



PETRA NATIONAL TRUST



البنك
الأردني الكويتي
JORDAN KUWAIT
BANK

2014 ANNUAL REPORT

In line with its institutional slogan: "More than just a Bank", Jordan Kuwait Bank (JKB) presents every year a new theme for its annual report, which enriches it with its message and content.

JKB's management envisioned that the theme for its 2014 annual report should highlight Jordan's most valuable treasure, Petra, and Petra National Trust (PNT) that has worked tirelessly to protect and promote Petra's cultural and natural heritage. JKB's management and staff are pleased to include in the Bank's 2014 annual report some words and pictures to shed light on the Rose City and the tremendous initiatives and programs that have been carried out over the past quarter of a century to protect, promote and preserve this invaluable gem and its surrounding communities.

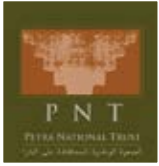


Photo courtesy of: Mario Santana 2006

Petra... Jordan's treasure

Petra is arguably the jewel in Jordan's formidable crown of archaeological and heritage sites. Tucked away deep in the gorges of southern Jordan, this "rose-red city half as old as time" has captured the imagination of poets and explorers, artists and archaeologists. The stunning colors of its sandstone canyons and the intricate architectural features of its hand-carved monuments have rendered Petra a marvelous combination of natural beauty and human ingenuity. Although Petra is best known as the capital of the ancient Nabataean kingdom (2nd century BCE – early 2nd century CE), the Petra region has been inhabited since Neolithic times, and has hosted cultures and civilizations that include the Edomite, Roman, Byzantine and Islamic in addition to the Nabataean.





Heritage and Identity: Preserving our Past and Enabling our Future

We, at Petra National Trust (PNT), are honored and grateful to Jordan Kuwait Bank for their partnership and support of our preservation and education programs and for this opportunity to feature PNT's achievements in the Bank's 2014 Annual Report.

For over 25 years, PNT has worked tirelessly to protect and promote Petra's cultural and natural heritage. Our mission and passion for our work stem from two main principles: the belief in the inherent value of our cultural and natural resources, their beauty, majesty, and integrity; and the belief that an understanding of heritage substantially contributes to the quality of life for individuals and communities.

At the heart of this link between culture and quality of life is "identity". People and societies inherit, often document, interpret and disseminate the tangible and intangible vestiges of their history. Tangible heritage lies in everyday objects, monuments, and architecture; intangible heritage in values, ideas, and ritual practices. Together they form the essential building blocks of local and national identities. Individuals and societies learn who they are, where they come from, develop a sense of belonging, and think in more creative ways about their future. This understanding is a particularly important and cohesive force for communities challenged by change and economic instability.

We, at the Petra National Trust, have adopted a holistic approach to heritage preservation, which we have implemented in the World Heritage site of Petra and its region. Our efforts address the requirements of the site, the visitors and the local community: the three pillars of cultural heritage management. We believe in working with and through partnerships; and we believe in honoring our international commitments, legal and moral, by adhering to heritage conventions and agreements and abiding by globally recognized best practices.

Petra stands as a majestic monument to Jordan's rich historic past, human ingenuity and achievement, and a tangible promise of a more vibrant future. To ensure Petra's integrity and enable it to fulfill this promise, we must work together to achieve a responsible balance between the demands of development and the requirements of heritage preservation.

The key to our success is in partnerships across the private, public and civil society sectors. We take this opportunity to thank Jordan Kuwait Bank for sharing our commitment to preserve our shared Jordanian heritage, and wish Jordan Kuwait Bank and its management every success in the future.

Dana Firas
Vice President
Petra National Trust





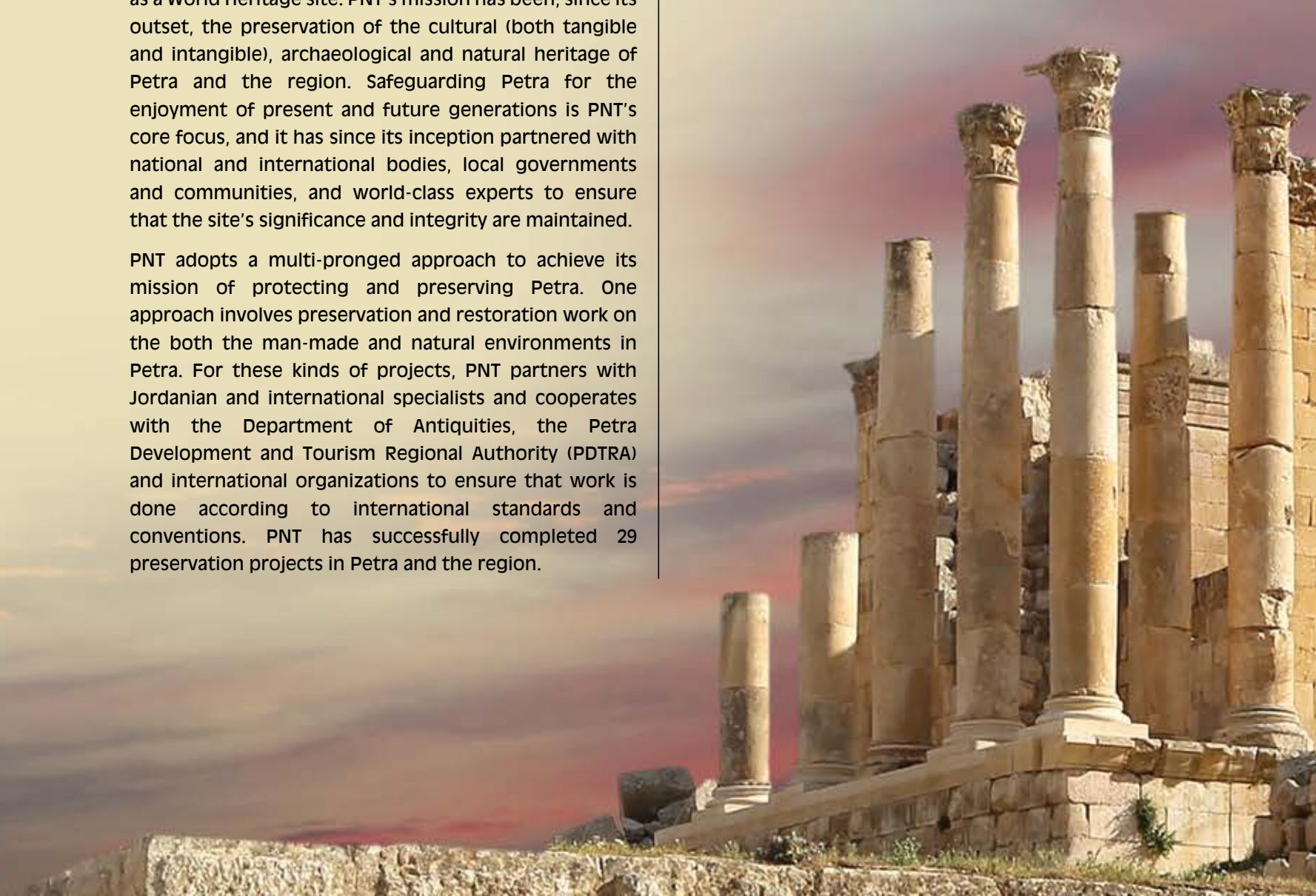
Petra National Trust

The need to protect and preserve Petra from the effects of human and natural impacts is what drove a group of conscientious and like-minded Jordanians to establish the Petra National Trust (PNT) in 1989. "Visionaries" is how Aysar Akrawi, PNT's executive director since 1994, describes the founders. "They understood the geo-physical fragility of the site and foresaw the inevitable spike in the number of visitors after it became a World Heritage Site in 1985. Setting up PNT was a proactive measure to make sure balance was achieved between economic development fueled by tourism and preservation of the site." Indeed, it was during PNT's early years that the seed of one of its most important projects, the Siq Rehabilitation, was sown. Spearheading the group was HRH Prince Raad bin Zeid, who remains at the helm of PNT's board of directors to this day.

As a Jordanian NGO focused on protecting cultural heritage, PNT advocates strongly and vocally for a responsible approach to Petra's management, acknowledging the right of the region's communities to benefit economically from the tourism industry but not at the expense of the site's preservation or its integrity as a World Heritage site. PNT's mission has been, since its outset, the preservation of the cultural (both tangible and intangible), archaeological and natural heritage of Petra and the region. Safeguarding Petra for the enjoyment of present and future generations is PNT's core focus, and it has since its inception partnered with national and international bodies, local governments and communities, and world-class experts to ensure that the site's significance and integrity are maintained.

PNT adopts a multi-pronged approach to achieve its mission of protecting and preserving Petra. One approach involves preservation and restoration work on the both the man-made and natural environments in Petra. For these kinds of projects, PNT partners with Jordanian and international specialists and cooperates with the Department of Antiquities, the Petra Development and Tourism Regional Authority (PDTRA) and international organizations to ensure that work is done according to international standards and conventions. PNT has successfully completed 29 preservation projects in Petra and the region.

One major focus of PNT's preservation work has been hydrology, with special attention paid to reducing the threats to visitors and monuments from the impact of flash floods in Petra. While the Nabataeans were master engineers who devised a water management system that harvested water for personal, agricultural and ornamental use through an intricate network of cisterns, water channels, dams and other such features, centuries of neglect and natural erosion have rendered it dysfunctional. Between 1996 and 2001, PNT undertook the multi-phase Siq Rehabilitation project that would result in the restoration, conservation and rehabilitation of the original floor and slope of the Siq after removing approximately 40,000 cubic meters of rubble and debris, the restoration and consolidation of the hydrological features that were uncovered in the process, and the construction of four additional dams. Work undertaken by PNT in 2002-2003 to clear the debris from collapse of the Siq al-Mudhlim tunnel a few years earlier, which obstructed the natural flow of flash floods waters through this man-made tunnel, as well as the restoration of one of five dams in the Wadi al-Jarra Dam are also important PNT projects that have contributed to the rehabilitation of the Nabataean hydrological system. In the past, flash floods were a regular cause of death and since the rehabilitation of the various Nabataean hydraulic features, no loss of life has occurred.



PNT is firmly committed to community outreach, and has focused since 2010 on developing and delivering education initiatives for youth in the Petra region. PNT believes that the best way to ensure the preservation of Petra is to raise awareness among the region's youth about the importance and significance of the Petra archaeological site and nature reserve. PNT's youth education curriculum is designed to get youth between the ages of 7-18 living in the six towns surrounding the Petra site excited about Petra through fun, hands-on activities that encourage them to explore and discover Petra's rich history, culture and biodiversity and how best to strike a balance between inevitable demands of regional growth and development, and the need for a site's preservation and protection.

PNT expanded its education program to include the Training of Trainers (TOT) program, which enhances the capacity of local teachers by developing their knowledge and confidence in using interactive teaching methodologies. By training teachers to deliver its programs, PNT ensures program sustainability. Messages of preservation and protection have the potential to resonate strongly with local youth if the messages are delivered by those who have direct personal and professional experiences in the youths' home regions. PNT takes pride in its youth and teacher

education programs, for they are pioneering education initiatives that are unique to the Petra region, and arguably the country, in terms of content, scope and impact.

As PNT looks ahead, it envisions a more permanent presence in the Petra region by opening a youth center that will serve the young people and families of the region. PNT also plans to expand its educational programmes to include adult education and persons with special needs.





Protecting Petra

As one of the most famous historical sites in the world, Petra can boast to receiving more visitors than any other tourist attraction in Jordan, in peak years reaching upwards of one million annually. The gradual but sustained increase in the amount of human traffic through the site since it received a UNESCO World Heritage designation in 1985 has been both a boon and a bane for Petra. Tourism fuels the region's engine of growth, so more tourists means more income for the communities, more development and more economic prosperity. But while it may be Jordan's most popular tourist destination, it is also the country's least robust historical site. Petra's fragile sandstone monuments and delicate natural ecosystem are easily harmed by unfettered visitor access to the site. Unchecked human impact compounds the already existing problems of natural wind and water erosion, both of which have slowly eaten away at Petra's monuments for the past two millennia. Unless human impact is contained and the site is properly managed, Petra is in danger of irreparable damage, and possibly jeopardizing its UNESCO World Heritage status.







البنك
الأردني الكويتي
JORDAN KUWAIT
BANK

Public Ltd. Company
Established 25/10/1976
Commercial Register Number 108
Paid-up Capital JD 100 million (USD 141 million)

Member of Burgan Bank Group - Kuwait

> Our Vision...

" To be one of the pioneer Arab banks through offering distinguished comprehensive banking solutions, in line with the latest developments in banking industry and e-business in the world."

> Our Mission...

" We are a Jordanian banking institution which offers global services assured with high quality and professionalism by taking full advantage of the Bank's advanced technological capabilities and its staff efficiency to render qualified services to customers. JKB seeks to diversify its customer base to include various Jordanian & Arab economic sectors, in order to achieve a rewarding yield to shareholders, in addition to enhance the national economy development, and society welfare."



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**HIS MAJESTY
KING ABDULLAH II BIN AL-HUSSEIN**



**HIS HIGHNESS
SHEIKH SABAH AL-AHMAD AL-SABAH
EMIR OF THE STATE OF KUWAIT**



**HIS ROYAL HIGHNESS
PRINCE HUSSEIN BIN ABDULLAH II
THE CROWN PRINCE**

Chairman **H.E. Mr. Abdel Karim A. Kabariti**

Vice Chairman **Mr. Faisal Hamad Al-Ayyar**

Rep.: United Gulf Bank – Bahrain

Members • **Mr. Masaud Mahmoud Jawhar Hayat**

Rep.: Al- Futtooh Holding Co. - Kuwait

• **Mr. Bijan Khosrowshahi**

Rep.: Odyssey Reinsurance Co. – U.S.A

• **Mr. Tariq Moh'd Abdul Salam**

Rep.: Kuwait Projects Co. (Holding) – Kuwait

• **Mr. Farouk Aref Al-Aref**

• **Dr. Yousef Musa Goussous**

Rep.: Burgan Bank - Kuwait

• **Mr. Mansour Ahmad Louzi**

Rep.: Strategy Co. for Investments – Jordan

• **H.E. Dr. Jafar Abed Hassan** (Until 14/11/2014)

Rep.: Social Security Corporation – Jordan

Board Secretary **Mr. Suhail Moh'd Turki**

Auditors **Deloitte & Touche (M.E) - Jordan**



To the Shareholders,

I am pleased to submit to you, in my name and on behalf of my colleagues, members of the Board of Directors, the annual report on the results of the Bank's operations and achievements, and the consolidated financial statements for the year ending on 31/12/2014.

The year 2014 represented the beginning of the return of the global economy, and it appears to be folding away the difficult seven years that the world has lived through since 2008. While no severe crises were witnessed this year, unlike the past few ones, yet it cannot be considered a better year since the global economy has not completely recovered from the ramifications of the economic and financial crisis and continues, with the exception of the United States and UK, to suffer from recession which plagued most European countries, instigating the European Central Bank to launch the Quantitative Easing Program, along the same lines as the United States, as being the optimum solution for stimulating the economy, maintaining price stability, and reducing the cost of borrowing. Furthermore, the sudden decrease in oil prices during the second half of the year exposed the economies of oil producing countries to new problems in view of the continued increase in production, coupled with a weak increase in demand, which affected growth programs negatively.

All indicators and series of forecasts show that the global economy still requires time to recover, with the International Monetary Fund (IMF) continuing to amend its expectations negatively for the BRICS countries and Japan as well as some Middle Eastern countries. As for the European Union (EU) countries, pressures from the Ukrainian crisis have added to their economic woes, together with signs of resistance expressed by the newly elected Greek Government against the terms of its creditors, threaten the stability in the Euro Zone as a whole.

On the local level, the Jordanian economy exhibited in 2014 a fair degree of improvement in most indicators, in spite of prevalent conditions in the region and their negative repercussions. The economic growth rate has stabilized, registering a small improvement at 3.1%, and the budget deficit decreased by nearly 20% as a result of an increase in local revenues and foreign grants at a higher rate than the increase in current expenditure. The deficit in the current balance of payments registered a decrease for the third consecutive year to reach about 10% of the Gross Domestic Product (GDP). The Jordanian Dinar (JD) maintained its exchange rate levels against the US dollar and the Amman Stock Exchange index registered a modest rise of about 5%. As the gradual economic reform process continues according to the National Economic Reform Program, whose performance is periodically reviewed by the IMF, the national economy outlook has improved from the perspective of international rating agencies from negative to stable, which helps reduce the cost of internal and external borrowing, in addition to improving investors and international institutions' perception of Jordan.

On the other side of the picture, the local economy and the public finance situation are, generally, not in a good condition. The general government net debt has increased by JD1.5 billion (USD 2.1 billion), exceeding 80% of GDP, with an increase in the foreign currency debt. Poverty and unemployment levels remained unchanged. With the exception of removing the subsidy on fuel prices, no substantial improvement was made in reforming the subsidy policy and spending on the social safety net, which

heavily affect the general budget. The reserves of the Central Bank of Jordan (CBJ) are mostly liabilities and not assets, with international loans from the United States and the World Bank comprising a large share of them. The decrease in oil prices helps reduce the budget deficit to a certain extent, and shall help reduce the cost of power generation and the losses incurred by the National Electricity Company. In spite of this decrease, it is noted that there is an increase in spending, mostly under the current expenditure item.

Although the General Budget Law for the year 2015 included financial indicators which reflect the government's success in implementing some items of the Economic Reform Program and taking the necessary measures aimed at restoring public finance back on the right track, the cost of this success was increasing taxes and charges, and increasing electricity prices for the purpose of increasing revenues, which formed a burden on Jordanians and on economic sectors, with the absence of a clear policy to stimulate economic activity and encourage investment. In our opinion, comprehensive economic reform cannot be achieved by completing the current program or other programs, but through a national reform program which adopts partnership among all production parties in the public and private sectors and NGO's, aiming at effecting structural changes with a futuristic outlook, over stages that take into consideration the economic situation and the current and regional local conditions.

Regarding the Bank's activities and performance during 2014, our efforts and attention were concentrated on improving the quality of the credit portfolio, and on streamlining and structuring some of the larger loans which imposed pressure on the Bank's financial position and required the allocation of part of our profits as provisions. Foremost of these loans are the ones extended to Taameer Jordan Holdings and a number of its affiliates. We worked patiently and diligently to find appropriate solutions to enable the company to resume its activities, however, matters deteriorated and we found that the horizon was bleak, so we amicably expropriated mortgaged villas and land plots at fair value and settled the company's debts. The Bank is currently developing and selling the villas, marketing activities are well underway both inside and outside Jordan, and a number of villas have been sold. We feel that if local economic conditions were to improve, the process of selling the villas will be expedited. In this respect, we continue to believe in the feasibility of the "Andalucía" project, which, in our opinion, represents an added value and a prominent landmark along the road to urban development in our country.

During the year, we also dealt with a number of non-performing loans and arrived at arrangements with the borrowers in order to maintain the continuity of their projects while reinforcing guarantees and safeguarding the Bank's rights.

On the level of projects related to developing the internal structure and increasing the efficiency of managing the Bank's activities, the new BANKS banking system was completed and operated at the beginning of June. The roll out process from the old system to the new one went smoothly and without obstacles, and substantive additions and improvements were made in terms of internal operations and customers' dealings. Work is underway to implement the new system at the Bank's branches in Palestine and Cyprus. This will accompany the completion of the expansion plan in Palestine and the establishment of the Bethlehem and Jenin branches, in addition to developing the

services and diversifying the banking activities of the Cyprus branch, in a manner that fulfills the ever-increasing requirements of some of the Bank's customers.

On another note, and for the purpose of implementing the instructions of corporate governance for banks, issued by the Central Bank of Jordan on 30/9/2014, all measures have been taken to guarantee full compliance with the instructions within the deadline periods. Foremost of these instructions is the need to increase the number of the Board of Directors' members to 11, including four independent members. This issue will be presented to the shareholders' general assembly for ratification.

We worked during 2014 to enhance communications with Burgan Bank and the Group's banks, and coordination with regard to banking operations and strategic plans is proceeding extremely well. We follow with interest any opportunity to benefit from business opportunities resulting from the expansion of the group's banks inside and outside the region. One should pay tribute to the level of cooperation prevailing among the group's members at all levels, and the special appreciation that JKB enjoys due to its role in developing the group's work and achieving its objectives.

On the level of financial results, the Bank's financial position statements for the year ending on 31/12/2014 indicate that the Bank's total assets increased to USD3,681 million, compared with USD3,600 million at the end of 2013, with an increase of 2.24%. Direct credit facilities (net) amounted to USD1,842.4 million. As for the liabilities, customers' deposits and cash margins showed a good growth, reaching USD2,472 million at year-end. Income before tax for the year amounted to USD88.71 million, while income pertaining to shareholders after taxes and provisions amounted to USD65.6 million. Total shareholders' equity increased by 6.75%, reaching USD616.3 million. Performance indicators and efficiency ratios maintained their high levels within international standards.

As a result of the prudent policies followed by the Bank in managing assets and liabilities, and the continued outstanding financial performance, the capital adequacy ratio increased at the end of 2014 to reach 16.68%, compared to 16.43% at the end of 2013. This ratio confirms the Bank's solid financial position as a well-capitalized bank, and its ability to comply with the instructions expected to be issued by the CBJ in 2015 regarding Basel III. The results of stress testing and the internal capital adequacy assessment process (ICAAP) performed by the Bank periodically, attest to the Bank's solid capital base and its ability to absorb any potential losses, as well as bearing the effects of most stressful scenarios for credit, market and operational risk, and other risks that the Bank may be exposed to, while maintaining the growth pace of assets, to achieve the Bank's objectives.

2015 Outlook

The climate of uncertainty under which the private sector operates is expected to persist due to the fast changing regional circumstances, the results of which are hard to predict as the region is open to many possibilities. Until now, there is no indication of any progress or improvement in the general outlook. We do not perceive any financial or investment incentives, and fail to see anything that encourages investors to come to Jordan, or instigate local investors to activate the economy. We must be vigilant and wary of the future and how to respond, particularly if

more negative developments evolve, which would force investors to be more cautious and avoid investing in the region.

While we count heavily on the strength factors of the Country, and which the private sector takes comfort in, foremost of which are the presence of a prudent upper administration in dealing with regional and international crises, the adoption of an economic reform program, the state of stability and security, the flexibility of the political system, and the positive image Jordan enjoys under the leadership of His Majesty the King around the world, we however, do not underestimate the effect of chronic weaknesses, mainly the small size of the local market, the high budget deficit and excessive dependence on foreign assistance and grants, the low level of self-reliance, the severe vulnerability to uncontrollable external factors and conditions, the labor market imbalances, the high rates of poverty and unemployment, and the lack of natural resources, particularly water, petroleum, and gas.

Taking the elements of strength and weakness in the political and economic situation, we tend to be very cautiously optimistic, yet prepared to deal with all potential scenarios. We call for a comprehensive approach to deal with the economy, in a way that drives towards utilizing opportunities rather than counting those that were wasted since the start of what is called the Arab Spring movements, whether at the tourism level and presenting Jordan as an alternative to Egypt, Syria, and Lebanon, or in the field of activating the transit trade or supporting Jordanian industries to replace those that stopped operating in Syria. In view of the persistence of the regional conditions and the absence of any perceived solutions, some opportunities still exist, and we need to address them through well-studied policies and effective participation by all parties, which transcends routine procedures and shallow treatment towards extraordinary initiatives and solutions for the development issues, helping the economic sectors to overstep this stage. We believe that the Royal message to the government, which includes His Majesty's directives for the preparation of the ten-year development vision, Jordan 2025, which represents a roadmap for the Jordanian economic future and a key for change which contributes to reinforcing the national economy and achieving comprehensive development.

In conclusion, I extend my deep gratitude to our shareholders and customers for their dedication and trust and to our strategic partners, Kuwait Projects Company (KIPCO) and the Burgan Bank Group, for their continued attention to the Bank's interests, and for reinforcing relations between us for the purpose of upgrading the performance of the Group and mutual interest. Special thanks are due to His Excellency the Governor of the Central Bank of Jordan, his two deputies, and all the bank's officials, for their honest efforts, constructive cooperation, and continued quest in the general national effort and reinforcing the banking system. We also extend our deep gratitude to His Excellency the chairman and members of the Securities Commission and its entire staff for their performance and keenness to apply the highest standards of transparency and disclosure. I finally extend my deep appreciation, praise, and affection to all my colleagues, the management and staff members of the Bank and its subsidiaries, for their outstanding performance, diligence, and role in achieving the Bank's objectives and its continued success and prosperity.

Abdel Karim Kabariti
Chairman



The Board of Directors' Statement on Corporate Governance, Risk Management and Compliance

Corporate Governance Framework

Jordan Kuwait Bank believes that the existence of good corporate governance leads to good management of the Bank, and helps to achieve the Bank's strategic objectives and safely manage its operations in a manner that safeguards the depositors' interests, and ensures the responsibility towards shareholders and other stakeholders, while fully complying with the legislation and instructions of regulatory authorities and the Bank's internal policies. Accordingly, Jordan Kuwait Bank's Board of Directors adopts a Corporate Governance manual, which was prepared according to best international practices. Jordan Kuwait Bank's Board of Directors affirms its commitment and that of the Bank's executive management and all the employees in implementing the governance instructions. The Bank's adoption of this manual aims to realize the corporate governance principles of fair treatment for all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; and the relational accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and various stakeholders. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is annexed to this report and is published on the Bank's website www.jkb.com/node/185.

Based on the instructions of corporate governance for banks No. 58/2014 issued by the Central Bank of Jordan and taking into account the Central Bank of Kuwait's instructions and the requirements of Burgan Bank's corporate governance, the Bank's current corporate governance manual has been revised and amended. Necessary arrangements and measures have been made to comply with the new instructions. This included amending the administrative and financial authority matrix and placing the required policies and codes to be in line with the instructions. The manual will be presented to the Board of Directors for official approval. Noting that the Bank will work on implementing the instructions related to the composition of the board and ensuring the suitability of board members and the members of the executive management within the time frame specified.

The Bank's organization and administrative procedures are based on the following principles:

- A board of directors is in place that is effective and responsible.
- A clear strategic direction for business development within clear frameworks for risk management.
- Sound accounting and information disclosure principles.
- Sound decision making mechanisms.
- Performance evaluation linked to the strategy.
- Human resources development.

Board of Directors and Board Committees

Board of Directors

The formation of the Board of Directors is governed by the Jordanian Companies Law and the CBJ's Banks Law. The Board is comprised of nine members elected for tenure of four years. Based on the instructions of corporate governance for banks No. 58/2014 issued by the Central Bank of Jordan, the number of board members will be increased to eleven at the upcoming General Assembly meeting.

The current Board of Directors was elected by the General Assembly on April 7, 2013. The Board of Directors elected H.E. Mr. Abdel Karim Kabariti as Chairman and Mr. Faisal Hamad Al-Ayyar as Vice-chairman.



Photo courtesy of: M. Joukowsky 2011



The main role of the Board of Directors lies in its responsibility of ensuring the soundness of the Bank's financial standing, and fulfilling its obligations towards all stakeholders. The Board sets the Bank's strategic objectives that meet the interests of the Bank, shareholders, and customers, and has oversight responsibility over the executive management. It is also accountable for ensuring the effectiveness of internal monitoring and control systems and the extent to which the Bank is abiding by the strategic plans and that written policies covering all of the Bank's activities are endorsed and in place.

The Board of Directors is also responsible for the credibility and accuracy of the Bank's financial reports and the information contained in the Annual Report and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

Board Committees

In the aim of organizing the Board of Director's work and to increase its efficiency and effectiveness, the Board of Directors forms different committees from its members that are delegated with authorities and responsibilities to be in line with the Bank's strategies and goals. The committees' compositions, duties and responsibilities have been detailed in the Corporate Governance Manual.

1. Corporate Governance Committee

The committee oversees the development of the Corporate Governance Manual, updating it, and monitors its implementation. It ensures that the Bank's organizational structure meets the corporate governance requirements. It also outlines the Bank's strategy, adopts general policies, and raises them to the Board of Directors for approval and supervises their implementation.

Corporate Governance Committee Members

Mr. Abdel Karim A. Kabariti, Committee Chair
 Mr. Bijan Khosrowshahi
 Dr. Jafar A. Hassan (until 14/11/2014)

2. Board Credit & Investment Committee

The committee looks into the proposals and requests submitted by the credit committee and investment committee that exceed the limits of their authorities.

Board Credit & Investment Committee Members

Mr. Abdel Karim A. Kabariti, Committee Chair
 Mr. Mansour A. Louzi (until 19/4/2014)
 Dr. Yousef M. Goussous (as of 20/4/2014)
 Mr. Farouk A. Al-Aref

3. Risk and Compliance Committee

The committee's role is to review the Risk Management's framework and strategy; create suitable work environment that helps in identifying and managing risks with significant impact; and stay abreast with the developments that affect the Bank's

operations. The committee reviews reports submitted by the Risk Management and Compliance Departments and submits relevant recommendations to the Board of Directors, illustrating the Bank's commitment to the acceptable risk appetite level.

Risk and Compliance Committee Members

Mr. Tariq M. Abdul Salam, Committee Chair

Mr. Mansour A. Louzi

Mr. Bijan Khosrowshahi

4. Audit Committee

The committee shall Review and ratify the internal audit plan which includes audit scope and frequency. Review internal audit reports and the reports and comments of monitoring bodies and the external auditor and follow-up on corrective measures. The committee also reviews the Bank's financial statements prior to submission to the Board of Directors and ensures that the Bank has properly observed and complied with international accounting and audit standards.

Audit Committee Members

Mr. Tariq M. Abdul Salam, Committee Chair

Mr. Mansour A. Louzi

Dr. Jafar A. Hassan (until 14/11/2014)

5. Nominations & Remuneration Committee

The Committee shall identify those eligible for membership in the Board of Directors and determine whether a Director qualifies to be considered "independent". Provide recommendations to the Board for the appointment of qualified executive managers. Implement a formal method of assessing the effectiveness of the Board of Directors and executive management and ensure that the Bank has a remuneration policy in place.

Nominations & Remuneration Committee Members

Mr. Masaud M. Jawhar Hayat, Committee Chair

Mr. Tariq M. Abdul Salam

Mr. Mansour A. Louzi




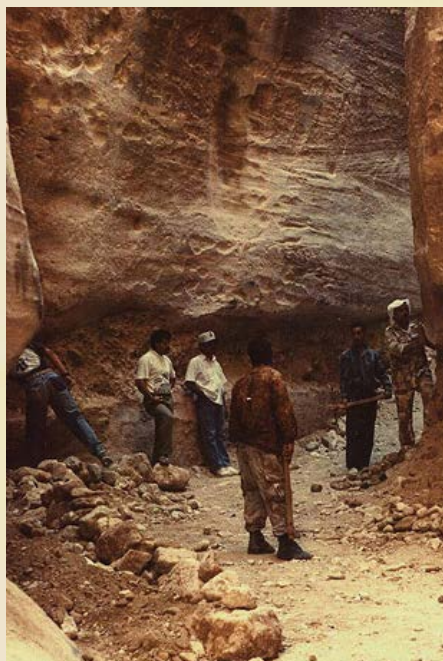
Board and Committee Meetings

The following table shows the number of Board meetings and Board committees' meetings, and the number of meetings attended by each member during the year 2014, noting that Board of Director Members attended the General Assembly of Shareholders that was held on 20/4/2014.

Total number of meetings held during 2014	Board of Directors	Corporate Governance Committee	Risk and Compliance Committee	Audit Committee	Nominations & Remuneration Committee	Credit & Investment Committee
	6	2	4	4	2	49
Board Members	Number of meetings attended by board member					
H.E. Mr. Abdel Karim A. Kabariti / Chairman	6	2				49
Mr. Faisal H. Al-Ayyar / Vice Chairman	5					
Mr. Masaud M. Jawhar Hayat	5				1	
Mr. Bijan Khosrowshahi	4	1	2			
Mr. Tariq M. Abdul Salam	6		4	4	2	
Mr. Farouk A. Al-Aref*	6					49
Dr. Yousef M. Goussous	5					34
Mr. Mansour A. Louzi*	6		4	4	2	15
H.E. Dr. Jafar A. Hassan	5	2		3		

*Independent Member

 Not a member in the committee





Board Members' Remuneration

Every Board member receives the sum of JD5,000 (USD7,000) per year as Board membership allowance, in addition to allowances in lieu of travel, transportation and Board committees' membership.

Remuneration and Rewards Policy

JKB has a comprehensive remuneration and rewards policy that closely integrates with the approved performance evaluation policies. Staff annual raises and rewards are based on achievement which meets the Bank's interests and its sustainable progress in all areas. This policy is also keen on reinforcing the independence of control units in such a way that staff salaries and rewards are not determined by the Bank's profit levels.

The remuneration and rewards policy sets the basis for annual salary raises, effect of promotion on salary, types and conditions of allowances paid to employees, and the structure of the salary scale and its review process, for the purposes of maintaining a competitive and fair work environment.

The salaries, transportation allowance and other expenses paid to the Bank's executives during the year 2014 were declared in the disclosure statement as required by article (4) of the disclosure regulations issued by the Jordan Securities Commission, and in

the notes to the consolidated financial statements included in this report.

