for applicants. The Bank also adopts the preference principle in filling suitable vacancies taking into account efficiency and appreciation of outstanding performance in promotion and granting incentives.

In the area of employees' training and qualification, the Bank focused on the specialized quality training which leads to enhance the Bank's name and reputation through excellence and quality of services provided in addition to the excellence of service providers. Out of its belief in its social role, the Bank provides training to a number of graduates from universities, institutes and colleges.

The details of the number of training courses and their participants from the Bank's employees are as follows:

Training courses, seminars and conferences inside and outside Jordan				
For the year 2015 compared to 2014				
Place of course	Number of courses		Number of participants	
	2015	2014	2015	2014
Jordan Institute of Banking Studies	112	130	261	278
The Bank's training center	63	79	1055	1608
Other training institutes	93	109	209	203
External conferences and seminars	15	27	19	30
Total	283	345	1544	2119

Engineering Department and Administrative Department:

The Real Estate and Engineering Department and the Administrative Department follow up matters affecting the work environment (for customers and employees) and provide all things required to maintain an appropriate work environment as well as work to develop and update branches so as to reflect the modern image of the Bank.

With regard to the engineering aspects and logistic support, the Engineering Department conducted many achievements and activities during 2015, most notably:

- Produce and circulate the Health and Safety Manual to the Bank's employees in coordination with all stakeholders.
- Regulate and rationalize expenses especially with regard to the power and electricity expenses (Power Rationalization Project), maintenance expenses, heating and cooling expenses, etc.
- Execute and prepare the new operations building and moving the Bank's relevant departments to it.
- Upgrade and maintain a number of the Bank's branches.

In the area of administrative matters, the Bank's Administrative Department made several achievements during 2015, most notably:

- Develop and complete a number of systems at the Bank including (Fixed Assets System).
- Organize numerous work procedures for the purposes of work facilitation and follow-up.
- Provide logistic support to all of the Bank's departments and branches.
- Re-arrange warehouses and organize their work.
- Activate the emergency plan and apply it according to the weather conditions.
- Regulate and rationalize expenses, review contracts and attract suppliers at the best prices.
- Follow up the Bank's activities on a permanent basis within the department's scope of work.

Information Technology Department:

The Jordan Commercial Bank is keen on being at the forefront of banks which meet customers' needs by providing the best services and apply the best developments in the banking industry in line with the requirements of the banking units and directives of the Central Bank. During 2015, the Bank completed the projects aimed at providing an infrastructure which serve business requirements in line with the Bank's objectives and strategic plans. The most notable achievements made by the Bank in this area are as follows:

First: Notable Achievements:

• Projects related to the Central Bank, most importantly:

- Obtaining the Payment Card Industry Data Security Standards (PCI-DSS).
- Direct automated execution of incoming transfers and the code of transfer purpose.
- Development of local procedures and programs in accordance with the requirements of the US Tax department IRS.
- Provision of payment service via the counter in branches.

• Projects related to the requirements of the Palestine Monetary Authority:

- Application of the technical centralization of the banking system

• Main projects according to the requirements of the banking business units:

- Projects related to the banking systems so as to develop and raise efficiency of the existing banking system to the optimal limit.
 - ◇ Application of updated versions of the banking system in Jordan and Palestine
 - ◇ Completion of the plan to activate/inactivate functions and systems (without additional costs) on the banking system, notably:
 - Apply centralization functions of incoming and outgoing transfers.
 - Apply the car loans' system specific to "Tejari Auto".
 - Apply treasury functions and margin dealing.
 - Authorities and Dual Control System on many functions.
 - Activate automated coverage functions.
 - Update the banking services system via the internet.
- Transfer from Jordan Visa to MasterCard by credit cards and electronic cards in Jordan and Palestine.
- Transfer the management of ATMs from EMP to MEPs in Jordan and Palestine.
- Apply the Fixed Assets System.
- Apply the training system for human resources.

- Develop systems locally, most importantly:
 - ◇ A system to suspend interests and calculate provisions automatically.
 - ◇ A follow-up system for retail facilities to track collections and consumer transactions.
 - ◇ Follow-up and Collection System for the Follow-up Department and large corporate and SMEs.
 - ◇ Development of the electronic archiving system / Phase I.
 - ◇ Central Bank reporting system (30 reports).
 - ◇ Automation of control and statistical reports (100 reports).
- Technical Projects:
 - Set up and operate the Free Call Center.
 - Technical set up and transfer to the new operations building.
 - Update infrastructure (networks, servers and communication lines) in Palestine.
 - Comply with the Payment Card Industry Data Security Standards (PCI-DSS) – Palestine: completing the phase of security gap analysis and correction phase.
 - Execute the examination phase of computers and identify the security gap.
 - Complete the upgrade of used PCs at the Bank's branches and the department.
 - Update the websites' filtering system and activate its advantages "Web sense".
 - Arrange and operate new server and storage equipment to serve numerous systems, most notably the modern electronic clearing project.

Second: Technical Support Activities:

- Jordan: Provide technical support and handle all problems for all users of equipment and systems at the Bank including the usage problems of equipment, systems, operating applications and ATM problems as well as implement the requirements of transfers, appointments and resignations (according to the approved reports of the technical support system).
- Palestine: Provide support required for Palestine branches by continuing the fulfillment of PMA requirements with high priority as well as activate local development programs operating in Jordan to serve the banking business units there.

Control Departments:

Risk Department:

The Risk Department is one of the main levels of control within the framework of the institutional structure to manage risks for the Bank. It is the department responsible for developing a controlled and effective system to identify risks to which the Bank is exposed, manage such risks, and develop means and tools to mitigate them.

The Risk Department works to implement the best international practices and standards in risk management and requirements issued to follow the recommendations of Basel Committee or the requirements of the Central Bank of Jordan so as to achieve the aspired objectives within the risk management strategy. The Risk Department conducted the following activities during 2015:

- Develop and introduce new reports and tools which serve the department's activities for risk measurement (profits exposed to risks, control gap, excesses of monetary ceilings, cheques returned for technical reasons, control of customers' deposits and follow-up of risk ceilings).
- Submit a work plan to reduce the maturity gap for liquidity by proposing certain scenarios.
- Create standards' status for general risks at the Bank (Institution Risks Status) and standards for reputation risks.
- Conduct (D-SIBS) Study which determines the systematic importance for banks at the local level and under which the principles to deal with banks are determined.

- Continue to apply and develop Stress Testing by applying scenarios imposed by the Central Bank of Jordan in addition to other scenarios of the Bank which are introduced by the Risk Department.
- Conduct studies for the Bank's financial indicators compared to the financial soundness results for all Jordanian banks and the Bank's corresponding banks while supervising the ratios related to the Bank's performance.
- Apply a system to measure historical losses to which the Bank is exposed whether at the level of credit risks, operating risks or market risks and conduct studies required for the same.
- Develop the acceptable risk levels (Risk Appetite) at the Bank and create a reporting system suitable for monitoring the risks in line with the expansion in the Bank's activities. Also develop the general risk framework (Risk Profile) and continue to monitor such risks on a regular basis to indicate deviations and the effect of such deviation on calculating capital burdens.
- Implement Basel III Committee Accords and evaluate the effect of implementation on the Bank and develop automatic systems for the same.
- Develop the Risk matrix for all types of risks to which the Bank is exposed in detail and at the level of the Bank in general while indicating the degree of effect of such risks on the Bank and the degree of strength of control systems to reduce such risks.
- Apply the Value At Risk (VAR) System on exchange rates in addition to stock prices.
- Examine liquidity contingency plan by supposing certain scenarios in coordination with stakeholders at the Bank.
- Conduct comprehensive studies which reflect new economic conditions and their effects on the Bank.
- Examine and develop Business Continuity Plan through business impact analysis and risk evaluation.
- Apply the Key Risk Indicators (KRI) System.
- Continue to re-evaluate the status of operating risks for departments by applying the Control Risk Self Assessment (CRSA).
- Continue to train and spread the culture of risks at all levels at the Bank for all types of risks and Business Continuity Plans.

Compliance Department:

In order to promote the Bank's control environment, the Compliance Department undertakes many tasks and duties, most notably:

- Deal with customers with fairness and transparency and handle customers' complaints. The Customers' Complaints Management and Handling Unit receives complaints and contact stakeholders at the Bank to identify complaints' reasons and recommend appropriate corrective measures.
- Regular disclosures as the Bank's stakeholders are followed up and the requirements of regulatory authorities received by the Bank are met within a sufficient period of time and comply with disclosures.
- Manage compliance control at the external branches in coordination therewith so as to ensure that their practices are in line with the Bank's general policy.
- Comply with the Foreign Account Tax Compliance Act (FATCA) as the plan developed according to the registration policy on the website of the US Tax Authority was implemented. A dedicated section was created and meetings were held to discuss the subject and the relevant parties were contacted.
- Develop the compliance function at the Bank: in this regard, the department reviewed and adopted the compliance control policy, anti-money laundering and terrorist financing policy and anti-money laundering and terrorist financing manual in addition to developing a matrix to measure the extent of compliance with directives of credit limits and completing the directives' matrix project.
- Promote corporate governance by identifying the requirements and directives of corporate governance issued by the Central Bank of Jordan and adjust the corporate governance manual to its effect and conduct a study of the most important requirements compared to the Bank's practices, and develop a work plan for implementation, review and develop special policies, work manuals and charters for committees of the Board and getting approval for board members.

Social Responsibility:

Due to its social responsibility commitment towards the local community, the Bank participated in numerous events during 2015. It also got involved in a number of initiatives and participations as well as supported many projects and programs, most notably:

- Participate with the Public Security Directorate / External Patrols Department in charity tables held during the holy month of Ramadan by the Public Security Directorate in four (4) security stations in collaboration with the Om Ali Charitable Association to provide Iftar meals to the needy and passers-by during the holy month. The Public Security Directorate honored the Bank for this initiative and presented prizes to winners.
- Provide support to the Basketball League for Juniors which was held among students from a number of the Kingdom's schools.
- Sign a memorandum of understanding between Palestine Regional Office and Al-Quds Open University to provide services to university students and facilitate paying educational fees and installments.
- Support and sponsor many cultural, social and charitable activities, centers, associations, conferences and seminars.
- Honor persons who provided services to the local community.
- Train a number of students from various universities, colleges and institutes / or fresh graduates due to the Bank's feeling of the importance of linking the academic aspect with the practical aspect for students and learners as the Bank provided training opportunities for 67 male and female students.

Major Strategic Trends and Objectives for 2016

Finance:

- Achieve sustainable growth in net profit and profitability indicators (Return on Assets) "ROA" and (Return on Equity).
- Achieve continuous growth in deposits, facilities and operating assets while observing liquidity ratios and capital adequacy rates (keeping them within the limits prescribed by the regulatory authorities and Board of Directors) while reducing maturity gaps and keeping them within the determinants of the regulatory authorities and the Bank's internal standards and be in line with the banking sector.
- Keep the operating efficiency rate (operating expenses / operating revenues) low through the optimal utilization of the Bank's resources.
- Improve the quality of the Bank's investments and sources of funds (focusing on the quality of assets and sources) and work to reduce the ratio of non-performing debts and increase the coverage ratio of provisions for non-performing debts so as to keep them within the standards applicable in the banking market.
- Work to diversify sources of funds and control their cost within the targeted limits without affecting the Bank's competitiveness in the banking market and its market share.

In light of the decrease of interest rates, recoveries of bad debts and expansion of banking operations, it is expected to maintain the same level of profitability achieved in 2015.

Customers:

- Review all products and services offered to customers; prepare plans for selling, cross selling and appropriate marketing plans focused on attracting and retaining customers.
- Develop measurement standards of customer service quality; develop and diversify service channels, particularly electronic services and maintain high customer satisfaction and reduce complaints.
- Evaluate branching needs and relocating existing branches to easy customers' access (branches and ATMs).
- Increase the market share of deposits and facilities and focus on the quality of facilities (customer ranking, his financial solvency and sector in which the customer works), quality of deposits (improving deposits by increasing low-cost deposits) and develop mechanisms required to activate this trend in line with the Bank's capital (while not affecting the capital adequacy standard).
- Focus on and target certain sectors: Retail Sector and SMEs Sector and making use of programs provided to support granting of loans and facilities to such sectors.
- Continue promotion and marketing campaigns for the Bank's various activities (within a specific methodology and a clear mission that reflects the Bank's trend) and so as to enhance the Bank's presence and promotes the Bank's positive image among customers.
- Follow up customers' wishes and needs on a permanent basis and follow up competitive banks in their services as well as keep pace with the latest developments in the banking market.

Internal Operations:

- Continue reviewing and developing the accounting methodology, banking system and administrative information systems.
- Rationalize general and administrative expenses which fall within the domination of business centers.
- Introduce new products in line with customers' needs and wishes to maintain a competitive edge in the market.
- Increase activating the provision of electronic services and various channels of communication with the public as well as their quick performance.
- Activate the process of pricing products and services in a manner that creates competition in the banking sector.
- Monitor risks to which the Bank is exposed to and to what extent they comply with the limits permitted by the Bank and indicate the extent of their effect on capital adequacy.
- Develop work procedures at the Bank so as to ensure the validity and safety of progress of work.
- Follow up the quality of products and their compliance with the Bank's banking standards and the banking sector in general.
- Provide appropriate channels of communication between employees and the executive department.

Human Resources:

- Develop the level of human cadre through continuous support, training and development.
- Achieve high rates of job satisfaction and maintain low turnover rates.
- Apply the concept of succession planning and the ability to find appropriate alternatives for position replacements.
- Promote the corporate culture based on team work.
- Reward outstanding performance and rely on stimulating foundations and criteria to evaluate performance.
- Attract banking experts in the banking market so as to develop the level of services provided to the public.
- Provide the work environment suitable for the employee so as to ensure the best performance of work.
- Promote the institutional loyalty of employees and improve working conditions compared to the banking sector.

Financial Statements and Independent Auditor's Report

Branches of well-established knowledge

The end result of the seed after its growth and flourishing. If the auditor's report was accurate and correct, it acts as the roots of the strong and solid tree.



Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

AM / 8511

To the Shareholders of
Jordan Commercial Bank
(Public Limited Shareholding Company)
Amman – Jordan

Audit Scope

We have audited the accompanying financial statements of Jordan Commercial Bank (Public Limited Shareholding Company), which comprise of the statement of financial position as of December 31, 2015, and the statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinion

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

Emphasis of a Matter

Without qualifying in our opinion above, we draw attention to the following:

1. As mentioned in Note (12) to the accompanying financial statements, the Bank has decided to deduct the total balance of the deferred restructuring costs as of December 31, 2015 amounted to JD 5,177,555 from the opening balance of the retained earnings as of January 1st, 2014 according to International Financial Reporting Standards requirements, therefore, the comparative figures for the year 2014 have been adjusted in accordance with International Financial Reporting Standards No.(8) requirements .The effect of the above adjustment is illustrated in Note (44) to the accompanying financial statements.
2. As mentioned in Note (17/d) to the accompanying financial statements, the Bank has implemented International Accounting Standards No.(12) related to Deferred Taxes effective the beginning of the year 2015, therefore, the Bank has booked deferred tax assets of JD 3,370,839 and reflected the effect on the opening balance of owners' equity as of January 1st, 2015. The effect of implementing International Accounting Standards No.(12) from the beginning of year 2015 is illustrated in Note (44) to the accompanying financial statements.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records that are in line with the accompanying financial statements and with the financial statements presented in the Board of Directors' annual report. Furthermore, we recommend that the General Assembly of Shareholders approve these financial statements.

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

Amman – Jordan
March 13, 2016

Deloitte & Touche (M.E.) – Jordan

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

Statement of Financial Position

ASSETS	Note	December 31,	December 31,	January 1 st,
		2015	2014 (Amended)	2014 (Amended)
		JD	JD	JD
Cash and balances at central banks	4	270,541,021	101,320,285	123,785,204
Balances at banks and financial institutions	5	91,648,182	79,197,861	61,300,837
Direct credit facilities - net	6	599,288,936	523,866,661	517,278,113
Financial assets at fair value through profit or loss	7	3,115,160	4,815,485	5,440,483
Financial assets at fair value through comprehensive income	8	9,721,806	12,315,426	9,638,731
Financial assets at amortized cost	9	393,040,896	348,262,176	257,322,849
Property and equipment - net	10	27,855,243	24,995,740	24,367,275
Intangible assets - net	11	1,033,856	1,235,239	722,991
Deferred tax assets	17/d	4,579,835	-	-
Other assets	12	<u>86,738,231</u>	<u>69,254,411</u>	<u>49,946,489</u>
Total assets		<u>1,487,563,166</u>	<u>1,165,263,284</u>	<u>1,049,802,972</u>
LIABILITIES AND OWNERS' EQUITY				
LIABILITIES:				
Banks and financial institutions deposits	13	193,351,417	140,332,699	112,175,777
Customers deposits	14	1,041,471,213	810,255,595	743,003,938
Cash margins	15	73,008,129	69,424,845	65,354,747
Borrowed funds	16	6,912,838	3,920,572	2,000,000
Provision for income tax	17/a	8,368,127	3,852,086	2,331,748
Other provisions	18	605,351	676,734	800,252
Deferred tax liability	17/d	471,099	-	-
Other liabilities	19	<u>25,393,560</u>	<u>16,388,943</u>	<u>15,263,377</u>
TOTAL LIABILITIES		<u>1,349,581,734</u>	<u>1,044,851,474</u>	<u>940,929,839</u>
Owners' equity				
Bank shareholders' equity				
Authorized and paid-up capital	20	105,000,000	100,000,000	100,000,000
Statutory reserve	21/a	12,245,038	9,833,632	8,449,542
General banking risks reserve	21/b	6,086,288	5,395,871	5,140,276
Cyclicality reserve	21/c	1,472,315	1,317,633	897,196
Fair value reserve - net	22	(3,524,034)	(4,116,463)	(3,851,899)
Retained earnings (losses)	23	<u>16,701,825</u>	<u>7,981,137</u>	<u>(1,761,982)</u>
Total bank shareholders' equity		<u>137,981,432</u>	<u>120,411,810</u>	<u>108,873,133</u>
Total liabilities and owners' equity		<u>1,487,563,166</u>	<u>1,165,263,284</u>	<u>1,049,802,972</u>

The accompanying notes from (1) to (46) constitute an integral part of these financial statements and should be read with them and with the independent auditor's report.

Statement of Income

	Note	For the Year Ended December 31,	
		2015	2014 (Amended)
		JD	JD
Interest income	24	72,417,752	67,614,111
Less: Interest expense	25	<u>(35,792,881)</u>	<u>(37,738,256)</u>
Net Interest Income		36,624,871	29,875,855
Net commission income	26	<u>5,784,872</u>	<u>5,632,466</u>
Net Interest and Commission		42,409,743	35,508,321
Foreign exchange income	27	2,560,743	1,831,116
Gain (loss) from financial assets at fair value through profit or loss	28	204,869	(613,255)
Cash dividends from financial assets at fair value through statement of	8	81,856	352,217
Other income	29	<u>18,754,476</u>	<u>7,807,879</u>
Gross income		<u>64,011,687</u>	<u>44,886,278</u>
Employees expenses	30	13,440,566	11,402,439
Depreciation and amortization	11 & 10	2,537,190	2,571,108
Other provisions	6	12,328,178	5,211,295
Provision for impairment in direct credit facilities	18	217,431	244,778
Amortization of restructuring cost balance	12	688,115	-
Other expenses	31	<u>10,686,147</u>	<u>9,889,877</u>
Total expenses		<u>39,897,627</u>	<u>29,319,497</u>
Income for the year before income tax		24,114,060	15,566,781
Less: Income tax for the year	17/b	<u>(8,357,183)</u>	<u>(3,838,761)</u>
Income for the year		<u>15,756,877</u>	<u>11,728,020</u>
Earnings per share for the year attributable to the Bank's shareholders			
Basic and diluted	32	<u>-/150</u>	<u>-/111</u>

The accompanying notes from (1) to (46) constitute an integral part of these financial statements and should be read with them and with the independent auditor's report.

Statement of Comprehensive Income

	For the Year Ended	
	2015	2014 (Restated)
	JD	JD
Income for the year	15,756,877	11,728,020
Other Comprehensive income items		
Items that are not transferable subsequently to statement of income		
Net change in fair value reserve through statement of comprehensive income	(848,333)	(264,564)
(Loss) / Gain from sale of financial assets at fair value through statement of comprehensive income	<u>(709,760)</u>	<u>75,221</u>
Total Comprehensive Income for the Year	<u>14,198,784</u>	<u>11,538,676</u>

The accompanying notes from (1) to (46) constitute an integral part of these financial statements and should be read with them and with the independent auditor's report.

Statement of Changes in Owners' Equity

Description	Note	Authorized and Paid-up Capital	Shareholders' Equity				"Fair Value Reserve-net"	Retained Earnings	Total
			Statutory	General Banking Risks	Cyclical				
For the Year Ended December 2015 ,31									
Balance - beginning of the year		100,000,000	9,833,632	5,395,871	1,317,633	(4,116,463)	7,981,137	120,411,810	
Effect of implementing international accounting standards No (12) related to deferred tax assets	44	-	-	-	-	1,440,762	1,930,077	3,370,839	
Adjusted beginning balance		100,000,000	9,833,632	5,395,871	1,317,633	(2,675,701)	9,911,214	123,782,649	
Income for year		-	-	-	-	-	15,756,877	15,756,877	
Net change in fair value of financial assets at fair value through statement of comprehensive income-net		-	-	-	-	(1,473,868)	-	(1,473,868)	
Fair value reserve released from sale of financial assets at fair value through comprehensive income		-	-	-	-	625,535	(625,535)	-	
Realized (losses) from sale of financial assets at fair value through statement of comprehensive income		-	-	-	-	-	(84,225)	(84,225)	
Total comprehensive income for the year		-	-	-	-	(848,333)	15,047,117	14,198,784	
Transferred to increase capital	20	5,000,000	-	-	-	-	(5,000,000)	-	
Transferred to reserves		-	2,411,406	690,417	154,682	-	(3,256,506)	-	
Balance - End of the Year		105,000,000	12,245,038	6,086,288	1,472,315	(3,524,034)	16,701,825	137,981,432	
For the Year Ended December 2014 ,31 (Restated)									
Balance - beginning of the year		100,000,000	8,449,542	5,140,276	897,196	(3,851,899)	3,415,573	114,050,688	
Effect of adjustment of restricting cost balance	44	-	-	-	-	-	(5,177,555)	(5,177,555)	
Adjusted beginning balance		100,000,000	8,449,542	5,140,276	897,196	(3,851,899)	(1,761,982)	108,873,133	
Income for year		-	-	-	-	-	11,728,020	11,728,020	
Net change in fair value of financial assets at fair value through statement of comprehensive income-net		-	-	-	-	(287,957)	-	(287,957)	
Fair value reserve released from sale of financial assets at fair value through comprehensive income		-	-	-	-	23,392	(23,392)	-	
Realized gains from sale of financial assets at fair value through statement of comprehensive income		-	-	-	-	-	98,613	98,613	
Total comprehensive income for the year		-	-	-	-	(264,565)	11,803,241	11,538,676	
Transferred to reserves		-	1,384,090	255,595	420,437	-	(2,060,122)	-	
Balance - End of the Year		100,000,000	9,833,632	5,395,871	1,317,633	(4,116,463)	7,981,137	120,411,810	

- Retained earnings balance includes JD 4,579,835 as of December 2015 ,31 , restricted against deferred tax assets according to Central Bank of Jordan instructions.

- Use of retained earnings in amount equal to negative cumulative change in fair value of financial assets amounted to JD 3,524,034 as of December 2015 ,31 is restricted (including JD 1,936,596 against of implementation of International Financial Reporting Standards No. (9)) according to Jordan Securities Commission and Central Bank of Jordan instructions.

- General Banking Risks Reserve balance is restricted and cannot be released without the pre-approval of the Central Bank of Jordan.

- Use of the Cyclical Reserve is restricted and cannot be released without the approval of the Palestinian Monetary Authority .

- Use of the General Banking Risks Reserve is restricted and requires the prior approval of the Central Bank of Jordan.

The accompanying notes from (1) to (46) constitute an integral part of these financial statements and should be read with them and with the independent auditor's report.

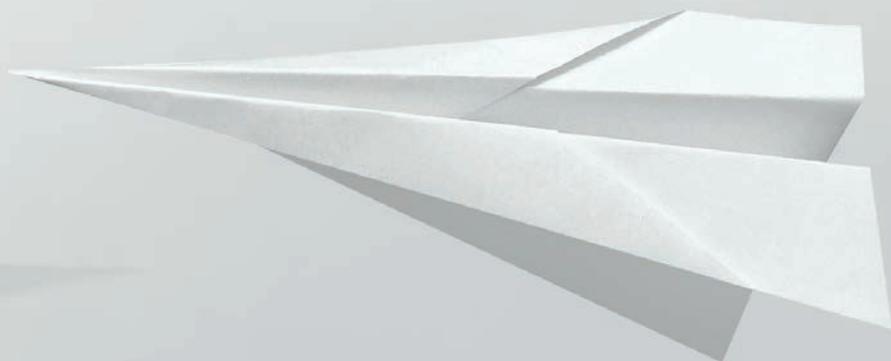
Statement of Cash Flows

	Note	For the Year Ended	
		December 31,	
		2015	2014 (Restated)
Cash Flows From Operating Activities:		JD	JD
Income for the year before income tax		24,114,060	15,566,781
Adjustments:			
Depreciation and amortization	11 & 10	2,537,190	2,571,108
Provision for impairment loss in direct credit facilities	6	12,328,178	5,211,295
Provision for end-of-service indemnity	18	186,129	131,599
Provision for lawsuits against the Bank	18	31,302	113,179
Gain) loss on sale of properties seized by the Bank	29	(79,398)	912
(Gain) on sale of property and equipment	29	(18,849)	(8,585)
Loss on disposal of property and equipment	10	330,391	-
Valuation loss from financial assets through profit or loss	28	309,788	469,517
Provision for seized properties by the bank	12	1,053,195	172,593
Effect of exchange rate fluctuations on cash and cash equivalents	27	(2,207,944)	(1,549,718)
Total		38,584,042	22,678,681
Changes In Assets And Liabilities:			
(Increase) in direct credit facilities		(87,750,453)	(11,799,843)
Decrease in financial assets at fair value through profit or loss		1,390,537	155,481
(Increase) in other assets		(18,457,617)	(20,668,308)
Decrease (increase) in restricted balances withdrawal		820,011	(527,851)
(Increase) in bank's and financial institutions for a period more than three months		(7,090,000)	-
Decrease in bank's and financial institutions deposits for a period more than three months		5,000,000	-
Increase in customer's deposits		231,215,618	67,251,657
Increase in cash margins		3,583,284	4,070,098
Increase In other liabilities		9,004,617	1,125,566
Net Change in Assets and Liabilities		137,715,997	39,606,800
Net Cash Flows generated from Operating Activities before			
Provision paid and Income tax paid		176,300,039	62,285,481
Provision for lawsuits paid	18	(60,292)	(337,754)
Provision for end of service paid	18	(228,522)	(30,542)
Income tax paid	17/a	(4,122,245)	(1,131,542)
Net Cash Flows from Operating Activities		171,888,980	60,785,643
Cash Flows From Investing Activities:			
(Increase) in financial assets at amortized cost		(76,678,220)	(161,621,880)
Maturity of financial assets at amortized cost		31,899,500	70,682,553
Decrease (increase) in financial assets at fair value through statement of comprehensive income		578,733	(2,866,038)
(Purchase) of property and equipment and advance payment for property and equipment	10	(5,462,686)	(2,840,172)
(Purchase) of intangible assets	11	(241,241)	(882,714)
Proceeds from sale of property and equipment		197,074	19,650
Net Cash Flows (used in) Investing Activities		(49,706,840)	(97,508,601)
Cash Flows From Financing Activities:			
Increase in borrowed funds	16	2,992,266	1,920,572
Net Cash Flows from Financing Activities		2,992,266	1,920,572
Effect of exchange rate fluctuations on cash and cash equivalents	27	2,207,944	1,549,718
Net increase (decrease) in Cash and Cash Equivalents		127,382,350	(33,252,668)
Cash and cash equivalents - beginning of the year		39,256,372	72,509,040
Cash and Cash Equivalents - End of the Year	33	166,638,722	39,256,372
Non-Cash transactions :			
Write off Property and Equipment	10	4,865,720	-
Acquisition of seized assets against debts	12	24,354,230	28,492,148
Increase of paid up capital	20	5,000,000	-

The accompanying notes from (1) to (46) constitute an integral part of these financial statements and should be read with them and with the independent auditor's report.

Notes to the Financial Statements

Accurate and robust start



Financial statements are components of key significance of the annual report. The statements are continuously moving towards horizon, progressing forward steadily.

Statement of Cash Flows

1. General

- Jordan Commercial Bank was established as a Jordanian Public Limited Shareholding Company on May 3, 1977 under No. (113) in accordance with the Jordanian Companies Law No. (12) for the year 1964 with a paid-up capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, Tel. +962 (6) 5203000, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.
- During the year 1993, Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Mashrek Bank (Jordan branches) in terms of its rights and liabilities.
- At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned governmental parties and on June 28, 2004, procedures relating to changing the Bank's name from Gulf Bank to Jordan Commercial Bank were completed.
- The Bank's capital was increased gradually, with last increase was during the year 2015, whereby the Bank's General Assembly resolved in its extraordinary meeting held on June 11, 2015 to approve the increase of Bank's capital by 5 million JD/Share to become the authorized and paid up capital of 105 JD/Share through capitalizing a part of the retained earnings and distribute the amount to the shareholders as a stock dividends. The procedures of paid up capital increase have been completed with Companies Control Department in Jordan on November 25, 2015.
- Jordan Commercial Bank is a listed Public Limited Shareholding Company on Amman Stock Exchange.
- The Bank is engaged in banking and related financial operations through its branches totaling to (29) inside Jordan, and (4) branches in Palestine.
- The financial statements have been approved by the Bank's Board of Directors, in its meeting No. (5/M3/2016) held on January 31, 2016 and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Preparation of Financial Statements

- The accompanying financial statements of the Bank has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by the committee of the IASB and according to the local applicable instructions in countries where the Bank operates and Central Bank of Jordan regulations.
- The financial statements are prepared in accordance with the historical cost principle, except for financial assets / liabilities which are stated at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives which stated at fair value at the date of the financial statements. Moreover, hedged financial assets / liabilities are also stated at fair value.
- The reporting currency of the financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2014 except the effect of what is stated Note (46) to the financial statements.
- Effective beginning of year 2015 the Bank has started to book provision for the seized assets held for more than four years according to Central Bank of Jordan's circular No. 10/1/4076 dated on March 27, 2014 and Circular No. 10/1/6841 date on June 3, 2015.
- Effective beginning of year 2015, the Bank's has implemented International Accounting Standard No. (12) related to Deferred Taxes, whereby the Bank has booked the deferred taxes benefits and reflected the impact on the retained earnings on and booked the changes effect during the year on the statement of income.

- The Bank has decided to amortize the restructuring costs balance as of December 31, 2013 in accordance with International Reporting Standards, therefore the Bank has adjusted comparative figures according to International Accounting Standard No. (8).

Segments Information

- A business segment is a distinguishable component of an entity engaged in providing an individual product or service or a group of related products or services subject to risks and returns different from those of other business segments, which are measured according to the reports used by executive directors and the main decision makers at the Bank.
- A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments.

Financial Assets at Fair Value Through Profit or Loss

- These financial assets represent investments in companies' stocks and bonds, and the purpose from maintaining them is generating gains from the fluctuations in market prices in the short term or trading margins.
- These financial assets are initially stated at fair value at acquisition date, (while transaction costs are expensed in the statement of income, and are subsequently measured at fair value). Moreover, changes in fair value are recorded in the statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of income.
- It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standards.
- Dividends and interests from these financial assets are recorded in the statement of income.

Financial assets at fair value through statement of comprehensive income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

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

Financial assets at amortized cost

- These financial assets represent financial assets which the Bank's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.
- Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount is amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted. Any impairment is registered in the statement of income.

- The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.
- It is not allowed to reclassify any financial assets from / to this category except for certain cases specified in the International Financial Reporting Standards (in the case of selling any of these assets before its maturity date, the result should be recorded in a separate line item in the statement of income, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of financial statements in active markets that represents the fair value of financial instruments and derivatives that have market values.

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

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Option pricing models.
- Long term assets and liabilities that bear no interest are evaluated in accordance with the discounted cash flows using effective interest rate. Premiums and discounts are amortized within interest revenues or expense in the statement of income.

The valuation methods aim to obtain a fair value that reflects the market expectations, taking into consideration market factors and any expected risks and benefits upon estimating the value of financial assets. Moreover financial assets at fair value of which cannot be reliably measured are stated at cost net of any impairment in their value.

Impairment in the Value of Financial Assets

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

Impairment loss is determined as follows:

- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in value is recorded in the statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the statement of income.

Direct Credit Facilities

- Direct Credit facilities are financial assets with fixed or amended payments and basically provided by the Bank or obtained with no available market value in an active markets.
- Direct Credit facilities are stated at amortized cost after deducting provision for impairment loss in direct credit facilities, interests and commissions in suspense.
- A provision for the impairment in direct credit facilities is recognized when it is obvious that the accrued balance

for the Bank cannot be recovered, and when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment loss amount can be estimated according to Central Bank of Jordan instructions, and in accordance with the Central Banks instruction in which the Bank's branches operate. The provision is taken to the statement of income.

- Interests and commissions on non-performing direct credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan or the applicable laws in the countries where the bank's branches operate whichever is more restricted.
- Impaired credit facilities, for which provision have been taken, are written off by charging the provision after all efforts and procedures that have been made to recover the assets. Any surplus in the provision is taken to the statement of income, while prior debt recoveries are taken to other income.
- Credit facilities and the related suspended interests that are fully covered by provisions are taken off the statement of financial position in line with board of directors decisions with regards.

Property and Equipment

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

	%
Buildings	2
Machines and office equipment	15 – 10
Decorations	15
Vehicles	15
Computers	20

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

Provisions

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

Provision for Employees' End-of-Service Indemnities

- The employees' end-of-service indemnities' provision is calculated on the basis of one-month salary for each year of service less the Bank's contribution for Social Security Department.
- Payments to departing employees are deducted from the employees' end-of-service indemnities provision while the required provision for end-of-service indemnities for the year is recorded in the statement of income.

Income Tax

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

Capital share

Costs of Issuing or Purchasing the Bank's Shares (Treasury)

Costs of issuing or purchasing the Bank's shares are recorded in retained earnings (net of the tax effect of these costs). In case the issue or purchase process is incomplete, these costs are charged to the statement of income as an expense.

Pledged Financial Assets

These assets which are mortgaged for other parties with the right of (selling or remortgaging). These assets are continuously assessments according to accounting policies used to evaluate each one as it's originally rated.

Custody Accounts

This item represents the accounts managed by the Bank on behalf of its customers and is not part of the Bank's assets. The fees and commissions for managing these accounts are shown in the statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers.

Offsetting

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

Recognition of Income and Realization of Expenses

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

Recognition of Financial Assets Date

Purchase and sale of financial assets are recognized on the trade date (the date the Bank is liable to sell or purchase the financial asset).

Financial Derivatives and Hedge Accounting

Financial Derivatives Hedge

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

- Fair value hedge

Hedge for the change in the fair value exposures of the Bank's assets and liabilities.

When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the statement of income.

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

- Cash flows hedge

Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

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

- Hedge for net investment in foreign entities

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

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

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 statement of financial position under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if they are not available, the measurement method should be disclosed. The change in their fair value is recognized in the statement of income.

Repurchase or Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risks and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest method.

Intangible Assets

- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.
- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is treated in the statement of income as an expense for the period.
- No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the statement of income for the period.
- Any indications of impairment in the value of intangible assets as of the 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.
- Computers software and applications are amortized according to the straight-line method over their estimated economic useful lives at an annual amortization rate of 20%.

Assets Seized by the Bank against Due Debts

Assets seized by the Bank against due debts are shown under "other assets" in the statement of financial position at the acquisition value or fair value, whichever is lower and revalued individually at fair value as of the statement of financial position date. Any decline in their market value is taken to the statement of income whereas any such increase is not recognized. A subsequent increase is taken to the statement of income to the extent that it does not exceed the previously recorded impairment loss.

Provision for seized assets against debts acquired for period for more than four years is calculated according to Central Bank of Jordan circular No. 10/1/4076 dated on March 27, 2014.

Foreign Currencies

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

Cash and Cash Equivalents

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

3. Accounting Estimates

Preparation of the accompanying financial statements and the application of accounting policies require the Bank's management to estimate and assess some items affecting financial assets and liabilities and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, provisions, and financial assets valuation and require the Bank's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates.

Management believes that the estimates in the financial statements are reasonable and are detailed here below:

- A provision is set for lawsuits raised against the Bank. This provision is subject to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- A provision for loans is taken on the basis and estimates approved by management in conformity with Central Bank of Jordan instructions .
- Impairment loss for the assets seized by the Bank is taken after a sufficient and recent evaluation of the acquired assets has been conducted by approved surveyors. The impairment loss is reviewed periodically.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the statement of income.
- Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss is taken to the statement of income.
- Provision for income tax: The financial year is charged with its portion from the income tax expense according to the prevailing laws and regulations and International Financial Reporting Standards. Moreover, the necessary income tax provision is calculated and recorded.
- 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 categorized in their entirety, segregating fair value measurements in accordance with the levels defined in International Financial Reporting Standards. 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 judgment and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial asset or liability, the Bank uses information from the market if available and in absence of the first level inputs, the Bank deals with the independent and qualified parties to prepare evaluation studies. Appropriate methods of assessment and inputs used to prepare the evaluation are reviewed by management.

4. Cash and Balances at Central Banks

The details of this item are as follows:

	December 31,	
	2015	2014
	JD	JD
Cash in vaults	<u>18,334,290</u>	<u>19,017,761</u>
Balances at Central Banks:		
Current and call accounts	38,542,592	15,507,482
Time and notice deposits	163,154,856	27,444,500
Mandatory cash reserve	<u>50,509,283</u>	<u>39,350,542</u>
Total Balances at Central Banks	<u>252,206,731</u>	<u>82,302,524</u>
Total	270,541,021	101,320,285

- There are no restricted balances as of December 31, 2015 and 2014, except for the cash reserve and the capital deposits at the Palestinian Monetary authority which amounted to JD 7,444,500.
- There are no balances maturing within a period of more than three months as of December 31, 2015 and 2014.
- Certificate of deposits amounted to JD 71,700,000 as of December 31, 2015 (Zero as of December 31, 2014).

5. Balances at Banks and Financial Institution's

The details of this item are as follows:

	"Local Banks and Financial Institutions "		"Foreign Banks and Financial Institutions "		Total	
	December 31,		December 31,		December 31,	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Current and call accounts	3,587,432	2,363,414	16,580,223	10,768,483	20,167,655	13,131,897
Deposits due within 3 months or less	<u>60,135,337</u>	<u>60,058,381</u>	<u>11,345,190</u>	<u>6,007,584</u>	<u>71,480,527</u>	<u>66,065,964</u>
Total	63,722,769	62,421,795	27,925,413	16,776,066	91,648,182	79,197,861

- Non-interest bearing balances at banks and financial institutions amounted to JD 20,167,655 as of December 31, 2015 (JD 13,131,897 as of December 31, 2014).
- Restricted balances amounted to JD 109,064 as of December 31, 2015 (JD 929,075 as of December 31, 2014).
- Balances maturing within period of more than three months amounted to JD 7,090,000 as of December 31, 2015 (Zero as at December 31, 2014) .

6. Direct Credit Facilities - net

The details of this item are as follows:

	December 31,	
	2015	2014
	JD	JD
Individuals (retail):		
Overdraft accounts	425,976	358,821
Loans and promissory notes *	153,319,646	127,023,941
Credit cards	3,454,636	3,254,548
Real estate loans	56,961,854	54,163,763
Companies:		
Large:		
Overdraft accounts	52,049,340	60,546,766
Loans and promissory notes *	235,037,164	213,652,824
SMEs		
Overdraft accounts	23,055,810	25,974,850
Loans and promissory notes *	56,601,959	51,117,828
Government and public sector	<u>57,001,463</u>	<u>14,794,364</u>
Total	<u>637,907,848</u>	<u>550,887,705</u>
Less: Provision for impairment in direct credit facilities	(27,748,626)	(18,282,369)
Interest in suspense	<u>(10,870,286)</u>	<u>(8,738,675)</u>
Net Direct Credit Facilities	<u>599,288,936</u>	<u>523,866,661</u>

* Net after deducting interests and commissions received in advance of JD 1,123,126 as of December 31, 2015 (JD 570,922 as of December 31, 2014).

- Non-performing credit facilities amounted to JD 60,136,491 equivalent to 9/4% of total direct credit facilities as of December 31, 2015 (JD 36,740,747 equivalent to 6/7% of total direct credit facilities as of December 31, 2014).
- Non-performing credit facilities net of interests and commissions in suspense amounted to JD 49,52,649 equivalent to 7/9% of total direct credit facilities balance as of December 31, 2015 (JD 29,615,740 equivalent to 5/5% of total credit facilities balance after deducting suspended interests as of December 31, 2014).
- Direct credit facilities include facilities granted to Palestinian National Authority in an amount of JD 10,061,132 as of December 31, 2015 (JD 14,481,864 as of December 31, 2014); In addition to granted direct credit facilities guaranteed by the Government of Jordan in an amount of JD 15,000,000 as of December 31, 2015 (Zero as of December 31, 2014).

Provision for Impairment in Direct Credit Facilities

The following is the movement on the provision for impairment in direct credit facilities for the year:

For the Year Ended December 2015 ,31	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	2,267,015	1,340,798	12,512,623	2,161,932	-	18,282,368
Deducted from income (surplus) during the year	3,721,875	(459,361)	7,531,738	1,533,926	-	12,328,178
Used from provision during the year (written-off)*	(3,087)	-	(46,732)	(76,499)	-	(126,318)
Provision for debts transferred to accounts off the statement of financial position **	-	(106,268)	(2,294,712)	(334,622)	-	(2,735,602)
Balance – End of the Year	5,985,803	775,169	17,702,917	3,284,737	-	27,748,626
Related to:						
Provision for impairment in non-performing credit facilities	5,767,193	753,271	17,333,574	3,254,475	-	27,108,513
Provision for impairment in watch list credit facilities	218,610	21,898	369,343	30,262	-	640,113
Total	5,985,803	775,169	17,702,917	3,284,737	-	27,748,626

For the Year Ended December 2014 ,31	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	2,856,187	2,862,765	33,385,805	3,669,741	-	42,774,498
Deducted from income (surplus) during the year	827,878	(1,521,967)	5,384,442	520,942	-	5,211,295
Used from provision during the year (written-off)*	(6,615)	-	(211,350)	(30,075)	-	(248,041)
Provision for debts transferred to accounts off the statement of financial position **	(1,410,435)	-	(26,046,274)	(1,998,676)	-	(29,455,385)
Balance – End of the Year	2,267,015	1,340,798	12,512,623	2,161,932	-	18,282,369
Related to:						
Provision for impairment in non-performing credit facilities	2,117,919	1,332,014	11,848,324	2,139,888	-	17,438,145
Provision for impairment in watch list credit facilities	149,096	8,784	664,299	22,044	-	844,223
Total	2,267,015	1,340,798	12,512,623	2,161,932	-	18,282,369

* During the year 2015, an amount of JD 126,318 was written-off from non-performing direct credit facilities according to the Board of Directors decision on that regards (JD 248,040 for the year 2014).

** During the year 2015, non-performing credit facilities in an amount of JD 2,735,602 was transferred off the statement of financial position items according to the decisions of the Board of Directors on that regards (JD 29,455,385 for the year 2014), noting that direct credit facilities with a balance of JD 70,379,674 and interest in suspense of JD 35,251,202 and related booked provision against it of JD 35,128,472 as of December 31, 2015, were included within accounts off the statement of financial position items according to the Board of Directors decision whereby considering these accounts fully covered as of the date of the financial statements.

- The provisions against debts calculated on the basis of the individual customer has been disclosed above.
- Provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to JD 3,043,281 as of December 31, 2015 (JD 5,428,043 as of December 31, 2014).

Interests in Suspense

The movement on interest in suspense during the year was as follows:

For the Year Ended December 2015 ,31	Individuals	Real Estate	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	360,539	687,109	6,276,945	1,414,082	-	8,738,675
Add: Interest suspended during the year	336,602	13,840	3,974,670	1,004,411	-	5,329,523
Less: Interest reversed to income during the year	(53,890)	(52,484)	(165,746)	(146,533)	-	(418,653)
Interest in suspense written off	(5,906)	-	(108,709)	(42,480)	-	(157,095)
"Interest in suspense transferred to accounts off the statement of financial position"	-	(101,946)	(2,120,338)	(399,880)	-	(2,622,164)
Balance - End of the Year	<u>637,345</u>	<u>546,519</u>	<u>7,856,822</u>	<u>1,829,600</u>	<u>-</u>	<u>10,870,286</u>

For the Year Ended December 2014 ,31	Individuals	Real Estate	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	391,773	2,009,962	13,662,940	2,672,231	-	18,736,906
Add: Interest suspended during the year	1,279,963	390,544	6,470,963	729,451	-	8,870,921
Less: Interest reversed to income during the year	(224,437)	(533,861)	(1,236,230)	(181,079)	-	(2,175,607)
Interest in suspense written off	(80,419)	(1,179,536)	(202,993)	(269,296)	-	(1,732,244)
"Interest in suspense transferred to accounts off the statement of financial position"	(1,006,341)	-	(12,417,735)	(1,537,225)	-	(14,961,301)
Balance - End of the Year	<u>360,539</u>	<u>687,109</u>	<u>6,276,945</u>	<u>1,414,082</u>	<u>-</u>	<u>8,738,675</u>

7. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31,	
	2015	2014
	JD	JD
Quoted shares in active markets	<u>3,115,160</u>	<u>4,815,485</u>
Total	<u>3,115,160</u>	<u>4,815,485</u>

8. Financial Assets at Fair Value through Comprehensive Income

The details of this item are as follows:

	December 31,	
	2015	2014
	JD	JD
Quoted shares in active markets	7,367,532	9,493,713
Unquoted shares in active markets *	<u>2,354,274</u>	<u>2,821,713</u>
Total	<u>9,721,806</u>	<u>12,315,426</u>

- Realized loss from the sale of shares at fair value through statement of comprehensive income amounted to JD 709,760 for the year ended December 31, 2015 which were directly recorded in the retained earnings within owners' equity (realized gain JD 75,221 for the year ended December 31, 2014).

- Cash dividends for the above investments amounted to JD 81,856 for the year ended December 31, 2015 (JD 352,217 for the year ended December 31, 2014).

* This item includes unlisted financial assets in active markets in local companies which was evaluated according to the equity method based on the latest available audited or reviewed financial statements.

9. Financial Assets at Amortized Cost

The details of this item are as follows:

	December 31,	
	2015	2014
	JD	JD
Treasury bond and bills - Central Bank of Jordan	377,060,177	334,078,423
Companies bonds and debentures	<u>16,373,183</u>	<u>14,549,779</u>
Total	393,433,360	348,628,202
"less: Provision for impairment in financial assets at amortized cost * "	(283,600)	(283,600)
Interest in suspense **	<u>(108,864)</u>	<u>(82,426)</u>
Financial assets at amortized cost - Net	393,040,896	348,262,176
Bonds and Bills Analysis:		
Fixed rate	<u>393,040,896</u>	<u>348,262,176</u>
Total	<u>393,040,896</u>	<u>348,262,176</u>

* The movement on the provision of impairment in financial assets at amortized cost during the year was as follows:

	December 31,	
	2015	2014
	JD	JD
Balance – beginning of the year	283,600	283,600
Provision booked for the year	-	-
Balance – Ending of the Year	<u>283,600</u>	<u>283,600</u>

** The movement for the interests in suspense during the year is as follows:

	December 31,	
	2015	2014
	JD	JD
Balance – beginning of the year	82,426	57,768
Interest in suspense during the year	<u>26,438</u>	<u>24,658</u>
Balance – Ending of the Year	<u>108,864</u>	<u>82,426</u>

10. Property and Equipment - Net

a. The details of this item are as follows:

Year 2015	Lands	Buildings	Equipment	Decorations	Vehicles	Computers	Payments for Property and Equipment	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance - beginning of the year	2,694,071	15,672,372	7,003,321	7,060,656	537,022	7,161,855	169,000	40,298,297
Additions	-	2,044,352	954,469	143,200	206,370	251,075	-	3,599,466
Adjustments*	-	-	276,316	(1,858,705)	-	(3,283,870)	-	(4,866,259)
Disposals	-	-	(266,421)	(24,666)	(175,739)	(127,931)	-	(594,757)
Payments for acquisition of property and equipment	-	-	-	-	-	-	1,863,220	1,863,220
Balance - End of the Year	2,694,071	17,716,724	7,967,685	5,320,485	567,653	4,001,129	2,032,220	40,299,967
Accumulated Depreciation:								
Balance - beginning of the year	-	1,192,434	3,871,323	4,671,919	355,334	5,211,547	-	15,302,557
Depreciation for the year	-	289,708	788,554	493,872	77,240	445,192	-	2,094,566
Adjustment	-	-	(385,723)	(1,386,238)	(1,138)	(2,762,769)	-	(4,535,868)
Disposals	-	-	(158,287)	(1,501)	(137,984)	(118,759)	-	(416,531)
Balance - End of the Year	-	1,482,142	4,115,867	3,778,052	293,452	2,775,211	-	12,444,724
Net Book Value of Property and Equipment - End of the Year	2,694,071	16,234,582	3,851,818	1,542,433	274,201	1,225,918	2,032,220	27,855,243
Year 2014								
Cost:								
Balance - beginning of the year	2,587,251	14,223,135	6,488,165	6,652,283	524,112	6,466,388	709,594	37,650,928
Additions	106,820	896,766	609,999	411,126	38,250	747,805	-	2,810,766
Transfers	-	552,471	17,529	-	-	-	(570,000)	-
Disposals	-	-	(112,372)	(2,753)	(25,340)	(52,338)	-	(192,803)
Payments for acquisition of property and equipment	-	-	-	-	-	-	29,406	29,406
Balance - End of the Year	2,694,071	15,672,372	7,003,321	7,060,656	537,022	7,161,855	169,000	40,298,297
Accumulated Depreciation:								
Balance - beginning of the year	-	927,101	3,350,690	3,995,262	299,701	4,710,899	-	13,283,653
Depreciation for the year	-	265,333	632,771	677,906	71,723	552,909	-	2,200,642
Disposals	-	-	(112,138)	(1,249)	(16,090)	(52,261)	-	(181,738)
Balance - End of the Year	-	1,192,434	3,871,323	4,671,919	355,334	5,211,547	-	15,302,557
Net Book Value of Property and Equipment - End of the Year	2,694,071	14,479,938	3,131,998	2,388,737	181,688	1,950,308	169,000	24,995,740
Annual depreciation percentage %		2	15 - 10	15	15	20		

b. Property and equipment balance includes an amount of JD 5,281,035 as of December 31, 2015 (JD 8,701,227 as of December 31, 2014), representing fully depreciated property and equipment.

* By the end of year 2014, all the Bank's property and equipment had been counted, and the count process ended during the second quarter of the year 2015, and according to that, the Bank has implemented a specific software for property and equipment and some of property and equipment has been reclassified, in addition to the write of a part of the property and equipment with total cost of JD 4,865,720 and accumulated depreciation of JD 4,535,329 which resulted in a write of loss for these property and equipment by JD 330,391 which was booked within expenses in the statement of income for the year ended December 31, 2015.

11. Intangible Assets - Net

The details of this item during the year are as follows:

	Computers and software systems	
	2015	2014
	JD	JD
Balance-beginning of the year	1,235,239	722,991
Additions during the year	<u>211,616</u>	<u>882,714</u>
Payments for acquisition of intangible assets	29,625	-
Amortization for the year	<u>(442,624)</u>	<u>(370,466)</u>
Balance-End of the Year	<u>1,033,856</u>	<u>1,235,239</u>
Annual amortization percentage %	20	20

12. Other Assets

The details of this item are as follows:

	December 31,		January 1st
	2015	2014 (Restated)	2014 (Restated)
	JD	JD	JD
Accrued interests and revenue	7,728,172	6,923,969	5,090,983
Prepaid expenses	546,456	523,889	462,043
Assets seized by the Bank against due debts - net *	70,663,375	56,345,216	33,592,051
Assets seized by the Bank sold on installments - net **	3,583,340	2,375,184	6,115,177
Restructuring balance ***	-	-	-
Refundable deposits	<u>1,042,855</u>	<u>1,539,699</u>	<u>1,156,940</u>
Transactions under process between branches	-	-	1,869,993
Clearing Cheques - Palestine branches	<u>1,767,851</u>	1,022,781	-
Other	<u>1,406,182</u>	<u>523,673</u>	<u>1,659,302</u>
Total	<u>86,738,231</u>	<u>69,254,411</u>	<u>49,946,489</u>

- The movement on assets seized by the Bank against due debts during the year is as follows :

	2015			2014
	Seized Properties	Other Seized Assets	Total	Total
	JD	JD	JD	JD
Balance - beginning of the year (Net after the impairment loss)	<u>47,270,960</u>	<u>9,074,256</u>	<u>56,345,216</u>	<u>31,857,054</u>
Additions during the year	24,354,230	-	24,354,230	28,492,148
Disposals during the year	(1,881,652)	(7,135,820)	(9,017,472)	(3,859,588)
Effect of impairment for the year	<u>(886,534)</u>	<u>(132,065)</u>	<u>(1,018,599)</u>	<u>(144,398)</u>
Balance - End of the Year	<u>68,857,004</u>	<u>1,806,371</u>	<u>70,663,375</u>	<u>56,345,216</u>

- The movement on impairment loss on assets seized by the bank against debts during the year is as follows :

	2015			2014
	Seized Properties	Other Seized Assets	Total	Total
	JD	JD	JD	JD
Balance - beginning of the year	514,944	-	514,944	373,851
Booked provision during the year****	921,130	132,065	1,053,195	172,593
Utilized from provision during the year	<u>(34,596)</u>	-	<u>(34,596)</u>	<u>(31,500)</u>
Balance - End of the Year	<u>1,401,478</u>	<u>132,065</u>	<u>1,533,543</u>	<u>514,944</u>

* According to Central Bank of Jordan instructions, properties and shares seized by the Bank against past due customer debts should be disposed off within two years from acquisition date .For exceptional cases, the Central Bank of Jordan can extend this period for two more years.

** This item includes land and seized properties sold on installments with a cost amounted to JD 3,701,566 as of December 31, 2015 against a received amount of JD 2,638,977 included in other liabilities item (JD 2,417,799 as of December 31, 2014 against a received amount of JD 959,512).

*** The Bank has decided to deduct the total balance of the deferred restructuring cost as of December 31, 2013 which amounted to JD 5,177,555 from the opening balance of the retained earnings as of January 1st, 2014 according to International Financial Reporting Standards requirements, whereby the balance became zero JD, where it used to be amortized over ten years starting from the beginning of the year 2004, according to the agreement of the Restructuring approved by the Central Bank of Jordan and the Council of Ministers and endorsed by the General Assembly shareholders of the Bank at the time, noting that the amortization of the balance of the restructuring has been postponed for several years and to complete the amortization over 3 years, starting in year 2014 according to the arrangements approved by the Central Bank of Jordan on that regards.

**** This item includes JD 688,115 against provision for seized assets by the Bank for the year ended December 31, 2015 , according to the Central Bank's circular No. 10/1/4076 dated on March 27, 2014 and Circular No. 10/1/6841 dated on June 3, 2015 whereby the Bank started to calculate provision gradually for the seized properties against debt held for more than 4 years.

13. Banks and Financial Institutions Deposits

The details of this item are as follows:

	December 2015 ,31			December 2014 ,31		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	5,447,895	5,447,895	1,959,988	3,827,158	5,787,146
Term deposits	<u>10,192,400</u>	<u>177,711,122</u>	<u>187,903,522</u>	<u>24,642,342</u>	<u>109,903,211</u>	<u>134,545,553</u>
Total	<u>10,192,400</u>	<u>183,159,017</u>	<u>193,351,417</u>	<u>26,602,330</u>	<u>113,730,369</u>	<u>140,332,699</u>

- The bank deposits maturing within a period of more than three months amounted to JD 5,000,000 as of December 31, 2015 (zero as of December 31, 2014).

14. Customers Deposits

The details of this item are as follows:

	December 2015 ,31				
	Individuals	Companies		Government and Public Sector	Total
		Large	Small and Medium		
	JD	JD	JD	JD	JD
Current and call accounts	96,706,737	58,393,855	11,020,732	58,541,481	224,662,805
Saving deposits	74,999,782	316,057	4,313	12,414	75,332,566
Term deposits subjected to notice	<u>272,945,273</u>	<u>194,505,076</u>	<u>75,115,439</u>	<u>198,910,054</u>	<u>741,475,842</u>
Total	<u>444,651,792</u>	<u>253,214,988</u>	<u>86,140,484</u>	<u>257,463,949</u>	<u>1,041,471,213</u>

	December 2014 ,31				
	Individuals	Companies		Government and Public Sector	Total
		Large	Small and Medium		
	JD	JD	JD	JD	JD
Current and call accounts	91,771,710	49,357,852	19,395,968	34,233,002	194,758,532
Saving deposits	65,815,295	326,583	89,032	4,136	66,235,046
Time deposits subject to notice	<u>263,238,222</u>	<u>99,755,945</u>	<u>49,728,051</u>	<u>136,539,799</u>	<u>549,262,017</u>
	<u>420,825,227</u>	<u>149,440,380</u>	<u>69,213,051</u>	<u>170,776,937</u>	<u>810,255,595</u>

- The Government of Jordan and the public sector deposits inside the kingdom amounted to JD 250,138,003 equivalent to 24% of total deposits as of December 31, 2015 (JD 167,180,664 equivalent to 20/6% of total deposits of December 31, 2014).

- Non-interest bearing deposits amounted to JD 208,322,257 equivalent to 20 % of total customers' deposits as of December 31, 2015 (JD 180,807,169 equivalent to 22/3% of total deposits as of December 31, 2014).

- Restricted deposits amounted to JD 17,313,844 equivalent to 1/7% of total customers' deposits as of December 31, 2015 (JD 24,682,770 equivalent to 3% of total deposits as of December 31, 2014).

- Dormant deposits amounted to JD 8,164,083 as of December 31, 2015 (JD 9,072,012 as of December 31, 2014).

15. Cash Margins

The details of this item are as follows:

	December 31,	
	2015	2014
	JD	JD
Cash margins on direct credit facilities	53,166,951	47,631,872
Cash margins on indirect credit facilities	18,006,548	15,286,873
Marginal cash deals	<u>1,834,630</u>	<u>6,506,100</u>
Total	<u>73,008,129</u>	<u>69,424,845</u>

16. Borrowed Funds

These funds have been granted under the loan agreements signed with the Central Bank of Jordan for periods between 5-20 years with an annual interest rate of 2/5% whereby the repayment will be through semi annual installments including interest. These funds will be used for the purpose of financing micro, small and medium companies. Furthermore, this item includes obtained loans extended for 2 years with an interest rate 2/25% obtained under a signed loan agreement with the Central Bank of Jordan in order to be used for financing micro, small and medium companies within a program of medium financing terms.

This item includes the following:

	Amount JD	Utilized	Number of Premiums	Guarantees	Interest Rate
Decmeber 2015 ,31					
Loan from World Bank through Central Bank of Jordan	2,000,000	2,000,000	20 years including 5 years grace period	-	%2.5
Loan from Arab Monetary Fund through Central Bank of Jordan	2,100,000	2,100,000	10 years including 5 years grace period	-	%2.5
Advances from Central Bank of Jordan	<u>2,812,838</u>	<u>2,812,838</u>	<u>2 years</u>	<u>-</u>	<u>%2.25</u>
Total		<u>6,912,838</u>			
December 31,2014					
Loan from World Bank through Central Bank of Jordan	2,000,000	2,000,000	20 years including 5 years grace period	-	%2.5
Loan from Arab Monetary Fund through Central Bank of Jordan	2,100,000	1,050,000	10 years including 5 years grace period	-	%2.5
Advances from Central Bank of Jordan	<u>870,572</u>	<u>870,572</u>	<u>2 years</u>	<u>-</u>	<u>%2.25</u>
Total		<u>3,920,572</u>			

17. Income Tax

a. Income tax provision

The movement on provision for income tax during the year was as follows:

	December 31,	
	2015	2014
	JD	JD
Balance - beginning of the year	3,852,086	2,331,748
Income tax incurred on current year	8,638,286	3,838,761
Income tax paid - Palatine branches	(230,389)	(1,131,542)
Income tax paid - Jordan Branches	<u>(3,891,856)</u>	<u>(1,186,881)</u>
Balance - End of the year	<u>8,368,127</u>	<u>3,852,086</u>

b. Income tax expense

Income tax expense for the year in the statement of income consists of the following:

	December 31,	
	2015	2014
	JD	JD
Income tax incurred on current year profit - Jordan branches	7,863,106	3,238,761
Income tax incurred on current year profit - Palestine branches	600,000	600,000
Income tax incurred on prior year profit - Jordan branches	175,180	-
Effect of deferred tax assets	(752,202)	-
Effect of deferred tax liabilities	<u>471,099</u>	<u>-</u>
Total	<u>8,357,183</u>	<u>3,838,761</u>

c. Tax status

a. Jordan Branches

The Bank's income tax returns for Jordan branches have been submitted up to the year 2014 whereby a final settlement with the Income and Sales Tax Department has been reached up to the year 2014.

b. Palestine branches

The Bank has settled income tax for Palestine branches up to the year 2014, while for the years 2011, 2012, 2013 and 2014 the Bank submitted income tax return and is currently in the process of settling the tax status with the Income Tax Department in Palestine ,however final settlement has not been reached yet.

In the opinion of the Management and the Bank's Legal and Tax advisors in Jordan and Palestine, no liability would exceed the booked provision by the Bank and its related branches as of the date of the financial statements, and the booked income tax provision is sufficient to settle the potential tax obligations as of the date of the financial statements.

d. Deferred Tax Assets/Liabilities :

The details of this item are as follows:

					December 31,	January 1,
	2015				2015	2015
	Balance -beginning of the year	Amounts		Balance - End of the Year	Deferred Tax	Deferred Tax
		Additions	Released			
JD	JD	JD	JD	JD	JD	
a. Deferred Tax Assets						
Provision for doubtful Debts before the year 2000	493,111	-	110,332	382,779	133,973	172,589
Provision for impairment in seized assets	368,146	233,015	34,596	566,565	198,298	128,851
Provision of seized properties held for more than four years	-	688,115	-	688,115	240,840	-
Impairment on seized shares against debts	379,405	51,500	24,609	406,296	142,204	132,792
Impairment loss on financial assets at amortized cost	283,600	-	-	283,600	99,260	99,260
Provision for lawsuits against the Bank	52,962	31,302	60,292	23,972	8,390	18,537
Provision for end of service indemnity	77,018	18,325	79,737	15,606	5,462	26,956
Provision for suspended legal fees and expense	1,190,987	155,395	28,625	1,317,757	461,215	416,845
Valuation losses on financial assets at fair value through profit or loss	1,707,299	309,788	179,630	1,837,457	643,110	597,555
Fair value reserve *	4,116,463	1,930,662	625,535	5,421,590	1,897,557	1,440,762
Impairment loss on credit facilities	-	1,463,854	-	1,463,854	512,349	-
Other provisions	<u>961,977</u>	<u>-</u>	<u>284,325</u>	<u>677,652</u>	<u>237,178</u>	<u>336,692</u>
Total	<u>9,630,968</u>	<u>4,881,956</u>	<u>1,427,681</u>	<u>= 13,085,243</u>	<u>4,579,835</u>	<u>3,370,839</u>
b. Deferred Tax Liabilities						
Depreciation and Amortization Differences	<u>-</u>	<u>1,345,997</u>	<u>-</u>	<u>1,345,997</u>	<u>471,099</u>	<u>-</u>
Total	<u>-</u>	<u>1,345,997</u>	<u>-</u>	<u>1,345,997</u>	<u>471,099</u>	<u>-</u>

- Deferred Tax benefits mentioned above represent deferred tax benefits for Jordan branches only by considering that there are no deferred taxes for the Bank's branches in Palestine.