Control Environment

Internal Controls

JKB's Board of Directors and executive management are responsible for developing and maintaining the existence of internal control systems and procedures that are capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Bank.
- Effectiveness and efficiency of the Bank's operational activities.
- Effectiveness of measures and procedures set to safeguard the Bank's assets and properties.
- Compatibility with policies pertinent to internal operational procedures as well as laws, legislations and regulations in force.

The Bank believes in the importance of an effective internal monitoring and control system given that it is one of the key elements of sound management and the base for safeguarding the safety and quality of the Bank's transactions. Hence the

Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and update are the responsibility of the executive management. JKB's management continuously monitors and assesses the efficiency and effectiveness of these systems and their ability to achieve desired objectives. It also oversees their continuous development and enhancement.

In this context, the Board of Directors adopted an internal monitoring and control policy that covered all aspects pertinent to internal control systems in terms of definition, components, implementation and the responsibility of the Board of Directors and the Executive Management.

Internal Audit

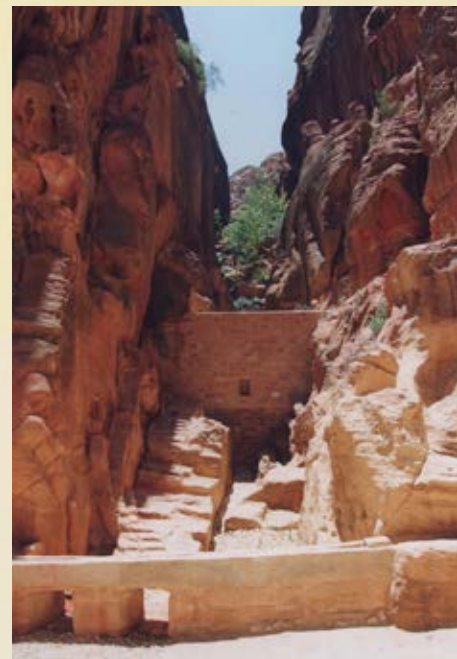
The philosophy of Internal Audit (IA), designed to add value and improve Bank's operations and help Bank's management to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes, was based on its task to provide independent and objective assurance and consulting services to the Bank's Board of Directors (BoD) and the Executive Management.

The Internal Audit Department is administratively subordinated to the Chairman and functionally to the Board Audit Committee (BAC). It reports to the Chairman and BAC on the results of audit engagements.

The Internal Audit Charter was established according to best international standards for the professional practice of internal auditing and it defined the following:

- IA activity is independent and has no executive tasks.
- IA activity has direct authorized / unrestricted access to the Bank's records, personnel and physical properties relevant to the performance of engagements assigned to it.
- IA activity shall be provided with appropriate and sufficient number of competent resources (academically & professionally qualified staff) in addition to training courses both locally and abroad.
- IA activity provides reasonable assurance regarding the efficiency and effectiveness of the Bank's Internal Control Systems (ICS) and its ability to achieve the following objectives:
 - Reliability and integrity of financial and operational information.
 - Efficiency of operations.
 - Compliance with laws and regulations in force.
 - Safeguarding of the Bank's assets and properties.
 - Business continuity under all circumstances.
 - Improve and develop ICS, risk management, and governance processes.
 - Improve and develop operations (processes) and products to achieve the Bank's objectives.

The scope of IA activity covers all the Bank's auditable entities, activities and operations, including branches abroad and subsidiaries in a way that enable it to assess the adequacy and effectiveness of ICS, risk management and governance processes, achieve all engagements and responsibilities assigned to it and carry out the following significant tasks:



- Conduct accepted periodical engagements (assurance reviews) as per approved risk based audit plan prioritization on the approved internal audit strategic plan by BAC.
- Conduct any special review or consulting engagements based on Chairman, BAC or executive management directives according to best international standards for the professional practice of internal auditing.

The quality assurance concept was introduced to provide all stakeholders with reasonable assurance about audit function in term of conformance with the common international standards at both local and international levels.

Risk Management Function

Various risks to which the Bank is exposed are managed by an independent risk management department that reports directly to the Head of Risk Management and Compliance Group, and presents its periodic reports to the Board's Risk and Compliance Committee.

The Risk Management Function at the Bank is based on three main pillars as follows:

- Full understanding and awareness by the Board of Directors, top executive management, and Bank employees of the types of risks facing the Bank's operations.
- Availability of appropriate strategy, policies, and procedures to manage risk, which reveal the magnitude of risk that the Bank can address, in a manner that ensures financial strength.
- Availability of systems that help in managing various forms of risk that the Bank may face.

The Risk Management Department's objectives are as follows:

- Achieve financial strength, which reflects positively on the Bank's credit rating.
- Transparently highlight risks and ensure their clarity and understanding.
- Set recommendations to identify the size and type of acceptable main risks by the Board of Directors, assuring that current risks are compatible with those that have been planned for.
- The Bank's compatibility with the Basel accords and all legislations that govern and regulate risk management in banks.

The process of identifying, evaluating, and managing risks is considered a joint responsibility, starting with each of the Bank's units which are considered the first line of defense. The Risk Management Department evaluates and monitors risks and recommends ways of mitigating them, submitting the necessary reports to the Board Risk and Compliance Committee whereby it is considered the second line of defense, followed by the role of internal audit which is considered the third line of defense.

In turn, the Risk Management Department is responsible for its abovementioned role within a documented organizational structure approved by the Board Risk and Compliance Committee

regarding credit, market, and operational risk, information security, business continuity, and liquidity (within the assets and liabilities framework) and conformity with the Basel accords. Furthermore, the Risk Management Department is represented in different committees that manage the Bank's operations for issues related to the risk management.

The functions of the Risk Management Department are summarized as follows:

- Review the risk management framework at the Bank prior to Board approval.
- Implement the risk management strategy in addition to developing policies and procedures for managing all types of risk.
- Develop methodologies to identify, measure, and control all types of risks.
- Submit reports to the Board through the Risk and Compliance Committee, with a copy to General Manager, including information about the actual risk profile for all the Bank's activities, compared to the risk appetite document, and follow up on addressing negative diversions.
- Verify the integration of risk measurement mechanisms with management information systems in use.
- Study and analyze all types of risk faced by the Bank.
- Submit recommendations to the Board Risk and Compliance Committee about the Bank's exposure to risk, recording exceptional cases against the risk management policy.
- Provide the necessary information regarding the Bank's risks for disclosure purposes.
- The Risk Management Department conduct awareness programs to the Bank employees about risk management concept.
- Evaluate the Bank's capital adequacy, along with the Bank's risks and stress testing, as part of the internal capital adequacy assessment process, and submitting it to the Board Risk and Compliance Committee, to be approved by the Board of Directors.

Compliance Function

The Bank may be subject to legal sanctions or material losses or reputational risk due to non-compliance with all applicable laws and regulations, instructions and code of conduct, standards and sound banking practices issued by local and international regulatory authorities.

The Bank acknowledges the importance of compliance control, hence adopted the following:

1. An approved compliance policy to monitor the Bank's compliance with the laws, regulations, and instructions issued by the regulatory authorities, best practices and industry standards through programs procedures manuals based on the risk based approach principle.

2. The Board of Directors takes the necessary measures to enhance the values of integrity and sound professional conduct within the Bank in a manner that complies with the applied laws, regulations, instructions and standards, and constitutes a primary goal to be achieved.
3. Compliance function is managed through an independent department, which submits periodical reports to the Board Risk and Compliance Committee. The Compliance Department's scope of work covers all of the Bank's departments and branches in Jordan and outside as well as its subsidiaries.
4. Monitoring non-compliance risks through a database containing all the laws and regulations issued by domestic and international regulatory authorities that is updated with the latest regulatory and legislative developments.

With regards to combating money laundering operations and financing terrorism, the Bank follows approved policies and procedures manuals that comply with the instructions issued by the regulatory authorities and the best international practices in this regard so as to reduce the risks of such operations through identifying procedures for dealing with financial operations, taking due diligence in knowing the customers, making sure of their personal identification, legal status and the beneficiary of such transactions and by adopting the following principles:

- Update the Anti Money Laundering policy to cope with the latest regulatory and legislative developments.
- The Anti Money Laundering Unit reports directly to the Chairman of the Board of Directors to provide the utmost independence and support needed.
- Adopt the risk based approach in the classification of the clients.
- Use an automated system to combat money laundering and terrorist financing.
- Participate in providing the adequate training for the Bank's employees enabling them to deal with any suspicious transactions.

Code of Conduct

The Bank adopted a code of conduct that was endorsed by the Board of Directors. JKB employees across the various administrative levels as well as the Board of Directors have pledged to commit to it.

The Code defined the ethics, values and principles of the Bank employees in four main areas which are: integrity, compliance with laws, transparency and loyalty to the Bank.

Whistle Blowing Policy

JKB maintains policy and procedures pertinent to whistle blowing. The policy aims to promote a culture of openness and to demonstrate the shared responsibility of preserving work ethics. Procedures that deal with this policy were distributed among all Bank employees to follow. The procedures clarify accountability lines for reporting issues related to unusual and/or suspected behavior that must be reported. Monitoring of Whistle Blowing Policy Implementation is carried out by the Board Risk and



Photo Courtesy of: Lucy Wadeson

Compliance Committee.

Customer Complaints Processing Unit

In compliance with the Central Bank of Jordan's instructions to deal with customers fairly and transparently, to the Customer Complaints Processing Unit within the Compliance Department receives and deals directly with customer complaints submitted through all available contact channels, including telephone calls, email messages, traditional mail, and complaints boxes at the branches. All complaints received are addressed, and responded to in writing or verbally. Instructions are also sent to employees regarding these complaints, clarifying work procedures to some staff members wherever required. The Customer Complaints Processing Unit submits periodical reports to the Bank's top management, including a description of complaints received and how they were handled and solved.

Relation with Shareholders

The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank saves no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 13,848 as of 31/12/2014. The main source of information for shareholders is the Annual Report which includes, among others, the report of the Chairman of the Board as well as the audited consolidated financial statements. In addition, the un-audited quarterly and semi-annual financial statements as well as the Chairman's report are published in local newspapers.

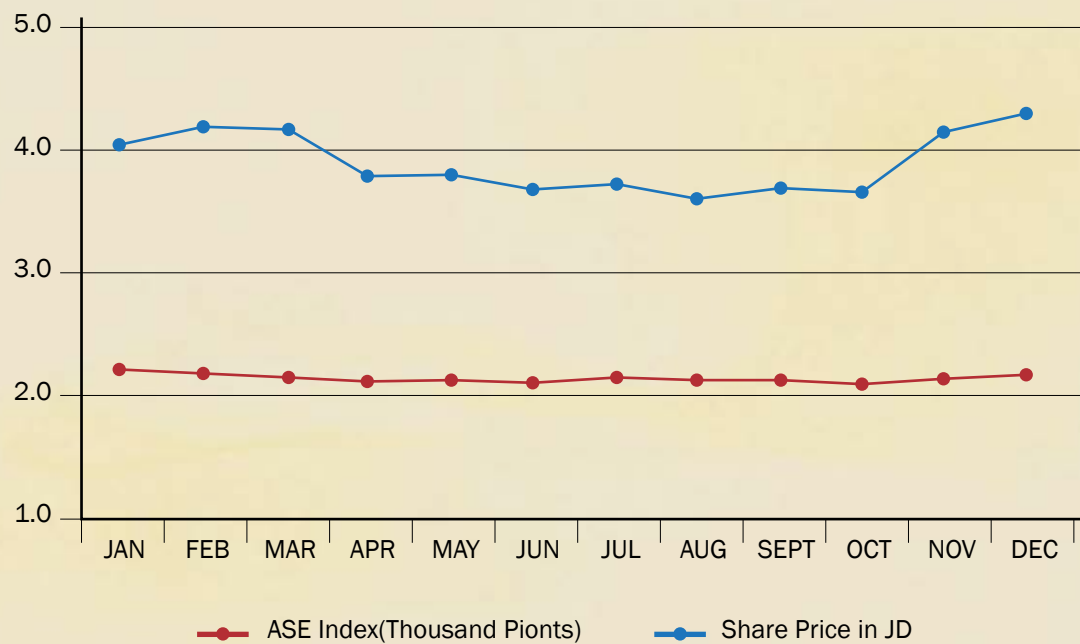
The complete financial statements and the Board of Directors' report are filed at the Jordan Securities Commission (JSC) and the Amman Stock Exchange, with a copy submitted to the Companies Controller. These reports are published on JKB's website (www.jkb.com) which also provides extensive information about JKB services, products, news and press releases. The Bank is committed to disclose any material information, should it occur, in accordance with the JSC instructions.



Shares / Ownership Classification as of 31/12/2014

Number of Shares Held	Shareholders		Shares	
	No.	%	No.	%
Up to 500	10,608	76.603	2,083,051	2.083
501 - 1,000	1,714	12.377	1,214,889	1.215
1,001 - 5,000	1,152	8.319	2,337,941	2.338
5,001 - 10,000	163	1.177	1,189,094	1.189
10,001- 100,000	176	1.271	5,123,888	5.124
100,001 - 500,000	26	0.188	5,485,975	5.486
500,001 and more	9	0.065	82,565,162	82.565
Total	13,848	100	100,000,000	100

Changes in JKB Share Price (JD) vs ASE Index During 2014



Management Discussion and Analysis

The Jordanian economy continued to adapt with the challenges resulting from the lack of security and stability in neighboring countries. In spite of tough regional conditions, the Jordanian economy improved in 2014 and the international rating agencies upgraded Jordan's outlook from negative to stable, as the economic reform process continued gradually according to the national economic reform program implemented by the government in cooperation with the IMF, and is being monitored periodically. A tangible improvement has been achieved in most indicators of the national economy, with GDP recording a 3.1% growth. The general budget deficit has decreased by about 20% as a result of an increase in local revenues and foreign grants at a faster pace than the growth in current expenditure. The deficit in the balance of payments current account decreased and reached about 7.5% of GDP, while the CBJ foreign currencies reserve increased by about 20%, bringing the reserve to an equivalent of more than six months of imports, while the Dinar exchange rate, tied to the US dollar, was stable and the confidence in the Dinar resulted in a retreat in dollarization. It is hoped that the reform measures carried out by the government and highlighted in the Budget Law of 2015 will bring more positive results as far as fulfilling economic performance indicators, correcting financial imbalances, and stimulating the economy are concerned.

These achievements and positive indicators will continue to be surrounded by a group of risks that will affect the continuity of economic growth, foremost of which being the high level of indebtedness, the persistence of unemployment levels around 12%, the continuous influx of Syrian refugees, and the increasing cost of hosting them, which increases pressure on the government budget, in addition to the unstable security situation in Iraq and Syria, which negatively affects foreign trade activities in terms of imports, exports and transit trade.

Jordan's Banking Sector

CBJ's prudent policy contributed to maintaining monetary stability in the Kingdom over the past few years. Among the most prominent steps taken by CBJ was reducing the main interest rates on monetary policy instruments twice in 2014, in addition to reducing them twice in 2013, with a total of 125 base points, for the purpose of motivating economic activity and encouraging banks to expand their lending operations. These reductions coincided with an increase in the Kingdom's reserves of foreign currencies, which reached comfortable levels towards the end of 2014.

Banks operating in Jordan registered good growth rates in most of their financial indicators, particularly assets, credit facilities, and operating profits. The effective control policy adopted by CBJ, and the collaborative approach it follows with banks in drafting regulations and instructions related to banking had a positive effect on the banking sector in general.

Total credit facilities granted by licensed banks in the Kingdom amounted to about USD 27,241 million by end of 2014, against USD 26,712 million in the previous year, an increase of USD 529 million; a growth rate of 1.98%. Loans and advances constituted 86.3% of the total credit facilities granted, while over-draft accounts amounted to 10.95%. The Jordan Kuwait Bank's share

of total facilities for the banking sector reached 6% at the end of the year.

Total deposits in the banking sector reached about USD 42,687 million at the end of 2014, against USD 38,918 million at the end of 2013, with an increase of USD 3,769 million, and a growth rate of 9.68%. Private sector deposits increased to USD 38,181 million at the end of 2014, from USD 36,088 million the previous year, a growth rate of 5.48%. Time deposits represented 54.4% of the total deposits of the banking sector, and demand deposits and saving deposits represented 29.69% and 13.84% respectively. The Jordan Kuwait Bank's share of total customers' deposits at the banking sector amounted to 5.35% at year end.

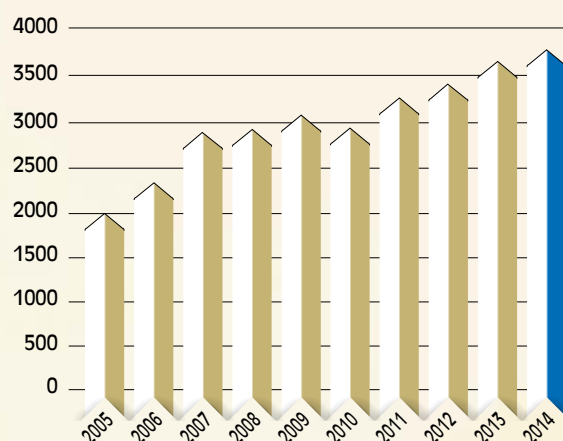
JKB Financial Performance

In spite of the continued effects of the repercussions of the financial crisis and political situation in the region, Jordan Kuwait Bank was able to achieve good financial results and tangible achievements in its key business areas. The following are the most important items of the consolidated financial statements:

Consolidated Statement of Financial Position

Assets: Total assets amounted to USD 3,681 million at 31/12/2014 compared to USD3,600 million for the previous year, achieving a growth of 2.24%.

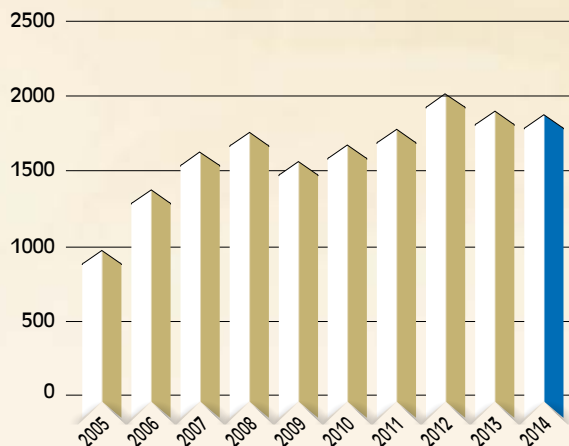
Total Assets
(Amounts in million US\$)



Direct Credit Facilities: Direct credit facilities (net) amounted to USD1,842.4million at the end of 2014 against USD1,873.3 million at the end of 2013; a decrease of 1.65%. This was due to the Bank's possession of various assets in exchange for debts that have been settled and moved to acquired assets, in addition to transferring part of the non-performing loans to off-balance sheet.

Assuming the exclusion of these transactions, the direct credit facilities (net) would have achieved an actual growth of 3.6%. Total loans granted to individual grew by 17.16% from the previous year. Loans granted to SMEs also grew by 19.36%. These results reflect the Bank's success in developing the Bank's credit portfolio and distributing it over various economic sectors, with a focus on directing credit to SMEs and individuals, aiming to increase profitability and diversifying risk.

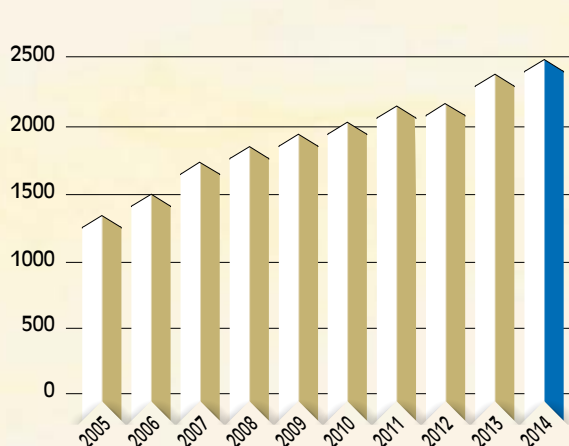
Direct Credit Facilities - net
(Amounts in million US\$)



Liabilities: Total liabilities increased at the end of 2014 to record USD3,064.5 million and an increase of 1.38% over last year.

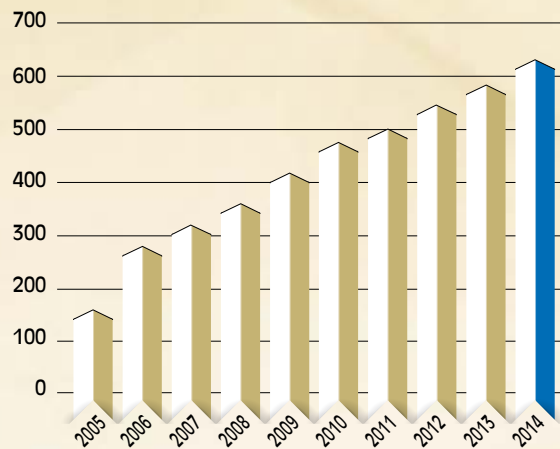
Customers' Deposits and Cash Margins: Customers' deposits and cash margins formed 80.66% of total liabilities. Customers' deposits include savings accounts, current accounts, term deposits, and cash margins for both individual and corporate clients. Total customers' deposits and cash margins at year end amounted to USD2,471.8 million against USD2,355.3 million in 2013.

Customers' Deposits and Cash Margins
(Amounts in million US\$)



Owners' Equity: Total Owners' equity increased to reach USD616.3 million at year end compared with USD577.3 million in 2013, a growth rate of 6.75%. Bank Shareholders' total equity amounted to USD609 million.

Total Owners' equity
(Amounts in million US\$)



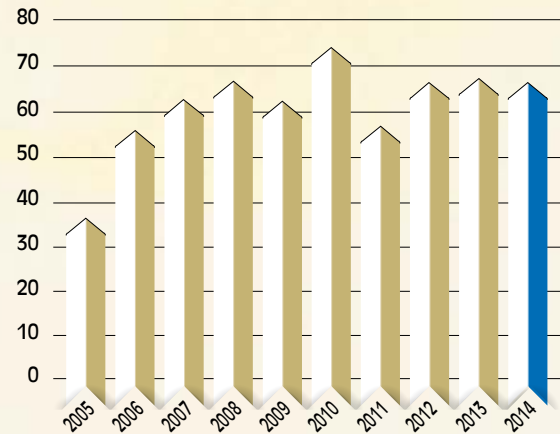
Consolidated Statement of Income

The following are the most important items of the consolidated statement of income:

Operating Results: total revenues amounted to USD175 million in 2014 compared with USD173.5 million in 2013; a growth of 1%.

Operating Profits: operating profits reached USD88.7million compared to USD93.1 million in 2013.

Profit for the year After tax & Minority Interest
(Amounts in million US\$)



Net Interest and Commissions: net interest and commissions reached USD142.7 million for the year, compared with USD151.2 million in 2013.

Operating Expenses: Operating expenses, which includes employee expenses, office expenses, depreciation, administrative expenses and provisions (excluding provisions for impairment in direct credit facilities and acquired assets), increased from the previous year to reach USD63.3 million, against USD57 million in 2013. This increase is a result of the rise in rent and service fees, in addition to the opening of new branches and relocating others to better locations, and the amortization of some of the cost of the new core banking system.

Provision for Impairment in Direct Credit Facilities: The Bank's management continued its policy that aims at enhancing provisions for impairment in direct credit facilities to hedge against the prevailing and potential repercussions on the national economy and to address some weak accounts and non-performing loans. The provisions allocated for the year 2014 amounted to USD20.2million compared to USD23.3 million last year. The Bank continued its efforts in pursuing the written-off debts which resulted in the recovery of USD16.5 million during the first half of 2014 booked to income.

2015 Estimates

Seven years after the financial crisis, the global economy continues to face huge challenges. The IMF estimates the growth in global GDP to reach 3.5% in 2015, with a decrease of 0.3% over previous estimates. This retreat is mainly due to the negative effects of recessionary pressures in the European Union and Japan, and the slowdown in growth in China and other emerging markets, in addition to the weak performance of oil-exporting countries due to the sharp drop in the prices of oil and gas. On another note, the economic growth expectations for 2015 in the United States and some oil-importing countries were improved.

On the local level, initial indicators show that 2015 will witness a continuity of the reformatory trends, with a marginal growth in GDP to not less than 4% at fixed prices, with the inflation level remaining below 3%. It is also expected that the deficit in the trade balance will decrease due to a growth in national exports on one hand, and a decrease in the value of oil imports on the other. A tangible recovery will be noticed in the Amman Stock Exchange, with a continued flow of Arab investments, with stable expatriate remittances and revenues from incoming tourism. In the field of energy, there will be a strong trend towards alternative sources of energy, mainly solar and wind, whereby the green light has been sent to large investments, in addition to launching a project to produce electricity using shale oil, available in Jordan in large quantities.



JKB Activities and Achievements in 2014

JKB succeeded during 2014 in achieving the objectives set by top management, while committing to the implementation of prudent policies to preserve the gains and achievements realized over the past years, and working at reinforcing the Bank's role in the banking sector. The support services departments also worked at providing the technical, administrative, and control support needed by the Bank's departments to enable them to perform their duties according to the best practices and highest quality standards approved and adopted by the Bank for managing its operations.

The year 2014 concluded with the Bank receiving four awards in four main areas from the Global Banking and Finance Review, a leading global banking and finance online publication, namely: The best core banking system implementation, the best retail bank, the best private bank, and the best CSR bank in Jordan in 2014. These awards were designed to recognize the most outstanding institutions in their local and international communities in specific areas in the banking sector. The Bank also received the "Prepaid Industry Contributor Award".

Following is a brief about the achievements of the Bank's departments in 2014:

The Banking Group

Corporate Credit

The Corporate Credit Department succeeded in 2014 in maintaining good results in terms of assets quality, revenues, and profits, which form a clear indication of the Bank's ability to address all challenges and exceptional circumstances that the region is facing, and which tangibly affected various economic sectors. Credit goes to the Bank's successful strategy and its prudent risk management, in addition to its commitment to implementing the best banking standards, in order to provide the best banking services. The total direct credit facilities (net) reached USD1842.4 million as at 31/12/2014.

In spite of the continuing state of instability from which the region is suffering, and its repercussions on the Jordanian economy, the Bank maintains its commitment to operating in accordance with the current policy aiming at enhancing the quality of its credit facility portfolio, while maintaining its market share in the Jordanian banking market and striving to increase it, in addition to working at expanding its customer base through identifying opportunities and sectors with acceptable risk in order to achieve the required and planned growth, which reinforces the positive image of the Bank before its customers and shareholders, and which achieves the desired economic and social objectives.

During 2014, the Bank worked to attract the best and renowned companies in the local market, in addition to concentrating on the major and outstanding companies' base, encouraging them to make the best use of the credit facilities granted to them, while extending interest rates that are commensurate with the acceptable risk levels. Meanwhile, the Bank increased its emphasis on ensuring the quality of service provided, a field in which JKB excels.

Within this context, it must be emphasized that JKB continues to activate its role in the field of small and medium enterprise (SME) lending. The Bank has reviewed and developed its

financing programs in a manner which enables it to service this important segment, being the main supporter and contributor to the Jordanian economy and the local community.

In order to reinforce the Bank's position in the field of credit activity, and to enable these companies to obtain the necessary financing at appropriate interest rates, in line with CBJ's directives, the Bank was keen on obtaining low-cost financing and to benefit from facilities provided by the CBJ, aimed at supporting this important sector, particularly industrial and tourism sectors and renewable energy projects, in addition to continuing to honor financing agreements related to the small and medium companies' financing program guaranteed by OPIC, and activating agreements signed with the Jordan Loan Guarantee Corporation.

Due to the important role played by SMEs in serving the Jordanian economy, the Bank gave a great deal of attention to these companies. Therefore, The small and medium enterprises financing department will be split in 2015, and each sector will be managed separately. This stresses the Bank's absolute belief in the importance of these companies, and the need to provide integrated and appropriate financing programs for them.

The Facilities Department continued performing its duties during 2014 in managing important projects and participating in financing them, while concentrating on the main strategic projects which support the infrastructure, financing import contracts for strategic governmental and non-governmental institutions, in addition to the private sector, while playing a major role in financing energy projects in general and future alternative energy projects.

On another note, 2014 witnessed excellent growth in the Bank's activity in the field of indirect facilities, with letters of credit opened and guarantees issued exceeding one billion dollars.

Regarding non-performing loans, the Bank continued its efforts to address many of these debts and increase the collection efforts, so that the non-performing loans ratio remains within acceptable levels. The ratio of non-performing loans / gross credit facilities reached 7.8% at the end of 2014, compared to 7.4% in 2013.

This year also witnessed a noticeable local interbank cooperation for studying and restructuring the debts of some companies that were granted facilities by some local banks, in a manner that enables them to continue their business activities, and henceforth service their current debts, through arranging syndicated loans specifically for these companies.

Retail and Consumer Products

The Retail and Consumer Products department achieved significant growth in its portfolio, amounting to 26.6% in 2014, as a result of introducing varied and competitive products that fulfill the financing needs of clients.

Current products and services are continuously developed, through periodic studies of the market and competitive banks, and new and innovative products are created which fulfill the needs and expectations of customers from different segments and categories, and guarantee additional growth of the portfolio while maintaining low risk and defaulting rates and higher flexibility and speed in decision-making.



During the year, the Bank launched the cards helpdesk, whereby customers can obtain all services related to cards issued by the Bank throughout the week and until 10 p.m.

All requirements needed for licensing the Bank to accept and operate cards carrying the Visa international trademark through the Middle East Payment Services Company (MEPS) were completed in 2014. Hence, JKB has become one of the main competitive players in card operations in the local market.

The Bank also continued expanding its branches and ATMs network, in order to maintain the high level of services provided to its customers, and to attract new customers from various economic sectors. In order to reinforce the Bank's position in this respect, 2014 witnessed the renovation of some old branches and the relocation of others, as well as opening new branches. The new branches included Samarah Mall Branch in the Dead Sea area and the Bank's fourth branch in Zarqa governorate, while Zarqa Branch was moved to its new location on the main road. New locations were also selected for the purpose of relocating and expanding the Bank's branches in Al-Mougablain, Marj El-Hamam, and Zain Company Building. The branches administration also selected new suitable locations to relocate the Bank's branches in Mafraq, Karak, and Al-Baq'ah. There was a concentration during the year on conducting researches focusing on branch commitment to quality standards specified by the Bank, in addition to periodic visits of the branches, and preparing studies and comparisons for the purpose of ensuring adherence to the standards of quality in customers' services.

The Bank's branches continued to provide the services of disbursing dividends of shareholding companies, in addition to providing the services of disbursing refunds for other companies.

In the first quarter 2014, the Bank obtained the Direct Agent license from Western Union. The new application was successfully implemented on 13/3/2014 and premium services are being provided to customers.

Work has been underway to amend the work procedures of the bancassurance unit enabling instant printing of insurance certificates, for the purpose of expediting the process of car and vehicle loans financed by the Bank and by others, in addition to computerizing banking insurance procedures and obtaining permission to connect the branches with the bancassurance unit through the website for the purpose of expediting the process and increasing efficiency. The accident insurance product was launched for the Bank's customers whose salaries are transferred to the Bank or are JKB credit cardholders, in addition to continuing to train a number of employees to obtain the license to handle insurance work.

The field sales team function was also activated, and the campaign to issue revolving Master Card cards was re-launched, in addition to participation in the Smart Buy campaign to finance purchases through the Bank, as well as executing a number of housing and personal loans and continuing to market the Andalucia project.

The Private Banking Unit managed to maintain good rates of return for its customers, and to grow investment portfolios of different types. Banking investment operations have been expanded through studying and presenting the best offers and investment opportunities in various sectors, and concluding a

number of strategic deals for customers, in addition to providing them with numerous different consulting services.

A number of meetings were held in 2014 with private banking administrations at the other banks within the Burgan Bank Group for the purpose of strengthening cooperation.

Treasury and Investment and International Relations

The Treasury, Investment, and International Relations Department achieved good growth and performance levels in 2014 in all its investment activities, thus maintaining the outstanding position and competitive standing which the Bank occupies in the Jordanian banking market, in spite of fluctuations and challenges witnessed by financial markets in different countries, the decline in available investment opportunities, the increase in associated risks, in addition to the large decrease in oil prices and the resulting negative effects on developmental projects in the oil exporting countries, particularly in the Gulf.

These achievements are credited to the approaches followed by the Treasury, Investment, and International Relations Department, as part of the Bank's well-studied conservative investment policy, and directives from the top management, as well as the close monitoring of all local and international economic and financial developments.

The department succeeded in 2014 in managing the Bank's local and international stocks and bonds portfolios with high efficiency. Good profits were realized from trading in local and foreign stocks, and the distributed dividends. The Bank also had an important role in supporting and developing the local capital market instruments through active participation in government and local companies' bond issuance.

The department worked to maintain the quality of the Bank's investment portfolios through the selection of stocks and bonds with the highest return, acceptable risk levels, and high liquidity; relying on studies, analyses, and interest rate trends, in addition to the appropriate timing to enter into these investments.

In light of the continued recession in the Initial Public offering (IPO) market, and the weak performance of the Amman Stock Exchange, the Department worked at utilizing alternative opportunities available; enhancing its outstanding role in providing settlement agent, registrar and custodian services for a number of government institutions and public and private companies, and provide the service of fund trustee for local joint investment funds.

In the field of international relations, the department continued in 2014 to work on enhancing its relations with correspondent banks and financial institutions in Jordan and abroad, especially in the fields of financing foreign trade and bank transfers, which contributed to enhancing the Bank's revenues and improving the services provided to customers. The department also established communication and accounts with a new group of correspondent banks to reinforce the Bank's presence globally and serve the interests of the Bank and its customers.