* Deferred tax assets resulting from valuation loss of financial assets at fair value through comprehensive income appear within valuation reserve of financial assets at fair value in owners equity statement.

b. The movement on Deferred Tax Assets/Liabilities during the year was as follows:

	2015	
	Assets	Liabilities
	JD	JD
Balance - beginning of the year	3,370,839	-
Additions during the year	1,708,685	471,099
Disposal during the year	<u>(499,689)</u>	<u>-</u>
Balance - End of the year	<u>4,579,835</u>	<u>471,099</u>

** The Bank has implemented International Accounting Standards No (12) related to Deferred Taxes effective beginning of the year 2015 ,therefore the Bank has booked deferred tax assets in the amount of JD 3,370,839 within the retained earning as of the beginning of the year 2015 and the changes effect have been booked in the statement of income for the year.

- Deferred tax assets for Jordan branches have been calculated using 35% as of January 1, 2015 according to the tax rate for banks as per the new Income Tax Law No (34) for the Year 2014 , which is effective January 1st , 2015.

e. Summary of Reconciliation Between Declared Income and Taxable Income:

	December 31,	
	2015	2014
	JD	JD
Declared income	24,114,060	15,566,781
Add: Unacceptable tax expenses	2,986,772	3,210,577
Less: Exempted tax income	<u>(3,218,613)</u>	<u>(4,835,618)</u>
Taxable income	<u>23,882,219</u>	<u>13,941,740</u>
Income Tax Rates:		
Jordan branches	%35	%30
Palestine branches	%20	%20

18. Other Provisions

The details of this item are as follows:

	"Balance -beginning of the year"	"Expense for the year"	"Paid during the year"	Balance - End of the Year
	JD	JD	JD	JD
Year 2015				
Provision for lawsuits against the Bank	58,257	31,302	(60,292)	29,267
Provision for end of service indemnity	<u>618,477</u>	<u>186,129</u>	<u>(228,522)</u>	<u>576,084</u>
Total	<u>676,734</u>	<u>217,431</u>	<u>(288,814)</u>	<u>605,351</u>

	"Balance -beginning of the year"	"Expense for the year"	"Paid during the year"	Balance - End of the Year
	JD	JD	JD	JD
Year 2014				
Provision for lawsuits against the Bank	282,832	113,179	(337,754)	58,257
Provision for end of service indemnity	<u>517,420</u>	<u>131,599</u>	<u>(30,542)</u>	<u>618,477</u>
Total	<u>800,252</u>	<u>244,778</u>	<u>(368,296)</u>	<u>676,734</u>

19. Other Liabilities

The details of this item are as follows:

	December 31,	
	2015	2014
	JD	JD
Acceptable checks	7,129,913	4,663,638
Accrued interests	6,091,526	3,626,108
Refundable and various deposits	6,186,157	5,459,059
Safe deposits boxes	83,750	74,021
Shareholders' deposits	12,250	12,250
Income tax and social security	287,608	109,527
Accrued expenses	1,237,031	598,642
Transactions in transit between branches	370,359	850,923
Board of Directors' remunerations	73,160	35,000
Received amounts on the sale of land and real estate (Note 12)	2,638,977	959,512
Inward Remittance	467,054	-
Other	<u>815,775</u>	<u>263</u>
Total	<u>25,393,560</u>	<u>16,388,943</u>

20. Authorized and Paid-up Capital

The General Assembly of the Bank decided in its extraordinary meeting held on June 11, 2015 to approve the capital increase of JD 5 million/share to making the bank's authorized and paid up capital of JD 105 million/shares through capitalizing part of the retained earnings and distributing the amount free of charge to the shareholders. The procedures of the paid up capital increase have been completed with Companies Control Department in Jordan on November 25, 2015, whereby the authorized and paid up capital is now to JD 105 million/share as of December 31, 2015 (JD 100 million/share as of December 31, 2014).

Board of Directors decided in its meeting held on January 31, 2016 to the General Assembly of shareholders to increase the Bank's capital by JD 7,875,000 through distributing 7.5 % of the paid-up capital as stock dividends through capitalizing the amount from the retained earnings , and its subject to the approval of the and General Assembly of shareholders.

21. Reserves

The details of the reserves as of December 31, 2015 and 2014 are as follows:

a. Statutory Reserve

This account represents the accumulated amount of the appropriations from income before tax at 10% during the year and previous years according to the Banks Law and Jordanian Companies Law. This amount is not distributable to the shareholders.

b. General Banking Risks Reserve

This reserve represents the general banking risks reserve in accordance with the Central Bank of Jordan regulations and Palestinian Monetary Authority .

The following represents the general banking risks reserve according to the Banks' branches:

	December 31,	
	2015	2014
	JD	JD
Jordan branches	5,266,282	4,768,751
Palestine branches	<u>820,006</u>	<u>627,120</u>
Total	<u>6,086,288</u>	<u>5,395,871</u>

c. Cyclicity Reserve

This item represents the risk reserve taken in accordance with Palestinian Monetary Authority at a percentage of 15% from net income after tax for Palestine branches for the purpose of supporting the Bank's capital in Palestine and to face risk related to the Banking sector. This reserve will accumulate until reaching 20% of the paid - up capital. It is not allowed to use any part of the cyclicity fluctuation reserve or to reduce it without pre-approval from the Palestinian Monetary Authority.

- Restricted Reserves as of the financial statements date are as follows :

Reserve Name	December 31		Restriction Nature
	2015	2014	
	JD	JD	
Statutory Reserve	12,245,038	9,833,632	Restricted according to Banks law. and Companies law
General Banking Risks Reserve	6,086,288	5,395,871	Restricted according the Central Bank of Jordan and the Palestinian. Monetary Authority
Cyclicity Reserve	1,472,315	1,317,633	Palestinian Monetary Authority. requirements

22. Fair Value Reserve - Net

The movement on this item during the year is as follows :

	2015	2014
	JD	JD
Balance - beginning of the year	(4,116,463)	(3,851,899)
The effect of implementing International Accounting Standard No. (12) related to deferred taxes	1,440,762	-
Unrealized (losses)	(1,473,868)	(287,955)
Released from selling financial assets at fair value through statement of comprehensive income	<u>625,535</u>	<u>23,391</u>
Balance - End of the Year	<u>(3,524,034)</u>	<u>(4,116,463)</u>

- Use of retained earnings in an amount equal to negative cumulative change in fair value of financial assets amounted to JD 3,524,034 as of December 31, 2015 is restricted (Including JD 1,936,596 against implementation of International Financial Reporting Standards No. (9)) according to Jordan Securities Commission and Central Bank of Jordan instructions.
- Fair value reserve balance includes JD 1,936,594 as of December 31, 2015 (JD 1,974,218 as of December 31, 2014) against implementation of International financial Reporting Standards No (9).

23. Retained Earnings

The movement on this item during the year is as follows:

	January 1st		
	2015	2014 (Restated)	2014 (Restated)
	JD	JD	JD
Balance - beginning of the year	7,981,137	(1,761,982)	1,639,469
The effect of the implementation of International Accounting Standard No. (12) related to deferred taxes	1,930,077	-	-
Effect of amortization of restructuring cost balance	-	-	(5,177,555)
Reversal from restructuring cost amortization for the year 2014	-	1,725,889	-
Income for the year	15,756,877	10,002,131	3,199,256
(Transferred) to reserves	(3,256,506)	(2,060,122)	(1,504,851)
(Transferred) to increase in paid up capital	(5,000,000)	-	-
Realized (losses) gains from selling financial assets at fair value through comprehensive income	(709,760)	<u>75,221</u>	<u>81,699</u>
Balance - End of the Year	<u>16,701,825</u>	<u>7,981,137</u>	<u>(1,761,982)</u>

- Retained earnings include an amount of JD 4,579,835 as of December 31, 2015 restricted against deferred tax assets according to the Central Bank of Jordan instructions.
- Use of General Banking Risks Reserve is restricted and requires a pre-approval of the Central Bank of Jordan.
- Use of the Cyclical Reserve is restricted and requires a pre-approval from Palestinian Monetary Authority.
- Use of retained earnings in an amount equal to negative cumulative change in fair value of financial assets amounted to JD 3,524,034 as of December 31, 2015 is restricted (including JD 1,936,596 against implementation of International Financial Reporting Standards No. (9)) according to Jordan Securities Commission and Central Bank of Jordan instructions.

24. Interest Income

The details of this item are as follows:

	2015	2014
	JD	JD
Direct credit facilities:		
Individuals (retail)		
Overdraft accounts	237,327	92,692
Loans and promissory notes	13,653,037	11,476,292
Credit cards	742,719	573,617
Real - estate loans	3,600,940	4,435,255
Companies		
Large		
Overdraft accounts	4,497,370	5,763,026
Loans and promissory notes	16,080,119	15,124,542
Small and medium		
Overdraft accounts	1,802,486	1,885,657
Loans and promissory notes	3,981,431	4,058,640
Government and public sector	2,538,700	561,790
Balances at central banks	1,073,007	1,070,863
Balances and deposits at banks and financial institutions	520,607	899,926
Financial assets at amortized cost	<u>23,690,009</u>	<u>21,671,811</u>
Total	<u>72,417,752</u>	<u>67,614,111</u>

25. Interest Expense

The details of this item are as follows:

	2015	2014
	JD	JD
Deposits at banks and financial institutions	4,881,915	3,991,814
Customers deposits		
Current and call accounts	686,904	780,401
Saving accounts	1,227,327	1,180,584
Time and notice deposits	25,527,097	28,382,722
Cash margins	1,736,248	1,856,720
Borrowed funds	71,934	50,347
Deposit Insurance Corporation fees	<u>1,661,456</u>	<u>1,495,668</u>
Total	<u>35,792,881</u>	<u>37,738,256</u>

26. Net Commission Income

The details of this item are as follows:

	2015	2014
	JD	JD
Direct credit facilities commissions	3,076,325	2,900,292
Indirect credit facilities commissions	<u>2,708,547</u>	<u>2,732,174</u>
Total	<u>5,784,872</u>	<u>5,632,466</u>

27. Foreign Exchange Income

The details of this item are as follows:

	2015	2014
	JD	JD
Resulted from trading/transactions	2,207,944	1,549,718
Resulted from valuation	290,819	254,790
Margin trading accounts	<u>61,980</u>	<u>26,608</u>
Total	<u>2,560,743</u>	<u>1,831,116</u>

28. Gain (loss) from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	Realized Gain	Unrealized (Losses)	Dividends	Total
	JD	JD	JD	JD
Year 2015				
Companies' quoted shares in active markets	<u>18,910</u>	<u>(309,788)</u>	<u>495,747</u>	<u>204,869</u>

	Realized (Losses)	Unrealized (Losses)	Dividends	Total
	JD	JD	JD	JD
Year 2014				
Companies' quoted shares in active markets	<u>(287,299)</u>	<u>(469,517)</u>	<u>143,561</u>	<u>(613,255)</u>

29. Other Income

The details of this item are as follows:

	2015	2014
	JD	JD
Credit cards income - net	98,604	49,456
Rental of safe deposit boxes	40,756	36,101
Remittance Income	210,140	403,607
Cheques Income	462,002	517,033
Telecommunication income	96,140	114,309
Suspended interest transferred to income	418,653	2,175,607
Recovery of debts previously written-off *	15,844,983	3,479,816
Income from selling seized properties	79,398	(912)
Income from selling property and equipment	18,849	8,585
Gain from real estate	21,183	45,892
Income from account services	679,116	473,924
Income related from several provisions	324,876	-
Income from Insurance	116,116	74,993
Others	<u>343,660</u>	<u>429,468</u>
Total	<u>18,754,476</u>	<u>7,807,879</u>

* This item represents recovery from written - off debts and suspended interest taken during previous years off the statement of financial position and has been reversed during the year ended December 31, 2015.

30. Employees Expenses

The details of this item are as follows:

	2015	2014
	JD	JD
Salaries, allowances and employees' benefits	11,331,383	9,567,472
Bank's contribution in social security	1,081,714	934,785
Bank's contribution in provident fund	19,648	25,235
Medical expenses	579,230	492,479
Staff training expenses	185,437	126,820
Per diems	185,745	206,945
Employees life insurance expense	33,522	27,749
Uniforms	<u>23,887</u>	<u>20,954</u>
Total	<u>13,440,566</u>	<u>11,402,439</u>

31. Other Expenses

The details of this item are as follows:

	2015	2014
	JD	JD
Rent	839,591	770,703
Stationery and publications	578,778	493,162
Water, electricity and telecommunication expenses	1,358,547	1,333,593
Legal and lawyer fees	246,463	182,535
Maintenance and car expenses	1,206,938	922,169
Insurance expenses	125,083	127,409
Programs and computers maintenance	799,526	636,727
Board of Directors' transportation and attendance of meeting fees	262,161	194,738
Fees, licenses and taxes	736,616	544,771
Advertisements	1,097,620	943,161
Subscriptions	455,142	392,927
Professional and consultancy fees	323,689	306,651
Collection incentives	779,235	685,373
Donations and social responsibility	373,595	441,804
Cleaning and security services	285,995	275,163
Hospitality	117,511	127,272
Board of Directors' remunerations	38,160	35,000
Capital increase expenses	16,081	-
Impairment loss on seized properties	233,015	469,905
Impairment loss on seized financial assets	132,065	146,798
Money shipping expenses	119,609	63,271
Others	<u>560,727</u>	<u>796,745</u>
Total	<u>10,686,147</u>	<u>9,889,877</u>

32. Earnings Per Share Pertains to Bank's Shareholders

The details of this item are as follows:

	2015	2014 (Restated)
	JD	JD
Income for the year attributable to the Banks' shareholders	15,756,877	11,728,020
	Share	Share
Weighted average number of shares	105,000,000	105,000,000
	JD / Share	JD / Share
Earnings per share pertains to Banks' shareholders (Basic)	- /150	- /111
Earnings per share pertains to Banks' shareholders (Diluted)	<u>- /150</u>	<u>- /111</u>

33. Cash and Cash Equivalents

The details of this item are as follows:

	2015	2014
	JD	JD
Balances at central banks due within three months	270,541,021	101,320,285
Add: Balances at banks and financial institutions due within three months	84,558,182	79,197,861
Less: Banks and financial institutions deposits due within three months	(188,351,417)	(140,332,699)
Restricted balances - Note (5)	<u>(109,064)</u>	<u>(929,075)</u>
Total	<u>166,638,722</u>	<u>39,256,372</u>

34. Transactions with Related Parties

The Bank entered into transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal banking practice and according to the normal interest rates and trading commissions. All of the credit facilities granted to related parties are considered as performing facilities and no impairment provision has been taken as of the date of the financial statement.

Financial statements include transactions and balances with related parties as follows:

On- Statement of Financial Position Items:	BOD Members	Companies Represented by the BOD	Employees	Others	Total	
					December 31,	
					2015	2014 (Restated)
	JD	JD	JD	JD	JD	JD
On- Statement of Financial Position Items:						
Deposits	30,487,305	1,695,532	313,027	305,750	32,801,614	12,062,815
Direct credit facilities	1,551,300	19,311,468	1,144,179	7,049,739	29,056,686	28,301,534
Cash margins	-	399,460	-	222,695	622,155	337,864
Off- Statement of Financial Position Items:						
Letters of guarantee	-	612,731	-	84,550	697,281	779,733
Income statement items:	JD	JD	JD	JD	Total	
					2015	2014 (Restated)
					JD	JD
Interest and commission income *	888,489	49,078	11,065	113,397	1,062,029	1,456,969
Interest and commission expense **	109,581	1,105,448	48,119	2,558	1,265,706	1,163,055

* Credit interest rate ranges between 8% to 8/25% .

** Debit interest rate ranges between 1% to 5/5% .

Executive Management Remunerations

Executive management salaries and remunerations for the Bank amounted to JD 1,980,901 for the year 2015 (JD 1,778,607 for the year 2014).

35. Fair Value of Financial Assets and Financial Liabilities not Shown at Fair Value in the Financial Statements

There are no significant differences between the book value and the fair value of the financial assets and liabilities as of year – end 2015 and 2014.

36. Risks Management

The Board of Directors performs its role in ensuring that the Bank manages the various risks and adopts the policies and procedures that streamline the Bank's risks management through the Risks and Audit Committee. Moreover, the Bank sets the risks acceptable limits (risk appetite).

The Risks Management Department evaluates, controls, and recommends mitigating risks, and submits the necessary reports to higher management independently from the other Bank's departments (Risk takers) which perform other banking activities in order to ensure the objectivity of the Risks Management Department in analyzing the various risk types.

Furthermore, the Risks Management Department is responsible for the market operating, credit, and liquidity risks (within the Assets and Liabilities Model) of the Bank's local and external branches. It submits its reports to the Risks and Audit Committee within the Board of Directors. These reports are audited by the Internal Audit Department.

Credit risk refers to the risk that a counterparty will default on its credit terms and/or its creditworthiness deteriorates resulting in financial loss to the Bank.

The Board of Directors periodically reviews the credit risk management policies compatible with the laws and the Central Bank of Jordan instructions after being prepared by the concerned departments. Moreover, the Board of Directors ensures that management of the Bank works according to their policies and executes the related requirements. These policies include the Bank's credit policy through which many factors are determined such as:

- Setting clear requirements, policies, and decision-making procedures relating to the new or to be renewed credit facilities or any material amendment thereon within specified authorities that match the size and specifications of the credit facilities. Among the factors taken into consideration when granting credit are the purpose of the credit facilities and payment sources.
- Taking decisions within qualified management levels. Moreover, the Bank has various credit committees at the executive management level and the Board of Directors level. This is done away from the impact of conflict of interest and in a manner that guarantees the soundness and independence of the evaluation procedures of the customer requesting credit and the related compatibility with the Bank's credit policy requirements.
- Laying out clear and effective policies and procedures for managing and executing credit including continuous analysis of the ability and readiness of the borrower to pay according to contractual terms, monitoring the credit documentation and any credit terms and covenants, and continuously controlling and evaluating guarantees.
- Establishing adequate policies and procedures to ensure evaluation and management of non-performing credit and its classification in addition to evaluating the adequacy of the provisions monthly based on the instructions of the Central Bank of Jordan and other regulatory authorities under which the Bank operates. This is in addition to a clear policy for writing off debt. Moreover, the Board of Directors approves the adequacy of these provisions.
- Having an independent department that follows up on troubled debts through amicable settlements prior to dealing with them legally.
- Determining the type and size of the required guarantee based on the customer's credit risk evaluation according to clear acceptance procedures and customers evaluation standards.
- Periodically monitoring the fair value of the guarantees. In case their value becomes less than what is specified in the loan terms, the customer is required to provide more guarantees. Upon assessing the adequacy of the provisions, the necessary evaluation of the guarantees is performed.
- Disposing of any guarantee owned after repayment of the customer's debts. In general, seized real estates are not used for the Bank's operations.

- Having an internal credit rating system for its customers documented and approved by the Board of Directors. Any factor contributing to the customer's default is considered in a manner that helps in measuring and rating the customer's risks, and consequently, facilitating the decision-making process and the pricing of credit facilities.
- Having clear rating standards taking into consideration the various financial and non-financial factors. The credit rating system is reviewed and evaluated independently from the credit department through the Risks Management Department in coordination with the concerned departments.
- Having specified and documented controls and ceilings with clear policies and procedures that guarantee commitment to these ceilings and the necessity to obtain prior approvals for any excesses. These controls and ceilings are reviewed and amended periodically, if necessary. Moreover, there are ceilings specified and approved by the Board of Directors relating to dealing with various banks, countries, and economic sectors.
- Providing the Board of Directors with a clear picture and analysis of the credit portfolio through the Risks Management Department that clarifies its quality and its various classifications and any concentrations therein, in addition to historical and banking benchmarks.
- The Bank adheres to the instructions of the Central Bank of Jordan relating to credit concentration and related parties. The Bank deals with them on an aggregate basis and accords them special care, exercises control, and expresses explicit and clear disclosure thereon when preparing the Bank's financial statements. The required credit facilities are presented by the related parties to the Board of Directors provided that the persons granted the credit facilities have no influence over the Board of Directors, and receive no preferential treatment over the Bank's customers.

Credit risk exposure (after the provision for impairment and interest in suspense and before guarantees and other risks - mitigating factors)

	December 31,	
	2015	2014
On-Statement of Financial Position Items	JD	JD
Balances at the central banks	252,206,731	82,302,524
Balances at banks and financial institutions	91,648,182	79,197,861
Direct Credit Facilities - Net:		
Individuals	150,577,110	128,009,756
Real estate loans	55,640,166	52,135,856
Companies		
Large companies	261,526,765	255,410,022
Small and medium institutions (SMEs)	74,543,432	73,516,664
Government and public sector	57,001,463	14,794,364
Financial assets at amortized cost - Net	393,040,896	348,262,176
Other assets	<u>10,552,035</u>	<u>9,004,463</u>
Total	<u>1,346,736,780</u>	<u>1,042,633,686</u>
Off-Statement of Financial Position Items		
Letters of guarantee	128,571,523	129,169,660
Letters of credit	47,925,137	32,437,830
Letters of acceptance	4,891,661	6,162,034
Unutilized credit facilities ceilings	<u>77,206,480</u>	<u>60,184,405</u>
Total	<u>1,603,054,174</u>	<u>1,269,031,010</u>

Credit exposures according to the degree of risk are categorized according to the following table:

December 2015 ,31	Individuals	Real Estate Loans	Companies		Government and Public Sector	Other Assets	"Bonds and Treasury Bills "	Banks and Other Financial Institutions	Total
			Large	Small and Medium					
			JD	JD					
Low risk	4,398,184	1,666,754	3,252,499	3,870,645	57,001,463	-	377,060,177	252,206,731	699,456,453
Acceptable risk	142,133,133	49,539,175	202,321,080	66,598,077	-	10,552,035	15,980,719	91,648,182	578,772,401
Of which is due:									
within 30 days	241,660	36,911	1,464,277	516,681	417,109	-	-	-	2,676,638
from 31 to 60 days	111,533	21,346	1,107,415	523,219	-	-	-	-	1,763,513
Watch list	2,619,085	2,369,471	39,980,613	2,021,177	-	-	-	-	46,990,346
Non-performing:									
Substandard	1,308,968	741,444	-	363,681	-	-	-	-	2,414,093
Doubtful	3,320,512	819,461	15,651,000	1,376,109	-	-	-	-	21,167,082
Bad debt	<u>3,420,376</u>	<u>1,825,549</u>	<u>25,881,312</u>	<u>5,428,080</u>	<u>-</u>	<u>-</u>	<u>392,464</u>	<u>-</u>	<u>36,947,781</u>
Total	157,200,258	56,961,854	287,086,504	79,657,769	57,001,463	10,552,035	393,433,360	343,854,913	1,385,748,156
Less: Provision for impairment loss	(5,985,803)	(775,169)	(17,702,917)	(3,284,737)	-	-	(283,600)	-	(28,032,226)
Interest in suspense	<u>(637,345)</u>	<u>(546,519)</u>	<u>(7,856,822)</u>	<u>(1,829,600)</u>	<u>-</u>	<u>-</u>	<u>(108,864)</u>	<u>-</u>	<u>(10,979,150)</u>
Net	<u>150,577,110</u>	<u>55,640,166</u>	<u>261,526,765</u>	<u>74,543,432</u>	<u>57,001,463</u>	<u>10,552,035</u>	<u>393,040,896</u>	<u>343,854,913</u>	<u>1,346,736,780</u>
December 2014 ,31									
Low risk	3,220,299	-	13,428,601	6,456,401	14,794,364	-	334,078,423	82,302,524	454,280,612
Acceptable risk	121,045,155	50,387,725	192,992,053	62,640,265	-	9,004,463	14,183,753	79,197,861	529,451,275
Of which is due:									
within 30 days	165,997	32,648	8,231,039	3,889,262	-	-	-	-	12,318,946
from 31 to 60 days	366,364	30,999	662,148	538,721	344,928	-	-	-	1,943,160
Watch list	1,068,868	585,590	45,921,844	1,605,793	-	-	-	-	49,182,095
Non-performing:									-
Substandard	1,851,145	868,224	-	359,837	-	-	-	-	3,079,206
Doubtful	3,049,140	404,422	2,939,143	1,837,502	-	-	-	-	8,230,207
Bad debt	<u>402,703</u>	<u>1,917,802</u>	<u>18,917,949</u>	<u>4,192,880</u>	<u>-</u>	<u>-</u>	<u>366,026</u>	<u>-</u>	<u>25,797,360</u>
Total	130,637,310	54,163,763	274,199,590	77,092,678	14,794,364	9,004,463	348,628,202	161,500,385	1,070,020,755
Less: Provision for impairment loss	(2,267,015)	(1,340,798)	(12,512,623)	(2,161,932)	-	-	(283,600)	-	(18,565,968)
Interest in suspense	<u>(360,539)</u>	<u>(687,109)</u>	<u>(6,276,945)</u>	<u>(1,414,082)</u>	<u>-</u>	<u>-</u>	<u>(82,426)</u>	<u>-</u>	<u>(8,821,101)</u>
Net	<u>128,009,756</u>	<u>52,135,856</u>	<u>255,410,022</u>	<u>73,516,664</u>	<u>14,794,364</u>	<u>9,004,463</u>	<u>348,262,176</u>	<u>161,500,385</u>	<u>1,042,633,686</u>

- The aggregate debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account is considered due when it exceeds the ceiling.

- Credit exposures includes facilities, balances, deposits at banks ,bonds and treasury bills and any other assets that has a credit exposure.

The following are details of distribution for fair value of collaterals against direct credit facilities:

December 2015 ,31	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Guarantees against:						
Low risk	4,372,204	1,124,899	3,739,322	3,683,277	55,001,463	67,921,165
Acceptable risk	13,035,162	41,061,357	113,303,491	43,024,908	-	210,424,918
Watch list	993,817	519,724	24,812,709	1,872,265	-	28,198,515
Non-performing:						
Substandard	297,662	440,100	-	438,526	-	1,176,288
Doubtful	817,149	416,220	15,516,375	562,540	-	17,312,284
Bad debt	<u>1,091,444</u>	<u>1,071,910</u>	<u>9,574,015</u>	<u>3,104,040</u>	<u>-</u>	<u>14,841,409</u>
Total	<u>20,607,438</u>	<u>44,634,210</u>	<u>166,945,912</u>	<u>52,685,556</u>	<u>55,001,463</u>	<u>339,874,579</u>
Of it:						
Cash margins	4,540,439	2,416,853	17,757,547	7,605,401	-	32,320,240
Real estate	12,126,020	42,077,099	121,251,376	38,291,768	-	213,746,263
Trade stocks	94,355	46,511	23,785,787	936,746	-	24,863,399
Vehicles and equipment	3,846,624	93,747	4,151,202	5,851,641	-	13,943,214
other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,001,463</u>	<u>55,001,463</u>
Total	<u>20,607,438</u>	<u>44,634,210</u>	<u>166,945,912</u>	<u>52,685,556</u>	<u>55,001,463</u>	<u>339,874,579</u>

The following are details of distribution for fair value of collaterals against direct credit facilities:

December 2014 ,31	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
Guarantees against:						
Low risk	4,187,191	-	13,428,601	5,489,509	14,794,364	37,899,665
Acceptable risk	4,367,376	49,847,676	133,333,869	54,162,980	-	241,711,901
Watch list	31,799	585,590	36,141,419	1,605,793	-	38,364,601
Non-performing:						
Substandard	115,626	1,068,224	-	862,309	-	2,046,159
Doubtful	515,363	1,514,512	2,465,399	1,307,102	-	5,802,376
Bad debt	<u>70,393</u>	<u>1,147,761</u>	<u>8,463,735</u>	<u>4,655,314</u>	<u>-</u>	<u>14,337,203</u>
Total	<u>9,287,748</u>	<u>54,163,763</u>	<u>193,833,023</u>	<u>68,083,007</u>	<u>14,794,364</u>	<u>340,161,905</u>
Of it:						
Cash margins	4,187,191	-	12,751,706	5,489,509	-	22,428,406
Accepted letters of guarantee	-	-	676,895	-	-	676,895
Real estate	3,131,938	54,163,763	156,434,026	54,507,096	-	268,236,823
Trade stocks	83,500	-	18,596,487	759,323	-	19,439,310
Vehicles and equipment	1,808,792	-	4,233,970	7,327,079	-	13,369,841
other	<u>76,327</u>	<u>-</u>	<u>1,139,939</u>	<u>-</u>	<u>14,794,364</u>	<u>16,010,630</u>
Total	<u>9,287,748</u>	<u>54,163,763</u>	<u>193,833,023</u>	<u>68,083,007</u>	<u>14,794,364</u>	<u>340,161,905</u>

Scheduled Debts:

Scheduled debts are debts that have been previously classified as non-performing credit facilities, and have been taken out from the framework of non-performing credit facilities according to proper scheduling treatment and classified under watch list debts. Furthermore, scheduled debts amounted to JD 4,884,539 as of December 31, 2015 (JD 30,450,826 as of December 31, 2014).

Restructured Debts

Restructuring debts means reorganizing credit facilities in terms of adjusting payments, extending their terms, postponing some installments, or extending the grace period. Restructured debts amounted to JD 16,244,004 as of December 31, 2015

(JD 8,247,889 as of December 31, 2014).

Bonds, Bills and Treasury Bills

The following table illustrates the classification of bonds, bills, and debentures according to the external rating institutions:

	December 31	
	2015	2014
Rating grade	JD	JD
Unclassified	15,980,719	14,183,753
Governmental and guaranteed by government	<u>377,060,177</u>	<u>334,078,423</u>
Total	<u>393,040,896</u>	<u>348,262,176</u>

* All bonds, bills and treasury bills are included in the portfolio of financial assets at amortized cost.

Credit Risk Exposure according to Geographical Areas is as follows:

Geographical Area	Inside the Kingdom	Other	Europe	Asia *	Africa *	America	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	234,278,890	17,927,841	-	-	-	-	252,206,731
Balances at banks and financial institutions	46,287,913	28,973,211	16,155,212	37,871	95,715	98,260	91,648,182
Direct credit facilities - Net:							
Individuals	138,719,829	11,857,281	-	-	-	-	150,577,110
Real estate loans	55,640,166	-	-	-	-	-	55,640,166
Companies							
Large	245,752,175	15,774,590	-	-	-	-	261,526,765
Small and medium (SMEs)	61,735,381	12,808,053	-	-	-	-	74,543,434
Government and public sector	46,940,331	10,061,132	-	-	-	-	57,001,463
Financial assets at amortized cost-net	379,024,746	14,016,150	-	-	-	-	393,040,896
Other assets	<u>8,340,744</u>	<u>2,211,291</u>	-	-	-	-	<u>10,552,035</u>
Total/for the Current Year	<u>1,216,720,175</u>	<u>113,629,549</u>	<u>16,155,212</u>	<u>37,871</u>	<u>95,715</u>	<u>98,260</u>	<u>1,346,736,780</u>
Total/Comparative Figures	<u>972,833,580</u>	<u>57,379,859</u>	<u>4,906,709</u>	<u>6,154,415</u>	<u>297,631</u>	<u>1,061,492</u>	<u>1,042,633,686</u>

* Excluding Middle East Countries.

Credit Risk Exposure according to Economic Sector is as follows:

Economic Sector	Financial		Industrial		Trade		Real - estate		Agricultural		Shares		Transportation Services		Tourism, Hotels and Restaurants		Services and Public		Individuals		Government and Public Sector		Other		Impairment Provision and Interest in Suspense		Total	
	JD		JD		JD		JD		JD		JD		JD		JD		JD		JD		JD		JD		JD		JD	
Balances at central banks	252,206,731		-		-		-		-		-		-		-		-		-		-		-		-		252,206,731	
Balances at banks and financial institutions	91,648,182		-		-		-		-		-		-		-		-		-		-		-		-		91,648,182	
Direct credit facilities - net	34,688,402		58,497,400		156,564,639		56,961,854		3,621,631		20,036,087		11,763,696		25,677,594		55,894,822		157,200,258		57,001,463		-		(38,618,912)		599,288,934	
Financial assets at amortized cost - net	2,279,900		392,464		2,901,096		-		-		-		-		800,000		-		-		387,059,900		-		(392,464)		393,040,896	
Other assets	<u>10,552,035</u>		-		-		-		-		-		-		-		-		-		-		-		-		<u>10,552,035</u>	
Total / for the Current Year	<u>391,375,250</u>		<u>58,889,864</u>		<u>159,465,735</u>		<u>56,961,854</u>		<u>3,621,631</u>		<u>20,036,087</u>		<u>11,763,696</u>		<u>26,477,594</u>		<u>55,894,822</u>		<u>157,200,258</u>		<u>444,061,363</u>		<u>-</u>		<u>(39,011,376)</u>		<u>1,346,736,780</u>	
Total / Comparative Figures	<u>190,687,909</u>		<u>62,727,187</u>		<u>133,589,604</u>		<u>55,163,665</u>		<u>5,235,580</u>		<u>35,900,519</u>		<u>11,377,703</u>		<u>21,624,985</u>		<u>56,237,433</u>		<u>135,515,162</u>		<u>358,872,354</u>		<u>3,088,655</u>		<u>(27,387,070)</u>		<u>1,042,633,686</u>	

36/a- Market Risks

Market risks are the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, equity instrument prices, and consequently, the change in the fair value of the cash flows of the on-and off – statement of financial position financial instruments.

The Bank has specified policies and procedures through which market risks are identified, measured, monitored, and controlled. These policies and procedures are reviewed periodically.

Market risks can be measured and controlled by using several methods such as: sensitivity analysis, VAR (Value at Risk), Stress Testing and Stop loss Limits.

The acceptable risks policy is set within the Treasury operations and includes ceilings that govern market risks. These ceilings are adopted and their application is ensured periodically and constantly through monitoring their implementation by the risks management Department and submitting various periodic reports to the Assets and Liabilities Committee as well as to the Board of Directors.

The Bank has shares and bonds' investment portfolio for trading purposes (Financial Assets designated at Fair value through profit or loss) and adopts the sensitivity analysis method thereon whereby present risks are measured according to the Standardized Approach for calculating minimum capital based on Basel Committee recommendations.

Interest Rate Risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of reprising assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee. Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

- Sensitivity Analysis:

For the Year 2015

Currency	Change - increase in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	50,390	-
Euro	1	4,423	-
GBP	1	416	-
ILS	1	1,224	-
Other currencies	1	(1,765)	-
Currency	Change - (decrease) in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	(50,390)	-
Euro	1	(4,423)	-
GBP	1	(416)	-
ILS	1	(1,224)	-
Other currencies	1	1,765	-

For the Year 2014

Currency	Change - increase in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	(26,329)	-
Euro	1	(138,784)	-
GBP	1	1,728	-
ILS	1	(3,818)	-
Other currencies	1	134,754	-
Currency	Change - (decrease) in Interest Rate	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	26,329	-
Euro	1	138,784	-
GBP	1	(1,728)	-
ILS	1	3,818	-
Other currencies	1	(134,754)	-

36/b-Foreign Currencies Risk:

The following table illustrates the currencies to which the Bank is exposed and the potential and reasonable change in their rates against the Jordanian Dinar and related impact on Statement of Income. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

For the Year 2015	Change in Foreign Currency Rate	Effect on Profit or Loss	Effect on Owners' Equity
Currency	%	JD	JD
USD	5	251,951	-
Euro	5	22,117	-
GBP	5	2,080	-
ILS	5	6,118	-
Other currencies	5	(8,828)	-
For the Year 2014	Change in Foreign Currency Rate	Effect on Profit or Loss	Effect on Owners' Equity
Currency	%	JD	JD
USD	5	(131,645)	-
Euro	5	(693,920)	-
GBP	5	8,640	-
ILS	5	(19,090)	-
Other currencies	5	673,770	-

- Risks of Changes in Shares Prices :

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares indicators and the change in the value of shares individually.

For the Year 2015	Change in Indicator	Effect on Profit or Loss	Effect on Owners' Equity
Indicator of	%	JD	JD
Amman and Palestine Stock Exchange	5	155,758	486,090
Amman and Palestine Stock Exchange	(5)	(155,758)	(486,090)
For the Year 2014	Change in Indicator	Effect on Profit or Loss	Effect on Owners' Equity
Indicator of	%	JD	JD
Amman and Palestine Stock Exchange	5	240,774	615,771
Amman and Palestine Stock Exchange	(5)	(240,774)	(615,771)

Interest Rate Repricing Gap:

The Bank adopts the assets - liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever is nearer, to lower risks in interest rates, studying gaps in the related interest rates, and using hedging policies through the adoption of advanced financial instruments such as derivatives.

Reclassification is made in accordance with pricing interest periods or maturity, whichever is nearer.

Interest rate sensitivity is as follows:

December 2015 ,31	Less than One Month	One Month Up to 3 Months	Interest Rate Repricing Gap			More than 3 Years	Non-Interest Bearing	Total
			3 Months Up to 6 Months	6 Months Up to 1 Year	One Year Up to 3 Years			
	JD	JD	JD	JD	JD	JD	JD	JD
Assets:								
Cash and balances at central banks	155,710,356	-	-	-	-	7,444,500	107,386,165	270,541,021
Balances at banks and financial institutions	57,191,462	7,199,065	7,090,000	-	-	-	20,167,655	91,648,182
Direct credit facilities -net	86,687,426	38,439,062	39,105,280	59,615,979	207,902,023	167,539,166	-	599,288,936
Financial assets at fair value through profit or loss							3,115,160	3,115,160
"Financial assets at fair value through other comprehensive income"	-	-	-	-	-	-	9,721,806	9,721,806
Financial assets at amortized cost	-	32,380,622	17,399,847	35,804,455	45,961,768	261,494,204	-	393,040,896
Property and equipment - net	-						27,855,243	27,855,243
Intangible assets - net	-	-	-	-	-	-	1,033,856	1,033,856
Deferred Tax Assets	-	-	-	-	-	-	4,579,835	4,579,835
Other assets	-	-	-	-	-	-	86,738,231	86,738,231
Total Assets	299,589,244	78,018,749	63,595,127	95,420,434	253,863,791	436,477,870	260,597,951	1,487,563,166
Liabilities:								
Banks and financial institutions deposits	34,845,973	148,057,549	-	-	5,000,000	-	5,447,895	193,351,417
Customers' deposits	489,567,015	142,721,703	135,372,954	184,573,120	68,197,289	-	21,039,132	1,041,471,213
Cash margin	3,363,669	6,727,339	10,091,009	19,189,415	33,636,697	-	-	73,008,129
Borrowed funds	-	-	-	-	-	6,912,838	-	6,912,838
Income tax provision	-	-	-	-	-	-	8,368,127	8,368,127
Other provisions	-	-	-	-	-	-	605,351	605,351
Deferred Tax Liabilities	-	-	-	471,099	-	-	-	471,099
Other liabilities	-	-	-	-	-	-	25,393,560	25,393,560
Total Liabilities	527,776,657	297,506,591	145,463,963	204,233,634	106,833,986	6,912,838	60,854,065	1,349,581,734
Interest Rate Repricing Gap	(228,187,413)	(219,487,842)	(81,868,836)	(108,813,200)	147,029,805	429,565,032	199,743,886	137,981,432
December 2014 ,31 (Adjusted)								
Total Assets	129,933,315	79,590,950	53,234,209	85,257,191	322,853,692	305,538,427	188,855,500	1,165,263,284
Total Liabilities	477,843,019	138,347,427	84,724,965	73,590,405	62,390,588	3,050,000	204,905,070	1,044,851,474
Interest Rate Repricing Gap	(347,909,704)	(58,756,477)	(31,490,756)	11,666,786	260,463,104	302,488,427	(16,049,570)	120,411,810

Concentration in Foreign Currencies Risk:

December 2015 ,31	US Dollar	Euro	Sterling Pound	Shekel	Others	Total
Assets:	JD	JD	JD	JD	JD	JD
Cash and balances at the central banks	12,842,160	1,001,036	128,212	7,565,178	400,748	21,937,334
Balances at banks and financial institutions	43,721,569	18,073,515	1,997,837	2,504,541	5,729,227	72,026,689
Direct credit facilities - net	42,794,642	111,704	-	18,642,193	809,254	62,357,793
Financial assets at fair value through profit or loss	343,156	-	-	-	-	343,156
Financial assets at fair value through other comprehensive income	1,563,693	-	-	-	-	1,563,693
Financial assets at amortized cost	8,862,500	-	-	-	-	8,862,500
Other assets	<u>2,483,212</u>	<u>396</u>	<u>88</u>	<u>1,180,190</u>	<u>311</u>	<u>3,664,197</u>
Total Assets	<u>112,610,932</u>	<u>19,186,651</u>	<u>2,126,137</u>	<u>29,892,102</u>	<u>6,939,540</u>	<u>170,755,362</u>
Liabilities:						
Banks and financial institutions deposits	14,342,222	286,954	3,247	6,085,556	661,973	21,379,952
Customers' deposits	83,362,675	17,044,599	1,215,888	21,526,993	6,339,863	129,490,018
Cash margins	8,834,103	16,843	847,369	1,153,191	214,336	11,065,842
Other liabilities	<u>1,032,922</u>	<u>1,395,925</u>	<u>18,030</u>	<u>1,003,998</u>	<u>(100,150)</u>	<u>3,350,725</u>
Total Liabilities	<u>107,571,922</u>	<u>18,744,321</u>	<u>2,084,534</u>	<u>29,769,738</u>	<u>7,116,022</u>	<u>165,286,537</u>
Net Concentration on - Statement of Financial Position for the Current Year	<u>5,039,010</u>	<u>442,330</u>	<u>41,603</u>	<u>122,364</u>	<u>(176,482)</u>	<u>5,468,825</u>
Off- Statement of Financial Position Contingent Liabilities for the Current Year	<u>31,690,543</u>	<u>2,115,356</u>	<u>5,364</u>	<u>607,277</u>	<u>5,887,377</u>	<u>40,306,017</u>

December 2014 ,31	US Dollar	Euro	Sterling Pound	Shekel	Others	Total
Assets:	JD	JD	JD	JD	JD	JD
Cash and balances at the central banks	12,431,594	794,836	174,415	4,663,745	387,017	18,451,607
Balances at banks and financial institutions	41,388,096	58,114	1,252,554	5,105,342	16,052,557	63,856,663
Direct credit facilities - net	51,668,593	-	-	7,476,498	87,961	59,233,052
Financial assets at fair value through other comprehensive income	535,833	-	-	-	-	535,833
Financial assets at amortized cost	2,045,216	-	-	-	-	2,045,216
Other assets	13,031,606	-	-	-	-	13,031,606
Total Assets	<u>506,423</u>	<u>-</u>	<u>-</u>	<u>890,854</u>	<u>2,101</u>	<u>1,399,378</u>
	121,607,361	852,950	1,426,969	18,136,439	16,529,636	158,553,355
Liabilities:						
Banks and financial institutions deposits	22,401,786	322,963	11,778	1,582,358	189,831	24,508,716
Customers' deposits	83,699,944	13,639,533	829,753	15,745,482	2,296,885	116,211,597
Cash margins	12,776,923	768,896	412,592	778,920	567,542	15,304,873
Other liabilities	1,093,028	-	-	411,467	-	1,504,495
Shareholders' equity	<u>4,268,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,268,568</u>
Total Liabilities	<u>124,240,249</u>	<u>14,731,392</u>	<u>1,254,123</u>	<u>18,518,227</u>	<u>3,054,258</u>	<u>161,798,249</u>
Net Concentration on - Statement of Financial Position for the Current Year	<u>(2,632,888)</u>	<u>(13,878,442)</u>	<u>172,846</u>	<u>(381,788)</u>	<u>13,475,378</u>	<u>(3,244,894)</u>
Off- Statement of Financial Position Contingent Liabilities for the Current Year	<u>26,133,710</u>	<u>2,115,356</u>	<u>5,364</u>	<u>803,229</u>	<u>6,223,819</u>	<u>35,281,478</u>

36/ c. Liquidity Risk

First: The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the financial statements:

Liquidity risk is defined as the loss to which the Bank might be exposed due to the unavailability of the necessary funds to finance its increased operations or obligations upon their maturity at the appropriate cost and time (considered as part of the Assets and Liabilities Management ALM).

- The Bank adheres to the liquidity ratios set by the Central Bank of Jordan and other regulatory authorities under which the Bank's external branches operate. Liquidity is monitored on a daily basis by the Bank.
- Liquidity is also monitored by the Assets and Liabilities Management Committee headed by the General Manager through periodic reports.

December 2015 ,31	Less than One Month	More than One Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to One Year	More than One Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks and financial institutions deposits	40,293,868	148,057,549	-	-	5,000,000	-	-	193,351,417
Customers' deposits	489,567,015	142,721,703	135,372,954	184,573,120	68,197,289	-	21,039,132	1,041,471,213
Cash margins	3,363,670	6,727,339	10,091,009	19,189,415	33,636,696	-	-	73,008,129
Borrowed funds	-	-	-	-	-	6,912,838	-	6,912,838
Income tax provision	1,558,302	-	4,640,008	2,169,817	-	-	-	8,368,127
Other provisions	-	-	-	605,351	-	-	-	605,351
Deferred tax liabilities	-	-	-	471,099	-	-	-	471,099
Other liabilities	<u>8,495,587</u>	<u>3,610,533</u>	<u>6,666,558</u>	<u>6,620,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,393,560</u>
Total	543,278,442	301,117,124	156,770,529	213,629,684	106,833,985	6,912,838	21,039,132	1,349,581,734
Total Assets based on expected maturity	<u>299,068,227</u>	<u>78,018,749</u>	<u>63,595,127</u>	<u>94,809,216</u>	<u>269,324,441</u>	<u>451,754,696</u>	<u>230,992,710</u>	<u>1,487,563,166</u>
December 2014 ,31								
Liabilities:								
Banks and financial institutions deposits	99,221,156	41,111,543	-	-	-	-	-	140,332,699
Customers' deposits	519,719,341	90,661,426	89,869,157	55,804,601	52,894,878	-	1,306,192	810,255,595
Cash margins	3,287,229	6,574,458	9,861,686	16,829,184	32,872,288	-	-	69,424,845
Borrowed funds	143,000	727,572	-	-	-	3,050,000	-	3,920,572
Other provisions	-	-	-	3,852,086	-	-	-	3,852,086
Income tax provision	-	-	-	676,734	-	-	-	676,734
Other liabilities	<u>5,839,726</u>	<u>3,493,261</u>	<u>78,718</u>	<u>1,877,595</u>	<u>5,099,643</u>	<u>-</u>	<u>-</u>	<u>16,388,943</u>
Total	628,210,452	142,568,260	99,809,561	79,040,200	90,866,809	3,050,000	1,306,192	1,044,851,474
Total Assets based on expected maturity	<u>129,933,315</u>	<u>79,590,950</u>	<u>53,234,209</u>	<u>85,257,191</u>	<u>322,853,692</u>	<u>305,538,427</u>	<u>188,855,500</u>	<u>1,165,263,284</u>

Second: Off - statement of financial position items:

December 2015 ,31	Up to One Year	From One Year to 5 Years	Total
	JD	JD	JD
Guarantees	128,571,523	-	128,571,523
Letters of credit and acceptances	52,816,798	-	52,816,798
Operating lease contract liabilities	712,674	-	712,674
Unutilized credit facilities ceilings	<u>77,206,480</u>	=	<u>77,206,480</u>
Total	<u>259,307,475</u>	=	<u>259,307,475</u>
December 2014 ,31	Up to One Year	From One Year to 5 Years	Total
	JD	JD	JD
Guarantees	129,169,660	-	129,169,660
Letters of credit and acceptances	38,599,864	-	38,599,864
Operating lease contract liabilities	695,103	-	695,103
Unutilized credit facilities ceilings	<u>60,184,405</u>	=	<u>60,184,405</u>
Total	<u>228,649,032</u>	=	<u>228,649,032</u>

37. Information on the Bank's Business Segments

a. Information on the key business segments :

The Bank is organized for managerial purposes, into four major sectors. Which are measured according to reports that are used by the general manager and the key decision makers at the Bank, through its following major sectors:

- Individual accounts: includes following up on individual customers deposits, and granting them credit, credit cards and other services.
- Corporate accounts: includes following up on deposits, credit facilities, and other banking services related to customers from corporate.
- Treasury: includes providing dealing services and managing the Bank's funds.
- Others: this industry includes the activities which do not meet the definition of Bank's business segments mentioned above.

The following table represents information on the Bank's sectors according to activities:

	Individuals	Corporations	Treasury	Others	2015	2014 (Restated)
	JD	JD	JD	JD	JD	JD
Gross income for the year	9,166,592	31,341,775	21,523,482	1,979,838	64,011,687	44,886,278
Less: Provision for impairment loss in direct credit facilities	(3,721,875)	(8,606,303)	-	-	(12,328,178)	(5,211,295)
Business Sector results	5,444,717	22,735,472	21,523,482	1,979,838	51,683,509	39,674,983
Less: Expenditures not distributed over sectors	(2,893,929)	(11,542,442)	(11,951,843)	(1,181,235)	(27,569,449)	(24,108,202)
Income for the year before income tax	2,550,788	11,193,030	9,571,639	798,603	24,114,060	15,566,781
Less: Income tax expense for the year	-	-	-	(8,357,183)	(8,357,183)	(3,838,761)
Income for the Year	<u>2,550,788</u>	<u>11,193,030</u>	<u>9,571,639</u>	<u>(7,558,580)</u>	<u>15,756,877</u>	<u>11,728,020</u>
Capital Expenditures	=	=	=	=	<u>5,674,302</u>	<u>3,722,886</u>
Depreciation, amortization and amortization of restructuring cost balance	=	=	=	=	<u>2,537,190</u>	<u>2,571,108</u>
Total Assets	<u>153,472,149</u>	<u>441,726,153</u>	<u>768,302,761</u>	<u>124,062,103</u>	<u>1,487,563,166</u>	<u>1,165,263,284</u>
Total Liabilities	<u>469,959,931</u>	<u>642,384,781</u>	<u>202,098,886</u>	<u>35,138,136</u>	<u>1,349,581,734</u>	<u>1,044,851,474</u>

b. Information on the Geographical Allocation:

This sector represents the geographical distribution of the Bank's operations. The Bank performs its operations mainly in the Kingdom representing local operations.

Moreover, the Bank conducts international operations through its branches in Palestine.

The following is the Bank's revenue, assets, and capital expenditures according to geographic allocation:

	Inside Kingdom For the Year Ended December 31,		Outside Kingdom For the Year Ended December 31,		Total For the Year Ended December 31,	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Gross Income	59,258,983	39,882,341	4,752,704	5,754,058	64,011,687	44,886,278
Capital Expenditures	3,476,649	3,629,148	2,197,653	93,738	5,674,302	3,722,886
	December 31,		December 31,		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Total Assets	<u>1,390,544,438</u>	<u>1,092,958,238</u>	<u>97,018,728</u>	<u>72,305,046</u>	<u>1,487,563,166</u>	<u>1,165,263,284</u>

38 - Capital Management

a. Description of Capital

Capital is categorized into various categories, such as; paid-up capital, economic capital, and regulatory capital. Moreover, regulatory capital is defined, according to the Banks Law, as the total value of the items determined by the Central Bank for control purposes to meet the requirements of the capital adequacy ratio required by the Central Bank of Jordan instructions. Furthermore, regulatory capital consists of two parts: Primary Capital (Tier 1) made up of paid-up capital, declared reserves (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings after excluding restricted amounts and non-controlling interests net of loss for the period (if any), costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank, restructuring balance and goodwill Support capital, as for the second part (Tier 2), additional paid in capital, it consists of the foreign currencies translation differences, general banking risks reserve, instruments with debt-equity shared characteristics, support debts and 45% of the financial assets valuation reserve, if positive, and is deducted in full, if negative.

A third part of capital (Tier 3) might be formed in case the capital adequacy ratio goes below 12% due to factoring capital adequacy ratio into market risks.

Investments in the capitals of banks, insurance and other financial institutions are deducted.

b. The requirements of the regulatory parties concerning capital and the manner in which they are met.

Instructions of the Central Bank require that paid-up capital not to be less than JD 100 million and shareholders' equity-to-assets ratio not to be less than 6%. Moreover, the Central Bank instructions require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12% which the Bank considers to meet. Furthermore, the Bank increased its issued and paid-up capital during the year 2015 to become JD/share 105,000,000 as of December 31, 2015, whereby the increasing paid-up capital procedures were completed as of October 25, 2015, to commensurate with the Central bank of Jordan Requirements .

The Bank complies with Article (62) of the Banks Law which requires the Bank to appropriate 10% of its annual net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. This meets the requirements of the statutory reserve prescribed by the Companies Law.

The Bank complies with Article (41) of the Banks Law which requires adherence to the limits set by the Central Bank of Jordan relating to:

1. The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.
2. Ratio of total loans to regulatory capital the Bank is allowed to grant to one person, his allies, or to related stakeholders.
3. Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

c. Method of Achieving Capital Management Goals.

The Bank considers the compatibility of the size of its capital with the size, nature, and complexity of the risk the Bank is exposed to in a manner that does not contradict the prevailing regulations and instructions. This is reflected in its strategic plans and annual budgets.

When entering into investments, the impact on capital adequacy ratio is considered. Moreover, capital and its adequacy are monitored periodically as capital adequacy ratio is monitored at the Group level and the individual Bank every quarter. Furthermore, capital adequacy is reviewed by internal audit, and capital ratios are monitored monthly. Such ratios are financial leverage, shareholders' equity to assets, shareholders' equity to customers' deposits, internal growth of capital, provisions, and free capital. This should achieve the appropriate financial leverage, and consequently, the targeted return on shareholders' equity not less than 20% as prescribed by the Bank's strategy.

No dividends are paid to shareholders out of the regulatory capital if such payment leads to in adherence to the minimum capital requirement. The Bank concentrates on the internal growth of capital and can resort to public subscriptions to meet expansionary needs and future plans, or the requirements of the regulatory bodies according to specified studies.

Capital Adequacy

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions. The following is the capital adequacy ratio compared with the previous year:

	December 31,	
	2015	2014
	JD	JD
Core capital items:		
Authorized and paid-up capital	105,000,000	100,000,000
Statutory reserve	12,245,038	9,833,632
Cyclicality Reserve	1,472,315	1,317,633
Retained earnings	11,056,864	10,346,983
Less:		
Bank's capital restructuring cost balance	-	(3,451,666)
Investments in banks capital and other financial institutions	(449,295)	(2,489,081)
Intangible assets – net	(1,033,856)	(1,235,239)
Seized shares against debts	(1,438,167)	(1,438,167)
Seized properties held for more than four years	-	(3,832,619)
Total Core Capital	<u>126,852,899</u>	<u>109,051,476</u>
Authorized and paid-up capital items:		
Financial assets valuation reserve		
General banking risks reserve	(3,524,034)	(4,116,463)
Investments in banks capital and other financial institutions	<u>6,086,288</u>	<u>5,395,871</u>
Total supplementary capital	<u>(2,562,254)</u>	<u>(1,279,408)</u>
	=	=
Total Core and Regulatory Capital		
	<u>126,852,899</u>	<u>109,051,476</u>
Total Regulatory Capital		
Total assets weighted by risks	<u>126,852,899</u>	<u>109,051,476</u>
	<u>892,594,542</u>	<u>830,803,720</u>
Ratio of regulatory capital	<u>%21/14</u>	<u>%13/13</u>
Core capital ratio	<u>%21/14</u>	<u>%13/13</u>

39. Accounts Managed on Behalf of Customers

There are no investment portfolios managed by the Bank on behalf of customers.

40. Analysis of Maturities Assets and Liabilities

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

December 2015 ,31	Up to One Year	More than One Year	Total
	JD	JD	JD
Assets			
Cash and balances at central banks	256,992,257	13,548,764	270,541,021
Balances at banks and financial institutions	91,648,182	-	91,648,182
Direct credit facilities -net	223,847,598	375,441,338	599,288,936
Financial assets at fair value through profit or loss	3,115,160	-	3,115,160
Financial assets at fair value through other comprehensive income	9,721,806	-	9,721,806
Financial assets at amortized cost-net	85,584,924	307,455,972	393,040,896
Property and equipment - net	-	27,855,243	27,855,243
Intangible assets - net	-	1,033,856	1,033,856
Deferred tax assets	4,579,835	-	4,579,835
Other assets	86,738,231	-	86,738,231
Total Assets	<u>762,227,993</u>	<u>725,335,173</u>	<u>1,487,563,166</u>
Liabilities			
Banks and financial institutions deposits	188,351,417	5,000,000	193,351,417
Customers deposits	935,573,111	105,898,102	1,041,471,213
Cash margins	39,371,433	33,636,696	73,008,129
Borrowed funds	-	6,912,838	6,912,838
Other provisions	8,368,127	-	8,368,127
Provision for income tax	605,351	-	605,351
Deferred tax assets	-	471,099	471,099
Other liabilities	25,393,560	-	25,393,560
Total Liabilities	<u>1,197,662,999</u>	<u>151,918,735</u>	<u>1,349,581,734</u>
Net Assets	<u>(435,435,006)</u>	<u>573,416,438</u>	<u>137,981,432</u>

December 2014 ,31	Up to One Year	More than One Year	Total
	JD	JD	JD
Assets			
Cash and balances at central banks	93,875,785	7,444,500	101,320,285
Balances at banks and financial institutions	79,197,861	0.00	79,197,861
Direct credit facilities -net	194,746,357	329,120,304	523,866,661
Financial assets at fair value through profit or loss	4,815,485	-	4,815,485
Financial assets at fair value through other comprehensive income	-	12,315,426	12,315,426
Financial assets at amortized cost-net	56,434,861	291,827,315	348,262,176
Property and equipment - net	-	24,995,740	24,995,740
Intangible assets - net	-	1,235,239	1,235,239
Other assets	<u>16,011,495</u>	<u>53,242,916</u>	<u>69,254,411</u>
Total Assets	<u>445,081,844</u>	<u>720,181,440</u>	<u>1,165,263,284</u>
Liabilities			
Banks and financial institutions deposits	140,332,699	-	140,332,699
Customers deposits	756,054,525	54,201,070	810,255,595
Cash margins	36,552,557	32,872,288	69,424,845
Borrowed funds	870,572	3,050,000	3,920,572
Other provisions	676,734	-	676,734
Provision for income tax	3,852,086	-	3,852,086
Other liabilities	<u>11,289,300</u>	<u>5,099,643.00</u>	<u>16,388,943</u>
Total Liabilities	<u>949,628,473</u>	<u>95,223,001</u>	<u>1,044,851,474</u>
Net Assets	<u>(504,546,629)</u>	<u>624,958,439</u>	<u>120,411,810</u>

41. 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	Fair Value	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
	December 31,					
	2015	2014				
Financial Assets at Fair Value Through Income Statement	<u>JD</u>	<u>JD</u>				
Companies' shares	<u>3,115,160</u>	<u>4,815,485</u>	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply
Total	<u>3,115,160</u>	<u>4,815,485</u>				
Financial Assets at Fair Value through Comprehensive Income						
Shares that have available market price	<u>7,367,532</u>	<u>9,493,713</u>	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply
Shares that doesn't have available market price	<u>2,354,274</u>	<u>2,821,713</u>	Level Two	Financial Statements issued by Companies	Doesn't Apply	Doesn't Apply
Total	<u>9,721,806</u>	<u>12,315,426</u>				
Total Financial Assets at Fair Value	<u>12,836,966</u>	<u>17,130,911</u>				

There were no transfers between level 1 and level 2 during the year 2015.

B -The fair value of financial assets and financial liabilities of the bank (non-specific fair value on an ongoing basis): Except what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the bank approximate their fair value. because the bank managements believes that the carrying value of the items is equivalent to the fair value. And this is due to either maturity or short-term interest rates that have been repriced during the year.

	December 31,				The Level of Fair Value
	2015		2014		
	Book value	Fair Value	Book value	Fair Value	
	JD	JD	JD	JD	
Financial Assets of non-specified Fair Value					
Cash at Central Banks	<u>252,206,731</u>	<u>252,206,731</u>	<u>82,302,524</u>	<u>82,302,524</u>	Level Two
Cash at Banks and Financial Institutions	<u>91,648,182</u>	<u>91,648,182</u>	<u>79,197,861</u>	<u>79,197,861</u>	Level Two
Loans and Bills and others	<u>599,288,936</u>	<u>599,288,936</u>	<u>523,866,661</u>	<u>523,866,661</u>	Level Two
Financial Assets at Amortized Cost	<u>393,040,896</u>	<u>393,040,896</u>	<u>348,262,176</u>	<u>348,262,176</u>	Level One & Two
Other Assets	<u>86,738,231</u>	<u>86,738,231</u>	<u>69,254,411</u>	<u>69,254,411</u>	
Total Financial Assets of non-specified Fair Value	<u>1,422,922,976</u>	<u>1,422,922,976</u>	<u>1,102,883,633</u>	<u>1,102,883,633</u>	
Financial Liabilities of non-specified Fair Value					
Deposits at Banks and Financial Institutions	<u>193,351,417</u>	<u>193,351,417</u>	<u>140,332,699</u>	<u>140,332,699</u>	Level Two
Customer's Deposits	<u>1,041,471,213</u>	<u>1,041,471,213</u>	<u>810,255,595</u>	<u>810,255,595</u>	Level Two
Cash Margin	<u>73,008,129</u>	<u>73,008,129</u>	<u>69,424,845</u>	<u>69,424,845</u>	Level Two
Cash Insurance	<u>6,912,838</u>	<u>6,912,838</u>	<u>3,920,572</u>	<u>3,920,572</u>	Level Two
Total Financial Liabilities of non-specified Fair Value	<u>1,314,743,597</u>	<u>1,314,743,597</u>	<u>1,023,933,711</u>	<u>1,023,933,711</u>	

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

42. Commitments and Contingent Liabilities (Off - Statement of Financial Position)

a. Credit commitments and contingencies:

	December 31,	
	2015	2014
	JD	JD
Letters of credit	47,925,137	32,437,830
Letters of acceptances	4,891,661	6,162,034
Letters of guarantee :		
Payments	27,959,034	28,875,808
Performance bonds	44,825,782	44,765,757
Others	55,786,707	55,528,095
Unutilized credit facilities ceilings	<u>77,206,480</u>	<u>60,184,405</u>
Total	<u>258,594,801</u>	<u>227,953,929</u>

b. Operating leases amounted to JD 712,674 as of December 31, 2015 (JD 695,103 as of December 31, 2014).

43. Lawsuits against the Bank

The Bank is a defendant in lawsuits amounting to JD 2,031,735 as of December 31, 2015 (JD 2,354,328 as of December 31, 2014). In the opinion of the Bank's management and the Bank's legal advisor, no liabilities shall arise against the Bank exceeding the existing booked provision of JD 29,267 as of December 31, 2015 (JD 58,257 as of December 31, 2014).

44. Effect of in opening balances adjustments

A- The bank has recorded the effect of Deferred Tax Assets as of January 2015 from the changed balance in Fair value and Related Earnings at the beginning of 2015.

The below schedule showing the effect of changes on some balances as of January 1st 2015 as follows:

	January 1st 2015		
	Announced Balance	Effect of Change (applying Standards)	Adjusted Balance
	JD	JD	JD
ASSETS			
Deferred Tax Assets	-	3,370,839	3,370,839
Owners Equity			
Fair Value Reserve	<u>(4,116,463)</u>	<u>1,440,762</u>	<u>(2,675,701)</u>
Retained Earnings	<u>7,981,137</u>	<u>1,930,077</u>	<u>9,911,214</u>

B- The Bank has decided to deduct the total balance of the deferred restructuring cost as of December 31, 2015 amounted to JD 5,177,555 from the opening balance of the retained earnings as of January 1st, 2014 according to International Financial Reporting Standards requirements, whereby the balance become zero JD , where it used to be amortized over ten years starting from the beginning of the year 2004, according to the agreement of the Restructuring approved by the Central Bank of Jordan and the Council of Ministers and endorsed by the General Assembly shareholders of the Bank at the time, noting that the amortization of the balance of the restructuring has been postponed for several years and to complete the amortization in year 2014 according to the arrangements approved by the Central Bank of Jordan on that regards.