Regarding the cooperation with the Burgan Bank Group, the department strived to increase the volume of dealings with the

group banks present in Kuwait, Turkey, Algeria, Tunisia, Iraq, and Malta, in a manner that fulfills the Group's interests and enhances cooperation among the banks to maximize mutual gains and contributes to better customers' service.

In the field of managing assets and liabilities, the department has achieved high levels of performance during 2014 in spite of the challenges that faced banks in general as a result of the ramifications of the global financial crisis. The department has, through abiding by the investment policy, directives of senior management, and CBJ instructions, maintained the quality of assets and improved returns on them, as well as diversified sources of fund to match asset types. The department also managed to reduce risks related to assets and liabilities, such as market, credit, and operational risks, and maintained adequate liquidity ratios to provide security and protection and to confront challenges resulting from the global crisis. These issues contributed to improving profitability and maintaining an acceptable level of risk.

The Treasury, Investment, and International Relations Department managed to maintain a good liquidity ratio through including financial instruments (stocks and bonds) in the investment portfolio that can be liquidated with minimal possible loss, in addition to maintaining compatibility between the Bank's assets and liabilities, the legal liquidity ratio, and applying the liquidity contingency plan when necessary.

Risk Management and Compliance Group

The Risk Management and Compliance Group's departments perform the duties assigned to them within the assigned work plans and procedures as follows:

Risk Management Department

The Risk Management Department carries out its functions, within the framework of implementing the strategy of risk management emanating from the Bank's general strategy approved by the Board of Directors and the work plans in place, in a manner that is compatible with the different Basel accords and the best international practices in managing risk, taking into consideration the Bank's state of affairs while ensuring the implementation of instructions issued by the regulatory authorities governing the mother bank and the Bank's branches abroad.

The department participated in the implementation of the new core banking system "BANKS". It also exercised its role in continuously spreading awareness on the importance of managing risks in the Bank. The department worked on a number of projects and assignments including coordination with Burgan Bank on Central Bank of Kuwait's instructions regarding corporate governance issues.

The main achievements of the department included:

Information Security and Business Continuity:

The department, in cooperation with other relevant departments such as the Information Technology Department and the Cards Operations Department, managed and monitored the implementation of the PCI-DSS project requirements to

assure compatibility with security standards for preserving the confidentiality of the Bank's cardholders' data, in addition to implementing the CBJ's instructions regarding fair and transparent dealings. The information security policies previously approved by the Bank as part of the ISO27001 requirements were reviewed in order to be compatible with the PCI-DSS requirements.

During 2014, the department completed a number of risk assessment operations, most significant of which were the new banking system and the new cards management system. It also arranged external penetration tests for the network and the Bank's websites, and managed to remedy the gaps that appeared.

Within this framework, the department reviewed risk assessment at the Bank, and the impact of business interruption and amending the business continuity plan. The business continuity plans underwent a number of tests to ensure their effectiveness. Rapid response to accidents procedures were also updated.

Operational Risks:

In order to accommodate changes in the Bank's control environment after the implementation of the new banking system, the department concentrated on managing operational risks, through identifying, assessing, and controlling them using the CARE-WEB system. The department organized workshops with other work centers at the Bank in order to carry out self-assessment of potential risks in their operations, and the control measures needed to manage them. The department continued to improve and monitor the main risk indicators. In order to ensure compatibility with advanced methods of the Basel II accords, the department reinforced the historical database of losses and submitted recommendations for avoiding repetition of these incidents.

Market Risks:

Within the framework of identifying, measuring, and controlling market risks at the Bank, periodic control and analysis reports are prepared daily, monthly, and quarterly, including various required disclosures, based on different policies that were reviewed and amended to accommodate developments in the global financial markets and economic conditions. Among these policies are the investment policy, assets and liabilities management policy, liquidity risk management and the liquidity contingency plan, interest rates risk management policy, market risk policy, in addition to setting and monitoring countries' exposure limits such as types of investments, counterparties, and acceptable risks.

Basel:

The department makes sure of monitoring and analyzing recommendations issued by the Basel Committee, being the best international practices in managing risk, recommending the implementation of those that are suitable for the Bank operations. Regarding the Basel III accords, the department fulfilled the Central Bank of Kuwait's requirements regarding the calculation of the capital adequacy ratio and the liquidity ratio according to Basel, and is working at preparing the Bank to be compatible with these accords as soon as the relevant instructions are issued by the Central Bank of Jordan.

As part of the continuous improvement of the department's operations, and in compatibility with the surrounding developments, the department reviewed all policies in place, including the ability to sustain risk, stress tests, and internal capital adequacy assessment, and introduced appropriate amendments. Furthermore, the internal capital adequacy assessment was performed as part of the process to study and plan the Bank's capital in compatibility with the second pillar of the Basel II accords and the CBJ's instructions in this regard, as well as the preparation of reports on the results of stress testing according to the requirements of the regulatory authorities in Jordan, Palestine, and Kuwait. The department also calculates capital adequacy ratios according to the requirements of the regulatory authorities in Jordan and Kuwait, and performs the necessary analyses in this respect. In addition, the department prepared a number of financial analyses, including comparative analytical studies for the banking sector.

Credit Risks:

In coordination with relevant departments, the department reviewed and amended the credit policy according to the Bank's strategy for the forthcoming period, and in implementation of the Board of Directors' decisions regarding the credit granting process, classifications of business sectors and the role required from the Risk Department, as an independent party, in studying credit applications for different sectors, as well as amending the policy in line with relevant Basel regulations.

In support of managing credit risks within the best international practices and in line with the Basel regulations, the Bank embarked on the project to implement the internal credit rating system (Moody's). As an interpretation of the strategic approach of boosting the Bank's retail portfolio, the department, in cooperation with the Retail and consumer products Department, implemented a credit classification system for retail customers. The department also started, as part of a joint project with Burgan Bank, to adopt Enterprise Risk Management concept by embarking on a project to improve the data used in risk management.

Credit Administration and Control Department

In line with the Basel Committee regulations which emphasize the need to separate the credit monitoring and implementation process from the credit sales and marketing process, the department is calculating credit provisions to accommodate any decrease in their value, and is monitoring credit concentrations and preparing relevant reports, in addition to other credit monitoring tasks.

In the year 2014, the archiving process of customer files was improved, thus strengthening safety and business continuity measures.

Credit Follow up and Adjustment Department

The department resumed in 2014 its activities to collect customer debts by intensifying communications and negotiation with debtors and guarantors. It succeeded in scheduling and structuring a number of floundering debts outside courts. The total of cash collections from accounts under the department's

responsibility amounted to about USD 7.9 million, with an increase of 198% over 2013. Additionally, about USD 2.7 million were released from non-performing and under-observation loans which were assigned to the department for follow-up.

Compliance Control Department

The Compliance Control Department continued in 2014 to perform its duties aimed at ensuring that the Bank and its internal policies are compliant with all laws, regulations, instructions, and sound banking practices issued by the local and international regulatory authorities, to protect the Bank from penalties resulting from non-compliance with rules and regulations which could result in legal sanctions, or material losses or reputational risk.

The department continued, as part of its responsibilities to reinforce the compliance environment, and the procedures required to be in compliance with the laws, to monitor all laws and instructions relevant to banking operations, and keeping the Bank's management apprised in this regard as well as informing the Bank's employees of any amendments to instructions and of new ones, issued by regulatory authorities, foremost of whom is CBJ.

During the year, the department implemented the tasks assigned to it within the following areas:

- Follow-up on amending the compliance policy and anti-money laundering policy to comply with changes set forth in locally issued instructions or as required by international parties, foremost of which are the recommendations issued by the Financial Action Task Force (FATF).
 - Monitor and analyze compliance risks that the Bank may be exposed to and put the necessary controls in place to mitigate, avoid, or reduce the negative effects of these risks.
 - Work at raising banking awareness and educate employees on compliance related issues by publishing educational leaflets in this regard, in addition to coordinating with the training department to educate the Bank's employees on these issues and increase their knowledge with those related to anti-money laundering operations, informing them of the latest developments in these fields.
 - In 2014, the Customer Complaints Processing Unit received 113 complaints, 18 of which were related to electronic services, 4 related to credit cards, 49 related to business conduct, 40 related to contracts and conditions, and 2 related to interest rates and commissions. All the complaints were addressed immediately. Customers were provided with written explanations regarding the Bank's position to the submitted complaints, and the issues were rectified as necessary. Notices were issued to employees regarding dealing with customers, and work procedures that ensure non-repetition of these complaints. It is noteworthy that the number of complaints decreased by about 40% of previous year.
 - Continue to implement procedures required by the anti-money laundering and terrorism funding policy approved by the Bank to guarantee that it does not get involved with any person listed as suspicious on international lists, and take measures to protect the Bank from being exposed to any money-laundering operations, relying on the Bank's AML system, in addition to coordinating with the regulatory authorities in this regard.
- Regarding requirements by the Foreign Accounts Tax Compliance Act (FATCA), and for the purpose of complying with it at all the Bank's domestic and abroad branches and affiliated companies, and through continued coordination with the Burgan Bank Group regarding the implementation stages, the Bank carried out the following in 2014:
 1. Prepare policies and processes related to the implementation of and compliance with the Law.
 2. Create a mechanism to extract required reports automatically, submitting them directly to the United States Internal Revenue Service (IRS).
 3. Conclude contracts to import and operate an automated system for the purpose of implementing the Law, ensuring that the banking system (BANKS) includes all the necessary data needed to comply with this Law.

Internal Audit

The Audit Department performed the annual audit plan that was approved and adopted by the Board of Director's Audit Committee. The department carries out its its duties within its risk-based audit plan, and strives to achieve its objectives represented in guaranteeing the efficiency and effectiveness of risk management, the internal control system, and corporate governance, and to provide reasonable assurance on achieving the Bank's objectives stipulated in the Bank's strategy.

Within this framework, the department visited most of the Bank's business centers (departments, local and abroad branches, and the subsidiaries) and provided the Audit Committee with the results of those visits, in addition to audits on some new activities in line with the instructions of regulatory authorities and follow up on the notes within the reports of regulatory authorities and external and internal audits, as well as implementing several unscheduled tasks.

Moreover, the department continued to review many aspects of the Bank's areas of business, providing management with reports and statements related to the most important activities on a regular basis and subjecting them to review and auditing.

In 2014, the department increased and intensified coordination with KIPCO and Burgan Bank group through participation in periodic meetings of internal audit managers at KIPCO and Burgan. This is with the aim of ensuring the continuity of coordination and cooperation, and examining the latest developments related to auditing methodologies and procedures.

Auditing work programs and branches' working papers were updated. Working papers were also prepared for some departments and various activities. This was done with the aim of complying with international standards and best practices, as well as work ethics. Additionally, the department was restructured and appropriate job titles job descriptions were introduced.

Information Technology

2014 marked a number of achievements for the Information Technology Department. These included the application of a set of systems to keep pace with the continuous growth and

development of the Bank, and within the plans to enhance and develop the operational environment to ensure the highest levels of performance and to meet the requirements of continuous business growth.

The department replaced the old ATM and cards management system with the new "SmartVista" system, which is used by many banks around the world. The new system includes many functions that enable the Bank to raise the level of customer service by offering better management and control means for the ATMs cards' issuance, monitoring of suspicious transactions, and the ease of interface with other systems.

The department also implemented the new core banking system (BANKS), replacing the old banking system that was in use for more than 20 years. The new system is a comprehensive system that fulfills all the Bank's needs in terms of core banking, online banking, the commercial department's system, the treasury system, and the anti-money laundering report system. All these systems are now operating within a single system instead of having to operate several standalone systems thus facilitating the system's development and maintenance processes. Moreover, the Data Warehouse and BI systems were also applied alongside the new banking system with the aim of storing and managing data, extracting various reports and fulfilling the Central Bank's reporting requirements.

The modern infrastructure, with servers and storage environment, helped in the implementation of all these required projects. The VMWare virtual environment, which was adopted by the Bank, was very helpful in preparing and supporting the needed systems in record time.

Moreover, the data center was equipped with the best security and safety systems that monitor and prevent penetration or violation attempts that may affect the systems and customers' accounts. A backup data center was also set up, complying with the best international practices. The infrastructure of the Cyprus branch was updated, and several systems related to the ATMs were also upgraded. Additionally, several projects were launched, including the application of the BANKS system in Palestine and Cyprus, the main and backup data centers in Palestine, linking the eFAWATEERcom bill payment service to the Bank's internet banking service, in addition to the CRM and contact center project.

Financial Department

In 2014, the department carried out the tasks and duties that were assigned to it, in directing and monitoring activities over the Bank's financial operations to ensure their accuracy and compliance with international accounting and reporting standards, as well as the instructions issued by the relevant regulatory authorities.

The department continued to carry out many studies and analyses within the scope of its work in a manner that serves the Bank's decision-makers. This falls within the framework of providing required information and multidimensional analysis on liquidity, profitability and quality. This is in addition to preparing the required reports and financial statements for regulatory authorities and the mother bank in Kuwait.

During the second quarter of the year, the long-term strategic plan for 2015-2019 was amended according to a clear and comprehensive vision for the next five years. The plan encompassed applicable and measurable quantitative and qualitative objectives. Moreover, the budget estimates for 2015 was finalized as the first year of the strategic plan and a translation of its vision.

Legal Department

The Legal Department continued its endeavors to protect the Bank's rights and interests, as well as those of its shareholders, through its consultative, executive and legal duties. During 2014, the department was able to collect USD11.8 million of debts through legal actions thus reducing the non-performing loans and their relevant provisions. The department also recovered USD1.3 million of written-off debts, which were booked to income.

Human Resources Department

The Human Resources Department was keen on completing a number of pioneering projects during the year, which would contribute effectively to the Bank's strategic directions for progress, excellence, and sustained growth. A partnership approach with all the Bank's departments has been followed to ensure that the efforts are unified and aligned with the Bank's short and medium terms needs, and at the same time ensure readiness to fulfill long term needs. Projects were organized within a well-studied "transformation plan" that was approved last year, and mostly implemented this year. Most prominent of which was the implementation of a new manpower control and manpower planning systems inclusive of job evaluation and job allocation.

In 2014 a number of HR modern electronic systems were launched to increase the effectiveness and efficiency of the human resources department. These systems include: salary management, vacation and leave requests (using smart phones), handling of employee applications for loans and allowances. The department also launched an electronic employment applications system, and updated the employment test.

In continuation of what has been achieved in 2013, the employee performance management system (management by objectives) was applied for all the Bank's employees. The results of applying the system became apparent, whereby employees with good and excellent performances were retained by giving them rewarding salary increases. Moreover, the spot rewards system was launched this year with the aim of strengthening the values of a competitive work environment.

In a new initiative to develop employees' English language proficiency, 239 employees sat for a level test with the aim of developing their levels during 2015. Moreover, 39 employees successfully upgraded their English language proficiency level in 2014.

As for training activities, all employees received effective training on the new banking system, in addition to training on change management and maintaining service excellence skills. These activities had a major impact on the smooth launch of the new

banking system in the first half of the year. This was followed by re-focusing on the development of banking skills through internal and external training courses. Moreover, the department conducted a high-level training course to develop leadership skills, from which departments' managers and several branch managers benefited.

Marketing and Public Relations Department

During 2014, the Marketing and Public Relations Department continued to implement its marketing plans within a specific and well-studied strategy in order to achieve the Bank's marketing objectives for both its customers and the general public. The department launched marketing campaigns for the cards products issued by Jordan Kuwait Bank, including MasterCard, Visa and American Express, as well as a marketing campaign for Certificates of Deposits and another for Western Union transfers under the name of "Win your money back."

The department continued its work in organizing and participating in several exhibitions and conferences. It also prepared, followed up on and arranged for the opening ceremonies of the new branches in Zarqa, Al-Huson / Irbid, Salt, and Samara Mall / Dead Sea. The department also organized Iftar during Ramadan to celebrate the opening of the Aqaba branch after its expansion. Additionally, the department followed up on and participated in the proposed designs for the new branch in Al-Abdali Mall.

The department also supervised the production of most of the Bank's publications and flyers.

On the level of strengthening the Bank's relationship with its customers, the Bank's official facebook page was activated and managed on a daily basis to include posts that covered the Bank's news, advertise new products and campaigns, competitions, public information and security advice, in addition to following up on customer inquiries received through the page.

Corporate Social Responsibility

Corporate Social responsibility is one of the main pillars of JKB's mission statement. During 2014, the Bank continued its contributions to support and participate in many community events and projects related to health, environment protection and education, and that contribute to the development of the national economy.

The most important achievements were the Bank's continued initiatives to support the various activities of The Jordanian Hashemite Fund for Human Development (JOHUD) and the Goodwill Campaign. Moreover, monetary support was provided to several charitable societies and other humanitarian entities, as well as to development and rehabilitation projects for the less fortunate in rural communities. The Bank also continued to provide annual monetary support to one of the homes in the SOS children's Village, in addition to sponsoring a SOS home for one year. Moreover, the Bank continued to provide cash donations to the Charity Clothing Bank, a program of the Jordan Hashemite Charity Organization. A number of the Bank's employees volunteered to help in the process of sorting and distributing clothes and gifts to the poor and the needy.

Additionally, and since the start of the flow of Syrian refugees into Jordan, the Bank has participated with several local and international non-governmental organizations in their cash assistance programs.

The Bank also sponsored the "Music for Petra" concert, which was organized by Petra National Trust (PNT). The concert was based on the history and heritage of the city of Petra and was specially designed to support education and awareness programs implemented by PNT with the aim of enabling youth, strengthening their ties to their heritage, and helping them acquire multiple skills, in addition to supporting the rose city as a vital Jordanian tourism destination.

The Bank continued to provide annual support to Al-Aman Fund for the Future of Orphans; covering the cost of university studies for a number of orphans. This is in addition to providing direct financial assistance to a number of outstanding students by covering their tuition fees at Jordanian universities.

For the seventh consecutive year, and in cooperation with the Human Resources Department, the Bank participated in the national "Darb" program, which provides training opportunities for university students. This program, implemented by the King Abdullah II Fund for Development (KAFFD) in cooperation with LoYAC (Jordan), aims at training and empowering young men and women and providing them with better opportunities in the job market.

Furthermore, the Bank encourages the cultural and artistic movement in the Kingdom, providing civil society organizations and associations the opportunity to use its theater free of charge to hold their activities and events. The Bank also continued to support the Jordanian writers by purchasing copies of their publications.

Emphasizing the importance of sound environmental practices, the Bank takes part annually in supporting the Queen Alia Competition for Social Responsibility, which concentrates on the environmental culture. The Bank also participated in the annual national clean-up campaign, which was organized by the Jordanian Environment Society (JES), in addition to hosting JES's activities at its theater.

As part of the Bank's activities and initiatives related to health issues, the Bank's employees participated in the blood drive, which was organized in cooperation with the National Blood Bank, to provide support to members of the Jordanian community who are in need of blood. Moreover, a large number of the Bank's employees participated in the Friends of the King Hussein Cancer Center program, whereby each employee commits to donating an amount from their salary monthly to the Center. The Bank also aided the Center to distribute health awareness flyers by enclosing them within the Bank's account statements.

Additionally, the Bank has become the first company in the private sector to support new and innovative solutions, which are designed to ensure safer driving and better pedestrian crossings; where the Bank, as a gift to the capital city of Amman, sponsored the renewal of traditional sidewalks by replacing them with colored ones that light up at night.

MAJOR FINANCIAL INDICATORS AND RATIOS 2014 & 2013

Amounts in thousands US\$

	2014	2013
Major Operating Results		
Net interest and commission	142,726	151,197
Gross income	175,041	173,502
Income before taxes	88,709	93,137
Income for the year-Bank Shareholders	65,649	66,990
Earnings per share-Bank Shareholders	0.656	0.670
Major Balance Sheet Items		
Total assets	3,680,839	3,600,093
Direct Credit facilities - net	1,842,397	1,873,326
Customers deposits and cash margins	2,471,843	2,355,325
Total equity-Bank shareholders	609,005	570,559
Off-Balance Sheet Items	761,332	592,990
Major Financial Ratios		
Return on average assets	1.81%	1.91%
Return on average Owners' equity	11.05%	12.03%
Capital adequacy ratio	16.65%	16.43%
Financial leverage ratio	16.74%	16.04%
Efficiency Indicators		
Gen. & Admin. expenses / Net interest and commission	44.40%	37.71%
Gen. & Admin. expenses / Gross earnings	36.20%	32.86%
Assets Quality Indicators		
Non - performing loans / Gross credit facilities	7.83%	7.41%
Non - performing loans Coverage	55.68%	56.97%

EXECUTIVE MANAGEMENT

General Manager	• Mr. "Moh'd Yaser" M. Al-Asmar
Deputy General Manager, Head of Banking Group	• Mr. Tawfiq A. Mukahal
Head of Risk Management & Compliance Group	• Mr. Shaher E. Suleiman
Head of Treasury & Investment	• Mr. William J. Dababneh
Head of Finance	• Mrs. Hiyam S. Habash
Head of Retail & Private Banking	• Mr. Haethum S. Buttikhi
Head of Operations & Information Technology	• Mr. Abdel Kareem M. Friehat
Head of Corporate Credit	• Mr. Zuhdi B. Al-Jayousi
Head of Legal Affairs	• Mr. Ibrahim E. Kashet
Regional Head – Palestine Branches	• Mr. Ibraheem S. Al-Hanash
Head of Risk Dept.	• Mr. Moh'd J. Azem Hammad
Head of Administration Affairs Dept.	• Mr. Abdallah I. Mismar
Head of Compliance Dept.	• Mr. Sa'ed M. Tu'meh
Head of Human Resources Dept.	• Mr. Daoud A. Issa

- In addition to Mr. Ibraheem F. Taani, Head of Internal Audit Dept. who reports to the Board Audit Committee and to the Chairman.

- Executive management members whose services ended during the year 2014:

- Mr. Osama F. Mansour, Head of Transformation until 31/3/2014

- Mr. Ibrahim N. Besharat, Head of Operations until 10/11/2014

The year 2014 witnessed a successful launch of two modern technology systems; the new banking system (BANKS), and the ATM and cards management system (SmartVista). This significant investment in the Bank's infrastructure will enable the Bank to move steadily towards greater achievements, adding value to shareholders while providing the best banking products and services to customers, and therefore reinforce the Bank's pioneering and outstanding position in the banking sector.

Following are the main objectives of the Bank's 2015 business plan:

1. Maintain the Bank's pioneering role in keeping pace with the technological developments in electronic applications to increase the efficiency and level of services provided to customers, and provide an innovative banking experience. New systems will be implemented for managing customer relations, instant issuance of cards in the branches, launching the interactive ATM machines for the first time in the Jordanian market, implementing an automated system to manage and monitor the flow of work, and implementing the new banking system in Palestine and Cyprus.
2. Strategic expansion of the Bank's branches and ATMs network in the Kingdom, whereby new branches will be opened, including the Abdali Mall branch, characterized by its modern design and hi-tech services that satisfy customer needs for a unique banking experience.
3. Continue to focus on the retail sector by introducing new and innovative banking products that fulfill the needs of customers with the highest levels of service, reinforcing the Bank's competitive position, increase its market share, and expand its customer base.
4. Concentrate on utilizing credit lines granted to the Bank by funding agencies, for the purpose of reinforcing and developing the SMEs credit portfolio, and the continued commitment and efforts of the Corporate Credit and the Projects Financing Departments to meet the customers' ever increasing and varied requirements, and support them to develop their business, which would contribute to stimulating the Jordanian economy.
5. Expand the operations of the Private Banking Department through exploring new prospects for cooperation with international financial institutions for the purpose of providing investment products that meet customer expectations in terms of risk levels and returns, in addition to the continuous development of the specialized financial consulting services.
6. Separate the Small Enterprises Credit Department from the Medium Enterprises and annex it to the Retail and Consumer Products Department, while offering an array of products and services relevant to this segment.
7. Develop the Bank's infrastructure at the branches in Palestine through equipping the main data center in Ramallah and the Back-up center in the city of Jenin. The Regional Management in Ramallah will be armed with qualified staff to achieve operational independence. Additionally, two branches will be opened in Jenin and Bethlehem.
8. Maintain the outstanding level of efficiency, which serves the sustainable growth in the Bank's business, especially in the field of specialized training, staff development, retaining talent, and the sustainability of the performance culture.
9. Reinforce the strategic relations between the Bank and Burgan Bank Group and the Kuwait Projects Company (KIPCO) and its affiliated companies, and take advantage of the opportunities arising from these relations at the regional and international levels.
10. Reinforce business relations between the Bank and its subsidiaries, United Financial Investments Company and Ejara Leasing Company, and achieve integration in the services provided to different customer segments.
11. Reinforce the Bank's pioneering role in the field of social responsibility and serving the local community by focusing on projects concerned with sustainable development in the fields of health, education, and empowerment of the youth sectors.
12. Continue efforts to develop the control environment in accordance with corporate governance concepts, committing to the best international banking standards and practices, and the instructions of regulatory authorities and the Basel accords.

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2014 TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**



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INDEPENDENT AUDITOR'S REPORT

AM / 8702

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

Audit Scope

We have audited the accompanying consolidated financial statements of Jordan Kuwait Bank (A Public Limited Shareholding Company), which comprise of the consolidated statement of financial position as of December 31, 2014, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and Central Bank of Jordan instructions and the arrangements with regards to the calculation of the provision for impairment loss for a number of direct credit facilities customers, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate 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 consolidated financial statements.



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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan Kuwait Bank (A Public Limited Shareholding Company) as of December 31, 2014, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards modified as stated in Note (2) according to the arrangements with the Central Bank of Jordan with regards to the calculation of provision for impairment loss in direct credit facilities as stated in Note (7) to the consolidated financial statements.

Emphasis of a Matter

Without qualifying our opinion, we draw attention to Note (48) to the accompanying consolidated financial statements which indicates that upon the request of the Central Bank of Jordan, adjustments and reclassification were made on the credit facilities provision, suspended interest and other provisions for the year ended in December 31, 2014, therefore some of assets, liabilities and owners' equity balances have been adjusted as of December 31, 2014. Procedures related to subsequent events are limited to the amendments on the consolidated financial statements as illustrated in the above Note.

Report on Other Legal and Regulatory Requirements

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

Explanatory Paragraph

The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements which are in the Arabic language to which reference should be made. This report is intended for the information and use of the management, as the accompanying financial statements are presented in US Dollar instead of the functional currency of the Bank, which is the Jordanian Dinar.

Amman – Jordan

March 11, 2015 / April 23, 2015 (Note 48)


Deloitte & Touche (M.E.) – Jordan

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 AND 2013

IN US DOLLARS

	Note	2014	2013
ASSETS			
Cash and balances at central banks	4	463,767,218	519,102,010
Balances at banks and financial institutions	5	298,763,992	362,101,583
Deposits at banks and financial institutions	6	15,666,749	5,025,000
Direct credit facilities-net	7	1,842,396,686	1,873,326,289
Financial assets at fair value through profit or loss	8	74,425,306	110,387,781
Financial assets at fair value through comprehensive income	9	42,134,447	38,467,732
Financial assets at amortized cost	10	656,778,586	481,139,285
Property and equipment - net	11	22,785,549	20,673,632
Intangible assets - net	12	10,384,342	4,509,430
Deferred tax assets	19/d	9,206,567	5,564,190
Other assets	13	244,529,158	179,795,801
TOTAL ASSETS		3,680,838,600	3,600,092,733
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Banks and financial institutions deposits	14	479,816,940	528,677,348
Customers deposits	15	2,355,203,161	2,259,329,522
Cash margins	16	116,639,720	95,995,333
Borrowed funds	17	16,537,938	11,283,498
Other provisions	18	13,009,718	12,717,832
Provision for income tax	19/a	19,448,617	21,198,224
Deferred tax liabilities	19/d	4,340,199	2,821,756
Other liabilities	20	59,543,397	90,728,792
TOTAL LIABILITIES		3,064,539,690	3,022,752,305
OWNERS' EQUITY:			
EQUITY - BANK SHAREHOLDERS:			
Authorized and paid-up capital	21	141,043,724	141,043,724
Statutory reserve	22/a	101,436,351	92,556,635
Voluntary reserve	22/b	186,508,487	168,827,646
Pro-cyclicality reserve	22/c	321,011	262,066
General banking risks reserve	22/d	18,310,852	17,124,817
Financial assets valuation reserve - net of tax	23	8,524,444	7,204,185
Retained earnings	24	152,859,815	143,540,024
TOTAL EQUITY - BANK'S SHAREHOLDERS		609,004,684	570,559,097
Non-controlling interest		7,294,226	6,781,331
TOTAL OWNERS' EQUITY		616,298,910	577,340,428
TOTAL LIABILITIES AND OWNERS' EQUITY		3,680,838,600	3,600,092,733

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR REPORT.

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

		IN US DOLLARS	
	Note	2014	2013
Interest income	26	189,279,214	200,224,451
Less: Interest expense	27	64,458,920	65,985,378
Net Interest Income		124,820,294	134,239,073
Net commission income	28	17,906,197	16,958,113
Net Interest and Commission Income		142,726,491	151,197,186
Foreign currency income	29	4,250,147	4,349,795
(Loss) from financial assets at fair value through profit or loss	30	(5,365,344)	(1,555,647)
Cash dividends from financial assets at fair value through comprehensive income	9	3,072,030	2,261,790
Gain from sale of financial assets at amortized cost	31	1,226,013	-
Other income	32	29,131,506	17,249,536
Gross Income		175,040,843	173,502,660
Employees expenses	33	31,112,811	32,282,478
Depreciation and amortization	11 & 12	4,505,475	2,518,502
Other expenses	34	27,933,372	19,704,955
Provision of impairment loss in direct credit facilities	7	20,247,616	23,344,251
Other provisions	18	2,532,406	2,514,944
Total Expenses		86,331,680	80,365,130
Income for the Year before Income Tax Expense		88,709,163	93,137,530
Less: Income tax expense	19/b	22,754,726	26,257,650
Income for the Year		65,954,437	66,879,880
Pertains to:			
Bank's Shareholders'		65,649,471	66,990,646
Non-Controlling Interest		304,966	(110,766)
Earnings per Share for the Year Attributable to the Bank's Shareholders;			
Basic and Diluted	35	-/656	-/670

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR REPORT.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

IN US DOLLARS

	2014	2013
Income for the year	65,954,437	66,879,880
Other Comprehensive Income Items:		
Items that are not transferable subsequently to consolidated statement of income:		
Net change in financial assets at fair value valuation reserve - net of tax	1,212,790	4,325,427
Total Comprehensive Income for the Year	67,167,227	71,205,307
Total Comprehensive Income for the Year Pertains to:		
Bank's shareholders	66,654,332	71,144,232
Non-controlling interest	512,895	61,075
Total	67,167,227	71,205,307

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR REPORT.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

IN US DOLLARS

Description	Note	Equity - Bank Shareholders									Total
		Authorized and Paid-up Capital	Reserves				Financial Assets Valuation Reserve - Net of Tax	Retained Earnings	Total Equity - Bank's Shareholders	Non-controlling Interest	
			Statutory	Voluntary	Pro-Cyclicality	General Banking Risks					
For the Year Ended December 31, 2014											
Balance - beginning of the year		141,043,724	92,556,635	168,827,646	262,066	17,124,817	7,204,185	143,540,024	570,559,097	6,781,331	577,340,428
Income for the year		-	-	-	-	-	-	65,649,471	65,649,471	304,966	65,954,437
Net change in financial assets at fair value through comprehensive income - net of tax		-	-	-	-	-	1,004,861	-	1,004,861	207,929	1,212,790
Realized (loss) from financial assets at fair value through other comprehensive income	9	-	-	-	-	-	315,398	(315,398)	-	-	-
Total Comprehensive Income for the Year		-	-	-	-	-	1,320,259	65,334,073	66,654,332	512,895	67,167,227
Transferred to reserves	22	-	8,879,716	17,680,841	58,945	1,186,035	-	(27,805,537)	-	-	-
Paid dividends	25	-	-	-	-	-	-	(28,208,745)	(28,208,745)	-	(28,208,745)
Balance - End of the Year		141,043,724	101,436,351	186,508,487	321,011	18,310,852	8,524,444	152,859,815	609,004,684	7,294,226	616,298,910

Description	Note	Equity - Bank Shareholders									Total
		Authorized and Paid-up Capital	Reserves				Financial Assets Valuation Reserve - Net of Tax	Retained Earnings	Total Equity - Bank's Shareholders	Non-controlling Interest	
			Statutory	Voluntary	Pro-Cyclicality	General Banking Risks					
For the Year Ended December 31, 2013											
Balance - beginning of the year		141,043,724	83,231,805	150,177,986	109,394	17,088,480	2,256,035	133,716,186	527,623,610	7,113,472	534,737,082
Income for the year		-	-	-	-	-	-	66,990,646	66,990,646	(110,766)	66,879,880
Net change in financial assets at fair value through comprehensive income - net of tax		-	-	-	-	-	4,153,586	-	4,153,586	171,841	4,325,427
Realized (loss) from financial assets at fair value through comprehensive income	9	-	-	-	-	-	794,564	(794,564)	-	-	-
Total Comprehensive Income for the Year		-	-	-	-	-	4,948,150	66,196,082	71,144,232	61,075	71,205,307
Transferred to reserves	22	-	9,324,830	18,649,660	152,672	36,337	-	(28,163,499)	-	-	-
Paid dividends	25	-	-	-	-	-	-	(28,208,745)	(28,208,745)	(393,216)	(28,601,961)
Balance - End of the Year		141,043,724	92,556,635	168,827,646	262,066	17,124,817	7,204,185	143,540,024	570,559,097	6,781,331	577,340,428

- Out of the retained earnings, an amount of USD 9,206,567 as of December 31, 2014 (against USD 5,564,190 as of December 31, 2013) is restricted according to the Central Bank of Jordan instructions against deferred tax assets.
- Retained earnings include an amount of USD 6,430,939 as of December 31, 2014 (against USD 7,425,525 as of December 31, 2013) restricted against the effect of adopting the International Financial Reporting Standards No. (9) according to Jordan Securities Commission instructions in relation to the unrealized revaluation of financial assets at fair value through profit or loss, net of amounts recognized through sales.
- Use of the General Banking Risks Reserve is restricted and requires the pre-approval of the Central Bank of Jordan.
- Use of negative cumulative change in fair value of financial assets is restricted as per Jordan Securities Commission and Central Bank of Jordan instructions.