- The below schedule showing the effect on balances as follows:

	December 2014 ,31		
	Announced Balance	Effect of Change	Adjusted Balance
	JD	JD	JD
ASSETS			
Other Assets - Restructuring Cost Balance	72,706,077	(3,451,666)	69,254,411
Share Holders Equity			
Retained Earnings	<u>11,432,803</u>	<u>3,451,666</u>	<u>7,981,137</u>

	January 1st 2014		
	Announced Balance	Effect of Change	Adjusted Balance
	JD	JD	JD
ASSETS			
Other Assets	55,124,044	(5,177,555)	49,946,489
Share Holders Equity			
Retained Earnings	<u>3,415,573</u>	<u>5,177,555</u>	<u>(1,761,982)</u>

45. Comparative Figures

Some of the comparative figures for the year 2014 have been reclassified to correspond with current year presentation.

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

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

The following new and revised IFRSs have been adopted in the preparation of the financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements; however, they may affect the accounting for future transactions and arrangements.

- Annual improvements to the IFRS issued during 2010 to 2012 which includes revised related to IFRS (2), (3) , (8) and (13) and IAS (16), (24) and (38) .
- Annual improvements to the IFRS issued during 2011 to 2013 which includes revised related to IFRS (1) , (3) , (13) and IAS (40) .
- Amendments on the IAS (19) : employees benefits , these amendments explain how to distribute the contributions paid by employees or by external parties which relate to the company only during the time of service .

b. New and Revised IFRSs issued but not yet effective

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

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

Effective for Annual Periods Beginning On or After

1 January 2016	IFRS 14 : Regulatory Deferral Accounts .
1 January 2016	Amendments to IFRS 1 : Presentation of Financial Statements
1 January 2016	Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.
1 January 2016	Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.
1 January 2016	Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.
1 January 2016	Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.

1 January 2016
Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.

1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.

1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle that includes amendments to IFRS 5, IFRS 7, IFRS 19, IFRS 34.

IFRS 9 Financial Instruments (Amended 2009 2010 2013 2014)
IFRS 9 Financial Instruments issued on 24 July 2014, introduced new requirements for classifying and measuring financial assets
On 28 October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities
On 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) include the new general hedge accounting model
On 24 July 2014, the IASB issued the final version of IFRS 9 incorporating a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial assets

The IASB completed its project to replace IAS 39 in phases and the new IFRS Amendments includes.

classification and measurement

the financial assets classified and measured based on business model and contractual cash flows and this amendments found and new classification for some debit instrument it can be classified in to financial assets in fair value similar to ias 39

Impairment

On 2014, the IASB issued the final version of IFRS 9 incorporating a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial assets.

Hedge accounting

On 2014, the IASB issued the final version for hedge accounting include the new general hedge accounting model, allow early adoption of the treatment of fair value changes due to own credit on liabilities designated at fair value through profit or loss

Derecognition of financial assets

The basic premise for the derecognition model in IFRS 9 (carried over from IAS 39)

IFRS 7: Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7) issued, implementing additional disclosures (and consequential amendments) resulting from the introduction of the hedge accounting

Amendments to IFRS 7 : Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) issued

1 January 2018

IFRS 15 Revenue from Contracts with Customers

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

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

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

1 January 2019

IFRS 16 : Leases , specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments on IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates 2011 Amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

Management anticipates that each of the above standards and interpretations will be adopted in the financial statements by its date mentioned above without having any material impact on the Bank's financial statements, except for IFRS 15, IFRS 9 and IFRS 16. Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank's financial statements for the annual period 1 January 2018 respectively and IFRS 16 in 1 January, 2019 or later. The application of IFRS 15 and IFRS 9 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of revenue from contracts with customers and the Bank's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Bank performs a detailed review on the consolidated financial statements of the Bank.

Statements of Disclosure

Confident march towards the ultimate goal

They reflect the Bank's transparency and loyalty to its shareholders and partners without omission to have a well-defined look of the future situation and next expected steps.



Statements of Disclosure

In accordance with the requirements of the Central Bank of Jordan and Corporate Governance Manual of joint-stock companies listed in the stock exchange market, the Bank is committed to disclose in its annual report according to the disclosure directives and accounting standards issued by the Jordan Securities Commission.

1. The authorized capital is JOD 105,000,000 and the paid-up and subscribed capital of the Jordan Commercial Bank is JOD 105,000,000. The Bank exercises all banking activities through its network of branches that consists of 29 branches in Jordan and 4 branches in Palestine.
2. The main address of the Head Office: 8th Circle, King Abdullah II St., Al-Rawank District, Building no. 384.
3. The number of Bank's employees reached 794 employees in 2015.

Number of employees as at 2015/12/31

Jordan Branches	
Branch Name	Number of Employees
Head Office	470
Main Branch	13
Commercial Complex	6
Jabal Amman	6
Jabal Al Hussein	5
Abdali	6
Mecca St.	8
Shmeisani	10
Sweifieh	13
Amman	7
Yarmouk	5
Al Quweismeh	10
Marka	5
Al Hashmi Al Shamali	4
Sweileh	7
Fuhais	7
Wasfi Al-Tal Street	7
Abu Nseir	7
Salt	7
Muadi	7
Al Zarqa	7
Yajouz	6
Madaba	8
Aqaba	12
Al Karak	9
Irbid	10
Irbid Office	8
Ramtha	9
Aydoun Street	8
Mafraq	8
Total	695

Palestine Branches	
Branch Name	Number of Employees
Regional Management	56
Nablus	10
Tulkarm	9
Ramallah	9
Ramallah Office	7
BethlehemBethlehem	8
Total	99

4. There are no subsidiaries to the JCB.

5. About the Members of the Board of Directors.

1. Mr. Michael Faiq Ibrahim Al-Sayegh Chairman (Non-independent)

Date of Membership: 2004/02/16

Mr. Michael Al-Sayegh was born on 1946/01/01. He holds a Bachelor's degree in Public Administration and Political Science from the University of Jordan in 1971. He is the board Chairman of Sayegh Group that is the umbrella of 33 companies across the Arab world, Eastern and Western Europe and Asia working in different specialties including chemistry, engineering, household appliances, real estate, banking and media to provide consumers with numerous and various services, products and commodities. It employs 5,000 male and female employees.

- Mr. Michael Al-Sayegh holds the Order of the Holy Sepulchre of His Holiness Metropolitan Vinivctos of - the Greek Orthodox Patriarchate in 2002.
- Mr. Michael Al-Sayegh holds King Hussein Medal for Distinguished Contributions of the First Class in 2007.

Mr. Michael Al-Sayegh is the Chairman and member of the Board of Directors and Honorary President of several companies, associations and clubs, including:

- Chairman of the Board of Directors for all companies of Al-Sayegh Group.
- Chairman of the Board of Directors of National Paints in all its branches.
- Member of the Board of Trustees of the King Abdullah II Award for Self-employment and Entrepreneurship – Amman.
- Honorary President of the Orthodox Club – Fuhais.
- Member of the Orthodox Central Council.
- Chairman of the Board of Directors of the Orthodox Club – Amman.
- Founder and Vice Chairman of the Executive Committee in the Orthodox Society.
- Member of Jafa Society – Amman.
- Member of the Board of Trustees of the Association of International Affairs.
- Founder and Chairman of the Board of Directors of the Palestine International Foundation for Research and Services.
- Member of the Arab Federation for the paints and coatings industry as a representative of Jordan.
- Member of the Board of Trustees of the Jordanian Society for Medical Aid to Palestinians.
- Member of the Board of Trustees of the Jordan Society for Scientific Research.
- Member of the Board of Directors at Al Jazeera Sudanese Jordanian Bank / Sudan.
- Chairman of Board of Directors of the Arab Company for Electrical Industries.
- Chairman of the Board of Directors of the Arab Company for Paints Products/ Palestine.
- Chairman of the Board of Directors of the Middle East Privileged Coating / Oman.
- Chairman of the Board of Trustees of the Hashemite University.
- Chairman of Dimensions Jordan & Emirates for Commercial Investment Corporation.
- Member of the Board of Trustees of Jerusalem Day Society.

Mr. Michael Al-Sayegh is the Chairman and member of the Bank's Board Committees:

- Chairman of the Supreme Committee of the Board of Directors.
- Member of the Corporate Governance Committee.
- Member of the Nominations and Remuneration Committee.

2. H.E. Mr. Ayman Hazza' Barakat Al-Majali Vice Chairman (Non-independent)

Date of Membership: 2004/02/16

Mr. Ayman Al-Majali was born on 1949/02/20 and graduated in 1972. He holds a Bachelor's degree in History. He started his career working in the Jordanian Foreign Ministry. In 1993, he was appointed as Chief of Royal Protocol. In 1999, he was appointed as Deputy Prime Minister along with the Ministry of Youth and Sport and the Ministry of Information. In 2002, he became a board member at the Jordan Commercial Bank and he was re-elected in 2004 to hold the position of Vice Chairman.

Mr. Ayman Al-Majali was elected as a member in the Jordanian Parliament and was then elected as Head of Jordan's Lower House Finance Committee in 2012-2010.

Mr. Ayman Al-Majali is a board Chairman and member in several companies:

- Chairman, Al Jazeera Sudanese Jordanian Bank.
- Chairman, Al Quds Ready Mix Concrete Company.
- Chairman, Al-Yarmouk Insurance Company.
- Chairman, International Company for Communication Services.

Mr. Ayman Al-Majali is the Chairman and member of the Bank's Board Committees:

- Chairman of Debt and Property Settlement Committee.
- Member of the Supreme Committee of the Board of Directors.
- Member of Risk and Compliance Committee.

3. Social Security Corporation/ Board Member Board Member (Non-independent)

Date of Membership: 2004/05/10 and Represented by:

Mr. Ayman Mahmoud Ahmad Kassab from 2009/03/12 to 2015/02/14

Mr. Ayman Kassab was born on 1964/08/23 and received Master's degree in Business Administration from New York University, United States of America in 2006. He holds a Bachelor's degree in Computer Engineering from London University, UK in 1998. He held several positions in the Royal Jordanian Air Force in the field of Information and Communication Technology from 1988 to 2005. Mr. Ayman Kassab was appointed as a Secretary General at the Ministry of Communications and Information Technology. He currently works as Assistant Director General at the Social Security Corporation from 2005 until now.

Mr. Ayman Kassab participated as Chairman and member in several committees in the Social Security Corporation and the Armed Forces including:

- Chairman of committees on development and computerization of several large projects in the Armed Forces and the Social Security Corporation.
- Chairman of Human Resources Committee.
- Member of the Supreme Steering Committee for the new social security law.
- Member of the Supreme Steering Committee for the strategic plan.
- Supervise the application of international standards in the field of information protection.
- Supervise the application of international auditing standards in collaboration with global partners.
- Establish the Information and Actuarial Studies Center at the Social Security Corporation.
- Member of the Supreme Committee for Strategic Planning at the Social Security Corporation.
- Supervise the cooperation program with the World Labor Organization in preparing the 5th and 6th actuarial studies for the Social Security Corporation.
- Board Member, the Jordanian Real Estate Company.

Mr. Ayman Kassab is the Chairman and member of the Bank's Board Committees:

- Chairman of the Strategic Planning Committee.
- Member of Audit Committee.
- Member of Corporate Governance Committee.

Dr. Yasser Manaa Al-Adwan from 2015/02/15 to 2015/08/25

Dr. Yasser Al-Adwan was born on 1953/01/16.

- He obtained Ph.D. degree in Public Administration and Policy Analysis from University of Southern California, USA, in 1983.
- He obtained Master's degree in Public Administration from University of Southern California, USA, in 1980.
- He obtained a Bachelor's degree in Public Administration and Political Science from the University of Jordan in 1978.
- He worked as a professor of Administration in the Faculty of Economics and Administrative Sciences of Yarmouk University (2009-1983).
- He worked as a visiting professor in University of Tennessee, USA in 1988.
- He worked as a professor of administration and policy analysis, Faculty of Business, University of Jordan in 2015.

Dr. Yasser Al-Adwan is the Chairman and board member of the following:

- Chairman, Electricity Distribution Company (2015-2011)
- Chairman, Social Security Investment Fund (2012-2011)
- Chairman, Kingdom Company for Power Investments (2012-2011)
- Member at the management committee of the University of Jordan Investment Fund (2014-2008)
- Member of the Board of Trustees of the University of Jordan (2015-2007)
- Committee Member of Al al-Bayt University Investment Fund (2007-2005)
- Director General, Social Security Corporation (2000-1999)
- Board Member, Bromine-Potash Company (2000-1999)
- Board Member, Industrial Development Bank (2000-1999)
- Vice Chairman, Jordan Phosphate Mines Co. from (2000-1999)
- Vice Chairman, Accreditation Council / Higher Education (2001-1998)
- Vice President of Yarmouk University (1999-1994)

Dr. Yasser Al-Adwan is the Chairman and member of the Bank's Board Committees:

- Chairman of the Strategic Planning Committee.
- Member of Audit Committee.
- Member of Corporate Governance Committee.

Mr. Jehad Ali Ahmad Al-Shara as of 2015/08/26

Mr. Jehad Al-Shara was born on 1958/03/21. He holds a Bachelor's degree in bank management from Gazi University, Turkey, in 1983 and a Master's degree in Economics from Institute of Economic Research, Cairo, in 2003. He also holds the Certified Project Manager (CPM) certificate accredited by the International Association of Project and Program Management (IAPPM), USA, in 2010.

Mr. Jehad Al-Shara started working at the Social Security Corporation (SSC) as of 1986 and occupied many positions of responsibility across the SSC departments. He is currently working as the head of Contributions Support Department at the Social Security Investment Fund (SSIF). Mr. Jehad Al-Shara had represented the SSC and SSIF at many boards of directors of the companies in which the SSC was a shareholder and for different terms, many subsidiary and affiliate companies of such companies in addition to many board committees of the following companies:

- Housing Bank for Trade and Finance.
- Jordan Dubai Islamic Bank.
- Industrial Development Bank.
- Jordan Press and Publishing Company (Ad-Dustour).
- Jordan Electricity Company.
- Jordan Magnesia Company.
- Jordan Free Markets Company.
- Arab Center for Pharmaceutical and Chemistry Industries.
- Jordan Phosphate Mines Co.
- Jordan Potash Company.
- Jordan Cement Company.
- Jordan Telecommunications Company.
- Jordan Petroleum Refinery Co.
- Arab East Investment Co.
- Jordan Projects For Tourism Development (Tala Bay)
- Zara Investment Holding Co.
- Jordan International Insurance Co.
- He is also the Director General of Rama for Investment and Saving Co. owned by the Social Security Corporation.

Mr. Jehad Al-Shara is the Chairman and member of the Bank's Board Committees:

- Chairman of the Strategic Planning Committee.
- Member of Audit Committee.
- Member of Corporate Governance Committee.

4. Social Security Corporation/ Board Member Board Member (Non-independent)

Date of Membership: 2015/10/25

Represented by: Dr. Hamza Ahmad Khalifa Jaradat (under letters of assignment to attend respective meetings)

Dr. Hamza Jaradat was born on 1963/10/01. He obtained Ph.D. degree in Macroeconomics, Monetary Policy and Econometrics from University of Tennessee, USA, in 2000.

He obtained Master's degree (M.Sc.) in Economics from the University of Jordan, Jordan, in 1994.

He obtained Bachelor's degree (B.Sc.) in Economics/ Computer Science from Yarmouk University, Jordan, in 1987.

- Dr. Hamza Jaradat works as head of Department of Studies and Research, Social Security Investment Fund, as of 2015/09/01 until now.

- He worked as Director General of Jordan Post Company (2015-2014).

- He worked as an advisor to the Minister of Finance (2013-2004).

- He worked as an advisor and director of Partnership Unit at the Ministry of Finance (2014-2013).

- He worked at the Center for Economics and Finance, International Monetary Fund (2012-2011).
- He worked as a professor in the United States (2004-2000).
- He worked as a researcher at the Central Bank of Jordan (2000-1989).

Dr. Hamza Jaradat is a board member at:

- Jordan Post Company (2015-2012).
- National Electric Power Co. (2015-2011).
- Jordan Airports Company (2011-2009).
- Jordan Telecommunications Company (2008-2004).

Mr. Hamza Jaradat was a member of the Bank's Board Committees:

- Member of the Supreme Committee of the Board of Directors.
- Member of Risk and Compliance Committee.
- Member of Debt and Property Settlement Company.

5. H.E. Dr. "Mohammad Jawad" F. Hadid Board Member (Non-independent)

Date of Membership: 2004/02/16

Dr. Mohammed Jawad Hadid was born on 1938/12/18. He obtained a Bachelor's degree of arts / Social Studies with honors. He also holds a higher banking license – London (C.I.B) (Professional Doctorate) as well as the fellowship of International Entrepreneurs Corporation, New York, in 2003. He holds a certificate from Jordan Institute of Directors from the International Finance Corporation, International Monetary Fund. He worked as a director general and Vice Chairman of the Arab Banking Corporation (Jordan) from 1990 to 2000, Minister of Planning from 2000 to 2001, Chairman of the Social Security Investment Fund from 2001 to 2003, and CEO and Director General of the Jordan Commercial Bank from 2004 to 2011/11/01.

Dr. Mohammed Jawad Hadid is currently:

- Member of the Jordanian Senate.
- Vice Chairman of the Board of Trustees, Princess Sumaya University for Technology.
- Vice Chairman, Jordan Steel Co.
- Board member, Al Jazeera Sudanese Jordanian Bank.
- Board member, MidEast Aviation Academy.
- Board member, Education and Scientific Research Management and Development Company, Amman Arab University.
- Member, International Affairs Association, Amman, Jordan.

Dr. Mohammed Jawad Hadid is the Chairman and member of the Bank's Board Committees:

- Chairman of Risk and Compliance Committee.
- Member of Strategic Planning Committee

6. Mr. “Mohammad Khair” Ababneh (Representative of First Jordan Investment Company) - Board Member (Non-independent)

Date of Membership: 2011/04/20

Mr. “Mohammad Khair” Ababneh was born on 1945/10/12. He obtained a Master’s degree in Military Sciences from Air University, United States, in 1988, Master’s degree in Public Administration from Auburn University, USA, in 1989; Master’s degree in higher management from the Naval Postgraduate School, USA, in 1987; Bachelor’s degree in Military Sciences from Air University in 1977, Bachelor’s degree in Aviation Science from the Greek Aviation Academy in 1967. He also holds a certificate from Jordan Institute of Directors and a certified board member certificate from the International Finance Corporation, International Monetary Fund. He joined the Royal Jordanian Air Force in 1963, graduated as a pilot officer in 1967, and later became Chief of Staff of the Royal Jordanian Air Force from (-1995 1999). He became a board member in the Royal Jordanian from (1999-1995) and vice Chairman in the Royal Wings. He retired as Air Chief Marshal. He is currently the Chairman of the Board at First Jordan Investment Company since 2010.

Mr. “Mohammad Khair” Ababneh is also the Chairman and member of the Bank’s Board Committees:

- Chairman of the Supreme Committee of the Board of Directors.
- Member of Debt and Property Settlement Committee.
- Member of Strategic Planning Committee.
- Member of Nominations and Remuneration.

7. Mr. Sharif T. Al-Rawashdeh Board Member (Independent)

Date of Membership: 2012/06/28

Mr. Sharif Al-Rawashdeh was born on 1958/08/01. He obtained a Bachelor’s degree in Economics from Yarmouk University in 1986.

- He worked as an internal auditor at the Jordan Kuwait Bank (1987-1981).
- He worked as loans’ manager at Al Mashreq Bank, United Arab Emirates (1988-1987).
- He worked as head of Retail Banking Services and Private Services and manager of the head office at the Saudi Investment Bank, Riyadh, Kingdom of Saudi Arabia from 1988 to 2010.
- A former member of the 16th Jordanian Parliament and member of Health and Environment Committee and Energy Committee (2011-2010).

Mr. Sharif Al-Rawashdeh also holds the following positions:

- Chairman, Al Bilad Securities & Investment Co. since 2006.
- Chairman, International Arabian Development & Investment Trading Co. since 2012.
- Chairman, Al Jazira Capital Company, Egypt.
- Vice Chairman, Arab Jordanian Insurance Group Co. since 2012.
- Board member, Al-Bilad Medical Services P.L.C from 2002 to April 2014.
- Board member, Al Jazeera for Configuring & Managing Security Portfolios, Egypt.
- Board member, National Chlorine Industries Company P.L.C from April 2012 to October 2012.
- Member of the Board of Trustees at Mutah University.
- Chairman of Management Board of Directors at Canadian International Schools.
- Chairman of Management Board at Mandala Beauty Clinic.
- Member of Management Board at the Jordanian-Canadian Businessmen Association.
- Member at Royal Jordanian Gliding Club.

Mr. Sharif Al-Rawashdeh is the Chairman and member of the Bank’s Board Committees:

- Chairman of Audit Committee.
- Member of Nominations and Remuneration Committee.
- Member of Corporate Governance Committee.

8. Mr. Saleh Mohammad Saleh "Zeid Kilani" Board Member (Independent)

Date of Membership: 2012/06/28

Mr. Saleh Zeid Kilani was born on 1966/10/15. He received a Master's degree in Business Administration from the United States in 1989 and a Bachelor's degree in Political Science and International Management from the United States in 1988. He worked as Chairman of Board of Commissioners of the Development Zones Commission. He also worked as the Chairman of the Dead Sea Development Company. He acted as a Commissioner for investment and economic development affairs at the Aqaba Special Economic Zone Authority in 2010. He was a member at Ammoun International for Multilateral Investments until 2015/10/19. He also held a number of positions in both the public and private sectors. He currently works as a development advisor at Abdul-Hameed Shoman Foundation from April 2013 until now.

Mr. Saleh Kilani is the Chairman and member of the Bank's Board Committees:

- Chairman of Nominations and Remuneration Committee.
- Member of Audit Committee.
- Member of Corporate Governance Committee.

9. Ms. Eman Mahmoud A. Al-Damen Board Member (Independent)

Date of Membership: 2015/10/25

Ms. Eman Al-Damen was born on 1957/06/05 and obtained a Master's degree in Finance from the University of Jordan in 1992, a diploma in Business Administration from University of Manchester, Britain, in 1990, and a Bachelor's degree in Business Administration from Kuwait University in 1979.

Ms. Eman Al-Damen held several positions in the banking sector. She worked as Head of Risk and Credit Department at Capital Bank from December 2007 to December 2011, Assistant General Manager for Facilities at Cairo Amman Bank from -2003 December 2007, Facilities Manager at Jordan Gulf Bank from 2003-1998, and Manager of Facilities Department at Bank of Jordan from 1998-1993.

In addition to banking career, Ms. Eman Al-Damen worked in the field of teaching and training as she started her career as a scientific research assistant at College of Commerce, Kuwait University. Such career lasted over the years as Mrs. Eman Al-Damen held several specialized training courses on credit and SMEs financing through global and regional institutes and organizations such as the USAID, Arab Academy for Banking and Financial Sciences, and Association of Jordan Banks. She is also a certified trainer for the Financial Market International Inc.

Ms. Al-Damen represents women's associations to which she belongs at world organizations, most importantly: The Organization for Economic Cooperation and Development (OECD) and local / quasi government organizations supporting SMEs and women entrepreneurs in Jordan

Ms. Eman Al-Damen is currently:

- Member of the Higher Council for National Jordanian Women Committees (-2005 Present)
- First Vice President at the Jordan Forum for Business and Professional Women (-2002 Present)

Ms. Eman Al-Damen is the Chairman and member of the Bank's Board Committees:

- Chairman of Corporate Governance Committee.
- Member of the Supreme Committee of the Board of Directors.
- Member of Risk and Compliance Committee.

10. Mr. Yazeed Shamseddin Al-Khalidi **Board Member (Independent)**

Date of Membership: 2015/10/25

Mr. Yazeed Al-Khalidi was born on 1965/02/14.

He obtained a Master's degree in Business Administration / Financing from New York Institute of Technology in 2004 and a Bachelor's degree in Economics, Statistical Analysis and Business Administration from the University of Jordan in 1988. He also obtained a certified board member certificate from the International Finance Corporation/ JIOD.

Mr. Yazeed Al-Khalidi worked in several fields including accounting auditing and administrative consultancies in addition to financial management and management of investment funds in several regional and local companies. He also worked as Chief Operating Officer at Cairo-based EuroMena Management UK Ltd., which manages investment funds. He previously worked as Chief Financial Officer at Ampere Holding specialized in real estate development projects, Vice Chairman for Financial Affairs at the International General Insurance Company specialized in re-insurance, and accounting manager at EDGO Group operating in the fields of energy, real estates and oilfields' services. Mr. Yazeed Al-Khalidi started his professional career in the field of auditing and business consultancy at the offices of Arthur Andersen Company in Amman in 1991. He is currently working as Chief Financial Officer at Pharmacy One Group since 2010.

Mr. Yazeed Al-Khalidi is the Chairman and member of the Bank's Board Committees:

- Member of Audit Committee.
- Member of Corporate Governance Committee.
- Member of Nominations and Remuneration Committee.

11. Mr. Abdelnour Nayef Abdelnour **(Representing National Paints Factories Co. Ltd.) - Board Member (Non-independent)**

Date of Membership: 2015/10/25

Mr. Abdelnour was born on 1972/09/14.

- He obtained a Master's degree in International Business Administration from University of Leeds, Britain, in 1997.
- He obtained a Bachelor's degree in Business Administration and Accountancy from the University of Jordan in 1994.

Mr. Abdelnour is currently working as:

- Financial Advisor for Sayegh Group.
- General Manager for Barnsley Enterprise Company.
- Partner at Tadribat for Skills Development Company.
- Board Member at Biolab Medical Laboratory.

Mr. Abdelnour is a member of the Bank's Board Committees:

- Member of Debt and Property Settlement Committee.
- Member of Strategic Planning Committee.

6. About Members of Supreme Executive Management

Mr. Caesar Qulajen **General Manager as of 2015/04/01**

Mr. Caesar Qulajen was born on 1964/08/22 and obtained Master of business administration (MBA) / Financing from University of Dallas/ Texas, USA, in 1999. He has various banking, administrative and financial experience in the public and private sectors for a period exceeding 25 years.

Professional Experience:

- Social Security Corporation (1997-1989).
- Chief Manager, Arthur Andersen Company, Kingdom of Saudi Arabia (2004-1999).
- Assistant General Manager, Saudi American Bank (SAMBA) (2006-2004).
- Chief Executive Officer, Ebram Investments, Kingdome of Saudi Arabia (2008-2006).
- Assistant General Manager, Housing Bank for Trade and Finance (2012-2008)
- Deputy General Manager, Housing Bank for Trade and Finance (2015-2012).

Mr. Caesar Qulajen is also a board member as follows:

- Member of the Executive Committee, Jordan International Bank, London.
- Board member, Middle East Payment Services Co.
- Board member, Credit Information Corporation.

Ms. Ghada Al-Farhan **Deputy General Manager – Operations and Support Affairs**

Ms. Ghada Al-Farhan was born on 1959/11/26 and obtained Master of Business Administration (MBA) in 1995. She worked as Assistant Director of Projects Department at the Social Security Corporation until 2004, then as Deputy General Manager at the Jordan Commercial Bank until now. She represents the Bank as a board member at Jordan Mortgage Refinance Company.

Mr. Rajai Kossous

Deputy General Manager / Chief Banking Officer - CBO

Mr. Rajai Kossous was born on 1967/05/05 and obtained Master of Business Administration (MBA) from Ohio State University (OSU) in 1990. He also received a Master's degree in Economics from Ohio State University (OSU) in 1989 and a Bachelor's degree in Economics and Financial & Banking Sciences from Yarmouk University in 1988. He has various banking, administrative, financial and consulting experience exceeding 20 years in the private and public sectors.

Mr. Rajai Kossous also obtained a license from the Jordan Securities Commission for the operations of investment management, investment trusteeship, financial consultancy, issuance management, custody and financial brokerage.

Professional Experience:

- Chief Investment Officer, Invest Bank (2013-2011).
- Chief Investment Officer, Investments and Treasury, Invest Bank (2011-2009).
- Managing Director, Jordanian Management and Consulting (2008-2006)
- Chief Executive Officer, Global Investment House (Jordan) (2006-2005).
- Assistant General Manager, Invest Bank (2005-2000)
- Sector Head and Coordinator of Foreign Aid Unit/ Executive Privatization Unit in 1999.
- Director, Directorate of Studies and Policies, Ministry of Planning, 1998.
- The Hashemite Royal Diwan (1998-1996).
- Invest Bank (1996-1993).

Mr. Rajai Kossous is a former and current board member as follows:

- Current board member at Century Investment Group.
- Current board member at Offtec Investment Group.
- Board member, Union Tobacco and Cigarette Industries (2015-2014).
- Board member, Union Investment Corporation PLC (2015-2014).
- Board member, Offtec Investment Group (2012-2007).
- Board member, Visa Jordan Card Services (2011-2009).
- Board member, Jordanian Management and Consulting PLC (2009-2006)
- Member of Management Board at Global Investment House (Jordan) (2006-2005).
- Chairman, Jordan Trade Facilities Company PLC (2006-2003).
- Board member, Emmar Investments and Real Estate Development Company PLC (2005-2004).
- Vice Chairman, Jordanian Duty Free Shops Co. (PLC) (2005-2000).
- Board member, Securities Depository Center (2005-2003).
- Chairman of Management Committee, Iraqi Jordanian Land Transport Co. (PLC) (2004-2003).
- Board member, Amman Stock Exchange (2002-2000).

Mr. Fadel Dbais

Assistant General Manager / Remedial and Collection

Mr. Fadel Dbais was born on 1951/01/01 and obtained a Bachelor's degree in Law from Alexandria University in 1983, a Bachelor's degree in Public Administration from Yarmouk University in 1990 and a Master's degree in Administration from Al al-Bayt University in 1999. He worked in the public sector for 24 years until 1995. Then, he joined the Jordan Commercial Bank on 1997/11/08 as Manager of Remedial and Collection and he is currently Assistant General Manager for remedial, collection and legal affairs until now. He also represents the Bank as a board member at Arab Assurers Insurance Co. and Omran for Commercial Complexes Co.

Mr. Rami Hadid

Assistant General Manager/ Corporate Banking

Mr. Rami Hadid was born on 1969/02/28 and obtained a Master's degree in Business Administration and Accountancy from the United States of America in 1998. He also holds CPA Certificate and has experience in the field of auditing and banking activities as he worked at Ernst & Young, Amman. He also worked at several banks including the Arab Banking Corporation Bank, New York, and BNP Paribas, Bahrain in corporate facilities. He also participated in establishing a commercial branch for Housing Bank, Bahrain, and worked as Assistant General Manager for Corporate Facilities at the Capital Bank of Jordan. He also represents the Bank as a board member at Rum Group for Transportation and Tourism Investment.

Mr. Mohammed Al-Quraan

Assistant General Manager/ Credit

Mr. Mohammed Al-Quraan was born on 1971/10/20 and obtained a Bachelor's degree in Economics from Yarmouk University in 1995. He has a long banking experience in the field of financial and credit analysis, preparation and evaluation of economic feasibility studies, evaluating the same, and financial and administrative consultancies. He worked at a number of financial institutions and banks including the Egyptian Arab Land Bank, Jordan Loan Guarantee Corporation, Industrial Development Bank, Productivity Promotion Program and Jordan Ahli Bank. He also worked in the field of providing consultancies and training with some regional and international entities, and he is a board member at Dimensions Jordan & Emirates for Commercial Investment Corporation.

Mr. Alaa Qahef

Assistant General Manager/ Human Resources

Mr. Alaa Qahef was born on 1973/03/17 and obtained a Master's degree in business administration with emphasis on management of human resources from the Jordan German University in 2012 and a Bachelor's degree in English Language and literature. He also holds several professional certificates in HR planning and development including the Comprehensive Diploma in HR Management from the American University in Cairo. In the field of quality audit, he holds a certificate of a certified senior auditor and a qualified project manager. He also holds a certificate as a certified trainer. He also worked at DHL Company (2004-1995) as customer service and products manager as well as in the field of quality policies, ISO audit, and human resources. Then, he joined the Jordan Commercial Bank in 2004 as manager of human resources department and is currently working as Assistant General Manager for Human Resources.

Dr. Mohammed Amro

Assistant General Manager/ Treasury and Investment

Dr. Mohammed Amro was born on 1973/08/18 and received Ph.D. degree in management of bank risks from the Arab Academy for Banking and Financial Sciences in 2006. He also obtained a Master's degree in Financing from the University of Jordan in 1998 and a bachelor's degree in Economics and Financial & Banking Sciences from Yarmouk University in 1995.

Dr. Mohammed Amro worked in the banking and investment fields as follows:

- Manager of Treasury and Banking Relations Department at BLOM Bank (2013-2005). His duties included working as an advisor and effective member of Credit Committee, Strategic Planning Committee and Risk Management and Compliance Committee.
- Manager and an official at the Arab Jordan Investment Bank at several departments including accredits Department, Warranties Department, Treasury Department and Foreign Investment Department (2005-1995).
- He also obtained a license from the Jordan Securities Commission for the operations of investment management, investment trusteeship, financial consultancy, issuance management and custody.

- He has vast experience in the professional, consultative and academic fields at many banking universities and institutes including: Arab Academy for Banking and Financial Sciences, Institute of Banking Studies, Damascus University and University of Jordan. He also has numerous studies and researches in the field of financial engineering, financial derivatives, strategic management, risk management and financial markets.

Dr. Mohammed Amro is a founder and a current and former board member as follows:

- Member of management board and founder of Al-Safwa Securities Company until 2007 and Experts Securities Company until the end of 2013 as well as a board member at Middle East Payment Services Co. till mid2013-. He also represents the Bank as a board member at Middle East Diversified Investments Co.

Mr. Majdi Banat

Assistant General Manager, Banking Support and Operations

Mr. Majdi Banat was born on 1970/08/18 and obtained a Bachelor's degree in Economics from Yarmouk University in 1994.

He worked in the banking field as follows:

- Manager, Quality Excellence Department, Bank al Etihad (2014-2012).
- Manager, Operations Flow Department, Head Office of the Arab Bank (2012-2010).
- Manager, Department of Policies and Procedures, Head Office of the Arab Bank (2010-2008).
- Senior Analyst of Operations Flow, Head office of the Arab Bank (2008-2005).
- Worked at the main branch of the Arab Bank (2005-1995).

Mr. Abdallah Kishkek

Assistant General Manager of Finance as of 2015/06/14

Mr. Abdallah Kishkek was born on 1967/08/05. He obtained a Bachelor's degree in Accountancy from Walsh University, United States, in 1990. He holds CPA certificate and is a member of the Chartered Accountants Association in Jordan. He worked as senior manager for financial consultancies at Arthur Andersen Company in the Kingdom of Saudi Arabia from 1993 to 2003. Then he worked as assistant general manager of financial department at Bank Aljazira in the Kingdom of Saudi Arabia from 2003 to 2009 and Assistant General Manager of Financial Department, Bank al Etihad from 2009 to 2015.

Mr. Ziad Fatayer

Head of Retail and Branches Banking Services Sector

Mr. Ziad Fatayer was born on 1965/08/01 and obtained a Bachelor's degree in Accountancy and Auditing from University of Pune, India, in 1987. He also obtained higher diploma in management of promotion, publicity and advertising from Institute of New Delhi, India. He also received a Master of Business Administration (MBA) in marketing management from University of Pune, India. He has over 25 years of banking experience at several local, regional and international banks. His vast experience included working at leading banks such as Citibank, Al Mashreq Bank, A B N Amro, Arab Bank, Ahli United Bank, International Bank, Capital Bank of Jordan, Bank of Jordan, Libyan Qatari Bank and Amlak Finance PLC. He is also a member of the World Union of Arab Bankers.

7. Names of the members of the Board and Executive Management who resigned during the year:

Mr. Abdel-Mahdi Abdel-Aziz Theyab Allawi – General Manager, Date of Resignation: 2015/03/31.

8. Names of major shareholders whose ownership constitutes %1 and above.

Name of shareholder	2015			2014		
	Number of shares as on 31/12/2015	%	Number of shares seized or mortgaged	Number of shares as on 31/12/2014	%	Number of shares seized or mortgaged
Al Saleh Investment Holding Limited Company	27,825,000	26.50%	-	26,500,000	26.50%	-
Social Security Corporation	20,832,019	19.84%	20,000 shares seized	19,840,019	19.84%	20,000 shares seized
First Jordan Investment Company	14,044,200	13.37%	1,739,638 shares seized 1,050,000 shares mortgaged	13,619,000	13.62%	1,739,638 shares seized 1,000,000 shares mortgaged
Ibrahim Faiq Ibrahim Al-Sayegh	9,846,405	9.38%	2,835,000 shares mortgaged	8,640,000	8.64%	2,700,000 shares mortgaged
Michael Faiq Ibrahim Al-Sayegh	9,351,412	8.90%	10,000 shares seized	8,878,110	8.88%	10,000 shares seized
Samer Salim Faiq Al-Sayegh	6,010,472	5.72%	2,415,000 shares mortgaged	2,700,000	2.70%	2,300,000 shares mortgaged
Sami Salim Faiq Al-Sayegh	3,175,017	3.02%	-	-	-	-
Samar Salim Faiq Al-Sayegh	1,587,510	1.51%	-	-	-	-
Fouad Kastandy Metri Bejjali	1,908,136	1.81%	-	-	-	-
Noha Michael Musa Hadad	1,133,936	1.07%	-	-	-	-
Mr. Salim Faiq Ibrahim Al-Sayegh	-	-	-	8,639,507	8.64%	-

9. Competitive Status of the Company within its Activity Sector

Description	2015	2014
Our market share/ facilities	2.53%	2.43%
Our market share/ deposits	2.64%	2.22%
Our market share/ assets	2.65%	2.31%

10. There is no reliance on specific vendors or main clients locally or globally who constitute %10 and above of total purchases and/or sales or revenues.

11. There is no governmental protection or concessions that the Jordan Commercial Bank or any of its banking products enjoys under laws and regulations or other.

12. There are no patents or concession rights obtained by Jordan Commercial Bank

13. There are no decisions made by the government, international organizations, or other parties having material impact on the Bank's business, products or competitive capability.

14. The international quality standards do not apply to the Bank.

15. Number, categories, and qualifications of the Bank's employees:

Numbers as on 2015/12/31

Academic qualifications	Number		Number		Total	%
	Males	%	Females	%		
Ph.D.	4	0.50	0	0.00	4	0.50
Masters	37	4.66	18	2.27	55	6.93
High Diploma	2	0.25	0	0.00	2	0.25
Bachelor's	310	39.04	167	21.03	477	60.08
Diploma (Two years)	59	7.43	52	6.55	111	13.98
Diploma (One year)	0	0.00	23	2.90	23	2.90
High school (Pass)	15	1.89	13	1.64	28	3.53
Less than high school	93	11.71	1	0.13	94	11.84
Total	520	65.49	274	34.51	794	100.00

At the Human Resources Department, we are committed to implementing effective policies that ensure the selection of the best human resources to make them join our team so as to achieve efficiency and effectiveness in the employment process and provide equal opportunities in applying the selection and appointment policy. We are also committed to adopting a policy to develop and motivate our employees by providing opportunities to apply for vacant jobs of administrative and supervisory tasks and adopt the principle of efficiency and preference in filling such vacancies from within the Bank. At the same time, we spare no effort to get the following generation of employees trained and qualified to whom supervisory tasks will be assigned according to the succession plans. The amended policies of promotions, financial benefits and rewards have been adopted by the Board of Directors and entered into effect.

(33) male/female employees from within the Bank have been promoted to take over several jobs as follows:

Teller – Senior Teller

Sales and Services Officer – Senior Sales and Services Officer

Senior Sales and Services Officer – Branch Sales and Services Manager

Controller – Section Head

Main Officer – Section Head

Section Head – Unit Head

Center Manager – Department Manager

To increase the return on investment in human capital, the training and development process had a clear impact on the performance of employees as the Bank focused on the specialized quality training of branches' employees through various programs held at the Bank and through the training center by qualified trainers from inside and outside the Bank. The Bank's internal training center delivered 63 courses from which 1055 male and female employees benefited (repeated).

The Bank also participated effectively in the training programs delivered by the Institute of Banking Studies whose number reached 112 courses. Two hundred sixty-on of our employees participated in local professional programs and certificates delivered by the Arab Academy for Banking Sciences, Union of Arab Banks, other outstanding centers of high reputation and efficiency, and specialized centers for development of skills.

The Bank distributed 67 male and female students from graduates of Jordanian universities to our branches for the effective contribution and partnership in development of the local community.

Internal and External Training Courses from								
01/01/2014 to 31/12/2014								
01/01/2015 to 31/12/2015								
	Number of Courses		Number of Participants		Males		Females	
	2014	2015	2014	2015	2014	2015	2014	2015
Institute of Banking Studies	130	97	278	261	181	176	97	85
Training institutes								
(Courses, conferences and seminars) inside Jordan	109	90	203	209	135	132	68	77
Internal training courses								
(Training Center)	79	63	1,608 (repeated)	1,055 (repeated)	963	716	645	339
Training courses								
(Outside Jordan)	23	11	23	13	20	10	3	3
Conferences and seminars								
Outside Jordan/ Senior management	4	4	7	6	7	6	-	-

16. Dealing with Customers

The most important relevant topic in dealing with customers with fairness and transparency is dealing with customers' complaints and information contained therein as such complaints provide information about the points about which customers care and which result in a state of dissatisfaction among them. This matter means a source of feedback for service improvement assisting the Bank in developing its work and establishing procedures that ensure not repeating such complaints in the future. The "handling complaints" system was defined as "the institution's response to any defect or failure in the process of service delivery to customers".

The Bank has Customers' Complaints Management and Handling Unit affiliated to the Department of Compliance Control and Anti-Money Laundering. Such unit receives customers' complaints delivered to the Bank via various means of communication and work to handle such complaints, enhance the confidence and satisfaction of customers, classify complaints; and conduct various quantitative and analytical studies as well as investigate causes of complaints in the cases requiring the same, and submit periodic reports to the Board of Directors and the Central Bank of Jordan.

The total number of complaints received reached 242 complaints during 2015. The complaints were mainly from branches of central regions. The major topics of complaints were related to workflow procedures, some technical mistakes, and other complaints about non-understanding of services by customers or non-validity of customer's request. The Compliance Control and Anti-Money Laundering Department/ Customers' Complaints Management and Handling Unit follows up on complaints' topics, communicate with customers to gain their satisfaction, clarify any misunderstanding, and recommend appropriate corrective measures. Telephone communication is the most prevailing means used by the Bank's customers to voice their complaints. The second means of communication is the Bank's electronic website.

17. Risks to which the Bank is exposed:

The Bank is exposed to a range of risks including the following main risks:

- Credit risks
- Market risks
- Liquidity risks
- Operation risks
- Compliance risks

18. There is no financial impact of non-recurrent operations performed during the fiscal year and do not fall within the Bank's main activity.

19. Timeline of profits and losses realized, dividends, net shareholders' equity, and prices of securities for the years (2015-2011) in (JOD)

Description	2011	2012	2013	2014	2015
Net profit (loss)	(1,329,749)	2,062,878	3,199,256	11,728,020	15,756,877
Dividends	-	-	-	5,000,000	-
Net shareholders' equity	92,175,714	103,471,968	108,873,133	120,411,810	137,981,433
Distribution of cash profits	-	-	-	-	-
Percentage of cash distribution	-	-	-	-	-
Distribution of free shares (Proposed)	-	-	-	5,000,000	7,875,000
Percentage of distribution of free shares	-	-	-	5%	7.5%
Closing price per share	1,100	1,000	1,040	1,160	1,170

20. The amounts received by the auditor include sales tax amounting to JOD 90,058.

21. Number of securities owned by members of the board of directors, senior management personnel of executive authority and their relatives as well as companies controlled by any of them:

21/ A- Members of the board of the directors

Name	Number of securities		Number of securities owned		
	2015	2014	Controlled companies	2015	2014
Michael Faiq Ibrahim Al-Sayegh Chairman	9,351,412	8,878,110	Sayegh Bros BV	189,000	180,000
			National Paints Factories Co. Ltd	254,100	242,000
Ayman Hazza' Barakat Al-Majali Vice Chairman	956,479	644,916	There are no controlled companies	-	-
"Mohammad Jawad" F. Hadid Board member	47,114	44,871	There are no controlled companies	-	-
Social Security Corporation Represented by: Ayman Mahmoud Kassab until 25/02/2015 Yasser Manaa Al-Adwan as of 26/02/2015 until 25/08/2015 Jehad Ali Ahmad Al-Shara as of 26/08/2015 2nd Seat for Social Security Corporation as of 25/10/2015 Represented by: H.E. Hamza Ahmad Khalifa Jaradat Under a letter of assignment for each meeting	20,832,019	19,840,019	There are no controlled companies	-	-
First Jordan Investment Company / Represented by Mr. "Mohammad Khair" Ababneh	14,044,200 21,000	13,619,000 12,000	There are no controlled companies	-	-
Sharif T. Al-Rawashdeh Board Member	988,871	937,020	There are no controlled companies	-	-
Saleh Mohammad "Zeid Kilani" Board Member	10,500	10,000	There are no controlled companies	-	-
National Paints Factories Co. Ltd. Represented by: Abdelnour Nayef Abdelnour As of 25/10/2015	254,100 539	242,000 514	There are no controlled companies	-	-
Eman Mahmoud A. Al-Damen/ Board Member As of 25/10/2015	10.500	-	There are no controlled companies	-	-
Yazeed Shamseddin Al Khalidi Board Member As of 25/10/2015	10.500	-	There are no controlled companies	-	-

*All members of the board are of Jordanian nationality except for National Paints Factories Co. Ltd., which is Emirati.

21/ B- Top Management Personnel

Name	Number of securities		Number of owned securities		
	2015	2014	Controlled companies	2015	2014
Ghada M.Farhan/ Deputy General Manager for Operations and Support	16,607	15,817	-	-	-

*All top management personnel are of Jordanian nationality.

21/ C- Relatives

Name	Number of securities		Number of owned securities		
	2015	2014	Controlled companies	2015	2014
Nazi Tawfik Al-Qabti, Wife of the Chairman	210,000	200,000	-	-	-
Vlair Adel Zawati, Wife of the Vice Chairman	19,635	3,500	-	-	-

*All relatives are of Jordanian nationality.

22. The salaries and remuneration paid to the Bank's Board members and Executive Management reached JOD 1,980,901 during 2015.

Members of the Board	Transportation allowance of Board members	Transportation allowance of Board committees' members	Annual remuneration of Board members	Travel expenses	Total
Mr. Michael Faiq Ibrahim Al-Sayegh	23,000	2,700	-	-	25,700
Mr. Ayman Hazza' Barakat Al-Majali	23,000	2,700	150,000	8,368	184,068
Dr. "Mohammad Jawad" F. Hadid	23,000	1,200	-	-	24,200
Social Security Corporation	29,000	5,900	-	2,040	36,940
First Jordan Investment Company	23,000	3,600	-	9,396	35,996
Mr. Sharif T. Al-Rawashdeh	23,000	8,800	-	11,436	43,236
Mr. Saleh Mohammad "Zeid Kilani"	23,000	10,200	-	2,040	35,240
Mr. Abdelnour Nayef Abdelnour	6,000	900	-	2,052	8,952
Mr. Yazeed Shamseddin Al Khalidi	6,000	800	-	-	6,800
Mrs. Eman Mahmoud A. Al-Damen	6,000	300	-	2,052	8,352
Total	185,000	37,100	150,000	37,384	409,484
Salaries and benefits of top Executive Management	Salaries	Rewards	Incentives	Travel expenses	Total
Mr. Abdel-Mahdi Allawi	153,661	48,000	-	-	201,661
(from 01/01/2015 to 31/03/2015)	153,661	48,000	-	-	201,661
Mr. Caesar Qulajen (as of 01/04/2015)	225,000	-	-	8,286	233,286
Ms. Ghada Farhan	131,881	-	-	843	132,724
Mr. Rajai Kossous	133,109	-	-	-	133,109
Mr. Mohammed Al-Quraan	106,480	-	-	-	106,480
Mr. Ziad Fatayer	131,467	-	-	2,453	133,920
Dr. Mohammed Amro	103,200	-	-	-	103,200
Mr. Rami Hadid	105,600	-	-	6,013	111,613
Mr. Fadel Dbais	118,679	-	-	-	118,679
Mr. Abdallah Kishek (as of 14/06/2015)	93,344	-	-	-	93,344
Mr. Alaa Qahef	98,200	-	-	-	98,200
Mr. Majdi Banat	105,200	-	-	-	105,200
Total	1,505,821	48,000	-	17,595	1,571,416
	Amount				Total
Grand Total	1,690,821	85,100	150,000	54,980	1,980,901

23. In the area of the Bank's contribution to serving the local community, support has been provided to some social institutions serving the local community through giving donations to the following entities:

Jordan	
Entity:	Amount in JOD
Health and Environment	18,297
Charitable associations	19,150
Religious fields	9,766
Poverty	48,250
Support of national institutions	154,066
Tourism and heritage fields	600
Education	41,500
Children, women and families	6,600
Sport	14,076
Cultural and artistic fields	12,200
Persons with special needs	11,025
Community societies	17,900
Total:	353,430

24. All contracts and commitments made by the Bank with the Chairman, General Manager, employees and their relatives are in line with the Bank's internal regulations, directives of the Central Bank of Jordan and the Banking Law. The details of such contracts and agreements are indicated in Note (34) of the Bank's financial statements.

25. There are no contracts, projects or commitments made by the Bank with subsidiaries, sister companies, affiliate companies, Chairman, Board members, General Manager, any employees or their relatives.

26. Any shareholder shall be entitled to resort to the courts in case of any dispute or damage in addition to dispute settlement means by alternative methods such as mediation and arbitration available to shareholders to claim for compensation for any damages incurred by them.

27. Shareholders shall be given priority of initial public offering upon issuance of new shares.

28. The number of meetings held by the Board of Directors during 2015 reached (19) meetings.

1) Number of Board meetings and number of times of attendance of each member

	Name	Number of meetings attended	Number of meetings not attended with an excuse
1	H.E. Mr. Michael Al-Sayegh Chairman	All meetings	-
2	H.E. Mr. Ayman Al-Majali Vice Chairman	All meetings	-
3	H.E. Dr. "Mohammad Jawad" F. Hadid Board member	14 meetings	5 meetings
4	H.E. Mr. "Mohammad Khair" Ababneh Representing: First Jordan Investment Company Board member	17 meetings	2 meetings
5	H.E. Mr. Saleh "Zeid Kilani" Board member	17 meetings	2 meetings
6	H.E. Mr. Sharif T. Al-Rawashdeh Board member	17 meetings	2 meetings
7	Social Security Corporation/ Board Member (1st Seat) Board member represented by: • H.E. Mr. Ayman Kassab until 14/02/2015 • H.E. Dr. Yasser Al-Adwan as of 15/02/2015 until 25/08/2015 • H.E. Mr. Jihad Al-Shara as of 26/08/2015	• 2 meetings • 7 meetings • 7 meetings	• 1 meeting • 1 meeting
8	H.E. Mr. Yazeed Al Khalidi Board Member as of 25/10/2015	3 meetings	1 meeting
9	H.E. Mrs. Eman Al-Damen Board member as of 25/10/2015	4 meetings	-
10	H.E. Mr. Abdelnour Nayef Abdelnour representing: National Paints Factories Co. Ltd. Board Member as of 25/10/2015	4 meetings	-
11	Social Security Corporation (2nd Seat) Board member as of 25/10/2015 H.E. Dr. Hamza Jaradat attended board meetings on its behalf under a letter of assignment issued by SSC for each meeting.	4 meetings	-

2) Number of meetings of Board committees and number of times of attendance of each member:

	Name of committee	Number of meetings	Members	Attendance	Meetings not attended with an excuse
1	Board Higher Committee	19 meetings	Mr. Michael Al-Sayegh Chairman	Attended all meetings	-
			Mr. Ayman Al-Majali Member	Attended all meetings	-
			Mr. "Mohammad Khair" Ababneh Member	Attended all meetings	-
			Mrs. Eman Al-Damen Member as of 28/10/2015	Attended 2 meetings	-
			Social Security Corporation (2nd Seat) Member as of 28/10/2015 And represented by Dr. Hamza Jaradat	Attended one meeting	Did not attend one meeting

	Name of committee	Number of meetings	Members	Attendance	Meetings not attended with an excuse
2	Risk and Compliance Committee	5 meetings	Mr. Saleh "Zeid Kilani" Chairman until 27/10/2015 and left the committee afterwards	Attended 4 meetings	-
			Dr. "Mohammad Jawad" F. Hadid Became Chairman as of 28/10/2015	Attended all meetings	-
			Mr. Ayman Al-Majali Member	Attended all meetings	-
			Mrs. Eman Al-Damen Member as of 28/10/2015	Attended 1 meeting	-
			Social Security Corporation (2nd Seat) Member as of 28/10/2015	-	Did not attend one meeting

	Name of committee	Number of meetings	Members	Attendance	Meetings not attended with an excuse
3	Owned Lands and Properties Committee but its name was changed to Debt and Property Settlement Committee as of 28/10/2015	4 meetings	Mr. Ayman Al-Majali Chairman	Attended all meetings	-
			Mr. Michael Al-Sayegh Member until 27/10/2015	Attended 3 meetings	-
			Mr. "Mohammad Khair" Ababneh Member	Attended 3 meetings	Did not attend one meeting
			Mr. Abdelnour Nayef Abdelnour As of 28/10/2015	Attended one meeting	-
			Social Security Corporation (2nd Seat) as of 28/10/2015	-	Did not attend one meeting

	Name of committee	Number of meetings	Members	Attendance	Meetings not attended with an excuse
4	Strategic Planning Committee	2 meetings	Dr. Jehad Al-Shara Chairman as of 28/10/2015	Attended both meetings	-
			Dr. "Mohammad Jawad" F. Hadid Member	Attended both meetings	-
			Mr. "Mohammad Khair" Ababneh Member	Attended both meetings	-
			Mr. Abdelnour Nayef Abdelnour As of 28/10/2015	Attended both meetings	-

	Name of committee	Number of meetings	Members	Attendance	Meetings not attended with an excuse
5	Audit Committee	16 meetings	Mr. Sharif T. Al-Rawashdeh Chairman	Attended 15 meetings	Did not attend one meeting
			Mr. Saleh "Zeid Kilani" Member	Attended all meetings	-
			Mr. Ayman Kassab until 14/02/2015	Attended one meeting	-
			Dr. Yasser Al-Adwan since he was appointed as a representative of the Social Security Corporation on 15/02/2015 until 25/08/2015	Attended 4 meetings	Did not attend 3 meetings
			Dr. Jehad Al-Shara Since he was appointed as a representative of the Social Security Corporation on 26/08/2015	Attended 3 meetings	-

	Name of committee	Number of meetings	Members	Attendance	Meetings not attended with an excuse
6	Corporate Governance Committee	1 meeting	Mr. "Mohammad Khair" Ababneh Chairman	Attended the meeting	-
			Mr. Michael Al-Sayegh Member	Attended the meeting	-
			Dr. Yasser Al-Adwan Member	Attended the meeting	-

	Name of committee	Number of meetings	Members	Attendance	Meetings not attended with an excuse
7	Nominations and Remuneration Committee	8 meetings	Mr. Sharif T. Al-Rawashdeh Chairman until 27/10/2015 and Member as of 28/10/2015	Attended all meetings	-
			Mr. Saleh "Zeid Kilani" Member until 27/10/2015 and became Chairman as of 28/10/2015	Attended 6 meetings	Did not attend 2 meetings
			Mr. Michael Al-Sayegh Member	Attended 7 meetings	Did not attend one meeting
			Mr. "Mohammad Khair" Ababneh Member	Attended all meetings	-
			Mr. Yazeed Al Khalidi Member as of 28/10/2015	Attended one meeting	-

3) Names of chairmen and members of each board committee

Current formation of board committees

		Michael Al-Sayegh	Ayman Al-Majali	"Mohammad Jawad" Hadid	"Mohammad Khair" Ababneh	Sharif Al-Rawashdeh	Saleh "Zeid Kilani"	Social Security Corporation (1st Seat) Represented by Mr. Jehad Al-Shara	Eman Al-Damen	Yazeed Al Khalidi	National Paints Factories Co. Ltd Represented by Mr. Abdelnour Nayef Abdelnour	Social Security Corporation (2nd Seat) Represented by Dr. Hamza Jaradat temporarily
1	Board Higher Committee	Chairman	Member	-	Member	-	-	-	Member	-	-	Member
2	Risk and Compliance Committee	-	Member	Chairman	-	-	-	-	Member	-	-	Member
3	Debt and Property Settlement Committee	-	Chairman	-	Member	-	-	-	-	-	Member	Member
4	Strategic Planning Committee	-	-	Member	Member	-	-	Chairman	-	-	Member	-
5	Audit Committee	-	-	-	-	Chairman	Member	Member	-	Member	-	-
6	Corporate Governance Committee	Member	-	-	-	Member	Member	Member	Chairman	Member	-	-
7	Nominations and Remuneration Committee	Member	-	-	Member	Member	Chairman	-	-	Member	-	-

29. The Board of Directors of the Jordan Commercial Bank acknowledges that it is responsible for the validity of data and provision of an effective control system at the Bank and confirms there are no substantial matters which may affect the Bank's continuity with effective performance during the next fiscal year of 2016.

Chairman of the Board
Mr. Michael Al-Sayegh



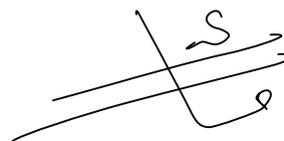
Vice Chairman
Mr. Ayman Al-Majali



Board Member
Mr. "Mohammad
Jawad" Hadid



Board Member
First Jordan Investment Company
Represented by Mr. "Mohammad
Khair" Ababneh



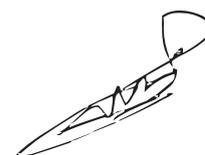
Board Member
Mr. Saleh "Zeid Kilani"



Board Member
Social Security Corporation
(1st Seat) Represented by Mr. Jehad Al-Shara



Board Member
Sharif Al-Rawashdeh



Board Member
Mrs. Eman Al-Damen



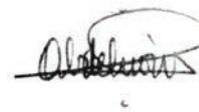
Board Member
Mr. Yazeed Al-Khalidi



Board Member
Social Security
Corporation (2nd Seat)
Represented by
Dr. Hamza Jaradat



Board Member
National Paints Factories Co. Ltd.
Represented by
Mr. Abdelnour Nayef Abdelnour

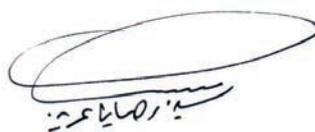


30. The Chairman of the Board, General Manager and Finance Manager acknowledge the validity, accuracy and completion of information and data contained in the Annual Report.

Chairman of the Board
Mr. Michael Al-Sayegh



General Manager
Mr. Caesar Qulajen



Finance Manager
Mr. Abdallah Kishek



Corporate Governance Manual

Wise choice for sound development

Basis for development and institutional performance as it is wise, balanced and not hasty. It enjoys a strong vision and provides us with a vision to reach goals in the best and safest methods.



Corporate Governance Manual

Introduction

Out of its keenness on maintaining its sound status and out of respect for the soundness of the Jordanian banking system as a whole and in compliance with the international standards of the sound banking practices, the Jordan Commercial Bank (JCB) realizes that all such matters require compliance with the best standards in corporate governance, which requires the Bank being managed institutionally and in compliance with laws and legislations issued by the regulatory authorities in addition to applying policies, directives, and procedures issued by the Board of Directors and the Executive Management.

The basic principles on which corporate governance is based include segregation between responsibilities of the Board of Directors and responsibilities of the General Manager (CEO) and that the Chairman of the Board shall be a non-executive director, in addition to the need to have organizational and administrative structures in which authorities and responsibilities are distributed clearly, the existence of effective control frameworks, the equitable treatment of all stakeholders with justice, transparency, and disclosure. This enables stakeholders to evaluate the Bank's status including its financial performance, and the availability of a suitable level of academic and practical qualifications, integrity, honesty and good reputation in Board members and Top Executive Management at banks.

The good corporate governance firmly establishes the relationship among shareholders, Board of Directors, Executive Management, and the Bank's stakeholders (banks, depositors, and regulatory authorities) and held the Executive Management accountable before the Board of Directors on the one hand and held the Board of Directors accountable before owners and stakeholders on the other hand.

To assert the identity of the Jordan Commercial Bank, this manual and its policies of corporate governance are developed to confirm the independence of Board members, non-conflict of interests, and their effective ability to select an executive management capable of managing the Bank's affairs in compliance with the best local and international standards and practices in corporate governance.

The provisions of this manual and corporate governance policy shall apply to the branches of the Jordan Commercial Bank in Jordan and Palestine.

Part I: Definition, Commitments and Importance of Corporate Governance

First: Corporate Governance:

It is a set of relationships among the Bank's Board of Directors, Executive Management, shareholders and other entities of interest in the Bank. It indicates the mechanism through which the institution's goals are indicated and means to achieve such goals and monitor their achievement. Therefore, the good corporate governance provides the Board of Directors and Executive Management with suitable incentives to reach goals which are in the best interest of the institution and which facilitate the provision of an effective control process and consequently assist the institution in utilizing its resources efficiently.

In addition, corporate governance is the system indicating the manner through which authorities are exercised and decisions are made at the Bank in addition to management of the Bank's operations safely, protection of depositors' interests, commitment to bearing responsibility towards shareholders and other stakeholders, and the Bank's compliance with legislations and the Bank's internal policies.

Second: Commitments of Corporate Governance:

1. Internal Factors:

They are represented in effective treatment among shareholders, Board of Directors, the Bank's Executive Management and other stakeholders. The good corporate governance facilitates the Bank's ability to introduce and reach its goals through identifying the Bank's goals and purposes by the Board of Directors in addition to approval of strategies prepared by the Bank's Executive Management to reach goals sought after by the Bank.

2. External Factors:

The external factors include the following:

- Compliance with the laws, legislations and directives which protect the rights of shareholders and other stakeholders such as depositors and other creditors of the Bank.
- Availability of an appropriate control environment provided by the regulatory authorities.
- Availability of infrastructure for capital markets which increases shareholders' ability to hold the Bank's management accountable.
- Compliance with accounting standards related to the presentation of financial statements accurately at the right time and following disclosure methodology.
- Existence of a third party monitoring the Bank's performance such as the stock exchange, Central Bank, international rating institutions, professional and commercial associations, etc.
- Availability of an appropriate legal, legislative and regulatory environment indicating the rights of the Bank's relevant parties.
- Corporate governance requires the provision of both internal and external environment, noting that the availability of one environment does not necessarily means the availability of the other environment. In both cases, the following components are the guidelines to achieve good corporate governance:

Equity:

Small shareholders and relevant entities shall be treated with equity taking their interests into account.

Transparency:

The Bank discloses the financial and regulatory information and remuneration of the Executive Management to the relevant entities in a manner enabling shareholders and depositors to evaluate the Bank's performance in compliance with the directives of the Central Bank of Jordan issued under the Banking Law. The Bank is well aware of the changes in the international practices of financial reporting and scope of transparency required from the financial institutions. The Bank is committed to providing information of good quality about all of its activities to the regulatory authorities, shareholders, depositors, other banks and the public in general through various types of reports and communication.

Accountability:

The Executive Management is committed to answering any inquiry when being questioned by the Board of Directors with regard to implementations of plans and adoption of its policies to ensure maintaining the Bank's assets and the safety of its financial position. The Board of Directors is committed to showing its readiness when being questioned by shareholders and other authorized authorities.

Responsibility:

The Bank's organization structure approved by the Board of Directors determines communication lines and limits of responsibilities while tables of authorities approved by the Board of Directors also indicate limits of responsibility.

The Board monitors the Executive Management while the latter is responsible for the Bank's daily activities. The Board is committed to approving clear limits for responsibility and accountability and obligating all administrative levels at the Bank to comply with such limits, ensure the Bank's organizational structure clearly reflects lines of responsibility and authority and includes several control levels, and ensure the Top Executive Management carries out its responsibilities related to management of the Bank's daily operations and that it contributes to applying corporate governance and delegates authorities to employees, creates an effective administrative environment promoting accountability, performs tasks in the various fields and activities of business in a manner consistent with policies and procedures approved by the Board, and approves appropriate regulatory controls enabling it to hold the Top Executive Management accountable.

Third: Importance of Corporate Governance to the Bank:

The Jordanian banking sector including the Jordan Commercial Bank is one of the most important components of the Jordanian economy and such sector is globally subject to control and review and it uses the financial safety networks of the government so it is necessary to have a strong corporate governance system at the Bank.

As the sources of funds received by the Bank come from funds of other persons especially depositors, the existence of sound corporate governance at the Bank will increase the Bank's market share in light of the fierce competition in the Jordanian financial market.