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR REPORT.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

IN US DOLLARS

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before income tax		88,709,163	93,137,530
Adjustments:			
Depreciation and amortization	11&12	4,505,475	2,518,502
Provision for impairment loss in direct credit facilities	7	20,247,616	23,344,251
Net interest income		(11,959,478)	(8,489,193)
Provision for staff indemnity	18	2,296,553	2,291,324
Provision for lawsuits against the Bank and contingent claims	18	235,853	223,619
(Gain) on sale of properties seized by the Bank		(84,145)	(5,181,182)
(Gain) on sale of property and equipment		-	(16,931)
(Gain) on sale of financial assets at amortized cost	31	(1,226,013)	-
Valuation loss of financial assets at fair value through profit or loss	30	5,024,374	2,916,530
Impairment loss on seized shares and properties	13	2,719,866	146,331
Effect of exchange rate fluctuations on cash and cash equivalents	29	540,327	4,620,987
Total		111,009,591	115,511,768
CHANGES IN ASSETS AND LIABILITIES:			
(Increase) decrease in deposits at banks and financial institutions		(11,631,749)	14,552,000
Decrease in direct credit facilities		10,681,987	104,432,612
Decrease in financial assets at fair value through profit or loss		30,938,102	33,329,106
(Increase) in other assets		(45,463,316)	(29,855,566)
Increase (decrease) in banks and financial institutions deposits due after three months		6,743,894	(247,430,592)
Increase in customers deposits		95,873,639	330,865,394
Decrease (increase) in cash margins		20,644,386	(114,366,587)
(Decrease) increase in other liabilities		(42,091,683)	26,261,317
Net change in assets and liabilities		65,695,260	117,787,684
Net Cash Flows generated from Operating Activities before Payments made to Staff/End-of-Service Indemnity, Lawsuits and Income Tax		176,704,851	229,741,467
End-of-service indemnity paid	18	(2,173,030)	(1,828,697)
Lawsuits paid	18	(67,490)	(278,124)
Income tax paid	19/ a	(28,168,033)	(25,985,179)
Net Cash Flows generated from Operating Activities		146,296,298	201,649,467
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in financial assets at amortized cost		(174,413,288)	(130,990,334)
(Increase) decrease in financial assets at fair value through comprehensive income		(1,143,412)	318,581
(Increase) in property, equipment and intangible assets		(12,492,303)	(7,530,495)
Net Cash Flows (used in) Investing Activities		(188,049,003)	(138,202,248)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in non-controlling interest		207,929	(221,374)
Increase (decrease) in borrowed funds		5,254,440	(39,444,288)
Dividends paid to shareholders		(27,227,417)	(27,290,615)
Net Cash Flows (used in) Financing Activities		(21,765,048)	(66,956,277)
Effect of exchange rate fluctuations on cash and cash equivalents		(540,327)	(4,620,987)
Net (Decrease) in Cash and Cash Equivalents		(64,058,080)	(8,130,045)
Cash and cash equivalents - beginning of the year		379,379,663	387,509,708
Cash and Cash Equivalents - End of the Year	36	315,321,583	379,379,663

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE INDEPENDENT AUDITOR REPORT.

Jordan Kuwait Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1- General Information

- Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under number (108) on October 25, 1976 in accordance with Jordanian Companies Law no. (13) For the year 1964. The Bank's Head Office address is in Amman - Omayya Bin Abdshams Street, Abdali, Tel. +962 (6) 5629400, P.O. Box 9776, Amman - 11191 Jordan.
- The Bank is engaged in all banking and financial related operations through its branches totaling to 56 branches inside Jordan, three foreign branches and two subsidiaries.
- Jordan Kuwait Bank is listed as a public limited shareholding company in Amman Stock Exchange.
- The consolidated financial statements have been approved by the Bank's Board of Directors, on their meeting number (1/2015) held on January 18, 2015 and April 23, 2015 for the subsequent events and is subject to the approval of the General Assembly of Shareholders.

2- Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statements

- The accompanying consolidated financial statements of the Bank has been prepared in accordance with International Financial Reporting Standards modified according to Central Bank of Jordan instructions and arrangements with regards to the calculation of the provision for impairment loss for a number of direct credit facilities customers, while the financial statements of the subsidiary companies have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Committee of the IASB.
- The consolidated financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities which are stated at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives which are stated at fair value at the date of the consolidated financial statements. Moreover, hedged financial assets and financial liabilities are also stated at fair value.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank. However, the accompanying consolidated financial statements are presented in US Dollar for management purposes only.
- The accounting policies adopted in the consolidated financial statements are consistent with those accounting policies applied in the year ended December 31, 2013, except for the implementation of what is stated in Note (49/a) to the consolidated financial statements.

Basis of Financial Statements Consolidation

- The consolidated financial statements include the financial statements of the Bank and controlled subsidiaries. Control exists when the Bank has the power to control the financial and operating policies of the subsidiaries in order to obtain benefits from its activities. All transactions, balances, revenue and expenses between its Bank and its subsidiaries are eliminated.
- The financial statements of the subsidiaries relating to the same fiscal year of the Bank are prepared using the same accounting policies adopted by the Bank, except for the arrangements with Central Bank of Jordan with regards to the calculation of the provision for impairment loss for a number of direct credit facilities customers. In case the accounting policies applied by the subsidiaries are different from those adopted by the Bank, necessary adjustments to the financial statements of the subsidiaries have to be made in order to match those applied by the Bank.
- Non-controlling interest represents the portion of the subsidiaries' equity not owned by the Bank.

The Bank owns the following subsidiaries as of December 31, 2014 and 2013:

Company's Name	Paid-up Capital	Ownership of the Bank	Nature of Operation	Location	Date of Acquisition
	USD	%			
United Financial Investments Company	11,283,498	50/22	Financial Brokerage	Amman	2002
Ejarah for Finance Leasing Company	28,208,745	100	Finance Leasing	Amman	2011

The major financial information for the subsidiaries are as follows:

Company's Name	December 31, 2014		For the year 2014	
	Total Assets	Total Liabilities	Total Revenue	Total Expense
	USD	USD	USD	USD
United Financial Investments Company	18,192,193	3,540,451	1,971,062	1,358,487
Ejarah for Finance Leasing Company	51,060,963	17,702,164	4,433,740	2,221,489

The results of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of acquisition, which represents the date when control over the subsidiaries is passed on to the Bank. Moreover, the results of operations of the disposed of subsidiaries are consolidated in the consolidated statement of income until the disposal date, which represents the date when the Bank loses control over the subsidiaries.

Segments Information

- A business segment is a distinguishable component of assets and transactions in which an entity is 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 for trading purposes, and the purpose of 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, (transaction costs are expensed in the consolidated statement of income), and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of income.
- 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 consolidated statement of income.

Financial Assets at Fair Value through 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 are initially stated at fair value plus transaction costs at purchase date. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of 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 consolidated statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings and not to the consolidated statement of income.
- These assets are not subject to impairment testing.
- Dividends are recorded in the consolidated statement of income on a separate line item.

Financial Assets at Amortized Cost

- They are the financial assets which the Bank's management aims to hold according to its business model for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.
- 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 of it, are therefore deducted, and any impairment loss in its value is recorded in the consolidated 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 consolidated 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 (Purchasing Assets / Selling Liabilities) of financial assets and derivatives on the date of the consolidated financial statements.

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

- Comparison with the 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 the effective interest rate. Premiums and discounts are amortized within interest revenues or expense in the consolidated 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. In case the fair value of the financial instrument cannot be measured reliably, it is stated at cost less any impairment.

Impairment Loss in the Value of Financial Assets

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

Impairment loss is determined as follows:

- Impairment loss 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.
- Impairment loss in value is recorded in the consolidated statement of comprehensive income. Any surplus in the following period resulting from previous declines in the value of financial assets as debt instruments is taken to the consolidated statement of income and equity instrument are taken to the consolidated statement of comprehensive income.

Direct Credit Facilities

- A provision for impairment loss in direct credit facilities is recognized when it is obvious that the financial assets of the Bank cannot be recovered and there is 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, except for the arrangements with the Central Bank of Jordan with regards to the calculation of impairment loss for a number of direct credit facilities customers, and in accordance with the Central Banks instruction in which the Bank's branches operate. The provision is recorded in the consolidated statement of income.
- Interest and commissions on non-performing direct credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan or the applicable laws in the countries where the bank's branches or the subsidiaries operate whichever is more restricted.
- Impaired credit facilities, for which provision have been taken, are written off by charging the provision after all efforts have been made to recover the assets. Any surplus in the provision is taken to the consolidated statement of income, while debt recoveries are taken to other income.
- Credit facilities and their related suspended interest that are fully provided for are taken off the consolidated statement of financial position in line with Board of Directors decision in that regard.
- Interests are suspended on accounts that have lawsuits against them off the consolidated statement of financial position in line with Board of director's decisions in this regard.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss 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	3
Furniture, fixtures and equipment	9 – 15
Vehicles	15
Computers	20
Building improvements	20

- When the recoverable amounts of property and equipment is lower than their carrying values, assets are written down, and impairment losses are recorded in the consolidated statement of income.

- The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimates.
- Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use.

Provisions

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

Provision for Employees' End-of-Service Indemnities

- A provision is taken to meet the legal and contractual obligations that are related to the employee's end of service indemnities or for the accumulated period of service as of the date of the consolidated statement of financial position, in accordance with the internal regulations of the Bank.
- The annual paid compensation to the employees who leave the service is carried to provision for end-of-service indemnities when paid, and a provision is taken for the obligations against the Bank for the compensation of the end-of-service indemnities in the consolidated statement of income.

Income Tax

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

Capital share

Costs of Issuing or Purchasing the Bank's Shares

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 consolidated statement of income as an expense.

Treasury Shares

Treasury shares are stated at cost and have no rights in dividends to the shareholders, and no rights in participating or voting in the Bank's general assembly meetings. Gains or losses from selling the treasury shares are not recognized in the consolidated statement of income. Gains are shown in owner's equity with share premium / discount whereas losses are taken to retained earnings, in case there is no treasury shares premium balance available.

Mortgaged Financial Assets

Mortgaged financial assets are assets mortgaged to other parties, which hold the right of selling or refinancing the mortgage. Those assets are continuously evaluated according to the accounting policies designated for each of them.

Accounts Managed on Behalf of Customers

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

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

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

- 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 consolidated statement of comprehensive income / owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

- Hedge 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 consolidated statement of comprehensive income / consolidated statement of owners' equity while the ineffective portion is recognized in the consolidated statement of income. Moreover, the effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

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

Financial Derivatives for Trading

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the consolidated statement of financial position. Fair value is measured according to the prevailing market prices, and if the fair value is not available, the measurement method used should be disclosed. The change in their fair value is recognized in the consolidated 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 consolidated 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 (In case the buyer had a right to dispose or re-mortgage these assets, then they should be re-classified as financial assets mortgaged at amortized cost). 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 consolidated 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.

Assets Seized by the Bank against Due Debts

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

Intangible Assets**A- Goodwill**

Goodwill is recorded at cost, and represents the excess of the amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an affiliated company constitutes part of the investment in that company. The cost of goodwill is subsequently reduced by any impairment in the value of the investment.

- Goodwill is distributed over the cash generating unit(s) for the purpose of testing the impairment in its value.
- The value of goodwill is tested on the date of each consolidated financial statement. Goodwill value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating unit(s) is less than book value. The decline in value is recorded in the consolidated statement of income as an impairment loss.

B- Other 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 consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is recorded in the consolidated statement of income.
- No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the consolidated statement of income for the period.
- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.
- 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% - 33%.

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 to US Dollar at the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan.
- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.
- Gains and losses resulting from foreign currency translation are recorded in the consolidated statement of income.
- Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as shares) are recorded as part of the change in fair value.
- When consolidating the financial statements, assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency (basic) to the reporting currency, using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year, and exchange differences are shown in a separate item within the consolidated statement of shareholders' equity. In case of selling one of the subsidiaries or branches, the related amount of exchange difference is booked in revenues\expenses in the consolidated statement of income.

Cash and Cash Equivalents

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

3 - Accounting Estimates

Preparation of the accompanying consolidated 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 reserve and in a specific way it requires 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 in the future.

Management believes that the estimates used in the consolidated financial statements are reasonable. The details are as follows:

- A provision is set for lawsuits raised against the Bank and subsidiaries. This provision is subject to an adequate legal study prepared by the Bank and subsidiaries legal advisors. Moreover, the study highlights potential risks that may encounter in the future. Such legal assessments are reviewed frequently.
- A provision for loans is taken on the basis and estimates approved by management in conformity with Central Bank of Jordan instructions except for the arrangements with Central Bank of Jordan with regards to impairment loss calculation for some of direct credit facilities customers.
- Impairment loss for the properties seized by the Bank is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors and 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 consolidated 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 consolidated 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:

USD

	2014	2013
Cash in vaults	55,503,695	54,642,071
Balances at Central Banks:		
Current and call accounts	51,698,175	80,818,576
Time and notice deposits	238,402,833	268,419,087
Mandatory cash reserve	118,162,515	115,222,276
Total	463,767,218	519,102,010

- Except for the statutory cash reserve, there are no restricted balances as of December 31, 2014 and 2013.
- There are no balances due within a period exceeding three months as of December 31, 2014 and 2013.

5. Balances at Banks and Financial Institutions

The details of this item are as follows:

USD

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2014	2013	2014	2013	2014	2013
Current and call accounts	403,224	612,236	129,768,953	148,931,585	130,172,177	149,543,821
Deposits due within three months or less	31,780,954	49,378,739	136,810,861	163,179,023	168,591,815	212,557,762
Total	32,184,178	49,990,975	266,579,814	312,110,608	298,763,992	362,101,583

- Non-interest bearing balances at banks and financial institutions amounted to USD 32,614,477 as of December 31, 2014 (against USD 25,445,313 as of December 31, 2013).
- Restricted balances amounted to USD 3,608,000 as of December 31, 2014 (against USD 2,618,000 as of December 31, 2013).

6. Deposits at Banks and Financial Institutions

The details of this item are as follows:

USD

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2014	2013	2014	2013	2014	2013
Deposits	5,641,749	-	10,025,000	25,000	15,666,749	25,000
Certificates of deposit	-	-	-	5,000,000	-	5,000,000
Total	5,641,749	-	10,025,000	5,025,000	15,666,749	5,025,000

- Restricted deposits amounted to USD 25,000 as of December 31, 2014 and 2013.

7. Direct Credit Facilities - Net

USD

The details of this item are as follows:

	2014	2013
Individuals (retail):		
Overdraft accounts*	7,993,882	7,576,293
Loans and promissory notes**	93,050,928	78,619,413
Credit cards	10,446,511	8,969,099
Real estate loans	205,139,450	248,290,399
Companies:		
Large		
Overdraft accounts	293,265,567	247,213,362
Loans and promissory notes**	963,572,113	1,030,973,109
Small and Medium		
Overdraft accounts*	29,723,276	30,193,556
Loans and promissory notes**	102,430,495	80,529,434
Government and public sector	232,104,014	232,231,016
Total	1,937,726,236	1,964,595,681
Less: Provision of impairment loss in direct credit facilities	77,981,865	79,161,605
Interest in suspense	17,347,685	12,107,787
Net Direct Credit Facilities	1,842,396,686	1,873,326,289

* This items include USD 10,613,128 as of December 31, 2014 which represents credit facilities granted by the subsidiary companies (against USD 7,366,037 as of December 31, 2013).

** Net after deducting interest and commission received in advance of USD 1,515,890 as of December 31, 2014 (against USD 2,811,824 as of December 31, 2013).

- Non-performing credit facilities amounted to USD 151,645,501 which is equivalent to (7/8%) of total direct credit facilities as of December 31, 2014 (against USD 145,606,900 which is equivalent to (7/4%) of total direct credit facilities as of December 31, 2013).
- Non-performing credit facilities net of interest and commissions in suspense amounted to USD 137,761,669 which is equivalent to (7/2%) of total direct credit facilities balance after deducting suspended interest as of December 31, 2014 (against USD 133,499,113 which is equivalent to (6/8%) of total credit facilities balance after deducting suspended interest as of December 31, 2013).
- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 74,258,303 which is equivalent to (3/8%) of total direct credit facilities as of December 31, 2014 (against USD 76,019,391 which is equivalent to (3/9%) as of December 31, 2013).
- Direct credit facilities include facilities granted to three customers in an amount of USD 80,983,465 net after deducting interest and commissions in suspense as of December 31, 2014, with acceptable collaterals in the amount of around USD 2.74 million as per Central Bank of Jordan instructions. The provision of impairment against these direct credit facilities amounted to USD 55.3 million as of December 31, 2014 based on the arrangements with Central Bank of Jordan with regards to the calculation of the provision of impairment loss for these customers, whereby the remaining provision will be gradually allocated with annual provision not exceeding USD 14.1 million for the three customers. In case of cordial ownership for the guarantees, the provision of impairment loss will be gradually taken for the remaining balance.

Provision of Impairment Loss in Direct Credit Facilities

The following is the movement on the provision of impairment loss in direct credit facilities:

USD

For the Year 2014	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	3,440,710	6,034,467	67,987,244	1,699,184	-	79,161,605
Deducted from income during the year	2,290,437	494,666	20,465,326	1,405,647	-	24,656,076
Surplus in provision of credit facilities	555,265	2,150,724	1,501,835	200,636	-	4,408,460
Used from provision during the year (written-off) *	-	-	1,258,167	-	-	1,258,167
Credit facilities transferred to off consolidated statement of financial position **	-	-	20,006,384	162,805	-	20,169,189
Balance – End of the Year	5,175,882	4,378,409	65,686,184	2,741,390	-	77,981,865

For the Year 2013	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	2,747,544	8,248,519	79,623,374	1,409,131	-	92,028,568
Deducted from income during the year	976,554	946,944	23,718,816	532,042	-	26,174,356
Surplus in provision of credit facilities	171,530	1,654,732	763,279	240,564	-	2,830,105
Used from provision during the year (written-off) *	111,858	-	24,124	1,425	-	137,408
Credit facilities transferred to off consolidated statement of financial position **	-	1,506,264	34,567,543	-	-	36,073,806
Balance – End of the Year	3,440,710	6,034,467	67,987,244	1,699,184	-	79,161,605

* During the year 2014, an amount of USD 1,258,167 has been written off from direct credit facilities according to the Board of Directors approval (against USD 137,408 for the year 2013).

** During the year 2014, non-performing credit facilities in the amount of USD 20,169,189 were transferred to off consolidated statement of financial position (USD 36,073,806 for the year 2013) according to Board of Directors decision to reach a balance of USD 41,170,970 as of December 31, 2014.

- The disclosure above is related to provisions against debts calculated on the basis of the individual customer.

- The provisions no longer needed due to settlements or repayments of debts transferred against other debts amounted to USD 4,408,460 as of December 31, 2014 (USD 2,830,105 as of December 31, 2013).

Interest in Suspense

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

USD

For the Year 2014	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	213,603	316,930	11,464,674	112,580	-	12,107,787
Add: Interest suspended during the year	355,370	250,657	12,488,444	173,767	-	13,268,238
Less: Interest reversed to income	174,410	39,913	945,168	6,557	-	1,166,048
Interest in suspense written-off	6,013	-	4,993,976	4,757	-	5,004,746
Interest in suspense transferred to off consolidated statement of financial position *	-	-	1,840,585	16,961	-	1,857,546
Balance - End of the Year	388,550	527,674	16,173,389	258,072	-	17,347,685

For the Year 2013	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	52,097	1,219,524	14,204,591	236,936	-	15,713,148
Add: Interest suspended during the year	183,622	1,241,433	830,464	28,260	-	2,283,779
Less: Interest reversed to income	13,566	2,144,027	337,127	123,543	-	2,618,263
Interest in suspense written-off	8,550	-	-	29,073	-	37,623
Interest in suspense transferred to off consolidated statement of financial position *	-	-	3,233,254	-	-	3,233,254
Balance - End of the Year	213,603	316,930	11,464,674	112,580	-	12,107,787

* The Bank adopts a policy for suspending interest off the Consolidated Statement of Financial Position for credit facilities that are outstanding before the Court of Law. During the year 2014, suspended interest on non-performing credit facilities out off the consolidated statement of financial position as per the decision of the Board of Director, amounted to USD 518,817 for the year 2014 (USD 14,665,461 for the year 2013). Total suspended interest on non-performing credit facilities out off the system as of December 31, 2014, reached USD 36,938,034.

8. Financial Assets at Fair Value through Profit or Loss

USD

The details of this item are as follows:

	2014	2013
Quoted shares in active markets	18,549,196	21,751,100
Quoted bonds in active markets	47,264,700	52,100,746
Unquoted bonds in active markets	8,611,410	36,535,935
Total	74,425,306	110,387,781
Bonds Analysis:		
Fixed rate	36,796,299	42,305,498
Floating rate	19,079,811	46,331,183
Total	55,876,110	88,636,681

9. Financial Assets at Fair Value through Comprehensive Income

USD

The details of this item are as follows:

	2014	2013
Quoted shares in active markets	12,855,317	11,425,377
Unquoted shares in active markets	29,279,130	27,042,355
Total	42,134,447	38,467,732

- Realized losses from the sale of shares through comprehensive income amounted to USD 315,398 in 2014, (USD 794,564 during the year 2013) were booked directly to retained earnings in the consolidated statement of owners' equity.

- Cash dividends on the above investments amounted to USD 3,072,030 for the year ended December 31, 2014 (USD 2,261,790 for the year ended December 31, 2013).

10. Financial Assets at Amortized Cost

USD

The details of this item are as follows:

	2014	2013
Quoted Financial Assets:		
Companies bonds and debentures	34,079,247	68,519,291
Total Quoted Financial Assets	34,079,247	68,519,291
Unquoted Financial Assets:		
Treasury bonds and bills	614,761,397	404,932,054
Companies' bonds and debentures	7,937,942	7,687,940
Total Unquoted Financial Assets	622,699,339	412,619,994
Total	656,778,586	481,139,285
Bonds and Bills Analysis:		
Fixed rate	651,778,586	476,139,285
Floating rate	5,000,000	5,000,000
Total	656,778,586	481,139,285

11. Property and Equipment - Net

a. The details of this item are as follows:

USD

	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Building Improvements	Total
Year 2014							
Cost:							
Balance - beginning of the year	3,795,220	5,458,611	12,250,066	852,495	14,770,965	13,635,779	50,763,136
Additions	-	-	1,154,128	64,898	4,112,574	2,265,053	7,596,653
Balance - End of the year	3,795,220	5,458,611	13,404,194	917,393	18,883,539	15,900,832	58,359,789
Accumulated Depreciation:							
Balance - beginning of the year	-	2,405,447	8,950,587	518,371	12,376,722	10,874,500	35,125,627
Depreciation for the year	-	162,592	756,519	78,306	904,993	958,279	2,860,689
Balance - End of the year	-	2,568,039	9,707,106	596,677	13,281,715	11,832,779	37,986,316
Net Book Value of Property and Equipment	3,795,220	2,890,572	3,697,088	320,716	5,601,824	4,068,053	20,373,472
Add: Down payments on property and equipment purchases	-	-	2,412,077	-	-	-	2,412,077
Net Book Value of Property and Equipment - End of the Year	3,795,220	2,890,572	6,109,165	320,716	5,601,824	4,068,053	22,785,549
Year 2013							
Cost:							
Balance - beginning of the year	3,795,220	5,453,278	11,457,389	819,556	14,389,207	12,840,533	48,755,183
Additions	-	5,333	852,403	78,845	394,989	835,381	2,166,951
Disposals	-	-	(59,727)	(45,906)	(13,231)	(40,135)	(158,999)
Balance - End of the Year	3,795,220	5,458,611	12,250,066	852,495	14,770,965	13,635,779	50,763,136
Accumulated Depreciation:							
Balance - beginning of the year	-	2,242,602	8,454,950	497,034	11,765,681	10,374,334	33,334,601
Depreciation for the year	-	162,845	554,960	56,440	624,254	540,153	1,938,652
Disposals	-	-	(59,323)	(35,103)	(13,213)	(39,987)	(147,626)
Balance - End of the Year	-	2,405,447	8,950,587	518,371	12,376,722	10,874,500	35,125,627
Net Book Value of Property and Equipment	3,795,220	3,053,164	3,299,478	334,124	2,394,243	2,761,280	15,637,509
Add: Down payments on property and equipment purchases	-	-	5,036,123	-	-	-	5,036,123
Net Book Value of Property and Equipment - End of the Year	3,795,220	3,053,164	8,335,601	334,124	2,394,243	2,761,280	20,673,632
Annual depreciation rate %	-	3	9 - 15	15	20	20	

b. Property and equipment include an amount of USD 22,252,023 as of December 31, 2014 (USD 19,027,749 as of December 31, 2013) representing fully depreciated assets.

12. Intangible Assets - Net

The details of this item are as follows:

USD

	Computer Software and Applications	Total
Year 2014		
Balance - beginning of the year	4,509,430	4,509,430
Additions	7,519,698	7,519,697
Amortization for the year	1,644,786	1,644,785
Balance - End of the Year	10,384,342	10,384,342
Annual amortization rate %	20-33	
	Computer Software and Applications	Total
Year 2013		
Balance - beginning of the year	3,141,260	3,141,260
Additions	1,948,020	1,948,020
Amortization for the year	579,850	579,850
Balance - End of the Year	4,509,430	4,509,430
Annual amortization rate %	20 - 33	

13. Other Assets

The details of this item are as follows:

USD

	2014	2013
Accrued interest and revenue	21,905,760	20,928,254
Prepaid expenses	2,969,214	1,666,774
Assets seized by the Bank against debts - net *	216,128,122	95,667,796
Unrealized gains from financial derivatives (Note 37)	-	1,914
Debtors **	448,685	292,364
Clearing checks	155,159	39,725
Accrued amount against sale of seized shares and financial assets	-	50,893,392
Others **	2,922,218	10,305,582
Total	244,529,158	179,795,801

* According to Central Bank of Jordan instructions, properties and shares seized by the Bank should be disposed within two years from acquisition date. For exceptional cases, the Central Bank of Jordan can extend this period for two consecutive years. Noting that during the year 2014, Central Bank of Jordan issued new instructions requiring Banks to book impairment provision against assets seized for more than 4 years. The new instructions are effective December 31, 2015.

** Debtors and other assets include balances relating to the subsidiary companies of USD 1,401,975 as of December 31, 2014 (USD 3,188,533 as of December 31, 2013).

The movement on assets seized by the Bank against due debts was as follows:

USD

	2014			2013
	Seized Property	Other Seized Assets *	Total	Total
Balance - beginning of the year - net	95,667,796	-	95,667,796	70,513,058
Additions	116,794,351	17,956,449	134,750,800	45,079,038
Disposals	(11,570,608)	-	(11,570,608)	(19,777,969)
Impairment loss	(20,223)	(2,699,643)	(2,719,866)	(146,331)
Balance - End of the Year	200,871,316	15,256,806	216,128,122	95,667,796

* This item represents shares in a local bank seized against due debts during the year.

14. Banks and Financial Institutions Deposits

The details of this item are as follows:

USD

	December 31, 2014			December 31, 2013		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
Current and call accounts	12,006,271	431,595,355	443,601,626	76,088,032	423,117,897	499,205,929
Time deposits *	-	362,153,14	36,215,314	-	294,714,19	29,471,419
Total	12,006,271	467,810,669	479,816,940	76,088,032	452,589,316	528,677,348

* Time deposits due within a period exceeding three months amounted to USD 36,215,314 as of December 31, 2014 (USD 29,471,419 as of December 31, 2013).

15. Customers Deposits

The details of this item are as follows:

USD

	December 31, 2014				
	Individuals	Companies		Government and Public Sector	Total
		Large	Small and Medium		
Current and call accounts	361,193,599	294,150,181	230,355,750	16,236,554	901,936,084
Saving deposits	202,733,833	2,211,536	11,885,073	189,039	217,019,481
Time deposits subject to notice	736,474,998	194,857,395	237,643,147	62,868,520	1,231,844,060
Certificates of deposit	4,403,536	-	-	-	4,403,536
Total	1,304,805,966	491,219,112	479,883,970	79,294,113	2,355,203,161

	December 31, 2013				
	Individuals	Companies		Government and Public Sector	Total
		Large	Small and Medium		
Current and call accounts	336,843,686	67,061,729	282,969,000	52,168,001	739,042,417
Saving deposits	183,079,925	225,587	5,549,951	130,935	188,986,398
Time deposits subject to notice	762,313,433	81,940,760	297,215,756	182,487,002	1,323,956,951
Certificates of deposit	7,343,757	-	-	-	7,343,757
Total	1,289,580,801	149,228,076	585,734,707	234,785,939	2,259,329,522

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to USD 79,294,114 , which is equivalent to (3/4%) of total customers' deposits as of December 31, 2014 (USD 234,785,938 , which is equivalent to (10/4%) as of December 31, 2013).
- Non-interest bearing deposits amounted to USD 816,489,182 which is equivalent to (34/7%) of total customers' deposits as of December 31, 2014 (USD 573,712,669 which is equivalent to (25/4%) as of December 31, 2013).
- Restricted deposits amounted to USD 20,397,594 which is equivalent to (0/9%) of total customers' deposits as of December 31, 2014 (USD 17,061,231 which is equivalent to (0/8%) as of December 31, 2013).
- Dormant deposits amounted to USD 48,164,487 as of December 31, 2014 (USD 38,794,056 as of December 31, 2013).

16. Cash Margins

The details of this item are as follows:

USD

	2014	2013
Cash margins on direct credit facilities	84,032,142	54,969,996
Cash margins on indirect credit facilities	32,495,014	40,812,375
Other margins	112,564	212,962
Total	116,639,720	95,995,333

17. Borrowed Funds

This item includes an amount of USD 2,115,656 which has been obtained under a loan agreement with the Central Bank of Jordan with amount USD 4,231,312 for a period of 10 year's in order to be used to finance micro, small and medium companies.

This item includes an amount of USD 5,641,749 obtained under a loan agreement with the Central Bank of Jordan for 15 years , to be used for financing small, medium and micro companies .

This item also includes an amount of USD 1,728,347 represents loans from the Central Bank of Jordan through financing program granted to banks, for the purpose of lending to customers in line with central bank of Jordan regulation No (54, 2011) In addition to the mentioned above, Ejarah For Finance Leasing Company (subsidiary company) obtained a loan on May 11, 2014 from the Jordan Mortgage Refinance in the amount of amount of USD 7,052,186 with interest rate of 5.8%, and matures in one payment on May 12, 2016. Interest shall be paid each six months; on January 12, 2015 and May 12, 2016, The purpose of this loan is to finance the Company's normal operations.