To maintain the safety and robustness of the Bank's financial position, the Board members play an effective and important role in the Bank's corporate governance through their control role and the provision of a good risk management system allowing reconciling returns and risks within the limits permitted by the Bank's position and strategy and through complying with the laws and directives at all administrative levels.

The corporate governance promotes the Bank's performance by providing a mechanism to link interests of shareholders and other relevant entities on one hand and the Bank.

Part II: Standards of the Board of Directors

First: Structure of the Board of Directors and Board Meetings:

The number of the Bank's Board members shall not be less than 11 directors who enjoy practical and professional experience and specialized skills. There is no executive director (*) at the Bank and there is no director who participates in managing the Bank's daily activities for a consideration.

The number of independent directors shall not be less than four (4) directors.

The Jordan Commercial Bank shall observe diversity in the experience of its directors who shall reside in the Hashemite Kingdom of Jordan on a permanent basis.

The Board of Directors shall form many committees to follow up on and monitor work at the Bank and send their reports to the Board. The Board shall specify the responsibilities, duties, and authorities of such committees when formed through a special charter for each committee.

The Bank shall separate between the Chairman of the Board and the General Manager positions and observes non-existence of family relations between the Chairman, any board member or any major shareholders and the General Manager closer than the fourth degree. The General Manager shall perform the following activities:

- Develop the Bank's strategic direction.
- Implement the Bank's strategies and policies.
- Implement Board resolutions.
- Provide guidelines to implement short and long term work plans.
- Convey the Bank's vision, mission, and strategy to its employees.
- Inform the Board of all the important aspects of the Bank's operations.
- Manage the daily operations of the Bank.

The Directors shall devote sufficient time to assume their responsibilities including prior preparation for Board meetings which shall not be less than six (6) meetings per year and the permanent and temporary committees. The Directors shall also be keen on attending Board meetings in person. In case any Board member is not able to attend in person, he/she can express his/her point of view via video or phone after obtaining the approval of the Chairman without being entitled to vote or sign the meeting's minutes. When preparing an agenda with the subjects to be discussed by the Board, the Chairman shall consult other directors and the General Manager while such agenda shall be sent along with documents to the Directors before the meeting with sufficient time. The meetings of the Board and Board committees shall be recorded in official minutes involving the Board's activities and resolutions as well as resolutions made by Board committees. Such minutes shall be considered the legal proof of procedures taken by the Board or its committees and a recordation of the events of meetings so as not to cause any misunderstanding. Due accuracy shall be observed when writing such minutes as any voting processes during meetings shall be accurately recorded and any documents used as a reference during meetings shall be attached or referred to in addition to recording any reservations made by any director. The Bank shall keep such minutes in an appropriate manner. The Palestine Monetary Authority shall be provided with the outcomes of meetings' minutes with regard to subjects pertaining to Palestine within a month from the meeting's date.

The term of service of each selected director shall be four (4) years which can be renewed and there is no maximum limit for the number of terms which any director may serve noting that the re-appointment process shall be based on evaluating the director's ability to perform his/her assigned duties and maintain a sufficient amount of objectivity in performing his duties.

Second: Duties and Responsibilities of Board members:

Pursuant to the Bank's Articles of Association, the relevant laws and legislations, and directives of the Central Bank, the Board shall perform its duties and responsibilities, which include the following:

- Set the Bank's strategic objectives, direct the Executive Management to develop a strategy to achieve such objectives and approve such strategy which the Bank's Executive Management is committed to acting thereby and approve work plans in line with such strategy.
- Select Executive Management capable of running the Bank's affairs efficiently and effectively.
- Supervise the Senior Executive Management and follow up on its performance, ensure the robustness of the Bank's financial position and solvency, and consequently approve appropriate policies, plans and procedures to supervise and monitor the Bank's performance.
- Adopt a policy to monitor and review the performance of the Executive Management by establishing Key Performance Indicators (KPIs) to measure and monitor the performance and progress towards achieving corporate objectives.
- Ensure complying with the credit policy by evaluating the quality of corporate governance for corporate customers especially public joint stock companies to evaluate risks for customers through strengths and weaknesses according to their practices in the area of governance in addition to bases and conditions for granting credit and investment bases.
- Make work policies, plans and procedures available at the Bank and ensure such policies include all activities of the Bank and are in line with the relevant legislations and that they are circulated to all administrative levels and they are reviewed regularly in addition to monitoring the implementation of policies and ensuring the validity of procedures followed to achieve the same.
- Determine the Bank's corporate values, draw up clear lines of responsibility and accountability for all activities of the Bank, firmly establish an elevated culture of ethical standards, integrity and professional behavior for the Bank's administrative staff, and approve an organization structure for the Bank indicating the administrative hierarchy including Board committees and the Executive Management.
- Ensure that no Board member, member of the Executive Management or employee obtained personal benefits at the expense of the Bank.
- Ensure the accuracy of information provided to the regulatory authorities through the Audit Committee.
- Bear responsibility for the safety of all the Bank's operations including its financial positions and the responsibility for fulfilling the requirements of the Central Bank and other regulatory authorities related the Bank's activities and take stakeholders into consideration. Ensure that the Bank is managed within the framework of the Bank's internal regulations and that the effective control of the Bank's activities is available on a permanent basis including the Bank's activities assigned to external entities. Ensure compliance with the laws issued by the governmental and regulatory authorities and that all employees of the Bank at all administrative levels comply with the same.
- Approve the Bank's directives and internal regulations as well as determine authorities, duties and means of communication among all administrative levels to ensure achieving the administrative and financial control on the Bank's activities.
- Approve internal control systems for the Bank and review them annually as well as ensure the internal and external auditors review the structure of such systems at least once every year. The Board shall include the Bank's annual report so as to confirm the adequacy of such systems.
- Ensure that policies and code of ethics are available and circulated to all employees of the Bank.
- Ensure the independence of the external auditor at the beginning and thereafter.
- Approve a strategy for risk management and monitor its implementation so as to include the acceptable risk level and ensure that the Bank is not exposed to high risks. The Board shall be well aware of the Bank's operating work environment and its related risks as well as ensure the availability of tools and infrastructure for risk management at the Bank which are capable of specifying, measuring, and controlling all types of risks to which the Bank is exposed.
- Ensure the availability of sufficient and reliable Management Information Systems (MIS) covering all activities of the Bank.
- Ensure that the Bank adopts appropriate social initiatives in the area of environment protection, health and education as well as observe providing funding to SMEs at suitable rates and terms and within a clear approach and handling characterized with justice and transparency.

- Take procedures that ensure clear segregation between the authorities of shareholders who have effective interest on the one hand and the Executive Management on the other hand to enhance good corporate governance and consequently develop appropriate mechanisms to reduce the impacts of shareholders who have effective interest so that no shareholder who has effective interest holds any job in the Top Executive Management deriving its authority from the Board alone as it works within the framework of delegation granted to it by the Board.

The Board shall specify the banking operations requiring its approval provided that such matter shall not be expanded in a manner violating the oversight role of the Board. The Board has no executive authorities including the authority to grant credit to any sole Board member including the Chairman.

The Board shall determine the duties of the Board Secretary which include the following:

- Attend all meetings of the Board and record all discussions, suggestions, objections, reservations and manner of voting on the Board's draft resolutions.
- Specify the dates of the Board's meetings in coordination with the Chairman.
- Ensure that the Board members have signed minutes of meetings and resolutions.
- Follow up on the implementation of resolutions passed by the Board and follow up on the discussion of any subjects adjourned in a previous meeting.
- Keep all records and documents of the Board's meetings.
- Take all necessary procedures to ensure all draft resolutions intended to be issued by the Board comply with the legislations.
- Prepare for the meetings of the General Assembly and cooperate with the Board's committees.
- Provide the Central Bank with the statements of suitability signed by the Board members.

The Board members and committees may communicate directly with the Executive Management and Board Secretary and facilitate their execution of tasks assigned to them including seeking the help of external sources when necessary at the Bank's cost, in coordination with the Chairman while stressing that no Board member may influence the decisions of the Executive Management except through discussions at the Board meetings or Board committees.

Approve succession plans for the Bank's senior executives outlining the qualifications and requirements to be met by holders of said positions.

Approve the Bank's organizational structure and ensure that it clearly reflects lines of responsibility and authority provided that it includes at least the following control levels:

Board of Directors

Separate departments for risks, compliance and audit which do not exercise any daily executive activities.

Units/ employees who do not participate in the daily operations of the Bank's activities (such as Credit Review Employees and Middle Office)

Ensure that the Top Executive Management undertakes its responsibilities related to management of the Bank's daily operations and that it contributes to applying corporate governance and delegates authorities to employees, creates an effective administrative environment promoting accountability, performs tasks in the various fields and activities of business in a manner consistent with policies and procedures approved by the Board, and approve appropriate regulatory controls enabling it to hold the Top Executive Management accountable.

The Board shall approve an Internal Audit Charter involving duties, authorities, and responsibilities of the Audit Department and circulate it at the Bank.

Appoint each of the Audit Manager, Risk Department Manager, and Compliance Manager and accept their resignations based on the recommendation of the competent committee as well as approve the appointment of the Executive Committee and ensure they have the required experience and skills.

Each Board member shall at least have the following:

- Have knowledge of legislations and principles related to the banking activities and the Bank's operational environment and keep pace with its developments as well as external developments related to its activities including requirements of appointment in the jobs of the Bank's Top Executive Management.
- Attend Board meetings, meetings of Board committees as applicable in addition to meetings of the General Assembly.
- Not to disclose the Bank's confidential information or use it for personal interest or for the interest of third parties.
- Give priority to the Bank's interest in all transactions conducted with any other company in which he/she has a personal interest, not to use the Bank's commercial business opportunities to his/her own interest, avoid conflict of interests, disclose any conflict of interests in detail to the Board, if any, not to attend or participate in the resolution passed at the meeting in which topics with potential conflict of interests are discussed, and record this disclosure in the Board meeting's minutes.

Third: Role of the Chairman:

The Chairman shall, at least, ensure the following matters:

- Keen on maintaining a constructive relationship between the Board and the Bank's Executive Management.
- During Board meetings, create a culture encouraging constructive criticism on issues about which there are different points of view among directors and encouraging discussion and voting on such issues as well.
- Ensure that Board members and shareholders receive adequate and timely information.
- Ensure high standards of corporate governance by the Bank.
- Ensure that all Board members received and signed minutes of previous meetings and ensure that they received the agenda of each meeting before being convened with a sufficient period provided that such agenda shall include sufficient written information about subjects to be discussed at the meeting. The Board Secretary shall deliver such agenda in person.
- Ensure that there is a charter regulating the Board's work.
- Discuss strategic and important issues in detail in Board meetings.
- Provide each board member when elected with the laws relevant to Banks' activities, directives of the Central Bank related to the Board's work, directives related to corporate governance, and a booklet indicating the member's rights, responsibilities and duties as well as duties of the Board Secretary.
- Provide each board member with a sufficient summary of the Bank's activities when appointed or upon request.
- With the assistance of the Bank's legal advisor, discuss with any new Board member about the Board duties and responsibilities especially with regard to the legal and regulatory requirements to indicate duties, authorities, and other matters related to membership including the membership period, dates of meetings, duties of committees, value of remunerations, and the possibility to obtain the independent specialized technical advice when necessary.
- Meet the need of Board members with regard to development of their experience and ongoing learning and allow the new member to attend an orientation program observing the member's banking background and providing him with the Bank's organizational structure, corporate governance, code of professional conduct, corporate objectives, the Bank's strategic plan and its approved policy including the suitability policy for Board members, the Bank's financial positions, structure of the Bank's risks, risk management framework, and codes of Board committees.

Fourth: Shareholders and their Role in Corporate Governance:

The legal sovereignty and supreme authority are possessed by shareholders who meet through the General Assembly to examine and discuss the Bank's affairs, noting that the attention of shareholders is not limited to following up on prices of shares and collecting profits but also includes following up on the Bank's performance through the financial statements and continuous communication with the Bank's management so as to get familiar with the latest developments, attend the general assemblies, participate in voting on resolutions, and discuss Board members about all aspects related to the Bank's activities and results. Shareholders also play an important oversight role in following up on the performance of Board members and obtaining any information enabling them to exercise their rights in the best possible way.

Fifth: Rights of Stakeholders:

The Board provides a specific mechanism to ensure communication with stakeholders by disclosing and providing significant information about the Bank's activities to stakeholders through the following:

- Meetings of the General Assembly.
- Annual Report.
- Quarterly reports involving financial information in addition to the Board's report on trading of the Bank's shares and its financial position during the year.
- The Bank's website.
- Shareholders' relations section.
- The Bank allocates a part of its website to indicate shareholders' rights and encourage them to attend and vote in the meetings of the General Assembly as well as publish information pertaining to meetings including the full text of the invitation and meetings' minutes.

Part III: Suitability of Board members, necessary qualifications and their evaluation

First: Suitability:

The Board members and the Top Executive Management shall enjoy the largest amount of credibility, integrity, efficiency and experiences required for commitment and devotion of time to the Bank's work according to the Suitability Policy of the Jordan Commercial Bank indicating the conditions that must be found in each member. The Board and the Nominations and Remuneration Committee shall be responsible for ensuring the same.

The Top Executive Management includes the Bank's General Manager or Regional Manager, Deputy General Manager or Deputy Regional Manager, Assistant General Manager or Assistant Regional Manager, Finance Manager, Operations Manager, Risk Department Manager, Internal Audit Manager, Treasury (Investment) Manager and Compliance Manager in addition to any employee at the Bank who has an executive authority equal to the authority of the aforementioned managers and is directly affiliated to the General Manager. No Objection Certificate shall be obtained from the Central Bank before appointing any member of the Senior Executive Management. The members of the Top Executive Management were designated within their Suitability Policy.

Second: Qualifications of Board Members:

Certain conditions shall be met by the Board Chairman or member in terms of professional career, personality and solvency requirements in addition to the availability of the following experiences and qualifications in the Bank's Board members:

Experiences and Qualifications:

- Ability to judge with independence and participate in taking appropriate decisions.
- Knowledge of financial statements and reasonable level of understanding of financial ratios used in performance evaluation.
- Reasonable experiences or skills in the fields of accounting, financing, banks or any other banking experiences.
- Commitment to learning about the operations of the Bank and fulfilling contribution requirements along with devoting sufficient time and effort to the Bank.
- Readiness to resign from Board membership in case of any change in professional responsibilities.
- Understanding and knowledge of the best international practices in the management field and applying them to fast-changing business environments.
- Ability to handle and manage crises in the short and long term.
- Knowledge of global markets.
- Leading personality capable of granting authorities and motivating employees.
- Ability to provide strategic guidance and clear long-term vision.

Board Membership Requirements:

Any Board Chairman or member shall meet the following requirements:

- His/her age shall not be less than twenty five (25) years' old.
- He/she shall not be a board member, regional manager, or employee at any other bank in the Kingdom unless such bank is affiliated to the Jordan Commercial Bank.
- He/she shall not be a lawyer, legal advisor, or auditor for the Bank.
- He/she shall hold the Bachelor's degree, at least, in economics, finance, accountancy, business administration or any similar discipline. The Nominations and Remuneration Committee may examine adding other disciplines if it is coupled with experience related to banks' business.
- He/she shall not be an employee working for the government or any other public institution unless he/she is its representative.
- He/she shall not be a board member for over five (5) public joint stock companies in the Kingdom in his/her personal capacity in some of such companies and as a representative of a legal person in other companies.
- He/she shall have an experience not less than five (5) years in the field of Banks' activities, finance, or similar fields.

Diligence and Loyalty:

- The Bank's Board members shall be committed to responsibilities, diligence and loyalty as follows:

1. Honesty:

The Board member shall maintain an honest relationship whereby s/he, like any other Bank employee, discloses any material information prior to making any deal or commercial transaction with the Bank.

2. Loyalty:

In case of conflict of interests between the member and the Bank, the member dealing with the Bank shall be given the same conditions as if he/she has no relationship with the Bank. To achieve this, the member shall exercise his/her role honestly taking the Bank's interest into consideration, avoiding conflict of interests or using his position or any information he/she knows via the Bank to achieve personal gains. He/she shall also inform the Board of any potential conflict of interests and not to vote on any resolutions related to this subject.

3. Diligence:

Board members shall undertake all duties stipulated in relevant laws and regulations and seek to obtain all pertinent information to verify that the decisions taken are in the interest of the Bank.

To achieve the aspired diligence, Directors should get familiar with and understand the Bank's activities as well as the markets and sectors the Bank serves. The directors shall attend Board meetings after having duly prepared for them especially with regard to decisions to be taken as well as faithfully carry out duties entrusted to them, look for any warning signs and follow up on all material issues with the Bank's Management, obtain objective advice if necessary and comply with the provisions of various laws related to the Board.

4. Independence:

The Board exercises an effective leadership independent of the Bank's Management through having no executive directors in the Board. The number of independent directors shall not be less than four (4) directors.

The most important relationship affecting the independence of the Bank's director is the existence of conflict between board memberships, existence of an advisory relationship with entities related to the Bank, existence of a direct or indirect commercial relationship between the director and the Bank, or development of a new relationship with the Banks emerging as a result of his Board membership.

To ensure the independence of a board member, he/she shall regularly disclose in writing any personal interest in any transaction or contracting with the Bank for him/her, his/her spouse or relative up to the third degree if any of them has an effective interest in a company to which such transaction or contracting is related. Such director shall not participate in any meeting where such transaction or contracting is discussed. The impact of the member's other activities on his/her independence as Bank's Board member shall be evaluated.

The independent director is defined as the member who meets the following requirements:

- has not been an executive director at the Board for the preceding three years.
- has not been employed by the Bank or by any of its subsidiaries for the preceding three years.
- is not a relative of any other Board member of the Bank, any other board member of the Bank's subsidiaries or any major shareholder of the Bank up to the second degree.
- is not a relative of any member of the Bank's Top Executive Management or any member of the Top Executive Management of the Bank's subsidiaries up to the second degree.
- is not a partner or employee of the Bank's external auditor, has not been a partner or employee for the preceding three years of his/her election to be a Board member and is not a relative of the partner responsible for auditing from the first degree.
- is not a major shareholder at the Bank, a representative of a major shareholder or an affiliate of a major shareholder, or whose shareholding with the shareholding of an affiliate constitute the shareholding of a major shareholder, or a major shareholder at any of the Bank's subsidiaries, or a shareholder at the Bank's Group.
- has not been a Board member of the Bank or any of its subsidiaries or member of its Board of Directors for more than eight (8) consecutive years.
- has not obtained, whether himself/herself or any company in which he/she is a board member or owner of a major shareholder, a loan whose percentage exceeds %5 of the Bank's subscribed capital from the Bank, or is a guarantor of a credit from the Bank whose value exceeds the previous percentage.
- is holder of high financial or banking qualifications and experiences.

5. Awareness and knowledge:

The Board member shall have awareness and knowledge in terms of a reasonable understanding of the banking operations, risks facing the Bank and financial statements reflecting the Bank's financial position. He/she shall also be aware of the laws, legislations and directives with which the Bank must comply, get familiar with and follow up on the latest developments in the sector of financial services, attend Board meetings and meetings of Board committees and review reports and recommendations submitted by the Bank's Executive Management, Internal Auditor, External Auditor, and regulatory authorities.

6. Code of Business Conduct:

The Board of Directors approved and issued the Bank's Code of Business Conduct and the Bank's Executive Management will circulate it to all administrative levels and obligate the Bank's staff to apply its contents. Such code stipulates that no administrator may use the Bank's internal information for his personal interest. It also includes rules and procedures regulating the Bank's operations with relevant parties and cases that may result in conflict of interests.

Third: Evaluation of Performance of Administrators:

The Board developed a system to evaluate its activities and the activities of its members which includes the following:

- Set specific targets and specify the Board's role in achieving targets in a measurable manner.
- Set Key Performance Indicators (KPIs) which can be derived from strategic plans and goals and use them to measure the Board's performance.
- Maintain communication between the Board and shareholders and regularity of such communication.
- Regularity of Board meetings with the Top Executive Management.
- Role of the Board member in Board meetings and compare his/her performance with that of other members. Feedback should be obtained from the respective member to improve the evaluation process.
- When evaluating the performance of administrators, a suitable weight should be given to measure compliance with risk management framework and apply internal controls and regulatory requirements.
- When evaluating the performance of administrators, total income or profit should not be the only element to measure performance but other elements should be taken into account such as risks related to basic operations and customer satisfaction, etc., where applicable.
- When evaluating the performance of administrators, the Bank should stress on not abusing authority and conflict of interests.

Fourth: Remuneration and Compensation of Board members:

The Bank's system shall determine remuneration of Board members as such compensation and remuneration shall be in the form of sitting fees, transportation allowance, in-kind benefits or a certain ratio of profits as indicated in the Directors' Suitability Policy approved by the Bank.

Part IV: Control Systems

First: Selection of Management Members and their Oversight Role:

1. Selection of the Bank's Management:

- The Board shall agree to appoint the Bank's General Manager or any member of the Top Executive Management provided that he/she shall meet the following requirements (noting that the Central Bank shall be entitled to object to such appointment):
- He/she shall be of good conduct.
- He/she shall not be a Board member of another bank unless such bank is affiliated to the bank where he/she was appointed.
- He/she shall be available to manage the Bank's activities on a full-time basis.
- He/she shall have the banking efficiency and experience required by the Bank's activities.
- Other requirements set forth in the Suitability Policy of the Executive Management shall be also observed.

2. Oversight role of the Management:

The Bank's Executive Management, through different departments of the Bank, shall provide the Board with the periodical reports, statements and information when needed so as to ensure that the Board performs its oversight role on the Bank's operations as well as evaluates the current and expected risks to work on management of such risks efficiently and effectively.

3. External Communications:

The Board provides its relevant parties with timely and accurate information to enable them to monitor the Board and Executive Management and hold them accountable for the method of managing the Bank's assets. This is done through the reports required by the Central Bank of Jordan, periodical financial reports of shareholders and by disclosing the following according to the disclosure policy in force:

- Names of Board members and members of the Executive Management.
- The organizational structure and corporate governance manual.
- Remuneration of Board members and the Executive Management.
- Nature and volume of operations with affiliate companies and the Bank's relevant entities.
- To define main risks of the Bank and risk management policy.

4. Planning:

One of the most important duty assigned to the Board is to draw up the Bank's general strategies and approve work policies by participating in and approving long-term strategic plans, annual work plan and estimated budgets. Therefore, the Board, through planning elements, undertakes the following:

- Provide planning mechanism and suitable action plans and ensure their implementation as well as monitor their results.
- Measure to what extent the Bank achieves its goals and purposes through development of the Bank's systems.
- Identify strengths, weaknesses, available opportunities and challenges facing the Bank.
- Ensure that there is suitable administrative staff.
- Verify the Management's compliance with capital adequacy ratios and liquidity ratios and that it provides available sources of funds including capital in a manner ensuring the achievement of the Bank's decided goals and purposes.

5. Policies:

Whereas the Board is responsible for managing the Bank's risks, the Bank has the following policies that cover all the Bank's banking activities and the Executive Management ensures such policies are in place and review them periodically while working on issuing the unavailable policies:

- A. Credit Policy.
- B. Investment Policy.
- C. Policy on management of sources of funds/ management of assets and liabilities.
- D. Code of Business Conduct at the Jordan Commercial Bank.
- E. Other policies:
 - Risk Management Policy.
 - Compliance Control Policy.
 - Anti-Money Laundering and Terrorist Financing Policy.
 - Compliance Policy with the requirements of the Foreign Account Tax Compliance Act (FATCA).
 - Policy on dealing with customers with equity and transparency
 - And other approved policies

Second: Internal Control Systems:

One of the Board's duties is to monitor the activities of the Top Executive Management to verify the effectiveness and efficiency of operations, credibility of financial statements and extent of compliance with the laws, legislations and directives in force. The Top Management is committed to applying the following basic principles of internal control systems:

- Provide a supervisory environment reflected in the existence of an organizational structure indicating lines of communication and responsibilities.
- Work on establishing an independent risk department supported by the existence of risk policy to identify risks facing the Bank, evaluate them, and determine the economic capital required to face them.
- Provide controls and segregation of responsibilities including segregation of responsibilities of "risk takers" and "risk controllers".
- Comply with the principle of dual control when developing regulatory controls.
- Provide work procedures ensuring that information reaches decision makers at the right time to expedite the activation of emergency plan, if necessary.
- Review the internal control system approved by the Board on a regular basis by the internal auditor and external auditor to evaluate its adequacy and ensure its compliance with the laws, regulations, and directives in force.
- Maintain the independence of risk department, internal audit department, and compliance department.
- Commit to provide the financial and accounting systems capable of showing the Bank's real financial position and availability of information necessary to take decisions to be able to prepare the periodical and annual financial statements in line with the International Financial Reporting Standards (IFRS).
- Commit to providing effectiveness and safety to information and technology department by developing effective internal control systems.
- Commit to providing the requirements of security, safety and protection required for the Bank.

Here are the basic pivots of administrative control:

1. Internal Audit:

- Internal audit is an important source of information and assists the Bank's Management in identifying risks and managing them efficiently.
- The Bank's Audit Department undertakes the following minimum duties:
 - Ensure the availability of sufficient internal control systems for the Bank's activities and its subsidiaries and compliance with such systems.
 - Ensure compliance with the Bank's internal policies, international standards and relevant legislations.
 - Audit financial and administrative matters to ensure that main information about financial and administrative matters is characterized by accuracy, reliability, and right timing.
 - Review compliance with the corporate governance manual.

- Review the validity and comprehensiveness of Stress Testing in line with the methodology approved by the Board.
- Ensure the accuracy of procedures followed in the Internal Capital Adequacy Assessment Process (ICAAP).
- The Board shall ensure and promote the independence of internal auditors and give them a suitable status in the Bank's career ladder and ensure they are qualified to perform their duties including their right to access all records and information as well as contact any of the Bank's employees to enable them to perform their assigned duties and prepare their reports without any external intervention.
- The Bank takes necessary measures to promote the effectiveness of internal audit by giving necessary importance to the auditing process, firmly establish such matter at the Bank and follow up on correcting the auditing notes.
- The Internal Audit Department shall be subject to the direct supervision of the Audit Committee as follows:
 - Report directly to the Board Audit Committee responsible for evaluating its performance.
 - The Internal Auditor and Audit Committee shall review the reports of the External Auditor and reports of the Central Bank as well as follow up on measures taken in this regard.
 - Encourage cooperation and consultation between the internal auditor and the external auditor to raise the efficiency of the internal control systems.
 - The Bank does not assign any executive duties or responsibilities to internal audit employees.
 - The duties of internal audit are based on risks.
- Bear the responsibility for reviewing financial reporting operations at the Bank and ensure that main information about financial and administrative matters is characterized with accuracy, reliability, and right timing.
- Ensure the commitment to implementation of all internal policies, directives and procedures of the Bank issued by the regulatory authorities in addition to the relevant standards, procedures, and international laws.

2. External Audit:

- The General Assembly shall elect the external auditor to perform external audit duties on the Bank according to approved international audit standards and professional requirements and ethics as well as legislations in force.
- The external auditor shall provide the Internal Audit Committee with a copy of its report and shall meet with it once a year at least without the presence of the Executive Management.
- The external auditor attends the Bank's General Assembly.
- The external auditor shall audit the Bank's accounts in accordance with the internationally recognized standards and professional rules as well as examine the administrative and financial systems and internal control systems so as to ensure its effectiveness as well as ensure the credibility and fairness of financial statements issued about the Bank's accounting and information systems, in addition to informing the competent authorities of any legal violation or any financial or administrative matters of negative effect on the Bank's status.
- The Bank shall regularly rotate the external auditor among audit firms and its subsidiary, affiliates or related companies in any way every seven (7) years at most since the date of election of the (Head Office, Jordan). The seven-year period shall be calculated as of 2010 and the first year (upon rotation) shall be for the new firm jointly with the old firm. The old firm may not be re-elected before two (2) years at least from its date of election by the Bank except for the joint audit duty and every five (5) years for the (Regional Office, Palestine).
- The Audit Committee shall ensure the independence of the external auditor on an annual basis.
- The Board shall take appropriate measures to handle weaknesses of the internal control systems or any other weaknesses indicated by the external auditor.
- The Board shall recommend the General Assembly to approve the Bank's external auditor (assigned for auditing of activities for Palestine Branches) after obtaining the approval of the Palestine Monetary Authority.

3. Risk Department:

The duties and responsibilities of the Bank's Risk Department include the following:

- Report to the Risk Management and Compliance Committee and send a copy to the General Manager. As for the daily operations, it is affiliated to the General Manager.
- Analyze all risks including credit risks, market risks, liquidity risks and operations' risks.
- Develop methodologies of measurement and control for each type of risks.
- Develop risk ceilings (Risk Appetite) approved by the Board, submit reports and document exceptions to such ceilings to the Bank's Board and follow up on handling of negative deviations.
- Provide the Board and Executive Management with information about risk measurement and Risk Profile at the Bank and follow up on handling of negative deviations.
- Provide information about the Bank's risks to use them for the purposes of disclosure and publishing for the public.

- Some committees of the Executive Management such as Credit Committee, Assets and Liabilities Management Committee, Treasury Committee and Investment Committee assist the Risk Management Department in performing its duties according to authorities designated for such committees.
- Monitor the compliance of the Bank's executive departments with the acceptable risk levels.
- The Board shall verify handling of violations in acceptable risk levels including holding the relevant Top Executive Management accountable for such violations.
- The Risk Department carries out the stress tests on a regular basis to measure the Bank's ability to endure shocks and face high risks. The Board plays a main role in approving assumptions and scenarios used as well as discuss the results of tests and approve measures that must be taken based on such results through the Risk and Compliance Committee.
- The Internal Capital Adequacy Assessment Process (ICAAP) Methodology is approved by the Bank. Such methodology is comprehensive, effective and capable of identifying all risks the Bank may face, taking into account the Bank's strategic plan and capital plan. Such methodology is reviewed on a regular basis to verify its application as well as ensure that the Bank has sufficient capital to bear all risks faced by the Bank.
- The Bank takes into account the risks resulting from any expansion in the Bank's activities as well as abilities and qualifications of employees of Risk Management Department before expanding and agreeing to new activities.
- The Board shall ensure the independence of the Bank's Risk Management Department by submitting its reports to the Risk Management Committee and granting the department the authorities required to enable it to obtain information from other departments of the Bank and cooperate with other committees to perform its duties.
- Review the Bank's Risk Management Framework approved by the Bank.
- Implement the Risk Management Strategy as well as develop work policies and procedures to manage all types of risks.
- Verify the integration of risk measurement mechanisms with the administrative information systems used.
- Examine and analyze all types of risks faced by the Bank.
- Provide recommendations to the Risk Management committee about the Bank's risk exposures and record exceptions of the Risk Management Policy.
- Provide necessary information about the Bank's risks to use them for disclosure purposes.

4. Compliance:

The Compliance Control and Anti-Money Laundering Department was created at the Bank and it is directly affiliated to the Board and its committees. It is also in contact with the General Manager and is provided with trained staff. It develops an effective methodology to ensure the Bank's compliance with all laws and legislations in force, any relevant guidelines and manuals, duties, authorities and responsibilities of Compliance Department. Such methodology is disseminated among all personnel of the Bank. The Bank is committed to the following:

- Ensure the independence of Compliance Department and ensure providing it with sufficient trained staff on a permanent basis.
- Approve a policy to ensure the Bank's compliance with all relevant legislations, review such policy on a regular basis and verify its application.
- Approve duties and responsibilities of Compliance Management Department.
- The Compliance Department reports to the Board or its committee along with sending a copy to the General Manager.

Part V: Board Committees

First: Corporate Governance Committee:

The Corporate Governance Committee comprised of three directors; two of them are independent directors. The committee was re-formed on 2015/10/28 to include six (6) directors, four (4) of them are independent directors in addition to the Board Chairman. Such committee convenes on a regular basis provided that its meetings shall not be less than one meeting per year. The committee's duties are summarized in the following:

1. Ensure the commitment to the application of the contents of the Corporate Governance Manual.
2. Review and update the Corporate Governance Manual whenever required.

3. The committee may invite any person at the Bank and at all administrative levels to attend its meetings to seek their opinion or ask him/her about any matter.

4. The committee shall submit a report to the Bank's Board at least once every year, which includes its opinion on the extent of compliance with items of the Corporate Governance Manual.