18. Other Provisions

The details of this item are as follows:

Year 2014	Balance - Beginning of the Year	Provision for the Year	Released during the Year	Balance - End of the Year
Provision for staff indemnity	12,260,850	2,296,553	(2,173,030)	12,384,373
Provision for lawsuits against the Bank and contingent claims	456,982	235,853	(67,490)	625,345
Total	12,717,832	2,532,406	(2,240,520)	13,009,718

Year 2013	Balance - Beginning of the Year	Provision for the Year	Released during the Year	Balance - End of the Year
Provision for staff indemnity	11,798,223	2,291,324	(1,828,697)	12,260,850
Provision for lawsuits against the Bank and contingent claims	511,486	223,620	(278,124)	456,982
Total	12,309,709	2,514,944	(2,106,821)	12,717,832

19. Provision for Income Tax

a. Income tax provision

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

USD

	2014	2013
Balance - beginning of the year	21,198,224	19,032,235
Income tax for the year	26,418,426	28,151,159
Income tax paid	(23,039,978)	(20,391,665)
Down payment	(5,128,055)	(5,593,505)
Balance - End of the Year	19,448,617	21,198,224

b. Income tax expense

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

USD

	2014	2013
Income tax for the year	26,418,426	28,151,159
Effect of deferred tax assets for the year	(3,642,377)	(460,691)
Effect of deferred tax liabilities for the year	(21,323)	(1,432,818)
Total	22,754,726	26,257,650

c. Tax Status

Below the details of tax status for banks branches and subsidiary companies

USD

Branches / Companies	Income Tax Return up to the Year	Final Settlement up to End of Year	Payment to Income and Sales Tax Department	Years under Dispute
Jordan branches	2013	2013	Accrued tax has been paid	None
Palestine branches	2013	2012	Accrued tax has been paid	2007 and 2008
Cyprus branch	2013	2013	Accrued tax has been paid	None
Ejarah Capital Leasing Company	2013	None	Accrued tax has been paid	None
United financial Investment Company	2013	2009 year end and year 2011	Accrued tax has been paid	2010

d. Deferred Tax Assets / Liabilities:

The details of this item are as follows:

USD

	2014			Balance - End of the Year	2014	2013
	Balance - beginning of the year	Amounts			Deferred Tax	Deferred Tax
		Realized	Additions			
a- Deferred Tax Assets						
Provision for staff indemnity	12,082,766	2,474,638	2,173,030	12,384,374	4,327,391	3,637,192
Impairment loss in real estate	234,231	20,221	-	254,453	89,059	70,272
Provision for accounts receivable - subsidiary company	1,175,681	-	57,231	1,118,450	268,430	282,166
Provision for lawsuits against the Bank	456,982	235,853	67,491	625,344	218,870	137,096
Provision for watch list credit facilities	-	1,457,649	-	1,457,649	510,178	-
Provision for impairment loss in shares seized against due debts	-	2,699,643	-	2,699,643	944,874	-
Loss on financial assets at fair value through profit or loss	4,828,488	3,481,159	168,929	8,140,718	2,847,765	1,437,464
Total	18,778,148	10,369,163	2,466,681	26,680,631	9,206,567	5,564,190
b- Deferred Tax Liabilities *						
Financial assets at fair value valuation reserve*	9,305,889	2,955,102	839,010	11,421,980	4,340,199	2,821,756
Total	9,305,889	2,955,102	839,010	11,421,980	4,340,199	2,821,756

* Deferred tax liabilities resulting from the revaluation gain of financial assets at fair value through comprehensive income are presented within the financial asset valuation reserve in the consolidated statement of owners' equity:

USD

The movement on deferred tax assets / liabilities during the year is as follows:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Balance - beginning of the year	5,564,190	2,821,756	5,103,499	2,520,535
Additions during the year	4,480,838	1,754,499	2,328,341	1,742,502
Released during the year	(838,461)	(236,056)	(1,867,650)	(1,441,281)
Balance - End of the Year	9,206,567	4,340,199	5,564,190	2,821,756

* Deferred tax assets and liabilities for Jordan branches have been calculated using 35% as of December 31, 2014 instead of 30 % as of December 31, 2013 according to the new rate for banks as per the new Income Tax Law no (34) for the year 2014 , which is effective January 1st , 2015 .This resulted in difference in deferred tax assets for the year with an amount of USD 1,331,166 as a deduction from income tax expense and a difference in deferred tax liability by USD 622,274 as reduction from financial assets valuation reserve within the other comprehensive income and the owners' equity balances .

e. A summary of the reconciliation between declared income and taxable income:

The following is the reconciliation between declared income and taxable income:

USD

	2014	2013
Declared income	88,709,163	93,137,530
Add: Unacceptable tax expenses	18,385,870	22,942,572
Less: Profit not subject to tax	(5,660,367)	(24,501,298)
Taxable Income	101,434,666	91,578,805
Income Tax Rates:		
Jordan branches	30%	30%
Palestine branches	20%	20%
Cyprus branche	12.5%	12.5%
Subsidiaries companies	24%	24%

20. Other Liabilities

The details of this item are as follows:

USD

	2014	2013
Accrued interest	9,946,283	12,439,061
Inward transfers	1,268,684	11,481,997
Accounts payable (a)	7,062,900	4,600,111
Accrued expenses	2,878,667	799,150
Temporary deposits - customers	4,169,563	5,143,069
Temporary deposits (b)	5,222,332	23,047,516
Shareholders' deposits (c)	5,234,291	4,715,090
Accepted and certified checks	10,931,656	9,304,296
Lock boxes deposits	553,475	395,054
Subscriptions deposits (e)	496,659	402,175
Unrealized losses from financial derivatives (Note 37)	-	198,080
Transactions in transit	141,605	245,394
Other liabilities (a)	11,637,282	17,957,799
Total	59,543,397	90,728,792

(a) Accounts payable and other liabilities include balances related to the subsidiaries of USD 4,095,755 as of December 31, 2014 (USD 8,453,814 as of December 31, 2013).

(b) This item represents temporary payment deposits to public shareholding and other companies.

(c) This item represents the net balance resulting from selling unsubscribed shares with total number of 1,602,955 shares at market price during the year 2006. The difference between the market price and issue price of the share of USD 4.23 has been recorded as shareholders' deposits.

(d) This item represents refunds of subscriptions in public shareholding companies under establishment.

21. Authorized and Paid-up Capital

Paid-up capital amounted to USD 141 million, divided into 100 million shares at a par value of USD 1.41 per share as of December 31, 2014 and 2013.

22. Reserves

The details of the reserves as of December 31, 2014 and 2013 are as follows:

a. Statutory Reserve

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

b. Voluntary Reserve

This item represents the accumulated amount of appropriations from income before tax at a maximum rate of 20% per year. The voluntary reserve is to be used according to a resolution by the Board of Directors. The General Assembly has the right to distribute this reserve or any portion therefrom as dividends to shareholders.

c- Pro-Cyclicality Reserve

This item represents risk reserve taken according to Palestine Monetary Authority at a percentage of 15% from annual net income after tax, for the purpose of supporting the Bank's capital in Palestine and to face risks related to Banking sector. This reserve will accumulate until reaching 20% of the paid up capital.

It is not allowed to use any part of the pro-cyclicality fluctuation reserve or to reduce it any way without the prior approval from the Palestine Monetary Authority.

d- General Banking Risks Reserve

This item represents the general banking risks reserve in accordance with Central Bank of Jordan regulations.

The following represents the distribution of the general banking risks reserve according to the Bank's branches:

USD

	2014	2013
Jordan branches	15,136,931	14,147,426
Cyprus branches	2,392,727	2,225,394
Palestine branches	337,329	337,329
Subsidiary Companies	443,865	414,668
Total	18,310,852	17,124,817

- The following are the restricted reserves:

Name of Reserve	2014	2013	Nature of Restriction
Statutory reserve	101,436,351	92,556,635	According to the Jordanian Companies Law and the Banks Law.
Pro-cyclicality reserve	321,011	262,066	According to Palestine Monetary Authority Instructions.
General banking risks reserve	18,310,852	17,124,817	According to the Central Bank of Jordan.

23. Financial Assets Valuation Reserve at Fair Value - Net of Tax

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

USD

	2014	2013
Balance - beginning of the year	7,204,185	2,256,035
Unrealized gains	2,838,702	6,690,652
Deferred tax liabilities	(1,518,443)	(1,742,502)
Balance - End of the Year *	8,524,444	7,204,185

* Financial assets valuation reserve is presented as a net amount after deducting related deferred tax liabilities of USD 4,340,199 as of December 31, 2014 (USD 2,821,756 as of December 31, 2013) and it is not transferable to the consolidated statement of income.

24. Retained Earnings

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

USD

	2014	2013
Balance - beginning of the year	143,540,024	133,716,186
Realized (loss) from selling financial assets at fair value through comprehensive income - Note (9)	(315,398)	(794,564)
Income for the year	65,649,471	66,990,646
(Transferred) to reserves	(27,805,537)	(28,163,499)
Dividends paid (Note 25)	(28,208,745)	(28,208,745)
Balance - End of the Year	152,859,815	143,540,024

- Out of the retained earnings an amount of USD 9,206,567 as of December 31, 2014 is restricted according to the Central Bank of Jordan instructions against deferred tax assets (USD 5,564,190 as of December 31, 2013).
- Retained earnings include an amount of USD 6,430,939 as of December 31, 2014 (USD 7,425,525 as of December 31, 2013) restricted against the effect of adopting International Financial Reporting Standards (9) according to the instructions of Jordan Securities Commission, which represents the revaluation of financial assets.
- The restriction is waived upon actual sale.
- Use of the General Banking Risks Reserve is restricted and requires the pre-approval of the Central Bank of Jordan.
- Use of negative cumulative change in fair value of financial assets is restricted as per Jordan Securities Commission and Central Bank of Jordan instructions.

25. Proposed Dividends

Proposed dividends to shareholders for the current year is 20% of the paid-up capital, which is equivalent to USD 28.2 million, this percentage is subject to the General Assembly approval, compared to prior year distributed dividends at 20% of the paid-up capital, which is also equivalent to USD 28.2 million.

26. Interest Income

The details of this item are as follows:

USD

	2014	2013
Direct credit facilities		
Individuals (retail)		
Overdraft accounts	86,419	28,436
Loans and promissory notes	9,866,557	8,331,496
Credit cards	1,058,722	1,079,748
Real - estate loans	13,456,171	16,300,839
Companies		
Large		
Overdraft accounts	19,967,179	20,169,502
Loans and promissory notes	61,047,571	76,431,182
Small and medium		
Overdraft accounts	2,162,075	2,940,654
Loans and promissory notes	16,017,255	13,486,429
Government and public sector	14,359,798	15,380,846
Balances at central banks	7,591,276	5,304,906
Balances and deposits at banks and financial institutions	8,686,168	9,942,341
Financial assets at amortized cost	30,121,738	25,648,965
Financial assets at fair value through profit or loss	4,858,285	4,662,351
Others	-	516,756
Total	189,279,214	200,224,451

27. Interest Expense

The details of this item are as follows:

USD

	2014	2013
Deposits at banks and financial institutions	7,498,652	8,133,557
Customers deposits		
Time and notice deposits	47,833,298	49,491,378
Cash margins	2,293,519	2,715,694
Current and call accounts	1,637,574	1,013,148
Saving accounts	602,858	905,709
Certificates of deposit	241,962	197,014
Borrowed funds	137,835	217,711
Loan guarantee fees	4,213,222	3,251,250
Others	-	59,917
Total	64,458,920	65,985,378

28. Net Commission Income

The details of this item are as follows:

USD

	2014	2013
Commission-direct credit facilities	5,686,643	6,261,128
Commission-indirect credit facilities	10,782,415	9,724,554
Other commissions	1,437,139	972,431
Total	17,906,197	16,958,113

29. Foreign Currency Income

The details of this item are as follows:

USD

	2014	2013
Income from trading / transactions	4,790,474	8,970,783
(Loss) from valuation	(540,327)	(4,620,988)
Total	4,250,147	4,349,795

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

The details of this item are as follows:

USD

	Realized Gains (Losses)	Unrealized (Losses) Gains	Shares Dividends Returns	Total
Year 2014				
Companies shares	314,407	(2,631,556)	574,864	(1,742,285)
Companies bonds	(1,230,241)	(2,392,818)	-	(3,623,059)
Total	(915,834)	(5,024,374)	574,864	(5,365,344)
Year 2013				
Companies shares	(1,521,803)	(2,094,801)	2,894,238	(722,366)
Companies bonds	(11,552)	(821,729)	-	(833,281)
Total	(1,533,355)	(2,916,530)	2,894,238	(1,555,647)

31. Gain from Sale of Financial Assets at Amortized Cost

During the year 2014, financial assets at amortized cost with a nominal value of USD 15 million were sold, resulting in gain of USD 1,226,013 for the year ended in December 31, 2014. Noting that the maturity dates for these financial assets were ranging from December 3, 2018 to December 10, 2023. The reason behind the sale transaction was due to the drop in their credit rating.

32. Other Income

The details of this item are as follows:

USD

	2014	2013
Rental of lock deposit boxes	228,581	206,704
Stamps income	42,111	79,660
Credit cards income	4,868,906	4,339,330
Recovery of debts previously written-off	16,493,546	334,554
Trading in shares revenue - subsidiary company	1,757,830	1,342,173
Rental income	-	144,231
Telecommunication income	448,210	505,574
Transfers income	1,587,692	1,286,779
Gain on sale against seized shares	-	5,088,164
Others	3,704,630	3,922,367
Total	29,131,506	17,249,536

33. Employees Expenses

The details of this item are as follows:

USD

	2014	2013
Salaries, allowances and employees' benefits	26,336,853	28,182,491
Contribution in social security	2,224,401	1,866,468
Medical expenses	1,491,608	1,286,627
Staff training	186,536	182,080
Travel expenses - per diems	555,520	489,216
Employees life insurance	164,570	141,906
Value added tax	153,323	133,690
Total	31,112,811	32,282,478

34. Other Expenses

The details of this item are as follows:

USD

	2014	2013
Rentals	2,688,920	2,335,951
Stationery	975,887	863,560
Advertisements	1,581,159	1,289,662
Subscriptions	272,422	243,226
Telecommunication expenses	1,334,680	1,347,447
Maintenance and repairs	2,714,803	2,590,855
Insurance expenses	999,788	940,457
Legal fees	73,764	86,422
Water, electricity and heating	1,912,362	1,727,784
Fees, taxes and stamps	967,392	764,553
Professional fees	314,085	299,100
Cards services expenses	2,671,745	2,296,020
Transportation expense	201,457	196,890
Correspondents services fees	269,296	266,430
Security services	270,185	259,711
Donations and social responsibility	741,893	655,103
Hospitality	137,518	117,439
Board of Directors' remunerations	91,678	91,678
Impairment loss against assets seized by Bank against debts (Note 13)	2,719,866	146,331
Management fees (Note 38)	3,272,214	-
Others	3,722,258	3,186,337
Total	27,933,372	19,704,955

35. Earnings Per Share - Bank's Shareholders (Basic and Diluted)

The details of this item are as follows:

USD

	2014	2013
Income for the year attributed to Bank's Shareholders	65,649,471	66,990,646
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
Earnings per share pertains to Bank's Shareholders:	USD / Share	USD / Share
(Basic and Diluted)	-/656	-/670

36. Cash and Cash Equivalents

The details of this item are as follows:

USD

	2014	2013
Balances at central banks due within three months	463,767,218	519,102,010
Add: Balances at banks and financial institutions due within three months	298,763,992	362,101,583
Less: Banks and financial institutions deposits due within three months	443,601,627	499,205,930
Restricted balances - Note (5)	3,608,000	2,618,000
Total	315,321,583	379,379,663

37. Financial Derivatives

USD

The details of this item are as follows:

	Positive Fair Value	Negative Fair Value	Maturity of Nominal Value				
			Total Nominal Amounts	Within 3 Months	From 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
As of December 31, 2014							
Trading Derivatives:	-	-	-	-	-	-	-
Forward sales contracts in foreign currencies	-	-	-	-	-	-	-
Future contracts	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Forward purchase contracts in foreign currencies	-	-	-	-	-	-	-
Future contracts	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

	Positive Fair Value	Negative Fair Value	Maturity of Nominal Value				
			Total Nominal Amounts	Within 3 Months	From 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
As of December 31, 2013							
Trading Derivatives:					-	-	-
Forward sales contracts in foreign currencies	1,914	-	(28,020,436)	(28,020,436)	-	-	-
Future contracts	-	-	-	-	-	-	-
	1,914	-	(28,020,436)	(28,020,436)	-	-	-
Forward purchase contracts in foreign currencies	-	(198,080)	28,216,606	28,216,606	-	-	-
Future contracts	-	-	-	-	-	-	-
	-	(198,080)	28,216,606	28,216,606	-	-	-
Total	1,914	(198,080)	196,170	196,170	-	-	-

Nominal value represents the outstanding transaction value at the end of the year which do not illustrate the market risks or the credit risks.

38. Transactions with Related Parties

The Bank entered into transactions with subsidiary companies, affiliates companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All of the credit facilities granted to related parties are considered to be performing facilities and no impairment provisions have been taken as of the consolidated financial statement date.

The following is a summary of the transactions with related parties during the year:

USD

	Related Party				Total	
	Affiliates	Board of Directors Members *	Executive Managers	Others **	2014	2013
On- Consolidated Statement of Financial Position Items:						
Direct credit facilities *	-	403,099	2,331,757	103	2,734,959	2,656,365
Banks and financial institutions deposits	84,118	312,021,764	-	-	312,105,882	300,113,570
Deposits	-	2,978,632	2,325,613	3,599,945	8,904,190	159,087,110
Cash margins	-	-	-	391,714	391,714	398,875
Financial assets at fair value through income statement	-	16,096,000	-	-	16,096,000	18,646,559
Financial assets fair value through other comprehensive income	22,841,712	-	-	7,075,536	29,917,248	26,841,275
Financial assets at amortized cost	-	6,081,909	-	-	6,081,909	6,097,563
Off- Consolidated Statement of Financial Position Items:						
Letters of guarantee	-	14,104	-	24,189	38,293	131,481
Letters of credit	2,567,081	-	-	6,000,000	8,567,081	6,000,000
					Total	
					2014	2013
Consolidated Statement of Income items:						
Interest and commission income ***	26,967	1,006,275	75,828	81,340	1,190,410	542,429
Interest and commission expense ****	3,365	7,188,677	43,549	58,989	7,294,580	8,919,848
Management fees *****	-	3,272,214	-	-	3,272,214	-
Financial assets dividends	2,696,738	-	-	102,879	2,799,617	2,169,320

* Included in the direct credit facilities granted to the Board of Directors members is an amount of USD 322,422 representing credit facilities granted to United Financial Investment Company's board of directors members (subsidiary company) as of December 31, 2014 against USD 150,354 as of December 31, 2013.

* Included in the direct credit facilities granted to the executive management is an amount of USD 367,159 representing credit facilities granted to Ejarah for Finance Leasing Company's board of directors members (subsidiary company) as of December 31, 2014, against USD 451,200 as of December 31, 2013.

** Represents companies in which the Bank has a voting right in its Board of Directors.

*** Interest rate ranges between 7/3% to 8% .

**** Interest rate ranges between 1/25% to 4/5% .

***** The Bank has entered into a management agreement with one of the ultimate holding Company banks, effective July 2014 and up to December 2019 against a fixed rate fee from net income less a constant factor. The agreement includes obtaining support in various areas including providing funding resources, long term plans, technical developments, technical supports and researches.

- The Bank has two members in the Board of Directors of United Financial Investments Company and four members in Ejarah for Finance Leasing Company.

Executive Management Remunerations:

Executive management remunerations for the Bank and the subsidiary company amounted to USD 5,613,307 for 2014 (USD 5,288,274 for the year 2013), not inclusive of performance bonuses and productivity related incentives.

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

There are no significant differences between the book value and fair value of the financial assets and liabilities at the end of the year 2014 and 2013.

40. 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 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 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.
- The Bank has 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 is 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.
- The Bank has 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.
- The Bank has 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.
- The Bank has 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 override. 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 customers. 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 consolidated 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 loss and interest in suspense and before guarantees and other risks - mitigating factors):

USD

	2014	2013
On- Consolidated Statement of Financial Position Items		
Balances at the central banks	408,263,523	464,459,939
Balances at banks and financial institutions	298,763,992	362,101,583
Deposits at banks and financial institutions	15,666,749	5,025,000
Direct Credit Facilities:		
Individuals (retail)	105,926,889	91,510,490
Real estate loans	200,233,367	241,939,003
Companies		
Large companies	1,174,978,107	1,198,734,553
Small and medium companies (SMEs)	129,154,309	108,911,227
Government and public sector	232,104,014	232,231,016
Bonds, Bills and Debentures:		
Financial assets at fair value through profit or loss	55,876,110	88,636,681
Financial assets at amortized cost	656,778,586	481,139,285
Other assets	25,037,701	21,260,343
Off- Consolidated Statement of Financial Position Items		
Letters of guarantee	401,321,850	295,174,255
Letters of credit	168,445,657	145,728,742
Letters of acceptance	63,795,697	30,444,075
Unutilized credit facilities ceilings	127,768,719	121,642,829
Total	4,064,115,270	3,888,939,021

USD

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

	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					
December 31, 2014									
Low risk	562,578	2,704,444	10,920,168	5,376,684	74,255,372	-	616,173,327	408,263,524	1,118,256,097
Acceptable risk	102,540,287	176,874,518	1,063,333,618	121,614,996	157,848,642	25,037,701	95,481,369	314,430,740	2,057,161,871
Of which is due (*):									
within 30 days	2,411,666	255,271	5,327,203	1,098,860	-	-	-	-	9,093,000
from 31 to 60 days	1,426,904	472,032	15,337,403	5,623,446	-	-	-	-	22,859,785
Watch list	1,622,867	20,683,976	44,841,320	2,901,265	-	-	-	-	70,049,428
Non-performing:									
Substandard	2,239,829	194,488	9,128,915	229,764	-	-	1,000,000	-	12,792,996
Allowance provided	738,529	212,303	4,261,385	525,975	-	-	-	-	5,738,192
Bad debt	3,787,231	4,469,721	124,352,274	1,505,087	-	-	-	-	134,114,313
Total	111,491,321	205,139,450	1,256,837,680	132,153,771	232,104,014	25,037,701	712,654,696	722,694,264	3,398,112,897
Provision for impairment loss	5,175,882	4,378,409	65,686,184	2,741,390	-	-	-	-	77,981,865
Interest in suspense	388,550	527,674	16,173,389	258,072	-	-	-	-	17,347,685
Net	105,926,889	200,233,367	1,174,978,107	129,154,309	232,104,014	25,037,701	712,654,696	722,694,264	3,302,783,347
Credit classification:									
From AAA to -A							-	142,137,712	142,137,712
From +BBB to -B							51,962,270	3,627,927	55,590,197
Less than -B							5,962,499	40,057,156	46,019,655
Unclassified							38,556,602	128,607,946	167,164,548
Governments and public sector							616,173,325	408,263,523	1,024,436,848
Total							712,654,696	722,694,264	1,435,348,960
December 31, 2013									
Low risk	448,831	1,657,310	8,873,243	2,997,707	76,019,391	-	463,715,433	464,459,939	1,018,171,855
Acceptable risk	88,919,098	130,435,554	1,096,940,640	104,058,110	156,211,625	21,260,343	106,060,533	367,126,583	2,071,012,386
Of which is due (*):									
within 30 days	2,119,025	176,134	5,327,203	1,098,860	-	-	-	-	8,721,223
from 31 to 60 days	1,408,725	327,062	15,337,403	3,987,023	-	-	-	-	22,696,636
Watch list	1,216,498	110,435,441	38,388,700	2,386,732	-	-	-	-	152,427,371
Non-performing:									
Substandard	1,372,460	507,394	5,252,953	131,972	-	-	-	-	7,264,779
Allowance provided	620,769	482,472	15,370,072	225,158	-	-	-	-	16,698,471
Bad debt	2,587,247	4,772,228	113,360,863	923,312	-	-	-	-	121,643,650
Total	95,164,805	248,290,399	1,278,186,471	110,722,990	232,231,016	21,260,343	569,775,966	831,586,522	3,387,218,512
Provision for impairment loss	3,440,710	6,034,467	67,987,244	1,699,184	-	-	-	-	79,161,605
Interest in suspense	213,603	316,930	11,464,674	112,579	-	-	-	-	12,107,787
Net	91,510,492	241,939,002	1,198,734,553	108,911,227	232,231,016	21,260,343	569,775,966	831,586,522	3,295,949,120
Credit classification:									
From AAA to -A							11,799,385	141,016,859	152,816,244
From +BBB to -B							80,400,037	37,822,828	118,222,865
Less than -B							13,861,110	40,000,000	53,861,110
Unclassified							20,219,626	148,286,895	168,506,521
Governments and public sector							443,495,808	464,459,940	907,955,748
Total							569,775,966	831,586,522	1,401,362,488

- The whole 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 include facilities, balances, deposits at banks, bonds and treasury bills and any other assets that has a credit exposure.

The following represents distribution details for fair value of collaterals against direct credit facilities which are valued in accordance with the requirements of the Central Bank of Jordan through independent experts at least once every 2 years. Cash margins balance are stated at fair value based on the exchange rates issued by the Central Bank of Jordan and it is calculated individually as long as the margins balance does not exceed the credit facilities balance in any way:

USD

	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
December 31, 2014						
Guarantees against:						
Low risk	562,578	2,704,443	10,920,168	5,376,685	-	19,563,874
Acceptable risk	48,876,079	183,834,027	480,023,846	15,141,355	29,040,764	756,916,071
Watch list	521,643	20,683,976	21,048,848	391,982	-	42,646,449
Non-performing:						
Substandard	1,050,389	194,488	3,123,588	143,165	-	4,511,630
Allowance provided	303,897	212,303	3,780,206	464,210	-	4,760,616
Bad debt	1,453,403	4,469,721	26,937,918	1,254,344	-	34,115,386
Total	52,767,989	212,098,958	545,834,574	22,771,741	29,040,764	862,514,026
Of it:						
Cash margins	4,126,823	2,704,443	25,109,246	8,408,100	-	40,348,612
Accepted letters of guarantee	-	-	500,000	-	4,654,442	5,154,442
Real estate	2,338,201	209,394,515	372,528,422	8,150,145	24,386,322	616,797,605
Trade stocks	7,521,337	-	140,803,419	2,434,337	-	150,759,093
Vehicles and equipment	38,781,628	-	6,893,487	3,779,159	-	49,454,274
Total	52,767,989	212,098,958	545,834,574	22,771,741	29,040,764	862,514,026
	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
December 31, 2013						
Guarantees against:						
Low risk	448,832	1,657,310	8,873,243	2,997,707	-	13,977,092
Acceptable risk	46,381,722	129,194,856	498,033,656	15,695,364	37,194,642	726,500,240
Watch list	1,121,179	110,435,441	21,048,848	1,777,419	-	134,382,887
Non-performing:						
Substandard	720,842	507,394	647,391	79,530	-	1,955,157
Allowance provided	109,526	482,471	12,692,628	49,034	-	13,333,659
Bad debt	2,024,116	4,772,230	12,362,622	294,828	-	19,453,796
Total	50,806,217	247,049,702	553,658,387	20,893,882	37,194,642	909,602,830
Of it:						
Cash margins	4,508,013	1,811,224	32,970,224	6,034,948	-	45,324,409
Accepted letters of guarantee	-	-	5,500,000	-	5,641,749	11,141,749
Real estate	5,446,350	245,238,478	370,072,106	8,533,708	31,552,893	660,843,535
Trade stocks	7,502,062	-	141,831,896	2,297,035	-	151,630,993
Vehicles and equipment	33,349,792	-	3,284,161	4,028,191	-	40,662,145
Total	50,806,217	247,049,702	553,658,387	20,893,882	37,194,642	909,602,830

Scheduled Debts

Scheduled debts represent debts that have been previously classified as non-performing credit facilities, and they have been taken out from the framework of non-performing credit facilities according to proper scheduling and classified as watch list debts. Furthermore, the amount of scheduled debts during the current year amounted to USD 30,349,362 (USD 41,258,124 for the year 2013).

Restructured Debts

Restructured debts means reorganizing credit facilities in terms of adjusting payments, extending their term postponing some installments, or extending the grace period. Restructured debts which are not classified amounted to USD 12,172,370 for the year 2014 (USD 84,325,285 for the year 2013).

Bonds, Bills, and Debentures

The following table illustrates the classification of bonds, bills, and debentures according to external rating institutions as of December 31, 2014:

USD

Rating Grade	Rating Institution	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Amortized Cost	Total
B	Fitch	-	5,032,320	5,032,320
BBB	Fitch	1,934,379	3,930,000	5,864,379
B-	Fitch	3,438,000	-	3,438,000
BBB-	Fitch	-	4,962,499	4,962,499
B1	Moody's	7,368,752	7,668,499	15,037,249
Baa	Moody's	407,039	-	407,039
Baa1	Moody's	-	3,114,909	3,114,909
Baa2	Moody's	949,430	-	949,430
Baa3	Moody's	10,159,850	2,967,000	13,126,850
B+	S & P	-	4,992,092	4,992,092
D	S & P	1,000,000	-	1,000,000
Governmental	-	-	616,173,325	616,173,325
Unclassified	-	30,618,660	7,937,942	38,556,602
Total		55,876,110	656,778,586	712,654,696

Credit Risk Exposure according to Geographical Areas is presented as follows:

USD

Geographical Area	Inside Jordan	Middle East Countries other	Europe	Asia *	Africa *	America	Other Countries	Total
Balances at central banks	372,639,110	30,961,513	4,662,900	-	-	-	-	408,263,523
Balances at banks and financial institutions	27,025	145,953,547	55,810,459	8,459,565	290,674	87,436,506	786,216	298,763,992
Deposits at banks and financial institutions	5,641,749	10,000,000	-	-	-	-	25,000	15,666,749
Direct credit facilities:								
Individuals	105,534,183	392,706	-	-	-	-	-	105,926,889
Real estate loans	197,805,024	464,507	1,963,836	-	-	-	-	200,233,367
Companies:								
Large	948,928,395	2,988,768	223,060,944	-	-	-	-	1,174,978,107
Small and medium (SMEs)	128,592,279	562,030	-	-	-	-	-	129,154,309
Government and public sector	207,253,499	8,532,065	16,318,450	-	-	-	-	232,104,014
Bonds, bills, and debentures:								
Within financial assets at fair value through profit or loss	10,980,161	-	10,739,850	34,156,099	-	-	-	55,876,110
Within financial assets at amortized cost	631,779,766	-	3,930,000	21,068,820	-	-	-	656,778,586
Other assets	18,857,223	345,625	5,834,853	-	-	-	-	25,037,701
Total/for the Current Year	2,628,038,414	200,200,761	322,321,292	63,684,484	290,674	87,436,506	811,216	3,302,783,347
Total/Comparative Figures	2,570,846,829	243,202,811	301,580,649	72,908,555	-	106,713,305	696,970	3,295,949,119

* Excluding Middle East Countries.

- Credit Risk Exposure according to the Economic Sector is presented as follows:

USD

Economic Sector	Financial	Industrial	Services	Trade	Real-estate	Agricultural	Shares	Individuals	Government and Public Sector	Total
Balances at central banks	408,263,523	-	-	-	-	-	-	-	-	408,263,523
Balances at banks and financial institutions	298,763,992	-	-	-	-	-	-	-	-	298,763,992
Deposits at banks and financial institutions	15,666,749	-	-	-	-	-	-	-	-	15,666,749
Direct credit facilities - net	34,015,584	465,097,519	429,648,260	293,357,739	201,391,312	35,122,161	51,964,011	99,696,086	232,104,014	1,842,396,689
Bonds, Bills and Debentures:										
Within financial assets at fair value through profit or loss	37,677,661	-	10,249,700	-	580,000	-	-	-	7,368,749	55,876,110
Within financial assets at amortized cost	29,969,762	-	2,967,000	-	-	-	-	-	623,841,824	656,778,586
Other assets	10,556,496	5,004,150	4,649,010	4,828,045	-	-	-	-	-	25,037,701
Total for the Current Year	834,913,767	470,101,669	447,513,970	298,185,784	201,971,312	35,122,161	51,964,011	99,696,086	863,314,587	3,302,783,345
Total/Comparative Figures	984,854,922	447,315,175	492,849,941	280,840,402	242,538,959	9,779,192	73,256,529	85,320,135	679,193,865	3,295,949,120

40/a. Market Risk

Market risk is 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 financial instrument on - and off - in the consolidated 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. Moreover, the Investment Policy Committee studies and recommends them after ensuring their compatibility with the instructions of the Central Bank of Jordan. After that, they are approved by the Board of Directors.

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 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 at fair value through income statement) 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.

40/b. 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:

USD

For the Year 2014			
Currency	Increase in Interest Rate %	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	(570,542)	(3,290,874)
Euro	1	(20,291)	-
GBP	1	37,793	-
Yen	1	-	-
Other currencies	1	7,992	-
Currency	(Decrease) in Interest Rate %	Interest Income Sensitivity Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	570,542	667,632
Euro	1	20,291	-
GBP	1	(37,793)	-
Yen	1	-	-
Other currencies	1	(7,992)	-
For the Year 2013			
Currency	Increase in Interest Rate %	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	(2,604,382)	(2,026,732)
Euro	1	34,041	(39,612)
GBP	1	(81,111)	-
Yen	1	(19,312)	-
Other currencies	1	55,561	-
Currency	(Decrease) in Interest Rate %	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	2,604,382	740,886
Euro	1	(34,041)	3,766
GBP	1	81,111	-
Yen	1	19,312	-
Other currencies	1	(55,561)	-

40. /c. 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 consolidated 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.

USD

For the Year 2014			
Currency	Change in Foreign Currency Rate %	Effect on Profit and Loss	Effect on Owners' Equity
Euro	5	19,469	-
GBP	5	2,731	-
Yen	5	571	-
Other currencies	5	473,322	-
For the Year 2013			
Currency	Change in Foreign Currency Rate %	Effect on Profit and Loss	Effect on Owners' Equity
Euro	5	(6,182)	-
GBP	5	8,284	-
Yen	5	3,001	-
Other currencies	5	243,599	-

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.

USD

For the Year 2014			
Indicator of	Change in Indicator %	Effect on Profit and Loss	Effect on Owners' Equity
Amman stock exchange	5	356,853	54,005
Palestine stock exchange	5	4,777	30,998
Dubai stock exchange	5	93,849	-
Saudi Arabia stock exchange	5	58,449	-
Qatar stock exchange	5	124,655	-
Kuwait stock exchange	5	-	-
For the Year 2013			
Indicator of	Change in Indicator %	Effect on Profit and Loss	Effect on Owners' Equity
Amman stock exchange	5	451,733	18,622
Palestine stock exchange	5	8,673	26,780
Kuwait stock exchange	5	54,535	46,348
Dubai stock exchange	5	102,048	-
Qatar stock exchange	5	159,002	-
Kuwait stock exchange	5	110,448	-

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 are 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 are nearer.

Interest rate sensitivity is depicted as follows:

USD

	Interest Rate Repricing Gap							Total
	Less than One Month	More than 1 Month Up to 3 Months	More than 3 Months Up to 6 Months	More than 6 Months Up to 1 Year	More than 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	
December 31, 2014								
Assets:								
Cash and balances at central banks	166,644,635	-	-	-	-	-	297,122,583	463,767,218
Balances at banks and financial institutions	97,557,701	168,591,814	-	-	-	-	32,614,477	298,763,992
Deposits at banks and financial institutions	-	-	15,666,749	-	-	-	-	15,666,749
Direct credit facilities - net	552,868,269	169,527,616	158,431,717	820,338,539	71,409,020	69,821,525	-	1,842,396,686
Financial assets at fair value through profit or loss	-	-	407,041	6,125,787	32,372,144	16,971,137	18,549,197	74,425,306
Financial assets at fair value through comprehensive income	-	-	-	-	-	-	42,134,447	42,134,447
Financial assets at amortized cost	39,109,685	36,047,694	40,344,649	64,369,769	434,538,779	42,368,010	-	656,778,586
Property and equipment - net	-	-	-	-	-	-	22,785,549	22,785,549
Intangible assets - net	-	-	-	-	-	-	10,384,342	10,384,342
Deferred tax assets	-	-	-	-	-	-	9,206,567	9,206,567
Other assets	1,818,132	3,092,038	3,731,871	6,904,123	6,693,019	6,161,854	216,128,121	244,529,158
Total Assets	857,998,422	377,259,162	218,582,027	897,738,218	545,012,962	135,322,526	648,925,283	3,680,838,600
Liabilities:								
Banks and financial institutions deposits	441,611,995	-	31,984,000	4,231,312	-	-	1,989,633	479,816,940
Customers deposits	690,394,952	425,657,495	218,567,983	78,238,212	125,855,337	-	816,489,182	2,355,203,161
Cash margin	54,451,573	12,949,379	11,275,697	9,413,085	10,618,432	-	17,931,554	116,639,720
Borrowed funds	-	9,485,752	-	7,052,186	-	-	-	16,537,938
Other provisions	-	-	-	-	-	-	13,009,718	13,009,718
Provision for income tax	-	-	-	-	-	-	19,448,617	19,448,617
Deferred tax liabilities	-	-	-	-	-	-	4,340,199	4,340,199
Other liabilities	11,221,036	5,062,091	4,760,845	6,886,427	6,853,281	2,701,946	22,057,771	59,543,397
Total Liabilities	1,197,679,556	453,154,717	266,588,525	105,821,222	143,327,050	2,701,946	895,266,674	3,064,539,690
Interest Rate Repricing Gap	(339,681,134)	(75,895,555)	(48,006,498)	791,916,996	401,685,912	132,620,580	(246,341,391)	616,298,910
December 31, 2013								
Total Assets	1,215,135,061	420,373,433	230,801,424	962,957,880	347,381,010	123,097,512	300,346,412	3,600,092,733
Total Liabilities	1,477,222,484	469,677,259	224,104,077	88,712,896	116,902,005	12,701,388	633,432,198	3,022,752,305
Interest Rate Repricing Gap	(262,087,423)	(49,303,826)	6,697,347	874,244,984	230,479,005	110,396,125	333,085,785	577,340,428

Concentration in Foreign Currencies Risk:

USD

	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total
December 31, 2014						
Assets:						
Cash and balances at the central banks	54,464,938	9,284,010	801,324	-	3,644,038	68,194,310
Balances at banks and financial institutions	208,502,625	23,017,557	12,961,567	1,522,200	13,999,480	260,003,429
Deposits at banks and financial institutions	10,025,000	-	-	-	-	10,025,000
Direct credit facilities - net	549,552,162	11,199,377	-	-	318,976	561,070,515
Financial assets at fair value through comprehensive income	5,062,880	24,984	-	-	24,002,560	29,090,424
Financial assets at amortized cost	123,767,319	-	-	-	-	123,767,319
Financial assets at fair value through profit or loss	52,970,475	-	-	-	9,514,361	62,484,836
Property and equipment	133,939	-	-	-	-	133,939
Intangible assets	13,896	-	-	-	-	13,896
Other assets	7,454,151	226,997	10,141	-	204,640	7,895,929
Total Assets	1,011,947,385	43,752,925	13,773,032	1,522,200	51,684,055	1,122,679,597
Liabilities:						
Banks and financial institutions deposits	434,915,914	15,151,449	621	50,724	399,388	450,518,096
Customers' deposits	293,095,322	35,417,261	13,522,564	1,288,475	18,137,893	361,461,515
Cash margins	33,708,244	4,370,944	265,137	212,154	510,227	39,066,706
Provision for income tax	274,028	-	-	-	-	274,028
Other liabilities	4,661,310	367,080	85,784	1,250	84,278	5,199,702
Total Liabilities	766,654,818	55,306,734	13,874,106	1,552,603	19,131,786	856,520,047
Net Concentration on Consolidated Statement of Financial Position for the Current Year	245,292,567	(11,553,808)	(101,073)	(30,402)	32,552,270	266,159,554
Off Statement of Consolidated Financial Position Contingent Liabilities for the Current Year	304,345,030	46,344,786	5,621,639	12,633,913	27,726,975	396,672,343
December 31, 2013						
Assets:						
Cash and balances at the central banks	105,706,078	7,928,829	1,754,379	-	2,968,810	118,358,096
Balances at banks and financial institutions	238,727,030	29,253,877	16,784,458	2,279,929	16,297,147	303,342,441
Deposits at banks and financial institutions	5,025,000	-	-	-	-	5,025,000
Direct credit facilities - net	471,393,962	11,890,855	-	2,114,144	449,961	485,848,922
Financial assets at fair value through comprehensive income	4,486,691	20,718	-	-	24,929,103	29,436,512
Financial assets at amortized cost	141,545,504	6,765,285	-	-	28,963	148,339,752
Financial assets at fair value through profit or loss	56,899,005	-	-	-	10,358,047	67,257,050
Property and equipment	143,501	-	-	-	-	143,501
Intangible assets	12,085	-	-	-	-	12,085
Other assets	7,288,713	168,449	-	1,250	84,724	7,543,138
Total Assets	1,031,227,569	56,028,013	18,538,838	4,395,323	55,116,753	1,165,306,496
Liabilities:						
Banks and financial institutions deposits	458,254,918	30,259,842	(7,639)	2,456,107	9,195	490,972,423
Customers' deposits	459,438,001	23,649,867	17,772,767	289,237	19,745,457	520,895,330
Cash margins	28,521,076	2,254,158	566,597	252,543	975,872	32,570,245
Provision for income tax	90,904	-	-	-	-	90,904
Other liabilities	16,160,310	187,189	41,135	2,348	407,800	16,798,783
Total Liabilities	962,465,209	56,351,056	18,372,859	3,000,235	21,138,324	1,061,327,685
Net Concentration on Consolidated Statement of Financial Position for the Current Year	68,762,360	(323,044)	165,978	1,395,087	33,978,439	103,978,809
Off Statement of Consolidated Financial Position Contingent Liabilities for the Current Year	263,825,553	22,958,413	1,161,693	3,109,979	12,006,738	303,062,375

40/ d. 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 consolidated 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.

USD

	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to 1 Year	More than 1 Year Up to 3 Years	More than 3 Years	Not Tied to a Specific Maturity	Total
December 31, 2014								
Liabilities:								
Banks and financial institutions deposits	443,601,626	-	31,984,002	4,231,312	-	-	-	479,816,940
Customers' deposits	1,506,884,134	425,657,495	218,567,983	78,238,212	125,855,337	-	-	2,355,203,161
Cash margins	72,383,127	12,949,379	11,275,697	9,413,085	10,618,432	-	-	116,639,720
Borrowed funds	-	-	-	-	-	16,537,938	-	16,537,938
Other provisions	-	-	-	-	-	-	13,009,718	13,009,718
Income tax provision	14,070,077	-	5,378,540	-	-	-	-	19,448,617
Deferred tax liabilities	-	-	-	-	-	-	4,340,199	4,340,199
Other liabilities	26,225,733	7,119,850	4,760,846	6,886,426	6,853,282	7,697,260	-	59,543,397
Total Liabilities	2,063,164,697	445,726,724	271,967,068	98,769,035	143,327,051	24,235,198	17,349,917	3,064,539,690
Total Assets	1,144,897,464	482,800,977	212,886,385	298,028,595	912,554,156	328,792,086	300,878,942	3,680,838,605

	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to 1 Year	More than 1 Year Up to 3 Years	More than 3 Years	Not Tied to a Specific Maturity	Total
December 31, 2013								
Liabilities:								
Banks and financial institutions deposits	499,205,929	-	29,471,419	-	-	-	-	528,677,348
Customers' deposits	1,472,066,894	415,622,588	207,784,141	63,657,406	100,198,492	-	-	2,259,329,522
Cash margins	62,775,399	11,128,412	8,018,906	6,268,530	7,804,086	-	-	95,995,333
Borrowed funds	-	-	-	-	11,283,498	-	-	11,283,498
Other provisions	-	-	-	-	-	-	12,717,832	12,717,832
Income tax provision	5,244,035	-	15,954,189	-	-	-	-	21,198,224
Deferred tax liabilities	-	-	-	-	-	-	2,821,756	2,821,756
Other liabilities	39,868,646	9,223,528	8,301,030	11,734,774	8,899,427	12,701,388	-	90,728,792
Total Liabilities	2,079,160,903	435,974,528	269,529,685	81,660,710	128,185,503	12,701,388	15,539,588	3,022,752,305
Total Assets	1,052,387,779	464,353,832	192,650,096	294,321,942	690,552,605	728,213,898	177,612,581	3,600,092,733

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

	Up to One Month	From One Month to 3 Months	From 3 Months to 6 Months	Total
USD				
December 31, 2014				
Trading derivatives:				
Currency	-	-	-	-
	Up to One Month	From One Month to 3 Months	From 3 Months to 6 Months	Total
December 31, 2013				
Trading derivatives:				
Currency	13,424,654	14,593,868	-	28,018,522

Third: Off- consolidated statement of financial position items:

	Up to One Year	From One Year to 5 Years	More than 5 Years	Total
USD				
December 31, 2014				
Letters of credit and acceptances	232,241,354	-	-	232,241,354
Unutilized credit facilities ceilings	127,768,719	-	-	127,768,719
Letters of guarantee	401,321,850	-	-	401,321,850
Operating lease contract liabilities	-	3,396,293	13,879,138	17,275,431
Total	761,331,923	3,396,293	13,879,138	778,607,354
	Up to One Year	From One Year to 5 Years	More than 5 Years	Total
December 31, 2013				
Letters of credit and acceptances	176,172,817	-	-	176,172,817
Unutilized credit facilities ceilings	121,642,829	-	-	121,642,829
Letters of guarantee	295,174,255	-	-	295,174,255
Operating lease contract liabilities	87,418	2,480,927	12,505,440	15,073,785
Total	593,077,319	2,480,927	12,505,440	608,063,686

41. Information on the Bank's Business Activities

a. The Bank is organized, for managerial purposes, into four major sectors. Which are measured according to reports that are used by the executive and the main decision maker at the Bank. Moreover, the Bank owns two subsidiaries one in the financial brokerage sector and the other in the finance leasing; as of the consolidated financial statements date:

- Individual accounts: includes following up on individual customers deposits, and granting them credit facilities, 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 the Bank's business activities mentioned above.
- Financial brokerage services: includes practicing most of the brokerage and financial consultation services.
- Finance leasing services: Leasing services and real estate development projects.

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

USD

	Individuals	Corporations	Treasury	Brokerage	Leasing	Others	Total	
							2014	2013
Gross income for the year	23,865,011	85,075,426	50,089,254	1,913,832	4,433,740	9,663,580	175,040,843	173,502,660
Less: Provision of impairment loss in direct credit facilities	136,344	20,086,559	-	(57,231)	81,944	-	20,247,616	23,344,251
Results of Business Sector	23,728,667	64,988,867	50,089,254	1,971,063	4,351,796	9,663,580	154,793,227	150,158,409
Less: Expenditures not distributed over sectors	-	-	-	1,179,446	1,414,872	63,489,746	66,084,064	57,020,879
Income before Income Tax	23,728,667	64,988,867	50,089,254	791,617	2,936,924	(53,826,166)	88,709,163	93,137,530
Less: Income tax expense for the year	-	-	-	179,041	724,674	21,851,011	22,754,726	26,257,650
Income for the Year	23,728,667	64,988,867	50,089,254	612,576	2,212,250	(75,677,177)	65,954,437	66,879,880
Capital Expenditures						9,194,554	9,194,554	5,989,992
Depreciation and Amortization						4,505,475	4,505,475	2,518,502
Sector's Assets	376,682,116	1,673,461,735	1,554,384,062	18,176,482	41,599,285	-	3,664,303,680	3,576,919,341
Assets not distributed over sectors	-	-	-	-	-	16,534,920	16,534,920	23,173,392
Total Assets	376,682,116	1,673,461,735	1,554,384,062	18,176,482	41,599,285.00	16,534,920	3,680,838,600	3,600,092,733
Sector's Liabilities	1,348,321,586	1,173,721,986	507,747,262	3,524,739	8,240,475	-	3,041,556,048	2,982,719,605
Liabilities not distributed over sectors	-	-	-	-	-	22,983,642	22,983,642	40,032,700
Total Liabilities	1,348,321,586	1,173,721,986	507,747,262	3,524,739	8,240,475	22,983,642	3,064,539,690	3,022,752,305

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 Hashemite Kingdom of Jordan which represent local operations.

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

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

USD

	Inside Kingdom		Outside Kingdom		Total	
	2014	2013	2014	2013	2014	2013
Gross income	151,318,330	153,913,141	23,722,513	19,589,519	175,040,843	173,502,660
Capital expenditures	9,194,554	5,989,992	-	-	9,194,554	5,989,992
Total Assets	3,373,563,028	2,879,204,566	307,275,572	720,888,168	3,680,838,600	3,600,092,733

42. Capital Management

a. Description of Capital

Capital is categorized into 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 Central Bank for control purposes to meet the requirements of the capital adequacy ratio required by Central Bank of Jordan instructions. Furthermore, regulatory capital consist 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, excluding restricted amounts and non-controlling interests net of loss for the period, costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank, and goodwill Support capital (tier 2) consist 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, through the statement of other comprehensive income.

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 subsidiary banks and financial institutions are deducted (if their financial statements are not consolidated). Moreover, 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 Central Bank require that paid-up capital be not less than USD 141 million and shareholders' equity-to-assets ratio be not 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 is considered by the Bank.

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. To be more conservative in hedging against surrounding conditions and economic cycles, the Board of Directors decided, within the Bank's strategy, that capital adequacy ratio be not less than 14%.

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 10% 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 generation 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:

USD

	2014	2013
Core Capital Items:	(Thousand)	(Thousand)
Authorized and paid up capital	141,044	141,044
Statutory reserve	101,436	92,557
Voluntary reserve	186,508	168,828
Retained earnings (after deducting proposed dividends and deferred tax assets)	111,947	105,683
Less:		
Deferred provisions agreed with Central Bank of Jordan	24,859	33,375
Goodwill and intangible assets	10,384	4,509
50% from the investments in insurance companies, financial companies and significant investments in other companies	15,549	8,956
Seized properties whose ownership period is more than four years, or two years and Less than four years, without Central Bank of Jordan approval.	9,726	865
Total Core Capital	480,417	460,403
Supplementary Capital Items:		
General banking risks reserve	18,311	17,124
Pro-cyclicality fluctuation reserve	321	262
Valuation reserve of financial assets at fair value through other comprehensive income at 100% of the negative change or 45% of the positive change	3,836	3,243
Less:		
50% of investments in insurance companies, financial institutions and significant investments in other companies	15,549	8,956
Total Regulatory Capital	487,336	472,075
Total Assets Weighted by Risks	2,921,349	2,873,720
Ratio of regulatory capital	16/68%	16/43%
Core capital ratio *	16/45%	16/02%

* Core capital has been calculated net of investments in banks and financial subsidiary company.

43. Accounts Managed on Behalf of Customers

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

44. Analysis of the Maturities of Assets and Liabilities

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

USD

	Up to One Year	More than One Year	Total
December 31, 2014			
ASSETS			
Cash and balances at central banks	463,767,218	-	463,767,218
Balances at banks and financial institutions	298,763,992	-	298,763,992
Deposits at banks and financial institutions	15,666,749	-	15,666,749
Direct credit facilities - net	1,154,233,357	688,163,329	1,842,396,686
Financial assets at fair value through profit or loss	25,082,028	49,343,278	74,425,306
Financial assets at fair value through comprehensive income	-	42,134,447	42,134,447
Financial assets at amortized cost	179,293,396	477,485,190	656,778,586
Property and equipment - net	-	22,785,549	22,785,549
Intangible assets - net	-	10,384,342	10,384,342
Deferred tax assets	-	9,206,567	9,206,567
Other assets	19,777,471	224,751,687	244,529,158
TOTAL ASSETS	2,156,584,211	1,524,254,389	3,680,838,600
LIABILITIES			
Banks and financial institutions deposits	479,816,940	-	479,816,940
Customers deposits	2,229,347,824	125,855,337	2,355,203,161
Cash margins	106,021,288	10,618,432	116,639,720
Borrowed funds	-	16,537,938	16,537,938
Other provisions	-	13,009,718	13,009,718
Provision for income tax	19,448,617	-	19,448,617
Deferred tax liabilities	-	4,340,199	4,340,199
Other liabilities	44,992,857	14,550,540	59,543,397
TOTAL LIABILITIES	2,879,627,526	184,912,164	3,064,539,690
NET ASSETS	(723,043,315)	1,339,342,225	616,298,910

USD

	Up to One Year	More than One Year	Total
December 31, 2013			
ASSETS			
Cash and balances at central banks	519,102,010	-	519,102,010
Balances at banks and financial institutions	362,101,583	-	362,101,583
Deposits at banks and financial institutions	25,000	5,000,000	5,025,000
Direct credit facilities - net	827,317,419	1,046,008,870	1,873,326,289
Financial assets at fair value through profit or loss	36,800,983	73,586,798	110,387,781
Financial assets at fair value through comprehensive income	-	38,467,732	38,467,732
Financial assets at amortized cost	168,464,712	312,674,573	481,139,285
Property and equipment - net	-	20,673,632	20,673,632
Intangible assets - net	-	4,509,430	4,509,430
Deferred tax assets	-	5,564,190	5,564,190
Other assets	50,432,188	129,363,613	179,795,801
TOTAL ASSETS	1,964,243,895	1,635,848,838	3,600,092,733
LIABILITIES			
Banks and financial institutions deposits	528,677,348	-	528,677,348
Customers deposits	2,159,131,030	100,198,492	2,259,329,522
Cash margins	88,191,247	7,804,086	95,995,333
Borrowed funds	-	11,283,498	11,283,498
Other provisions	-	12,717,832	12,717,832
Provision for income tax	21,198,224	-	21,198,224
Deferred tax liabilities	-	2,821,756	2,821,756
Other liabilities	69,127,976	21,600,814	90,728,792
TOTAL LIABILITIES	2,866,325,827	156,426,478	3,022,752,305
NET ASSETS	(902,081,932)	1,479,422,360	577,340,428

45. 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). USD

Financial Assets/ Financial Liabilities	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,					
	2014	2013				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Profit or Loss						
Companies Shares	18,549,196	21,751,100	Level One	Stated rates in financial markets	Doesn't Apply	Doesn't Apply
Companies bonds	55,876,110	88,636,681	Level One & Two	Stated rates in financial markets and compare market price for similar financial statement	Doesn't Apply	Doesn't Apply
Total	74,425,306	110,387,781				
Foreign currency derivatives contract's	-	1,914	Level One	Stated rates in financial markets	Doesn't Apply	Doesn't Apply
Financial Assets at Fair Value through Comprehensive Income						
	12,855,317	11,425,377	Level One	Stated rates in financial markets	Doesn't Apply	Doesn't Apply
Shares that with no available market price	29,279,130	27,042,355	Level Two	Stated rates in financial markets and compare market price for similar financial statement	Doesn't Apply	Doesn't Apply
Total	42,134,447	38,467,732				
Total Financial Assets at Fair Value	116,559,753	148,857,427				
Financial Liabilities at Fair Value						
Foreign currency derivatives contract's	-	198,080	Level One	Stated rates in financial markets	Doesn't Apply	Doesn't Apply
Total Liabilities at Fair Value	-	198,080				

There were no transfers between level 1 and level 2 during the year 2014.

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 reprised during the year. USD

	December 31, 2014		December 31, 2013		The Level of
	Book value	Fair Value	Book value	Fair Value	Fair Value
Financial Assets of non-specified Fair Value					
Cash at Central Banks	408,263,523	408,319,233	464,459,939	464,555,265	Level Two
Cash at Banks and Financial Institutions	298,763,992	298,852,129	362,101,583	362,258,591	Level Two
Deposits at Banks and Financial Institutions	15,666,749	15,815,959	5,025,000	5,052,707	Level Two
Loans and Bills and others	1,842,396,686	1,856,599,396	1,884,600,661	1,873,326,289	Level Two
Financial Assets at Amortized Cost	656,778,586	658,954,140	481,139,285	491,213,872	Level One & Two
Total Financial Assets of non-specified Fair Value	3,221,869,536	3,238,540,857	3,197,326,468	3,196,406,724	
Financial Liabilities of non-specified Fair Value					
Deposits at Banks and Financial Institutions	479,816,940	481,150,905	528,677,348	529,282,660	Level Two
Customer's Deposits	2,355,203,161	2,362,579,910	2,259,329,522	2,269,944,096	Level Two
Cash Margin	116,639,720	117,337,970	95,995,333	96,630,992	Level Two
Borrowed Funds	16,537,938	16,569,824	11,283,498	11,539,042	Level Two
Total Financial Liabilities of non-specified Fair Value	2,968,197,759	2,977,638,609	2,895,285,701	2,907,396,790	

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.

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

a. Credit commitments and contingencies: USD

	2014	2013
Letters of credit	168,445,657	145,728,742
Letters of acceptances	63,795,697	30,444,075
Letters of guarantee:		
Payments	229,383,788	146,973,739
Performance bonds	128,454,453	84,001,587
Other	43,483,609	64,198,929
Unutilized credit facilities ceilings	127,768,719	121,642,829
Total	761,331,923	592,989,901

b. Contractual obligations: USD

	2014	2013
Contracts to purchase property and equipment	3,137,285	2,310,458
Construction contracts	1,760,137	2,284,766
Other purchases contracts	4,297,132	1,394,768
Total	9,194,554	5,989,992

c. Operating leases amounted to USD 17,275,431 with periods ranging from 1 to 10 years (USD 15,073,785 as of December 31, 2013).

47. Lawsuits against the Bank

- a. The Bank is a defendant in lawsuits amounting to USD 10,667,611 as of December 31, 2014 (USD 10,867,946 as of December 31, 2013). In the opinion of the Bank's management and its legal advisor, no liabilities shall arise against the Bank exceeding the existing provision of USD 625,344 as of December 31, 2014 (USD 456,982 as of December 31, 2013).
- b. As of December 31, 2014 and 2013, there were no lawsuits against the subsidiary Companies.

48. Subsequent Events

Upon the request of Central Bank of Jordan the Bank adjusted and reclassified the provision for direct credit facilities, suspended interest and other provisions balances for the year ended December 31, 2014, accordingly, some assets, liabilities and owners equity balances have been amended as of December 31, 2014. The following is the effect on the consolidated financial statements as of December 31, 2014:

USD

	Declared Balance	Effect of Adjustments / Amendments	Adjusted Balances
Consolidated Statement of Financial Position			
Assets	3,693,267,157	(12,428,557)	3,680,838,600
Liabilities	3,072,132,058	(7,592,368)	3,064,539,690
Owners' equity	621,135,099	(4,836,189)	616,298,910
Consolidated Statement of Comprehensive Income			
Income for the year	70,790,626	(4,836,189)	65,954,437

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

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

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

Amendments to IAS 32: Financial Instruments	Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.
Amendments to IAS 36: recoverable amount disclosures	The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.
Amendments to IAS 39: Financial Instruments, Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting	The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.
Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities	On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.

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
IFRS 15: Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments (2014) In July 2014 the final standard of IFRS 9 was issued introducing:	
(a) New classification for debt instruments that are held to collect contractual cash flows with ability to sell, and related measurement requirement consists of "fair value through other comprehensive income (FVTOCI).	1 January 2018
(b) Impairment of financial assets applying expected loss model through 3 phases, starting by 12 month expected impairment loss to be initiated on initial recognition of the credit exposure, and life time impairment loss to be recognized upon significant increase in credit risk prior to the date the credit exposure is being impaired, and phase 3 when the loan is effectively impaired.	
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 IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	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
Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
Annual Improvements to IFRSs 2012 - 2014	1 July 2016
Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014

Management anticipates that each of the above standards and interpretations will be adopted in the consolidated financial statements by its date mentioned above without having any material impact on the Bank's consolidated financial statements, except for IFRS 15 and IFRS 9. Management anticipates that IFRS 15 and IFRS 9 will be adopted in The Bank's consolidated financial statements for the annual period beginning January 1, 2017 and January 1, 2018 respectively. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Bank's consolidated financial statements in respect of revenue from contracts with customers and the Bank's consolidated financial assets and consolidated 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.

Jordan Kuwait Bank

Statement of Disclosure for the Financial Year ending 31/12/2014, in accordance with article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission.

Item

4a: Chairman's Statement: Included in the report.

4b/1: Description of main activities: Included in the report.

The Bank operates through its head office in Abdali - Amman and 56 branches in Jordan, in addition to two branches in Palestine and one branch in Cyprus. Total capital expenditure for the year 2014 amounted to USD7.60 million. The table below shows the Bank's locations and the number of staff at each.

Location	No. of Staff	Location	No. of Staff	Location	No. of Staff
Head Office	480	Al-Rabiyah Branch	11	Mecca Street Branch	12
Main Branch	16	Vegetable Market Branch	9	Al-Rawnaq Branch	6
Abdali Branch	20	Madina Munawarah St. Branch	13	Southern Sweileh Branch	7
Jabal Amman Branch	10	Sweifiyah Branch	12	Irbid Branch	14
Wehdat Branch	12	Nazzal Branch	7	Wadi Saqra Branch	8
Tla' El 'Ali Branch	13	Mecca Mall Branch	12	Al-Husson St. Branch- Irbid	7
Jabal Al-Hussein Branch	12	Petra University Branch	4	Yarmouk University Branch- Irbid	7
Commercial Center Branch	12	Al-Mougablain Branch	7	Al-Mafraq Branch	5
Abu-Alanda Branch	10	Marj El-Hamam Branch	9	Al-Karak Branch	5
Yarmouk Branch	11	Zain Branch	2	Aqaba Branch	13
Wadi El-Seir Branch	11	Samarah Mall Branch	4	Zarqa Branch	12
Jubaiha Branch	13	Al-Ahliyya Amman University Branch	7	Russaifeh Branch	10
Amra Branch	9	Baq'ah Branch	9	Zarqa Free Zone Branch	8
Abdoun Branch	13	Madaba Branch	7	New Zarqa Branch	8
Abu-Nsair Branch	8	Al-Salt Branch	6	Al-Madineh Al-Riyadeah Branch	12
Marka Branch	10	King Abdullah Bureau Branch	4	King Abdullah II St. Branch - Irbid	7
Ibn Khaldoun Branch	8	Khalda Branch	9	Regional Management - Palestine	8
Dabouq Branch	11	Dair Ghbar Branch	7	Nablus Branch -Palestine	11
City Mall Branch	8	Taj Mall Branch	5	Ramallah Branch - Palestine	12
Shmeissani Branch	15	Galleria Mall Branch	5	Cyprus Branch	5
King Hussein Bin Talal St. Branch - Zarqa	7				
United Financial Investments Co. (Subsidiary)					15
Ejara Leasing Co. (Subsidiary)					17

4b /2: Subsidiaries:

United Financial Investments Company

United Financial Investments Co. (UFICO) was established in 1980. In 1996 the company was restructured as a public shareholding company. The company enjoys a leading position among the major top firms operating in the ASE. UFICO provides financial services, which are directly connected with local and international financial markets.

In 2002, UFICO became a subsidiary of Jordan Kuwait Bank. The Bank holds 50.22% of the company's capital of JD8 million (USD11.28m) as at December 2014.

The Company's H.Q. is located in Shmeissani, Amman with 15 working employees.

Ejara Leasing Company

Jordan Kuwait Bank established Ejara Leasing Company on January 6, 2011. The company was registered as a private shareholding company with paid-up capital JD10 million (USD14.1m) fully paid by the Bank. In September 2012 Ejara's capital was raised to JD20 million (USD28.2m).

Ejara Leasing Company aims to provide innovative and high quality leasing services to supplement the banking and financing services offered at Jordan Kuwait Bank to be in line with the developments in the financial market, meet the needs of the Bank's clients and support the various economic activities, while developing the concept of financial leasing and providing the Bank's clients with different financing alternatives.

The Company's H.Q. is located in the Mecca Street Branch building, Amman with 17 working employees.

4b /3: Executives' Biography:

1- Members of the Board of Directors:

1. H. E. Mr. Abdel Karim A. Kabariti

Chairman

Date of membership: 15/7/1997

Date of Birth: 1949

Education: Bachelor degree in Business and Finance with Honors from St. Edwards University-USA, 1973.

Current Positions:

- Chairman of the Board of Trustees, Al-Ahliyya Amman University
- Chairman, United Financial Investments Company / Representative of Jordan Kuwait Bank
- Chairman, Algeria Gulf Bank – Algeria / Representative of Jordan Kuwait Bank
- Board Member, Jordan Dairy Company
- Board Member, Burgan Bank – Kuwait

Previous Official & Governmental Positions:

- Member of the Jordanian Senate, Head of the Economics & Finance Committee (2005 - 2007)
- Member of the Jordanian Senate, First Deputy to the Speaker (2000 - 2002)
- Chief of the Royal Court, (1999 - 2000)
- Member of the Twelfth and the Eleventh Jordanian Parliaments (1993 - 1997) and (1989 - 1993) / Head of the Economics & Finance Committee (1993 - 1995)
- Prime Minister, Minister of Foreign Affairs and Minister of Defense (1996 - 1997)
- Minister of Foreign Affairs (1995 - 1996)
- Minister of Labor (1991 - 1993)
- Minister of Tourism (1989 - 1991)

Previous Business Experiences:

- Worked at many financial institutions / private business (1973 - 1989)

2. Mr. Faisal H. Al -Ayyar

Vice Chairman, Representative of United Gulf Bank - Bahrain

Date of membership: 15/7/1997

Date of Birth: 1954

Education: Pilot License, Jordanian Aviation Academy, 1981.

Current and Previous Positions:

- Vice Chairman, Kuwait Projects Co. (Holding) - Kuwait
- Chairman, Panther Media Group (OSN) - Dubai, UAE
- Vice Chairman, Gulf Insurance Group - Kuwait
- Vice Chairman, United Gulf Bank - Bahrain
- Vice Chairman, Mashare'a Al-Khair Est. - Kuwait
- Board Member, Saudi Dairy & Foodstuff Co. (SADAFCO) - Saudi Arabia
- Board Member, Gulf Egypt for Hotels & Tourism Co. - Egypt
- Trustee, American University of Kuwait - Kuwait
- Honorary Chairman, Kuwait Association for Learning Differences - Kuwait
- Vice Chairman, Burgan Bank Turkey - Turkey (2012-2014)

Honors & Awards:

- Kuwait Financial Forum 2009, for contributions to the Kuwait investment sector and success in global financial markets
- Tunis Arab Economic Forum 2007
- Lifetime Achievement Award, Beirut Arab Economic Forum 2007
- Arab Bankers Association of North America (ABANA) Achievement Award in 2005

3. Mr. Masaud M. Jawhar Hayat

Board Member, Representative of Al- Futtooh Holding Co. - Kuwait

Date of Membership: 20/2/2001

Date of Birth: 1953

Education: Bachelor degree in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies, 1975.

Current and Previous Positions:

- Chief Executive Officer of the banking sector, Kuwait Projects Co. (Holding) - Kuwait (2010 – Present)
- Chairman, United Gulf Bank – Bahrain
- Chairman, Syria Gulf Bank - Syria
- Chairman, Tunis International Bank - Tunis
- Vice Chairman, FIMBank - Malta
- Vice Chairman & Chairman of the Executive Committee, Algeria Gulf Bank - Algeria
- Vice Chairman, Royal Capital Co. – Abu Dhabi
- Deputy Chairman, Bank of Baghdad - Iraq
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait
- Board Member, Burgan Bank
- Vice Chairman & Chairman of the Executive Committee, North African Co. (2010-2014)
- Chairman, KIPCO Asset Management Co. (KAMCO) – Kuwait (1998-2010)
- Board Member, The International Investor – Kuwait (2005-2009)
- Managing Director, United Gulf Bank – Bahrain (1997-2009)

4. Mr. Bijan Khosrowshahi

Board Member, Representative of Odyssey Reinsurance Co.- U.S.A

Date of Membership: 23/3/2011

Date of Birth: 1961

Education: MBA, 1986 and Bachelor degree in Mechanical Engineering, Drexel University, USA, 1983.