The Compliance Control and Anti-Money Laundering Department Manager is its rapporteur.

Second: Audit Committee:

The majority of Audit Committee comprises all independent Board members including the Committee Chairman. The committee was re-formed on 2015/10/28 to include four (4) directors; four (3) of them are independent directors who have the practical and professional experience, qualifications and sufficient understanding of necessary international accounting standards and principles and any discipline in addition to complete knowledge of the directives of the Central Bank of Jordan and regulatory authorities in the similar fields relevant to the Bank's activities. The Audit Committee continues its work throughout the term of board membership. The Bank's Audit Committee exercises the following duties and authorities:

- Recommend the appointment or termination of auditors and ensure their fulfillment of the required conditions set forth in the directives of the Jordan Securities Commission.
- Review the fees of auditors and recommend defining its fair value in light of the required audit scope.
- Recommend the appointment or termination of senior employees of the Internal Audit Department and, in general, evaluate the internal and external audit, review the scope, results and adequacy of accounting issues of material impact on the Bank's financial statements and the Bank's internal control systems as well as examine the possibility of its development along with showing support required to main internal audit staff to firmly establish their independence and take care of their employment conditions.
- Approve the Bank's annual audit plan after consulting with auditors on nature and scope of audit required so as to ensure necessary coordination between the internal audit activity and audits of the external auditor for a wide coverage for audit of the Bank's activities, departments and branches with the least possible duplication.
- Agree on any change, amendment or delay in the annual audit plan.
- Examine and follow up on the reports of Internal Audit Department, the Bank's auditors and inspectors of the Central Bank or other audit reports to which the Bank is subject from time to time as well as consider their results, notes and recommendations while examining the Management's replies to each report and taking appropriate measures in this regard.
- The Audit Committee has the authority to obtain any information from the Executive Management and is entitled to call any administrator to attend any of its meetings according to its charter.
- The Audit Committee shall review and monitor measures enabling the employee to report, in a confidential manner, any error in the financial reports or any other matters. It also ensures the existence of arrangements required for independent verification and ensures the follow up on verification results and handles them objectively.
- Follow up on the implementation of any important audit notes whatever its source in an effective and quick manner and ensure taking appropriate corrective measures without delay.
- Examine the letters of notes of auditors related to internal control systems or other systems and review the Bank's replies to them, including review of the Bank's correspondences with auditors to evaluate their contents and make notes and recommendations in this regard.
- Review the Bank's provisional and annual financial statements before submission to the Board, taking into account any differences which may arise between the Management and auditors when preparing financial statements or their results in addition to ensuring the implementation of directives of the Central Bank with regard to adequacy of provisions taken to meet doubtful debts and provisions of securities' portfolios and expressing opinion about the Bank's non-performing debts or which are proposed to be bad debts.
- Consider any substantial amendments or other important matters related to the auditing process or accounting principles in force at the Bank when preparing the annual financial statements and ensure that such financial statements comply with the directives of the Central Bank of Jordan and the Jordan Securities Commission, other legal requirements and applicable accounting standards.
- Consider consulting with auditors if necessary about the suitability and accuracy of the Bank's internal control systems and extent of complying with them especially its adequacy in disclosing the Bank's annual financial statements in a correct and true manner that is consistent with the applicable accounting rules.
- Hold periodical meetings with internal and external auditors and the Compliance Control and Anti-Money Laundering Department Manager at least once per year.
- Ensure full compliance with the laws, regulations and orders to which the Bank's activities are subject.
- Express opinion in other matters submitted by the Board to Audit Committee from time to time.

- The Audit Committee shall receive quarterly detailed statements of bad debts with their various classifications approved in the Credit Facilities Regulations and such statements shall include debts to be rescheduled or settled.
- The Audit Committee shall receive quarterly statements of in-kind and cash collections for bad debts and their impact on the profit and loss account.
- The Audit Committee Chairman attends the annual meeting of the Bank's General Assembly.
- The Audit Committee shall ensure the availability of sufficient resources and manpower qualified for the Internal Audit Department and shall provide training for them.
- The Audit Committee shall ensure rotating internal auditing employees on auditing the Bank's activities every three (3) years at most.
- The Audit Committee shall ensure that internal audit employees are not assigned any executive tasks.
- The Audit Committee shall ensure that all activities of the Bank are subject to auditing including Outsourced Activities.
- The Board shall approve an Internal Audit Charter involving duties, authorities, and responsibilities of the Audit Department and circulate it at the Bank.
- The Audit Committee shall appraise the performance of the manager and employees of internal audit and determine their remuneration.
- The Audit Committee shall ensure the independence of the external auditor on an annual basis.
- Review the reports of the external auditor and monitor its comprehensiveness of the Bank's activities as well as review the reports of the Central Bank and follow up measures taken in this regard.
- The Audit Committee works under the supervision of the Board to which it submits its reports and recommendations concerning results of performing its duties.
- The Audit Committee shall convene upon an invitation from its Chairman provided that the number of its meetings shall not be less than four (4) times per year or whenever necessary or based on a resolution by the Board or based on a request by its two other members. The meeting of the Audit Committee shall be valid when attended by at least two (2) members and its recommendations are taken by majority vote.
- The Internal Audit Department Manager shall be invited to attend the meetings of the Audit Committee that may invite any person to seek his/her opinion regarding any given matter.
- The General Auditor shall be the rapporteur of the Audit Committee.

Third: Nominations and Remuneration Committee:

The Nominations and Remuneration Committee is comprised of at least three (3) Board members; two of them are independent directors including its chairman. It was re-formed on 2015/10/28 to include five (5) directors; three (3) of them are independent directors. It performs the following duties and authorities:

- Recommend nominations for Board membership taking into account that no person who was convicted in a crime violating honor and honesty shall be nominated.
- Identify points of weakness and strength of the Board and propose their handling in line with the Bank's interest by following specific and approved foundations in evaluating the Board's effectiveness as the standard for evaluating performance should be objective and includes comparison with other banks and similar financial institutions in addition to standards on validity of the Bank's financial statements and the extent of compliance with regulatory requirements.
- Ensure that Board members attend workshops or seminars on the banking topics, particularly risk management, corporate governance and the latest developments of the banking business.
- Provide information and summaries about background of important topics about the Bank to Board members upon request and ensure they are familiar with the latest topics relevant to the banking business on a permanent basis.
- Ensure there is a succession plan for the Top Executive Management.
- Annual review of required needs of suitable skills for Board membership and prepare a description of abilities required for Board membership including setting the time needed to be devoted by the member to Board activities.
- Ensure the independence of independent directors on an annual basis and that there is no conflict of interests if the Board member holds the board membership in another company.
- Ensure that there are clear policies for remuneration of Board members and senior executives and use performance-related standards in specifying such remuneration in addition to ensuring that salaries should be sufficient to attract persons qualified to work at the Bank and retain them.
- Agree on the remuneration system and determine remuneration of the Executive Management including the salary of the General Manager and other benefits, agree to employee remuneration tables based on a recommendation by the General Manager and approve the employee annual increases policy based on a recommendation by the General Manager.

- The Nominations and Remuneration Committee shall submit its resolutions/ guidelines and results of its activities to the Bank's Board.
- Evaluate the work of the Board as a whole as well as its committees and members on an annual basis and inform the Central Bank of the result of such evaluation.
- Assess the performance of the General Manager annually according to an assessment system developed by the Nominations and Remuneration Committee including setting key performance indicators as the assessment standards of the performance of the General Manager should include the financial and administrative performance of the Bank and extent of achievement of the Bank's medium and long-term plans and strategies in addition to informing the Central Bank of the result of this assessment.
- The Human Resources Planning and Development Department Manager shall be the rapporteur of the Nominations and Remuneration Committee.

Fourth: Risk and Compliance Committee:

The Risk and Compliance Committee was formed by a resolution of the Bank's Board as it comprises at least three (3) Board members including one independent director elected by the Bank's Board. It was re-formed on 2015/10/28 to include four (4) directors including one independent director. It performs the following duties and authorities:

Aspects related to risk management:

- Approve the organization structure of the Risk Management Department.
- Approve the policies, directives, and procedures of risk management and its system of reports as well as review them on a regular basis to determine its efficiency.
- Approve and supervise the acceptable risk levels at the Bank and review them on a regular basis.
- Identify risks to which the Bank is exposed and determine and follow up on efficiency of control tools and methods to assess, measure and reduce such risks and work to develop such tools.
- Evaluate extent of efficiency of the Bank's control systems to ensure their full application by all departments of the Bank.
- Review all reports issued by the Risk Management Department and take necessary measures to reduce risks to which the Bank may be exposed and submit recommendations in this regard to the Bank's Board.
- Identify extent of raising employees' awareness of all types of risks especially with regard to Basel II Committee measures.
- Any other duties related to risk management at the Bank and review the Bank's Risk Management Framework.
- Review the Bank's Risk Management Strategy before being approved by the Board.
- Keep pace with the developments affecting risk management at the Bank and submit regular reports about it to the Board.
- Ensure there is no difference between actual risks taken by the Bank and the acceptable risk level approved by the Board.
- Create appropriate conditions that ensure identifying risks of material impact and any activities performed by the Bank which may expose it to risks greater than the acceptable risk level and submit reports to the Board in this regard and follow up handling of the same.

Aspects Related to Compliance:

- Review notes set forth in the reports of Compliance Control Department and the reports of the Central Bank and external auditor concerning compliance control at the Bank and follow-up measures taken in this regard in line with the authorities of the Audit Committee.
- Recommend the approval of compliance policy, anti-money laundering policy and know your customer policy and any amendments thereto to the Board.
- Look at periodic review reports (quarterly, bi-annual, and annual) issued by the Compliance Control Department about the compliance of all the Bank's policies, procedures, and work programs with the official laws and directives relevant to the Bank's business.
- Review at the annual plan and annual work program of the Compliance Control Department and ensure it is being applied.
- Receive reports on suspicious operations notified to the Anti-Money Laundering and Terrorist Financing Unit.
- Look at the corrective and/or disciplinary measures taken by the Executive Management in case of discovering any violations resulting from non-compliance especially in case of violations exposing the Bank to legal penalties or financial losses or those affecting the Bank's reputation.
- Any other duties related to compliance at the Bank.

- The Risk and Compliance Committee works under the supervision of the Board to which it submits its reports and recommendations concerning results of performing its duties. It also convenes upon an invitation from its chairman at least twice or whenever necessary or based on a resolution by the Board or based on a request by its other members. Its meeting shall be valid when attended by at least two (2) members and its recommendations are taken by majority vote.
- The Risk Department Manager shall be the rapporteur of the Risk and Compliance Committee.

Fifth: Strategic Planning Committee:

The Strategic Planning Committee is formed by a resolution from the Board. It comprises four (4) Board members including its chairman and such members shall have the ability and knowledge of financial and administrative matters as well as experience in the banking field and markets. It also has a rapporteur to be appointed by the Board. It shall meet on a regular basis and whenever necessary. It shall take its resolutions and recommendations with a majority vote of three members including its chairman at least. It shall also submit its reports and recommendations to the Board on a regular basis. It shall meet at least twice annually. The duties of the Strategic Planning Committee can be summarized in the following:

- Recommend its proposals to the Board in respect of suitable strategic directions at the Bank in light of economic conditions, investment climate, circumstances of banking competition and factors surrounding its developments.
- Inform the General Manager with the strategic directions, plans and resolutions of the Board to develop executive plans and procedures of various business centers at the Bank. Such strategic directions are approved in developing annual work plans and budgets.
- Review the proposals of the General Manager with regard to work strategies to discuss them and develop necessary recommendations to the Board in this regard.
- Discuss the Bank's annual estimated budgets and decide on them in preparation for their submission to the Board.
- Review the performance of annual action plans and estimated budgets by comparing actual achievements with estimated targets and evaluate the reasons for deviation from designed goals.
- The Strategic Planning Committee shall invite the General Manager, as well as any person it deems appropriate, to attend its meetings. It is suitable to set the dates of its meetings in coordination with its chairman or when required provided that the General Manager shall be notified of such dates by the Committee's rapporteur.
- The Committee's rapporteur shall be responsible for preparing invitation for its meetings, agendas as well as prepare meetings' minutes and follow up on the implementation of its recommendations according to the approval of the Board.
- Any other tasks assigned to it by the Board.
- The Strategic Planning Department Manager shall be the rapporteur of the Strategic Planning Committee.

Sixth: Debt and Property Settlement Committee:

The Debt and Property Settlement Committee is formed by a resolution from the Board. It comprises four (4) Board members and the Board appoints its chairman from among the four members. It meets on a regular basis provided that it shall meet twice annually and shall make its resolutions and recommendations by a majority vote of two members at least provided that its chairman shall be one of them. It shall submit its reports and recommendations to the Board on a regular basis and when needed. The duties of the Debt and Property Settlement Committee can be summarized in the following:

- Develop the policy and executive plans related to disposition of properties owned by the Bank so as to reduce the real estate portfolio to the lowest possible limit to achieve capital profits on the one hand and to raise the rate of capital adequacy and not to freeze the Bank's liquidity on the other hand.
- Set ceilings of auctions for properties mortgaged to the Bank when it attends such auctions in coordination with the Facilities Department to assess any determinants imposed by considerations of the volume of loan related to mortgage, its provisions and outstanding interests.
- Follow up on the estimations of values of all properties owned by the Bank and ensure their update every two years at least taking into account the requirements of the Central Bank and auditors in this regard.
- Consider the recommendations of the subordinate real estate committee concerning sale of properties and take appropriate decision on purchase offers of any of such properties taking into account market estimations and the Bank's considerations.

- Consider the recommendations submitted by the real estate department through its practical experiences and take necessary decisions in this regard and disseminate them among various departments especially the Facilities Department.
- Review at the annual statement issued by the Facilities Department which includes mortgages of new properties mortgaged for the Bank and their estimated value in addition to auction entry statement.
- Any other duties assigned to it by the Board related to its duties.
- The Assistant General Manager for Remedial and Collection shall be the rapporteur of the Debt and Property Settlement Committee.

Seventh: Board Supreme Committee:

The Board Supreme Committee comprises five (5) members and rapporteur of Credit Control Committee. It is mainly preoccupied with the operations of granting facilities and strategic investments to the Bank. The Committee's authorities are designated in the area of credit and investment according to the table of authorities approved by the Board.

Part VI: Conflict of interests, Disclosure and Transparency

First: Conflict of Interests in the Board:

The Bank is keen that no Board member has any direct or indirect interest in the activities and contracts made for the Bank. If necessary, such matter shall be approved only upon a license from the General Assembly to be renewed every year but activities conducted via public tenders shall be excluded if the Board member is the best bidder. The Board member shall notify the Board if he/she has a personal interest in the activities and contracts made for the Bank and such notification shall be recorded in the meeting's minutes provided that such Board member shall not participate in voting on the resolution issued in this regard. The Board Chairman shall notify the General Assembly, when convened, of the activities and contracts in which any Board member has a personal interest and such notification shall be accompanied with a special report from the chartered accountant. The Board member shall be keen not to get involved in any activity that may compete with the Bank and avoid conflict of interests through the following:

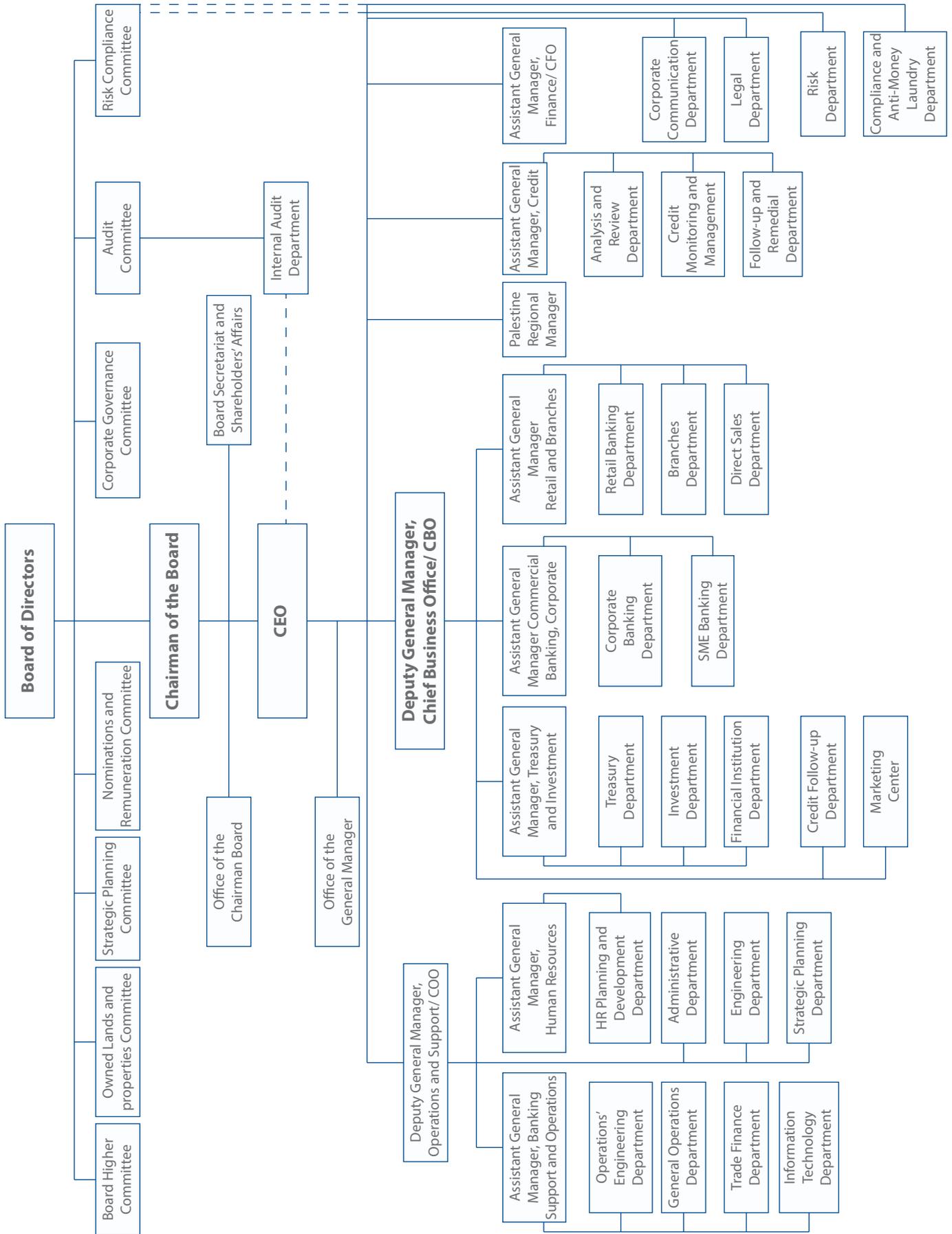
- The Bank has policies and procedures to handle conflict of interests.
- The Bank has policies and procedures for transactions with relevant parties which include getting these parties familiar with legislations, conditions of transactions, approval procedures and mechanism of monitoring such transactions.
- The Bank's control departments ensure that the operations of relevant parties were conducted in accordance with the approved policy and procedures. The Audit Committee shall review and monitor all transactions of relevant parties and inform the Board of such transactions.
- The Board shall ensure that the Senior Executive Management implements the approved policies and procedures.
- The Board shall approve controls of flow of information among various departments which prevent utilizing such information for personal benefit.
- The Board shall ensure that the Executive Management maintains high integrity in performing its activities and avoids conflict of interests.

Second: Disclosure and Transparency:

- The Board shall ensure publishing financial and non-financial information of interest to stakeholders.
- The Bank's annual report includes a provision that the Board is responsible for the accuracy and adequacy of the Bank's financial statements and information set forth in such report and about the adequacy of internal control systems.
- The Board shall ensure that the Bank complies with the disclosures set by the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), directives of the Central Bank and other relevant legislations in addition to ensuring the Executive Management is aware of changes taking place to the IFRS.
- The Board shall ensure the Bank's annual report and quarterly reports include disclosures allowing current and potential shareholders to look at results of operations and the Bank's financial status.
- Before appointing any member of the Top Executive Management, the Bank shall obtain a Curriculum Vita from the candidate with academic certificates, certificates of experience, certificates of good conduct and other necessary supporting documents attached thereto. The candidate shall be requested to sign the statement attached to governance directives. The Bank shall provide the Central Bank with a copy of the statement along with the member's curriculum vita.

- The Board shall ensure that the annual report includes the following at a minimum:
 - A summary of the organizational structure.
 - A summary of duties and responsibilities of the Board's committees and any authorities delegated to such committees.
 - Information of interest to stakeholders indicated in the Bank's Corporate Governance Manual and the extent of its compliance with the contents of the manual.
 - Information about each Board member in terms of his/her qualifications, experiences, amount of his contribution in the Bank's capital, whether he/she is an independent director or not, his membership in Board committees, date of his appointment, any other Board memberships he/she holds in other companies, remuneration of all forms he/she obtained from the Bank during the previous year, loans granted by the Bank, and any other operations conducted between the Bank and the member or its relevant parties.
 - Information about the Risk Management Department including its structure, nature of its operations and its developments.
 - Number of Board meetings and committees as well as times of attendance of such meetings by each Board member.
 - Names of independent Board members and the Top Executive Management during the year.
 - A summary of the Bank's remuneration policy along with disclosing all types of remuneration of each Board member as well as remuneration of all types granted to each member of the Top Executive Management during the previous year.
 - Names of shareholders who own %1 or more of the Bank's capital and identifying the Ultimate Beneficial Owners of such contributions or part thereof and indicating whether any of such contributions are mortgaged in whole or in part.
 - Statements from all Board members that the Board members did not obtain any benefits from the Bank and did not disclose them whether such benefits were financial or in-kind benefits and whether they are for the member himself or to any of his relevant parties during the previous year.
 - The Central Bank may object to nominating any person for Board membership if it found that he/she does not fulfill the requirements set forth in the directives of the Central Bank of Jordan. The Bank shall be committed to the following:
 - Any Board chairman or member shall sign his/her statement provided that the Bank shall keep a copy of such statement while another copy shall be sent to the Central Bank along with the member's curriculum vita.
 - Ensure that the Central Bank is informed of any substantial information which may negatively affect the suitability of its members.
 - Send an invitation to the Central Bank to attend the meetings of the General Assembly before holding them with a sufficient period of time so as to enable it to nominate its representative.
 - The Bank shall inform the Central Bank thirty (30) days at least before the date of the meeting of the General Assembly of its willingness to nominate the external auditor for election (or re-election) by the General Assembly.
 - Provide the Central Bank with information related to Board members, Management Boards, Top Executive Managements of its subsidiary companies inside and outside the Kingdom according to the forms attached to Corporate Governance Directives on a bi-annual basis and when any amendment is made.
 - Provide the Central Bank with minutes of meetings of the General Assembly within a maximum period of five (5) days from the date on which the Companies' General Inspector or his/her representative approved the meeting's minutes.
 - The Central Bank may summon any candidate for a position in the Top Executive Management of any bank to conduct a personal interview with him/her prior to appointment. In cases it deems necessary, the Central Bank may summon any Board member of any bank to conduct an interview with him.
 - The Central Bank may appoint an external entity to assess the governance of any bank at the expense of the concerned bank.
 - The Central Bank may, at any time, invite members of Audit Committee or the Bank's Audit Department Manager or Compliance Manager to discuss any matters related to their work.
 - The Central Bank may determine a larger number of independent directors in the Board's structure when necessary.
 - The Central Bank may consider any director non-independent according to certain data despite fulfillment of all requirements set forth in Article (6/D) by such director.
 - Directives issued by the Palestine Monetary Authority and regulatory authorities in Palestine concerning corporate governance shall be observed. In case of any discrepancy, the prior approval of the Central Bank of Jordan shall be obtained to handle such discrepancy.
 - The duties of rapporteurs of Board committees shall be specified so as to include attendance of all committees' meetings, record all discussions, proposals, objections and reservations, coordinate with the committee's chairman and members concerning meetings, ensure that the committee's members signed meetings' minutes and resolutions, and keep records and documents of the committee's meetings and prepare for meetings. The committee's rapporteur has no authority to vote on resolutions.
 - Appropriate amendments were made to the Corporate Governance Manual during 2015 by adding indicative provisions and work is underway to approve such amendments including for example the Bank's table of financial and administrative authorities expected to be approved during 2016, review of the suitability policy of Board members on a regular basis to promote its compliance with corporate governance directives, and approval of a new succession plan for the Bank.

The Organizational Structure



Branches and offices of the Jordan Commercial Bank

Jordan Branches			
Branch Name	Location	Fax	Phone Number
Head Office	Al Baydar, King Abdullah II St.,	5664110	06-5203000
Main Branch	Al Baydar, King Abdullah II St.,	5203086	06-5203000
Shmeisani Branch	Shmeisani, Issam al-Ajlouni St.,	5203142	06 - 5203149
Jabal Amman Branch	Jabal Amman, Prince Mohammed St.,	5621968	06 -5203043
Commercial Complex	Princess Nour St.,	5683657	06 -5683716
Jabal Al Hussein Branch	Jabal Al Hussein, Khalid ibn Al-Walid St.,	5203193	06 - 5203057
Abdali Branch	Abdali, King Hussein St.,	5661484	06 -5656496
Mecca St. Branch	Um Al Sammaq, Mecca St.,	5821811	06 -5203147
Amman Branch	Downtown, King Hussein St.,	5203197	06 -5203046
Yarmouk Branch	Al-Wahadat, Yarmouk St.,	4778685	06 - 4777953
Al Quweismeh Branch	Amman, Madaba St.,	06 4784692	06 - 5203049
Marka Branch	Marka, King Abdullah I St.,	4883665	06 -5203045
Abu Nsier	Abu Nsier, Main Street	5233379	06-5238828
Sweileh Branch	Sweileh, Yajouz St.,	5356890	06 -5348736
Fuhais Branch	Fuhais, Shaker Ta'meiah Circle	4720520	06 - 4720969
Wasfi Al-Tal Street Branch	Wasfi Al-Tal St	5525676	06 - 5203137
Sweifiah Branch	Galleria Mall - Abd Alraheem Haj Mohammad St.	4017608	06 - 5203047
Al Hashmi Al Shamali Branch	Al Batahaa St.	06-5203177	06-5203000
Al Zarqa Branch	Zarqa - AL Sa'adah St.	05 3993290	05 -5203048
Madaba Branch	Madaba - King Abdullah II St.	05 3246931	05 - 5203191
Al Karak Branch	AL Karak - Main St. - Al Thinyah	03 2386967	03 - 5203044
Aqaba Branch	West Wehadat - Ibn Roshd St.	03 2014166	03 - 5203076
Salt Branch	Salt, Al Baladyah St.,	05 3551561	05 -3550895
Muadi Branch	Dair Alla - Main Street	05 3571761	05 -3571761
Irbid Branch	Irbid - Bagdad St. - Intersection of Al Qirawan circle	02 7243036	02 -5203148
Aydoun Street Branch/ Irbid	Irbid -Aydoun St.,	02 7251785	02 -7251783
Irbid Office Branch	Irbid - Al balad - Cinema St.,	02 7247087	02 -7240051
Ramtha Branch	Ramtha - Al Baladyah Building - Arab Unity St.,	02 7381857	02 -7380656
Mafraq Branch	Mafraq - Eastern neighborhood - Khaled Abu Summaq St.,	02 6236679	02-5203136
Yajouz Branch	Northern Mountain Area - King Abdullah II St.,	05 3751677	05-5203135
Palestine Branches			
Regional Management	Ramallah - Berlin St.,	97022987682	00970-2-2989231
Ramallah Branch	Ramallah - Berlin St.,	97022987682	00970-2-2989231
Ramallah Office	AL Manarah square - City Center Building	97022963723	00970-2-2989231
Bethlehem	Bethlehem - Al Mahad St.,	97022767237	00970-2-2767231
Nablus Branch	Nablus - The Circle - Nablus Municipality Complex	97092381953	00970-9-2382191
Tulkarem Branch	Tolkarem - Samarah and Al A'araj Building	92676591	00970-9-2676583

Financial Position and Business Results

Jordan ATMs		
ATM Name	Address	ATM Location
Head Office	Al Baydar, King Abdullah II St.,	Inside the branch
Head Office – Parkings	Al Baydar, King Abdullah II St.,	Outside the branch
Main Branch	Al Baydar, King Abdullah II St.,	Inside the branch
Shmeisani Branch	Shmeisani, Issam al-Ajlouni St.,	Outside the branch
Jabal Amman Branch	Jabal Amman, Prince Mohammed St.,	Inside the branch
Amman Branch	Downtown, King Hussein St.,	Inside the branch
Jabal Al Hussein Branch	Jabal Al Hussein, Khalid ibn Al-Walid St.,	Inside the branch
Abdali Branch	Abdali, King Hussein St.,	Inside the branch
Mecca St. Branch	Um Al Sammaq, Mecca St.,	Inside the branch
Yarmouk Branch	Al-Wahadat, Yarmouk St.,	Inside the branch
Al Quweismeh Branch	Amman, Madaba St.,	Inside the branch
Marka Branch	Marka, King Abdullah I St.,	Inside the branch
Abu Nsier	Abu Nsier, Main Street	Inside the branch
Sweileh Branch	Sweileh, Yajouz St.,	Inside the branch
Fuhais Branch	Fuhais, Shaker Ta'meiah Circle	Inside the branch
Wasfi Al-Tal Street Branch	Wasfi Al-Tal St.,	Inside the branch
Sweifiah Branch	Galleria Mall - Abd Alraheem Haj Mohammad St.,	Inside the branch
Al Hashmi Al Shamali Branch	Al Batahaa St.,	Inside the branch
Al Zarqa Branch	Zarqa - AL Sa'adah St.,	Inside the branch
Madaba Branch	Madaba - King Abdullah II St.,	Inside the branch
Al Karak Branch	AL Karak - Main St., - Al Thinyah	Inside the branch
Aqaba Branch	East Wehadat - Ibn Roshd St.,	Inside the branch
Salt Branch	Salt, Al Baladyah St.,	Inside the branch
Muadi Branch	Dair Alla - Main St.,	Inside the branch
Irbid Branch	Irbid - Bagdad St., - Intersection of Al Qirawan Circle	Inside the branch
Aydoun Street Branch/ Irbid	Irbid -Aydoun St.,	Inside the branch
Irbid Office Branch	Irbid - Al balad - Cinema St.,	Outside the branch
Ramtha Branch	Ramtha - Al Baladyah Building - Arab Unity St.,	Inside the branch
Mafraq Branch	Mafraq - Eastern neighborhood - Khaled Abu Summaq St.,	Inside the branch
Yajouz Branch	Northern Mountain Area - King Abdullah II St.,	Inside the branch

Locations of external ATMs - Jordan		
ATM Name	Address of external ATM	ATM Location
Istiklal Mall	Istiklal Street	Outside the branch
Aqaba Gate Complex	King Hussein St.,	Outside the branch
Avenue Mall	Salah Al Shamat St., - Sweifiah	Outside the branch
City Mall	Services Floor - Medical City Street	Outside the branch
Al Ahwar Mall	Princess Aisha Bint Al Hussein St.,	Outside the branch
Mecca Mall	Mecca St., - Mills Supermarket	Outside the branch
Maxim Mall	Jabal Al-Hussein – Faras Circle – Maxim Mall	Outside the branch
Irbid City Center Mall	Irbid City Center Mall - Princess Al Hassan St.,	Outside the branch
Pavilion Mall	Pavilion Mall - Yasmeen Suburb	Outside the branch
Aqaba	Aqaba- Aqaba Special Economic Zone Authority – ASEZA Building	Outside the branch
Marj Al Hammam Carrefour	Marj Al Hammam/ Communications Circle	Outside the branch
Madaba Carrefour	Yarmouk St., - Al-Salam Hall – Al-Farah Complex	Outside the branch
Rusiefeh Carrefour	Rusiefeh - Al Jabal Al Shamali, Bab Mecca Complex	Outside the branch

Palestine ATMs		
ATM Name	Address of ATMs	ATM Location
Regional Management	Regional Management - Berlin St.,	Inside the branch
Ramallah Branch	AL Manarah square - City Center Building	Inside the branch
Bethlehem	Bethlehem - Al Mahad St.,	Inside the branch
Tolkarem Branch	Tolkarem - Samarah and Al A'araj Building	Inside the branch
Nablus Branch	Nablus - The Circle - Nablus Municipality Complex	Outside the branch

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