Current Positions:

- President of Fairfax International, London
- Board member, Representative of Fairfax Financial Holdings Limited for the following companies:
- Gulf Insurance Company – Kuwait
- Bahrain Kuwait Insurance – Bahrain
- Arab Misr Insurance – Egypt
- Arab Orient Insurance Company – Jordan
- Fajr Al-Gulf Insurance Co. – Lebanon
- Commercial International Bank - Egypt

Previous Positions:

- President & CEO, Fuji Fire and Marine Insurance Company, Japan
- President, AIG's General Insurance operations, Seoul, Korea (2001-2004)
- Vice Chairman and Managing Director, AIG Sigorta, Istanbul, Turkey (1997-2001)
- Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region, USA
- Held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986
- Board member, Foreign Affairs Council
- Board member, Insurance Society of Philadelphia
- Council member, USO, Korea
- Chairman, Insurance committee of the American Chamber of Commerce, Korea
- Member, Turkish Businessmen's Association

5. Mr. Tariq M. Abdul Salam

Board Member, Representative of Kuwait Projects Co. (Holding) – Kuwait

Date of Membership: 15/7/1997

Date of Birth: 1965

Education: Bachelor degree in Accounting, Kuwait University, 1987.

Diploma in International Securities, Kuwait, 1996.

Current Positions:

- Chief Executive Officer of the Investment sector, Kuwait Projects Co. (Holding) - Kuwait (2011 - Present)
- Chairman, United Real Estate Company - Kuwait (2010 - Present)
- Vice Chairman, Kuwait Clearing Co. – Kuwait (2004 - Present)
- Board Member, Saudi Dairy & Foodstuff Co. (SADAFCO) - Saudi Arabia (2012 - Present)
- Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait (2013 - Present)
- Board Member, Qurain Petrochemical Industries Co. (2006 - Present)
- Board Member, Royal Capital – Abu Dhabi (2007 - Present)

Previous Positions:

- Chairman, Burgan Bank - Kuwait (2007 - 2010)
- Vice Chairman, Burgan Bank – Kuwait (2004 - 2007)
- Board Member, Bank of Kuwait & Middle East – Kuwait (2003 - 2004)
- Board Member, United Gulf Bank – Bahrain (2002 - 2008)
- Board Member, Industrial Bank of Kuwait – Kuwait (2002 - 2003)
- Board Member, KIPCO Asset Management Co. (KAMCO) (1998 - 2009)
- General Manager, KIPCO Asset Management Co. (KAMCO) (1998 - 2006)
- Chairman, Kuwait Clearing Co. – Kuwait (1997 - 2004)
- Board Member, Gulf Insurance Company – Kuwait (1997 - 2001)
- Vice President, Trading and Investment Portfolio Management, Kuwait Investments Projects Co.- Kuwait (1996 – 1999)
- Board Member, Bahrain and Kuwait Insurance Co. – Kuwait (1992-2008)
- Manager, Trading and Global Investment Projects Department, Kuwait Investment Projects Co.-Kuwait (1992 - 1996)
- Manager, Global Securities Department, International Financial Advisors Company (1987 - 1991)

6. Mr. Farouk A. Al -Aref

Board Member

Date of Membership: 15/7/1997

Date of Birth: 1938

Education: Bachelor degree in International Relations, University of Chicago –USA, 1961.

Previous Positions:

- CEO, Gulfcom Telecommunications
- Head of Management Committee, Jordan SADAFCO Food Co. (Until May 2009)
- Deputy General Manager, Al Razi Pharmaceutical Company (1993 - 1999)
- Deputy General Manager, Jordan Kuwait Bank (1988 - 1993)
- General Manager, Nayef Al Dabbous & Sons Co. - Kuwait (1970 - 1988)
- Administrative Manager, Ministry of Public Works - Kuwait (1961 - 1966)

7. Dr. Yousef M. Goussous**Board Member, Representative of Burgan Bank – Kuwait****Date of Membership:** 20/2/2001**Date of Birth:** 1939**Education:** Bachelor degree in medicine, Ain Shams University-Egypt, 1965 and then completed his specialization in heart diseases at Houston University, Texas-USA, 1973.**Current and Previous Positions:**

- Member of the Jordanian Senate (2011 – 2013)
- Lecturer on heart disease at the University of Jordan and at the Jordan University for Science and Technology
- Senior consultant at Queen Alia Center for Heart Disease and Surgery
- Served as Manager of Al Hussein Medical Center and Chief of the Royal Medical Services
- Deputy Head of Management Committee, Amman Surgical Hospital
- Fellow of several distinguished British and American medical institutions
- Holder of several elite civil, military and medical medals of achievement in Jordan and abroad

8. Mr. Mansour A. Louzi**Board Member, Representative of Strategy Company for Investments****Date of Membership:** 15/3/2009**Date of Birth:** 1961**Education:** Bachelor degree in Business Administration, St. Edwards University, Texas -USA, 1983.**Current Positions:**

- Business Development Manager, Siemens Company - Jordan Branch
- Board Member, United Financial Investments Co. / Representative of Jordan Kuwait Bank

Previous Positions:

- Board Member, Arab Orient Insurance Co. (2009 - 2013)
- Board Member, Jordan New Cable Company (2008 - 2011)
- Administrative Manager, Siemens Company -Jordan Branch (1993 - 2006)
- Board Member, Amman Insurance Company Ltd. (1998 - 2000)
- Board Member, Philadelphia Bank for Investment (1996 - 2000)
- Board Member, National Company for Steel Manufacturing (1995 - 2000)
- Central Bank of Jordan – International Relations Dept. - Investment Unit (1985 - 1993)
- Jordan Armed Forces – Studies & Development Dept. (1984 - 1985)

2- Executive Management:

1. Mr. "Moh'd Yaser" M. Al -Asmar

Position: General Manager

Date of Birth: 1947

Date of joining: 15/9/1990

Education: Bachelor degree in Business Administration, University of Jordan, 1970.

Previous Positions:

- Asst. General Manager, Credit Dept (1990 – 1993)
- Asst. General Manager, Credit Administration and Control, Commercial Bank of Kuwait - Kuwait (1971 – 1990)

Memberships:

- Board Member, The Association of Banks in Jordan
- Vice Chairman
- Board Member, Arab Orient Insurance Co./ Representative of Jordan Kuwait Bank until 27/3/2013

2. Mr. Tawfiq A. Mukahal

Position: Deputy General Manager – Head of Banking Group

Date of Birth: 1951

Date of joining: 12/10/1991

Education: Secondary School Certificate, 1969.

Previous Positions:

- Asst. General Manager, Credit Dept. (1998 – 2007)
- Executive Manager, Credit Dept. (1993 – 1997)
- Manager, Marketing & Credit Unit (1991 – 1993)
- Manager, Marketing & Credit Dept., National Bank of Kuwait – Kuwait (1971 – 1990)

Memberships:

- Board Member, Jordan Steel Co./ Representative of Jordan Kuwait Bank
- Board Member, Jordan Mortgage Refinance Co./ Representative of Jordan Kuwait Bank
- Board Member, Jordan Loan Guarantee Corporation / Representative of Jordan Kuwait Bank
- Board Member, Kingdom Electricity Co. /Representative of Daman Energy Investment Co.

3. Mr. Shafer E. Suleiman

Position: Head of Risk Management & Compliance Group

Date of Birth: 1963

Date of joining: 16/5/1999

Education: Master degree in International Banking, Heriot-Watt University – U.K., 1998.

Previous Positions:

- Asst. General Manager – Internal Audit Dept. (1999-2009)
- Worked at the Central Bank of Jordan (1988 – 1999)

Memberships:

- Board Member, Darat Jordan Holdings / Representative of Jordan Kuwait Bank (5/2013 – 6/2014)

4. Mr. William J. Dababneh**Position:** Head of Treasury & Investment**Date of Birth:** 1957**Date of joining:** 27/8/1994**Education:** Secondary School Certificate, 1975.**Previous Positions:**

- 17 Years Experience in various banks and the last was Arab Jordanian Investment Bank (1990 – 1994)

5. Mrs. Hiyam S. Habash**Position:** Head of Finance**Date of Birth:** 1955**Date of joining:** 6/2/1999**Education:** Diploma in Applied Science, American Lebanese University, 1978.**Previous Positions:**

- Financial Manager, New English School (1992 – 1997)
- Financial Manager, Petra Bank (1978 – 1989)

6. Mr. Haethum S. Buttikhi**Position:** Head of Retail & Private Banking**Date of Birth:** 1977**Date of joining:** 1/6/2003**Education:** Royal Military Academy, Sandhurst - U.K., 1996.

Bachelor degree in Political Science & International Relations, Kent University – U.K., 2000.

Previous Positions:

- Executive Manager, Private Banking Unit (2006 - 2007)
- Manager, Main Branch (2003 - 2005)

Memberships:

- Chairman, Ejara Leasing Co. (fully owned subsidiary) (2011 – Present)
- Board Member, United Financial Investments Co. (2005 – Present)
- Vice Chairman, Middle East Payment Services (MEPS) / Representative of Jordan Kuwait Bank (2009 – Present)
- Board Member, Jordan Phosphate Mines Co./ Representative of Jordan Kuwait Bank (2012 – Present)
- Board Member, Amad Investment & Real Estate Development Co. (2008 – 2014)

7. Mr. Abdel Kareem M. Friehat**Position:** Head of Operations & Information Technology**Date of Birth:** 1966**Date of joining:** 6/10/2013**Education:** Bachelor degree in Electrical Engineering, Mu'tah University, 1988**Previous Positions:**

- CEO, Almanar CroweHorwath – Saudi Arabia (2011-2013)
- Chief Information Officer, Bank Al Jazira - Saudi Arabia (2001-2011)
- Secretary General, Ministry of Information and Communication Technology (2007-2008)
- General Manager, ComNet (1999-2001)
- Communications Consultant, Housing Bank for Trade and Finance (1995-1999)
- Communications Engineer, Communications Dept. Jordanian Armed Forces (1988-1995)

8. Mr. Zuhdi B. Al-Jayousi:

Position: Head of Corporate Credit

Date of Birth: 1970

Date of joining: 6/9/1997

Education: Bachelor degree in Accounting, Al- Ahliyya Amman University, 1994.

Previous Positions:

- General Banking Experience, Jordan & Gulf Bank, (1994 –1997).

Memberships:

- Board Member, Comprehensive Leasing Co. / Representative of Jordan Kuwait Bank (2006 - Present)
- Board Member, Irbid Electricity Co. / Representative of Jordan Kuwait Bank (2012 - 2014)

9. Mr. Ibrahim E. Kaset:

Position: Head of Legal Affairs

Date of Birth: 1962

Date of joining: 1/4/1989

Education: Bachelor degree in Law, University of Jordan, 1986.

Previous Positions:

- Legal Department (2000 – Present)
- Credit Department (1994 – 2000)
- Credit Follow Up Department (1989 – 1994)

Memberships:

- Board Member, Ejara Leasing Co. (fully owned subsidiary)

10. Mr. Ibraheem S. Al-Hanash

Position: Regional Head – Palestine Branches

Date of Birth: 1957

Date of joining: 1/2/1981

Education: Bachelor degree in Accounting, Philadelphia University – Jordan, 1999.

Previous Positions:

- Jordan Kuwait Bank – Jordan (1981-2007)

Memberships:

- Board Member, The Arab Hotels Co. – Palestine/ Representative of Jordan Kuwait Bank (2013 – Present)

11. Mr. Moh'd J. Azem Hammad:

Position: Head of Risk Department

Date of Birth: 1972

Date of joining: 10/8/1999

Education: Master degree in Banking & Finance, The Arab Academy for Banking & Financial Studies, 1999.

Previous Positions:

- General Banking Experience, Arab Real Estate Bank, (1994 –1999).

Memberships:

- Board Member, Ejara Leasing Co. (fully owned subsidiary) (2013 – Present)

12. Mr. Sa'ed M. Tu'meh:

Position: Head of Compliance Department

Date of Birth: 1970

Date of joining: 1/5/2001

Education: Bachelor degree in Accounting, University of Jordan, 1991.

Previous Positions:

- General Banking Experience, Housing Bank, (1992 –2001).

13. Mr. Abdallah I. Mismar

Position: Head of Administration Affairs Department

Date of Birth: 1973

Date of joining: 5/3/2000

Education: Bachelor degree in Law, Al-Ahliyya Amman University, 1997.

Previous Positions:

- Legal Affairs Department at Ministry of Interior (1997-2000)

14. Mr. Daoud A. Issa

Position: Head of Human Resources Department

Date of Birth: 1973

Date of joining: 18/11/2012

Education: Bachelor degree in Economics, Al-Yarmouk University, 1998.

Previous Positions:

- Head of HR planning and budget and Head of Personnel, Qatar Petroleum and its affiliated companies - Qatar (2004-2012)
- Personnel Manager, Lotus Trading and Contracting Company – Qatar (2001 – 2004)
- Personnel and Public Relations Manager, Engineering Technical Contracting Company – Jordan (1997-2001)

15. Mr. Ibraheem F. Taani

Position: Head of Internal Audit Department

Date of Birth: 1964

Date of joining: 4/11/2013

Education: Master degree in finance and banking, Arab Academy for Banking and Financial Sciences, 1994.

Previous Positions:

- Head of Internal Audit, Standard Chartered Bank – Jordan (2011-2013)
- Executive Vice President, ABC Investment (2009-2011)
- Chief Financial Officer, Aloula Geojit – KSA (2007-2009)
- Head of Examiners/ Inspectors - Central Bank of Jordan (1989-2007)
- Financial Analyst, Jordan Securities Commission (1988-1989)

4b/4: Shareholders who own 1% or more of the Bank's shares (2014 & 2013)

Shareholder	Nationality	No. of Shares 31/12/2014	%	No. of Shares 31/12/2013	%	Ultimate Beneficiary	Mortgaged Shares
Burgan Bank	Kuwaiti	50,927,827	50.928	50,927,827	50.928	Kuwait Projects Company (Holding) (KIPCO)	-
Social Security Corporation	Jordanian	21,041,644	21.042	21,041,644	21.042	Itself	-
Odyssey Reinsurance Company	American	5,850,000	5.850	5,850,000	5.850	Fairfax Financial Holdings	-
Orient Holding Company	Kuwaiti	1,097,246	1.097	1,097,246	1.097	Itself	-
Proudstar Trading Limited	Cypriot	1,052,793	1.053	1,051,123	1.051	Itself	-
Kuwait Wealth Holding Ltd	Virgin Islands	1,000,000	1.000	-	-	Itself	-
General Mediterranean Jordan Touristic & Industrial Investments Company	Jordanian	-	-	1,000,000	1.000	General Mediterranean Holding / Luxembourg	-

4b/5: Competitive position: The Bank operates within the Jordanian banking sector, which includes 26 banks, 10 of which are foreign banks. The Bank has 56 branches in Jordan, 2 branches in Palestine and a branch in Cyprus. The Bank's main activities include the acceptance of deposits, granting credit, and offering banking and investment services to various economic sectors, institutions and individuals. The Bank's share of the total banking facilities in Jordan was 6% and 5.35% of total deposits as at 31/12/2014.

4b/6: ICS Financial Systems LTD., the provider of the new core banking system, obtained more than 10% of the total Bank's purchases for the year 2014.

4b/7:

- The Bank does not enjoy any governmental concessions or protection in accordance with the prevailing rules and regulations.
- The Bank does not have any patents or franchise rights acquired by the Bank.

4b/8: There has been no material effect on the Bank's operations, products or competitiveness as a result of any government or international organizations' decisions.

4b/9: Human Resources, Training and Organizational Structure:

Total number of employees as at 31/12/2014 was (1,036) of whom (11) were employed at Nablus branch, (20) at the Regional Management Office – Palestine & Ramallah branch and (5) at Cyprus branch. In addition, there were (32) employees at the Subsidiary companies.

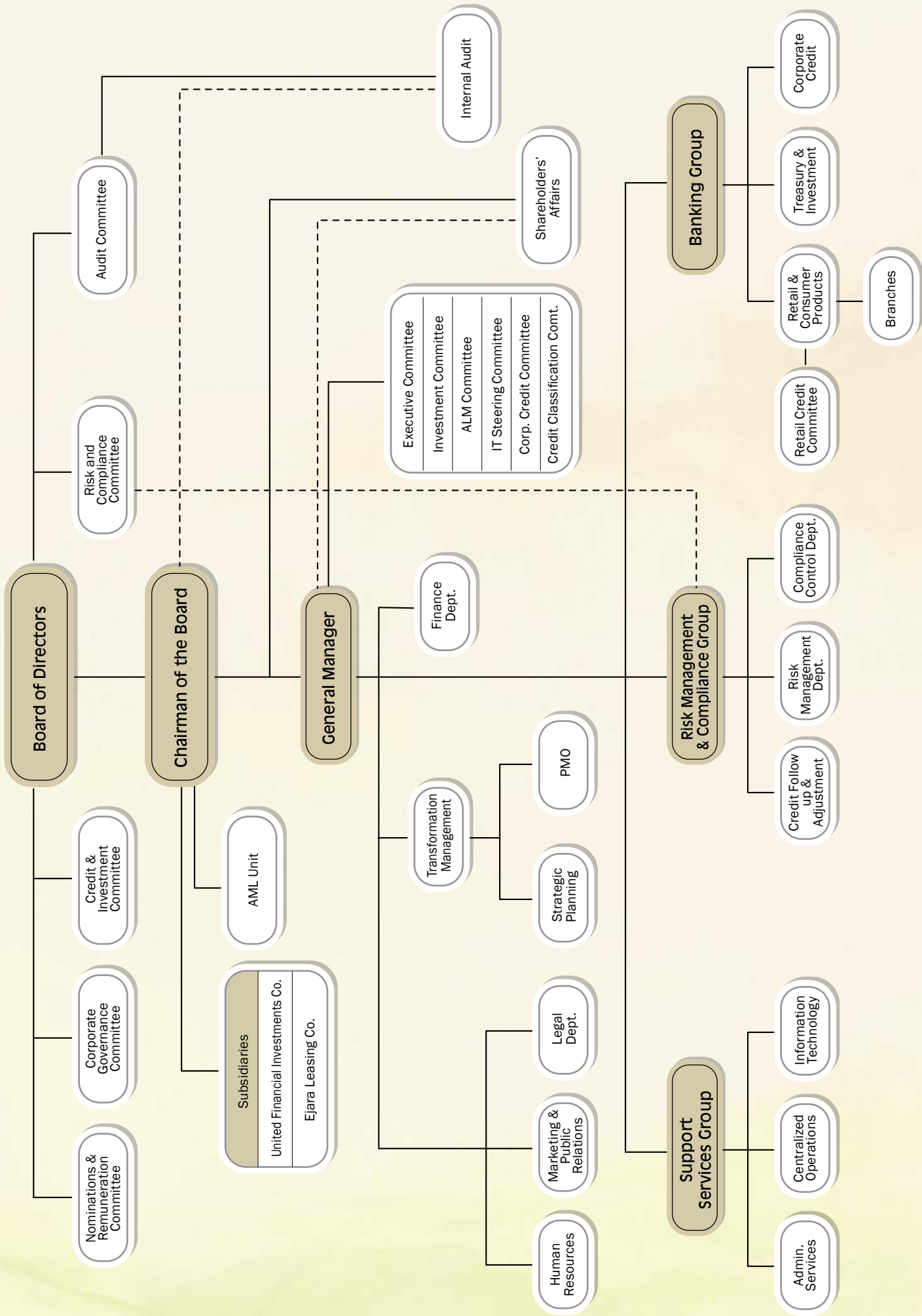
Staff educational qualifications:

Qualification	Jordan Kuwait Bank	United Financial Investments Co.	Ejara Leasing Co.
PhD	1	-	-
Masters	57	2	1
Higher Diploma	6	-	-
Bachelor	756	6	14
Diploma	125	3	1
Secondary School Certificate	37	4	1
Pre- Secondary School Certificate	54	-	-
Total	1036	15	17

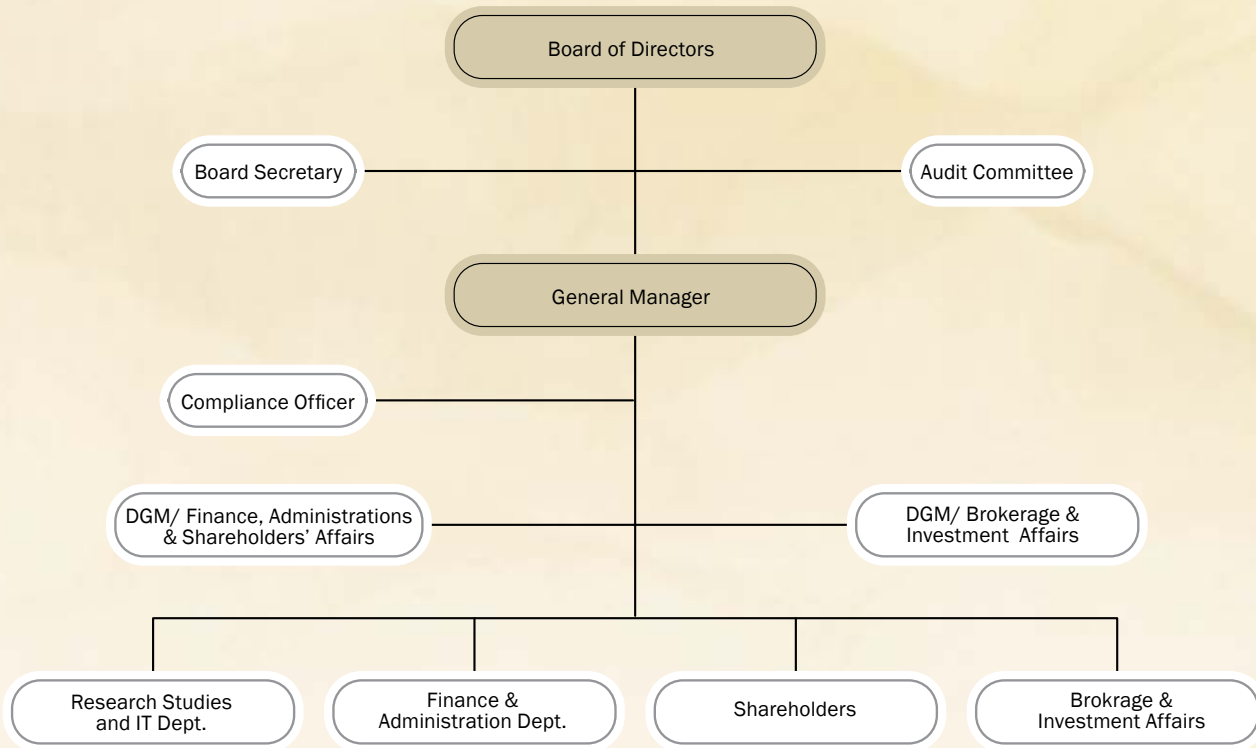
Staff training during 2014:

Training Subject	Number of Courses	Number of Participants
Internal Training	96	1975
External Training:		
Specialized Banking	8	15
Accounting & Financial Management	4	6
Credit Facilities	11	12
Risk Management, Audit & Control	15	23
Administrative	4	42
Public Relations	2	2
English Language	36	36
IT & Information Systems	7	16
Cards	2	3
Skills	3	6
Treasury & Investment	2	3
Legal	4	5
Risk Management	4	7
Miscellaneous	12	18
Total	210	2169

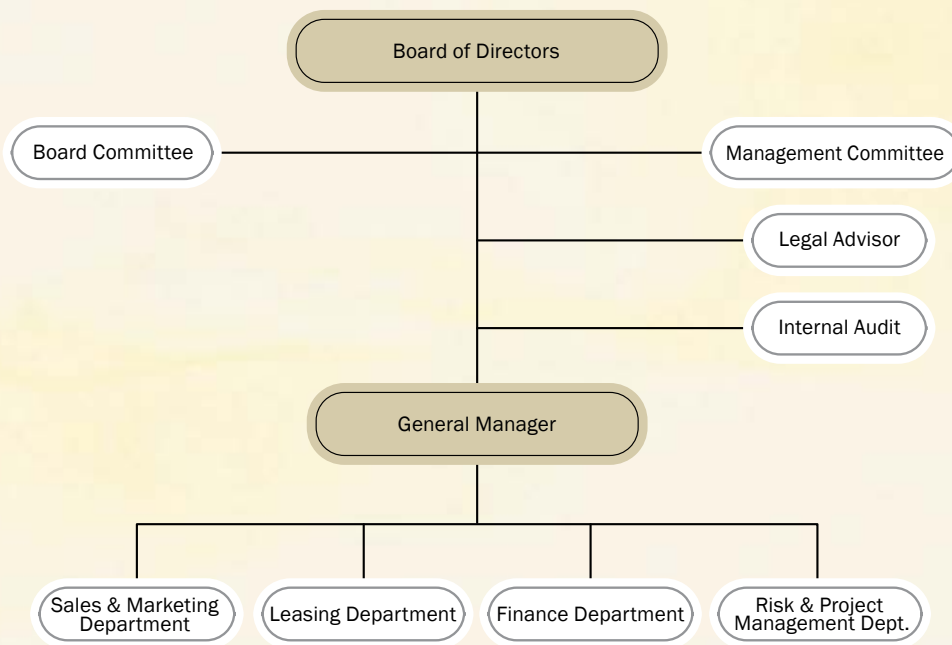
Jordan Kuwait Bank Organization Structure



United Financial Investments Co.



Ejara Leasing Co.



4b /10: Description of risks: Included in the report.

4b /11: Achievements during 2014: Included in the report.

4b /12: There had been no financial effects of non-recurring operations that do not fall within the Bank's core business activity during 2014.

4b/13: Changes in Net Profit, Dividend, Shareholders' equity and Share price (2010-2014)

Amounts in Thousand US Dollars

Year	Profit before tax	Dividend		Bank Shareholders' Equity	Share / \$
		Bonus Shares	Cash		
2010	104,185	-	20%	457,767	6.09
2011	78,451	-	20%	488,918	5.11
2012	89,344	-	20%	527,624	4.27
2013	93,138	-	20%	570,559	5.49
2014	88,709	-	20%	609,004	6.05

4b/14: Financial Position: Included in the report.

4b/15: Future Plan: Included in the report.

4b/16: Auditors' Fees: Auditors' fees for the Bank and its subsidiaries in 2014 amounted to USD314,085.

4b/17: Shares owned by the Board Members during 2014 & 2013:

	Name	Position	Nationality	Shares 31/12/2014	Shares 31/12/2013
1	H.E. Abdel Karim A. Kabariti	Chairman	Jordanian	1,146	1,146
2	United Gulf Bank - Bahrain	Vice Chairman	Bahraini	226,667	226,667
	Mr. Faisal H. Al-Ayyar	Representative of United Gulf Bank	Kuwaiti	10,000	10,000
3	Burgan Bank	Board Member	Kuwaiti	50,927,827	50,927,827
	Dr. Yousef M. Goussous	Representative of Burgan Bank	Jordanian	8,666	8,666
4	Social Security Corporation	Board Member	Jordanian	21,041,644	21,041,644
	H.E. Dr. Jafar A. Hassan	Representative of Social Security Corporation (Until 14/11/2014)	Jordanian	-	-
5	Strategy Company for Investments	Board Member	Jordanian	465,631	465,631
	Mr. Mansour A. Louzi	Representative of Strategy Company for Investments	Jordanian	49,000	49,000
6	Al- Futtooh Holding Co.	Board Member	Kuwaiti	44,996	44,996
	Mr. Masaud M.Jawhar Hayat	Representative of Al- Futtooh Holding Co.	Kuwaiti	32	32
7	Kuwait Projects Co. (Holding)- Kuwait	Board Member	Kuwaiti	50,996	50,996
	Mr. Tariq M. Abdul Salam	Representative of Kuwait Projects Co. (Holding)	Kuwaiti	14,250	14,250
8	Odyssey Reinsurance Co.	Board Member	American	5,850,000	5,850,000
	Mr. Bijan Khosrowshahi	Representative of Odyssey Reinsurance Co.	American	-	-
9	Mr. Farouk A. Al-Aref	Board Member	Jordanian	14,004	14,004

Shares owned by the Bank Executives during 2014 & 2013

	Name	Position	Nationality	Shares 31/12/2014	Shares 31/12/2013
1	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager	Jordanian	20,000	20,000
2	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	Jordanian	-	-
3	Mr. Shafer E. Suleiman	Head of Risk Management & Compliance Group	Jordanian	-	-
4	Mr. William J. Dababneh	Head of Treasury & Investment	Jordanian	-	-
5	Mrs. Hiyam S. Habash	Head of Finance	Jordanian	1,600	1,600
6	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	Jordanian	-	-
7	Mr. Abdel Kareem M. Friehat	Head of Operations & Information Technology	Jordanian	-	-
8	Mr. Zuhdi B. Al-Jayousi	Head of Corporate Credit	Jordanian	-	-
9	Mr. Ibrahim E. Kashed	Head of Legal Affairs	Jordanian	-	-
10	Mr. Ibraheem S. Al-Hanash	Regional Head - Palestine Branches	Jordanian	-	-
11	Mr. Moh'd J. Azem Hammad	Head of Risk Dept.	Jordanian	-	-
12	Mr. Sa'ed M. Tu'meh	Head of Compliance Dept.	Jordanian	-	-
13	Mr. Abdallah I. Mismar	Head of Administration Affairs Dept.	Jordanian	-	-
14	Mr. Daoud A. Issa	Head of Human Resources Dept.	Jordanian	-	-
15	Mr. Ibraheem F. Taani	Head of Internal Audit Department	Jordanian	-	-

Shares held by companies controlled by Board Members

Board Member	Position	Name of controlled Company	Ownership %	Shares of controlled Company in JKB	
				31/12/2014	31/12/2013
United Gulf Bank- Bahrain	Board Member	Burgan Bank - Kuwait	17.00	50,927,827	50,927,827
Al- Futtooh Holding Co. - Kuwait	Board Member	Kuwait Projects Co. (Holding)- Kuwait	44.63	50,996	50,996
Kuwait Projects Co. (Holding)-Kuwait	Board Member	Burgan Bank-Kuwait	45.72	50,927,827	50,927,827
Kuwait Projects Co.(Holding)- Kuwait	Board Member	United Gulf Bank - Bahrain	85.47	226,667	226,667

Shares Owned by Relatives of Board Members and Bank Executives during 2014 & 2013:

	Name	Relation	Nationality	Shares 31/12/2014	Shares 31/12/2013
1	Mrs. Zakiah I. Murad	Wife of Mr. Farouk A. Al-Aref / Board Member	Jordanian	14,409	14,409
2	Mrs. Hind M. Jaber	Wife of Mr. "Moh'd Yaser" M. Al-Asmar / General Manager	Jordanian	10,000	10,000

4b/18a: Members of the Board of Directors' Remuneration:

	Name	Position	Board Membership Allowance	Travel, Transportation and Board committees' Membership Allowances	Total USD
1	H.E. Abdel Karim A. Kabariti	Chairman	7,052	120,273	127,325
2	Mr. Faisal H. Al-Ayyar	Vice Chairman	7,052	12,000	19,052
3	Representative of Social Security Corporation	Board Member	7,052	7,546	14,958
4	Mr. Masaud M. Jawhar Hayat	Board Member	7,052	12,424	19,476
5	Mr. Tariq M. Abdul Salam	Board Member	7,052	15,386	22,438
6	Mr. Farouk A. Al-Aref	Board Member	7,052	13,259	20,311
7	Dr. Yousef M. Goussous	Board Member	7,052	10,720	17,772
8	Mr. Mansour A. Louzi	Board Member	7,052	11,425	18,477
9	Mr. Bijan Khosrowshahi	Board Member	7,052	12,847	19,899

4b/18b: Executive Management's Remuneration:

	Name	Position	Annual Salary	Travel & Per diems	Committees	Total USD
1	H.E. Abdel Karim A. Kabariti	Chairman	322,257	-	-	322,257
2	Mr. "Moh'd Yaser" M. Al-Asmar	General Manager	552,045	19,846	14,386	586,277
3	Mr. Tawfiq A. Mukahal	Deputy G.M. / Head of Banking Group	418,482	3,500	5,500	427,482
4	Mr. Shafer E. Suleiman	Head of Risk Management & Compliance Group	274,911	3,436	9,027	287,374
5	Mr. William J. Dababneh	Head of Treasury & Investment	287,210	6,910	-	294,120
6	Mrs. Hiyam S. Habash	Head of Finance	265,388	-	-	265,388
7	Mr. Haethum S. Buttikhi	Head of Retail & Private Banking	261,935	13,344	-	275,279
8	Mr. Abdel Kareem M. Friehat	Head of Operations & Information Technology	187,588	6,700	-	194,288
9	Mr. Zuhdi B. Al-Jayousi	Head of Corporate Credit	167,465	4,657	1,410	173,532
10	Mr. Ibrahim E. Kashet	Head of Legal Affairs	165,049	2,351	-	167,400
11	Mr. Ibraheem S. Al-Hanash	Regional Head – Palestine Branches	170,932	-	-	170,932
12	Mr. Moh'd J. Azem Hammad	Head of Risk Dept.	150,922	-	1,270	152,192
13	Mr. Sa'ed M. Tu'meh	Head of Compliance Dept.	143,226	-	1,270	144,496
14	Mr. Abdallah I. Mismar	Head of Administration Affairs Dept.	86,516	-	-	86,516
15	Mr. Daoud A. Issa	Head of Human Resources Dept.	140,067	-	-	140,067
16	Mr. Ibraheem F. Taani	Head of Internal Audit Department	155,221	5,120	1,270	161,611

4b/19: Donations: Total donations made by the Bank and its subsidiaries during 2014 amounted to USD741,892. Details of which are listed below:

Recipient	Amount / USD
University Education	245,478
Sports Activities	26,062
Support to Jordanian Writers & Authors	7,127
Training Students from Institutes & Universities	26,578
National Workshops & Conferences	68,825
Awards for Outstanding Students & Competitions	1,093
Charities & Social Activities	356,873
Donations of Branches Abroad	9,856
Total	741,892

4b/20: Contracts, projects and commitments held by the Bank with subsidiaries or sister or affiliate companies or the Chairman or members of the Board of Directors or General Manager or any staff member of the Bank or their relatives:

The Bank entered into transactions with subsidiaries, sister and affiliate companies, major shareholders, members of the Board of Directors, and executive management within the normal Bank activities and applying commercial interest rates and commissions. All facilities granted to stakeholders are considered performing loans and no provisions were allocated for them. Details of such transactions are disclosed in Note 38 to the 2014 consolidated financial statements published in this report.

4b/21: The Bank contributes towards the welfare of the local community and the environment; this was explained in the Activities and Achievements Chapter of this report.

4c/1-5: Financial Statements: Included in the report.

4d: Auditor's Report: Included in the report.

4e: Declarations by the Board of Directors:

4e/1: The Board of Directors hereby declares that there are no material issues that could hinder the business continuity of the Bank during the financial year 2015.

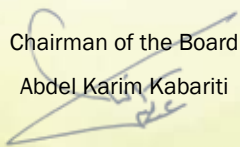
4e/2: The Board of Directors also declares its responsibility for the Financial Statements and that the Bank has an effective control system.

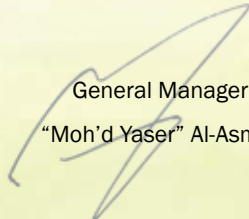
4e/3: Each of the undersigned Board of Directors declares that he did not gain any benefits, either cash or in-kind, as a result of his position at the Bank and was not declared whether be it for himself or any of his related parties during the year 2014.

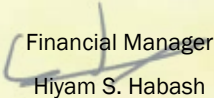
Chairman & Members of the Board Signatures

Name	Signature
Mr. Abdel Karim A. Kabariti	
Mr. Faisal H. Al-Ayyar, Rep., United Gulf Bank – Bahrain	
Dr. Jafar A. Hassan, Rep., Social Security Corporation (until 14/11/2014)	
Mr. Masaud M. Jawhar Hayat, Rep., Al- Futtooh Holding Co. – Kuwait	
Mr. Tariq M. Abdul Salam, Rep., Kuwait Projects Co. - Kuwait	
Mr. Farouk A. Al-Aref	
Dr. Yousef M. Goussous, Rep., Burgan Bank - Kuwait	
Mr. Mansour A. Louzi, Rep., Strategy Co. for Investments	
Mr. Bijan Khosrowshahi, Rep., Odyssey Reinsurance Co. - U.S.A	

4e/3: The Chairman of the Board, the General Manager and the Financial Manager hereby declare that all information and data provided in this report are accurate and comprehensive.


Chairman of the Board
Abdel Karim Kabariti


General Manager
"Moh'd Yaser" Al-Asmar


Financial Manager
Hiyam S. Habash

Disclosure on compliance with the guidelines of corporate governance manual for the shareholding companies listed in the Amman Stock Exchange

Company Name: Jordan Kuwait Bank

Financial Year: 2014

Chairman of the Board: Abdel Karim A. Kabariti

General Manager: "Moh'd Yaser" M. Al-Asmar

The company is committed to adhering to all the peremptory and general rules, and is committed to the guidance rules that are in line with the nature of its activities and banking operations according to the applicable laws in force. The guidance laws that the company has not adhered to are listed below alongside the justification of non-compliance:

		Rule	Justification
Company Board of Directors			
2-	1	Board members are elected by a cumulative voting method in an anonymous ballot by the company's General Assembly.	Board Members are elected according to article (132) of the companies' law.
3-	1	One third of the board members at least should be independent members.	This will be adhered to within the deadline specified in the Corporate Governance Instructions for Banks No. 58/2014 related to the number of board members.
B- Committees formed by the Board of Directors			
3-	2	The Board Audit and the Nominations & Remuneration Committees are to be formed from at least three non executive members, two of whom are independent and one of whom is to chair the committee.	This will be adhered to within the deadline specified in the Corporate Governance Instructions for Banks No. 58/2014 related to the number of board members and the availability of the sufficient number of independent members.
6-	5	The two committees present their decisions and recommendations to the Board of Directors and a report regarding their work to the company's Ordinary General Assembly.	The two committees present their decisions and recommendations to the Board of Directors only.
General Assembly Meetings			
1	3	An invitation for each shareholder to attend the General Assembly to be sent 21 days before the scheduled date of the meeting.	Shareholder invitations are sent according to article (144) of the companies' law.

Jordan Kuwait Bank
Corporate Governance Manual

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Introduction

The basis and principles of corporate governance have become among the most prominent issues discussed globally considering their high importance and contribution to furthering economic success and reform, particularly in light of globalization and economic openness among the world's economies. It is needless to say that these bases and principles have become a necessity to both private and public sector entities, and are considered a basic requirement for increasing confidence in the economy of every country and proof of sound management principles, transparency and accountability. Good corporate governance is the basis of the success of institutions and their application depend to a great extent on the skills, experiences and knowledge of the members of the Board of Directors and that of the executive management.

Corporate governance can be defined as ⁽¹⁾ "A set of systems and structures that demonstrate the organizational relationships between; and the responsibilities of; a Bank's management, its board, its shareholders, and other stakeholders so as to guarantee the attainment of the Bank's goals in the presence of effective monitoring, thereby encouraging institutions to use resources more efficiently."

Jordan Kuwait Bank (JKB) views corporate governance from its own unique perspective whereby it considers it as the key towards achieving confidence among its customers and other stakeholders. Corporate governance is the style and method through which the internal and external relationships are managed.

JKB believes that applying good corporate governance results in the sound management of the Bank and attainment of its strategic goals. In addition, it is JKB's strong belief that adoption of good corporate governance by all institutions in Jordan would lead to the creation of competent institutions and an appropriate competitive environment supportive of the national economy as a whole. This is particularly important given that banks play a key role in the financial system of a country and rely on their clients' deposits, thus further reinforces the high importance of applying good corporate governance principles.

In light of the above, JKB's Board has decided to adopt a Corporate Governance Manual (later referred to as the Manual), which was prepared in accordance with the international best practices in the field and the Central Bank of Jordan's (CBJ) and Central Bank of Kuwait (CBK) regulations and guidelines. Through this Manual, the Bank aims to achieve good corporate governance mainly demonstrated through the equitable treatment of all stakeholders, transparency, declaration of the Bank's administrative and financial standing, accountability with regard to the relationship between the Board of Directors and the executive management; shareholders; and various stakeholders as well as clarifying responsibilities through the segregation of duties and delegation of authority.

The provisions under this manual shall apply to the Board of Directors, the Executive Management, employees and the service providers of the Bank.

This Corporate Governance Manual reflects the requirements and policies of the Bank that has been approved by the Board of the Bank and has made this Manual available to the public on the Bank's website www.jkb.com.

JKB Corporate Governance Mission

JKB aims to achieve the highest standards of work ethics through the accurate and transparent disclosure of the Bank's results and ensuring its full compliance with the various laws and regulations that govern the operations of the Bank.

Legal Framework and References

Effective corporate governance relates to various internal factors including how effective the relationship is between the Bank's management and its Board of Directors, shareholders and stakeholders. As for external factors that support good corporate governance, these could be listed as follows:

- Banks Law No. (28) of 2000.
- Companies Law No. (22) of 1997.
- Securities Law No. (76) of 2002.
- Deposits Guarantee Law No. (33) of 2000. In addition to all laws that protect the rights of shareholders, depositors and relevant stakeholders.
- Regulations and directives issued pursuant to the above-mentioned laws and any amendments made thereafter.
- Furthermore, the following references were used as key resources for drafting the Manual:
- The Corporate Governance Code for Banks in Jordan issued by the Central Bank of Jordan during 2007.

(1) As defined by the Organization for Economic Co-operation and Development OECD.

- Corporate governance policies and practices in accordance with the Central Bank of Kuwait Circular (2/RB, RBA/284/2012) dated 20 June 2012.
- Related publications issued by the Basel Committee.
- Relevant OECD and World Bank publications.
- The Current Status of the Bank with respect to Corporate Governance.
- Various professional publications on corporate governance related topics.
- Accounting standards and international financial reporting standards.

Corporate Governance Best Practices

The regulation of corporate governance and the various legal and regulatory frameworks vary significantly between countries. However, good corporate governance can be achieved regardless of the model adopted by the banking institutions provided that key functions are operating as required.

Four methods of monitoring should be included in any bank's organizational structure to guarantee effective levels of monitoring are achieved. These methods are:

1. Monitoring by the Board of Directors.
2. Monitoring by individuals not engaged with managing day-to-day affairs.
3. Direct supervision by each business unit.
4. Separate units for managing risk and compliance subjected to internal audit procedures.

I. Corporate Governance Stakeholders

1. Shareholders

The Corporate Governance framework at the Bank ensures protection of shareholders' rights and their equal treatment, especially in light of the laws, regulations and instructions issued by the regulatory bodies and incorporates the same into the Bank's policies and procedures. This includes:

- Protecting the shareholder's basic rights related to registering ownership and its transfer, participation in shareholders meetings, participation in profits, and obtaining regular information about the Bank.
- Ensuring shareholder's rights in viewing and participating in decisions related to amendments to the Bank's articles of association, amendments to the capital by offering new shares, offering shares under the share option scheme for employees, or by purchasing shares, decisions related to any extraordinary transactions that have effects on the Bank's outcome or its operations/ activities such as a merger or sale of a tangible part of its assets or subsidiary banks.
- Encouraging effective participation of shareholders in the General Assembly meetings and acquainting them with voting rules, procedures, informing them of the date and place of the meeting with agenda at a sufficient time before the meeting. Enabling shareholders to view the General Assembly's minutes of meeting.
- Treating all shareholders equally, including small shareholders and foreign shareholders, and giving them the opportunity to question the Board and correct any violations to their rights.
- Providing information to shareholders at appropriate time and to allow them to fully practice their rights. This information shall be complete and accurate without differentiating between shareholders in regards to its provision.

Considering that stakeholder's rights represent an important aspect of good governance and that the success of the Bank is a result of collective efforts by the stakeholders such as depositors, loan takers, employees, investors, and other who have dealings with banks.

2. Directors

Board members have the prime responsibility for the management and performance of the Bank whereby Board members, on behalf of the shareholders, oversee the work of the management. The duties and responsibilities of Board members are defined by various laws and regulations (such as the Companies Law, Banks Law ... etc.)

3. Employees

All Bank employees have the task to apply internal control procedures as part of their respective responsibilities in achieving the goals of the Bank.

All employees should possess the necessary knowledge, skills, information and authority to perform their duties. This requires that employees have a complete understating of the operations of the Bank, the industry, the market and pertinent risks.

Through pursuing the fulfillment of these requirements, employees would contribute positively to the Bank's performance and achievements. The resulting success would further their sense of job security and satisfaction.

4. Creditors

The various parties having contractual relations with a bank, such as customers, suppliers and creditors form the base of any organization.

The relationship between the Bank and the various stakeholders depends on the level of trust established between them.

II. Organization Structure

The Board of Directors shall approve an organizational structure that suits the Bank's nature of activities, ensuring that there are sufficient organizational regulations to execute the strategy approved by the Board of Directors, and facilitates effective decision making and good governance. This shall include:

- Clear and transparent organization structure.
- Goals specified for each administrative unit.
- Functional tasks and responsibilities specified for each administrative unit.
- The authorities, lines of communication, and direct lines of supervision for positions at different management levels to achieve dual supervision (adequately balanced over the Board and Executive Management) and adequate allocation/ segregation of responsibilities.
- Adequate evidence, policies, and work procedures to execute the operations and supervise them and a job description for all positional levels in the organization structure, including specification of the qualifications and experience of those who occupy them.
- Ensure that Ownership structure does not hinder the implementation of good corporate governance.
- Independent department for risk, auditing and compliance functions.

III. Board of Directors

Structure of the Board

1. The Board shall comprise of non-executive Directors, as elected by the General Assembly, and will ensure independence in actions and decisions at all times.
2. The Board shall comprise of sufficient number of members to allow it to form the required number of Board Committees.
3. The Bank always accounts for having at least three independent directors on its Board.
4. The Bank defines the independent director as a member who is not linked to the Bank in any capacity that may affect the objectivity and neutrality of his judgment and meets the following minimum requirements:
 - has not been employed by the Bank for the preceding five years;
 - is not a relative (up to the second degree) of an administrator of the Bank;
 - is not receiving direct or indirect payment or compensation from the Bank (other than as a Director);
 - is not a director or owner of a company with which the Bank does business with (other than business relationships made in the ordinary course of business of the Bank and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties);
 - is not, nor in the past five years has been, affiliated with or employed by a present or former auditor of the Bank;
 - is not a shareholder with direct effective interest in the capital of the Bank, or indirectly through affiliating with one of the Bank's major shareholders;

5. Election and renewal of the Board membership shall be done in compliance with the applicable rules and regulations.
6. The changes related to the number of Board members of the Bank shall be suitably reflected through amendments in the Articles of Association to correspond to the implementation of the rules, regulations and instructions.
7. Each member of the Board shall serve a term of four years.
8. Any member that resigns shall do so in writing to the Chairman of the Board, expressing the reason thereto. The Chairman of the Board shall present the resignation of the resigned Board member to the Board, which shall finalize the decision on the resignation and nominating an alternative member.
9. The Board member can follow the Private Informant Policy (whistle blowing), when required. When the reason for the resignation is related to it, the Board may seek an independent opinion and/ or investigation prior to finalizing its decision on the resignation. In such cases, the Board shall inform (as required) the regulatory body prior to formalizing acceptance of the Board member's resignation and/ or nomination of an alternate member.
10. The post of a Director shall be deemed vacant, if such Director:
 - Fails to attend more than three consecutive meetings without a reason acceptable to the Board.
 - Dies or becomes legally incompetent or becomes otherwise incapable of performing his duties as a member of the Board.
 - Is convicted of any crime of immoral or dishonesty.
 - Is declared bankrupt or a criminal punishment given under the penal code of law.
 - Any member of the Board of Directors of a Public Shareholding Company shall be automatically abated from his term of office if, for any reason whatsoever, the number of shares that he should own decreases to less than the number of shares which he should be an owner of pursuant Companies Law , or if an attachment has been levied upon the shares pursuant to a final Court decision, or if they have been mortgaged during his term of office, unless he completes the shares which have been decreased from the shares which qualify him for such term in the Board within a period that does not exceed thirty days. Such shareholder may not attend any of the Board's meetings during the period in which the decrease of his shares occurs.
 - Resigns from his post pursuant to a written notice sent to the Chairman of the Board, provided that such resignation is approved by the Board.
11. The Bank separates between the Chairman of the Board and the General Manager positions and observes that there is no family relation between them below third degree.
12. In the case that the Chairman is an executive director, the Bank will appoint an independent director as vice Chairman.

Board Membership Criteria

The following are considered the minimum criteria required to be met by a Board member:

a. Board Membership Eligibility Requirements and Qualifications

Each Director should have the necessary qualifications to serve the interests of the Bank and relevant stakeholders. This includes fulfilling requirements set out in the Banks Law and other relevant laws. In addition, Board Members should possess some or all of the following expertise and qualifications:

- Diverse skills and experiences to enhance the independence of its decisions.
- Suitable banking experience.
- A certain level of education and training.
- Ability to judge with independence.
- Knowledge of financial statements and reasonable level of understanding of performance evaluation ratios. Relevant experience in the banking field is also required.
- Financial / Banking skills or expertise that contribute to the enrichment of the Board.
- Commitment to learn about the operations of the Bank and fulfill contribution requirements and readiness to resign in case of non performance.
- Understanding and knowledge of international best practices in management and their application thereof.
- Knowledge and experience related to important financial activities and subjects related to governance standards and effective supervision experience in financing, accounting, lending, Banking operations, payment systems, strategic planning, governance, risk management, internal control regulations, and the Bank's systems and instructions.
- Ability to provide a clear strategic direction and long-term vision and possess sound decision-making capability.

b. Loyalty, Honesty and Diligence

The commitment of Board members to loyalty, honesty and diligence constitute key aspects of achieving good corporate governance in terms of member's keenness to maintain an honest relationship whereby he/she, like any other Bank employee, discloses any material information prior to making any dealing or commercial transaction with the Bank, disclosure includes:

- Each Board member shall ensure that their other commitments, including outside Board memberships, do not interfere with their duties and responsibilities as a member of the Board.
- No Board member shall be present on the Board of any competitor to the Bank.
- Prior to the election/ re-election of a Board member, he/she shall sign declaration forms, as required by the regulatory bodies or the Bank, pertaining to independence, conflict of interest, insider trading, confidentiality, amongst others.

With regard to loyalty, in the case of conflict of interest between a Director and the Bank, all parties should seek that the process be fair for the Bank. The Board should apply, impartially, the same conditions to both clients and Directors when dealing with the Bank.

To achieve the aspired loyalty, each Board member should:

- Carryout his role faithfully and in the best interest of the Bank.
- Avoid conflict of interest or exploitation of office or Bank related information to gain personal benefits and the immediate declaration of related incidents that have taken place or any future ones as soon as they arise.
- Advise the Board of any potential conflict of interest and abstain from voting on any related decision.

The following are some of the key circumstances that may give rise to a conflict of interest, either actual or perceived:

- The Director or any first or second-degree relative has a material financial interest (directly or indirectly) in a proposed transaction with the Bank.
- The Board (excluding the relevant Director) has determined that such conflict of interest exists or is deemed to exist.
- In all cases, the Board (excluding the relevant Director) shall determine whether a reported (actual or perceived) conflict of interest qualifies as a conflict of interest to which the above conditions apply.

As for diligence, Directors should undertake all duties stipulated in relevant laws and regulations and seek to attain all pertinent information to verify that decisions taken are in the interest of the Bank. Directors should also attend Board meetings after having duly prepared for them as well as faithfully carryout duties entrusted to them.

c. Independence

For the Board to be able to carryout its monitoring role over the executive management and oversee that it is not performing any inappropriate practices, the Board of Directors retains an adequate number of independent directors on the Board (in accordance with the definition of an independent director setout in this manual). The Board has considered that membership of three independent directors is appropriate.

Board Induction

The Board shall adopt a formal induction program to familiarize with the Bank's operations and activities. The program shall take into consideration and/or include the following elements:

- The Board Nomination and Remuneration Committee (BNRC) shall provide Board members with a suitable summary of the Bank's business.
- The BNRC shall also provide each new Board member with the Board Induction Pack showing the member's rights, responsibilities, and duties.
- Presentations by the Executive Management on the Bank's strategic plans, business operations and activities, business units and departments, and principal officers and employees.
- Bank's relevant policies and procedures.
- The Board shall adopt a formal development program annually that takes following into consideration:
 - Regularly developing the skills and experiences of the Board, especially in the areas of governance and risk management and in light of the development of the future outlook of risks faced by the Bank.
 - Expanding the Board's knowledge and skills through training programs specified for it, in addition to participation in conferences and seminars in the banking and financing business field.

Duties & Responsibilities

To achieve corporate governance principles, the Board of Directors performs the following key duties and responsibilities in accordance with the Bank's by-laws, the Banks Law and Companies Law and other pertinent legislations:

1. The Board shall have overall responsibility for the Bank, including approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. The Board shall also be responsible for providing oversight of the Executive Management.
2. The Board has the primary responsibility for ensuring the soundness of the Bank's financial standing and the fulfillment of all its obligations towards the various stakeholders including the CBJ, the regulatory authorities in the countries in which the Bank has branches, shareholders, depositors, creditors, employees, investors among others.
3. The Board members shall exercise their independence and commitment to perform their role towards the Bank and all its stakeholders without being under an effect or influence which may limit their ability to look into the Bank's affairs, discuss them and make a decision on it in an objective manner to protect the minority's rights.
4. Board members are aware of their responsibilities ensuring no related conflicts occur in-line with regulatory requirements.
5. The Board shall specify sound practices of governance for its tasks and ensure there are means that confirm that the practices are followed and they are reviewed in order to improve them. The Board shall put in place and practice sound governance standards in a way that helps it to perform its duties efficiently and conveys clearly the Bank's views and goals.
6. The Board ratifies internal control and monitoring regulations and ensures their continuous effectiveness in managing the various risks that face the Bank.
7. The Board oversees the Bank's compliance with the established strategic plans, policies and procedures pursuant to the laws and regulations in force.
8. The Board ensures the integrity of all procedures whereby it has provided a "code of ethics" that was developed based on the following principles: integrity, compliance with laws, transparency and loyalty. The code was disseminated among all employees and Board members and published for access by the general public.
9. The Board makes sure that written policies, covering all banking activities are available, endorsed and communicated across the various management levels. It also oversees that said policies are reviewed regularly and updated with any amendments needed as a results of changes in the various laws and regulations that govern the banking sector.
10. The Board appoints a competent, experienced, professional general manager with integrity and of good moral standing. The performance of the General Manager is evaluated annually by the Board.
11. The Board approves the appointment and resignation of the Bank's executive managers.
12. The Board, through the Nominations and Remuneration Committee, conducts a self-assessment of its performance at least once a year and according to a clear mechanism.
13. The Board approves succession plans for the Bank's senior executives that outline the qualifications and requirements that need to be met by holders of said positions.
14. The Bank shall develop a charter/ terms of reference for the Board of Directors providing them with details on their duties and responsibilities.

The Chairman

In addition to his normal duties, the Chairman carries out the following functions:

1. Promote and maintain a good and constructive relationship, based on corporate governance principles, among Board members and between the Board and the Bank's executive management.
2. Ensure that Board members and shareholders receive adequate and timely information.
3. During Board meetings, encourage the process of discussion, constructive criticism, expression of opinions and viewpoints.
4. Ensure high standards of corporate governance by the Bank and the Group.
5. Provide leadership to the Board and chairing meetings of the Board and the General Assembly.
6. Ensure that the Board acts efficiently, fulfills its responsibilities and discusses all its significant issues on a timely basis.
7. Monitor the overall functioning of the Board including calling the Board meetings, setting meetings agendas, and chairing the meetings.
8. With the assistance of the Board Secretary, develop and approve the agenda of each Board meeting, taking into consideration any issues that Board members and Executive Management propose to be included in the agenda.
9. Encourage all Directors to actively and efficiently participate in the work of the Board and its Committees in order to ensure that the Board acts in the best interests of the Bank.
10. Identify and address the development needs of the Board with a view to enhance the overall effectiveness of the Board.
11. Undertake performance evaluation of the Board and its members on an annual basis.
12. Supervise the role performed by the Board Secretary and ensure that the Board minutes are accurately recorded by the Secretary and have been circulated and approved by all Board members.

13. Represent the Bank externally. Adopt regular communication with shareholders and communicating their views to the Board.
14. Set objectives for the Board and its Committee and ensure that they are adopted ethically and independently. Ensure that an action plan for the year is prepared and an approval from the Board is obtained.
15. Follow-up on the works of the Board Committees to ensure that they are performing the assigned tasks and submit a follow-up report to the Board.

The Board/ Committee Secretary

- The Board Secretary shall be appointed by the Board of Directors, and shall not be dismissed except by the Board.
- The Board/ Committee Secretary shall follow Board's specified procedures in regards to circulation of information between the Board members, its Committees, and the Executive Management in addition to specifying the dates of the meetings and taking the minutes of meetings.
- The Board/ Committee Secretary shall minute all the discussions, member suggestions, and voting results occurring during the Board meetings. Minutes of meeting are obligatory and shall be part of the Bank's records. The minutes shall be in Arabic and also there is summary for minutes of meeting in English .
- The Board/ Committee Secretary shall make these records available to, but not limited to, the regulatory body(ies)/ inspector(s), the Board of Directors and the Executive Management (as appropriate).
- The responsibilities of the Board Secretary and the Board/ Committee procedures shall be documented and approved by the Board.

Organizing the Board Tasks

1. The Bank's Board meets at least six times a year with a minimum of one (1) meeting in a quarter.
2. Board/ Committee meetings shall be convened at written notice of the Chairman or at written request made by at least two members of the Board/ Committee. The members of the Executive Management may also request the Chairman of the Board/ Committee for a meeting, as may be required.
3. The Chairman of the Board shall determine the agenda for Board meetings in consultation with the Executive Management to identify and address significant risks and issues being faced by the Bank.
4. The Bank provides the Board members with appropriate and adequate information in a timely manner in order for them to study it before taking appropriate decisions.
5. The quorum for meetings of the Board/ Committee shall be majority of its members. Members of the Management may also be called by the Chairman to attend the meeting.
6. Each Board/ Committee member shall have one vote. The Secretary and invited attendees (other than the Board members) shall not be entitled to vote.
7. The resolutions of the Board shall be approved by the majority of votes of the Board/ Committee members attending. The Board/ Committee can pass resolutions by the way of circulation as well preferably only for those matters, which are of an urgent nature, as agreed by the Board/ Committee.
8. The Board/ Committee secretary will note any proposals, discussions and the voting results at board meetings.
9. A Board/ Committee member shall not attend or vote during a discussion, if any item of the agenda, transaction or contract under discussion is related to him/her directly or indirectly.
10. The Bank shall have Board approved procedure for convening Board/ Committee meetings, quorum, voting, taking minutes and the resolutions.
11. The Bank prepares a booklet which clearly explains the rights/duties and responsibilities of Board members and is disseminated among Board members upon their election.
12. Board members must be continuously informed of changes taking place within and outside the Bank. Furthermore, the Bank would provide Board Members, upon appointment and throughout their tenure, with a brief of the Bank's activities and operations to include the Bank's strategic plan, key issues related to its current status; risks management; compliance program; code of conduct; organizational structure; and the executive managers and external auditor.
13. All Board members and Board committees have the right to direct contact with the Bank's executive management.
14. Board members and Board committees may, if needed, seek the assistance of external resources that would enable them to carry out the duties entrusted to them.
15. The Bank has an organizational structure that demonstrates the reporting hierarchy (including Board committees and executive management). Details pertaining to upper management structure are disclosed to the public.
16. The Board of Directors ensures that every board member is committed towards the Bank and all its shareholders and not towards a certain shareholder.
17. The Board formally defines, in writing, the functions and duties of the Board Secretary.

IV. Board Committees

In order to organize the work of the Board and increase its effectiveness and efficiency, the Board of Directors formed various committees with some responsibilities and authority delegated to them in accordance with the Bank's goals and strategies. Said committees were established in an official manner according to regulations that were issued and endorsed by the Board. The existence of the Board committees, however, does not supersede the Board's direct responsibility for all matters related to the Bank.

Each Board Committee shall comprise of at least three (3) Board members, including the Chairman of the Committee, unless otherwise specifically mentioned in the respective charter.

The Chairman of the Board shall not be a member of the Nominations & Remuneration Committee and the Board Audit & Risk Committee.

The Bank discloses the names of committee members as well as a summary overview of their tasks and responsibilities in the Bank's annual report.

The members of each Board Committee shall have appropriate knowledge and experience to make independent and objective decisions. Any specific requirements in terms of academic qualification for a particular Board Committee shall be provided under the respective charter.

A member of a particular Board Committee can be a member on other Board Committees, except under situations where a conflict of interest may arise or may be construed as inappropriate due to their membership in the other Board Committee.

The Board shall also appoint suitably qualified personnel as the Secretary for each Board Committee, who may be the Secretary of the Board or any member of the Executive Management. The Secretary of the Board Committee shall undertake his/ her responsibilities as covered earlier in this CG manual and following the Board approved procedure for convening Board/ Committee meetings, quorum, voting, taking minutes and the resolutions.

The Board Committees shall meet as frequently as required with a minimum of one (1) meeting in a quarter, unless otherwise specifically mentioned in the respective charter.

The Board Chairman shall follow up the Board Committees' work on a continuous basis to ensure performance of their assigned duties, and obtain a follow-up report at least quarterly.

The Board may opt to merge the responsibilities of more than one committee into one if such action was in the best interest of the Bank from an administration standpoint.

Board Audit Committee

1. The Board Audit Committee comprises of three board members, all of them are non-executive directors.
2. The Bank discloses the names of the Committee members in its annual report.
3. At least two of the Committee members should have relevant accounting and financial management qualifications and expertise.
4. No less than two members of the Committee should be independent directors.
5. The Secretary of the Board shall be the Secretary of the Board Audit Committee.
6. The Board Audit Committee has, by a specific provision in the written charter of its functions and responsibilities, the ability to obtain any information from executive management, and the ability to call any executive or Director to attend its meetings.
7. The Bank has a "Code" that outlines the functions, responsibilities and the authority of the Board Audit Committee.
8. The Board Audit Committee shall ensure the independence of these functions.
9. Appoint the Executive Manager of the Internal Audit department based on approval from the Board, while the internal auditors shall be appointed based on the approval from the Executive Manager of the Internal Audit department.
10. The committee provides its recommendation to the Board with regard to appointment, termination, remuneration and assessing the objectivity of the external auditor, taking into consideration the following points:
 - Regular rotation of the external auditor among auditing firms. If that was found impractical, then ensure regular rotation of the Auditor's senior partner assigned for the Bank audit.
 - That the External Auditor submits a copy of his report to the Board Audit Committee.
11. Ensure that the Internal Audit Department has the right to discuss its report with the bank's departments whose work is audited and has the right to obtain any information and contact any employee in the bank and is given the required authority enabling it to perform its assigned duties in the required manner.
12. Perform an independent annual review of the Rewards Policy in coordination with the Board Nomination and Remuneration Committee.
13. Ensure that External Auditor or other consultation parties review and assess internal controls with focus on areas that contain risks, which might expose the bank to high operating risks.

14. The Board Audit Committee meets each of the Bank's external auditors, internal auditors without executive management being present, at least once a year.
15. The Board Audit Committee has all the duties and responsibilities required by the Banks Law and other relevant laws and regulations, including the duties to:
 - Review and ratify the internal audit plan which includes audit scope and frequency.
 - Ensure that the executive management takes timely corrective measures with regard to weaknesses in internal audits, non-compliance with established policies, rules and regulations, and other areas determined by internal auditors.
 - Ensure that the Bank has properly observed and complied with international accounting and audit standards.
 - Assess the scope, results and adequacy of the Bank's internal and external audits.
 - Conduct continuous assessment of the Bank's internal monitoring and control systems.
 - Review accounting issues with material impact on financial statements.
 - Review the comments and reports of monitoring bodies and the external auditor and follow-up on corrective measures.
 - Review the Bank's financial statements prior to submission to the Board. Specifically, review compliance with regulators' directives related to capital adequacy and the adequacy of allocations for non-performing loans and other allowances. Also, provide opinion with regard to the Bank's non-performing loans or those suggested to be considered as bad debt.
 - Ensure that relevant laws and regulations are observed.
 - The Committee submits its reports and recommendations to the Board.
 - The Executive Manager of the Internal Audit Department is called to attend the Committee meetings. The Committee may also invite other people to the meetings in order to seek their opinion regarding specific matters.

Generally speaking, the responsibilities of the Board Audit Committee do not substitute for the responsibilities of the Board with respect to overseeing the adequacy of internal monitoring and control systems.

Board Risk Committee

1. The Board Risk Committee comprises of three board members, all of them are non-executive directors.
2. The Bank discloses the names of the Committee members in its annual report.
3. At least two of the Committee members should have relevant accounting and financial management qualifications and expertise.
4. The Board Risk Committee shall ensure independence of the Risk Management Department and the Compliance Department and shall appoint the head of Risk Management & Compliance group with suitable qualifications and experiences required for this position and its tasks.
5. The head of Risk Management & Compliance group is called to attend the Committee meetings. The Committee may also invite other people to the meetings in order to seek their opinion regarding specific matters.
6. The role of the Board Risk Committee with regard to risk management can be summarized as follows:
 - Recommend the endorsement of a risk management strategy and policies and ensure they are:
 - Comprehensive and documented for managing all material risks.
 - Appropriate for the size and activity level of the Bank and its subsidiary companies.
 - Outline the programs, procedures and tools (including ceiling levels) to implement said plans and policies and ensure their implementation and that any exceptions are done in accordance with specific administrative approvals.
 - Reviewed regularly.
 - Disseminated among concerned parties within the Bank.
 - Monitor risk management activities carried out by the executive managements with regard to each of the following: credit risk, market risk, liquidity risk, operational risk, non-compliance risk, reputation among others, through reviewing reports issued by the Risk Management Department which outline to the Committee the Bank's risk profile and measures taken to minimize them. These reports should be appropriate, detailed and submitted in a timely manner within an effective information systems framework.
 - Monitor risks facing the Bank and determine their materiality and ensure that internal procedures are in place to assess capital adequacy as relevant to the Bank's risk profile.
 - Ascertain risks pertinent to new products the Bank plans to offer before their launch.
 - Recommend the adoption of an organizational structure for the Risks Management Department and ensure that it is independent and carries out its duties under an independent management.
 - Review the acceptable risk appetite level that can be endured by the Bank and accordingly provide recommendation to the Board.
 - Review reports pertinent to safeguarding business continuity.
 - Review the results of the stress tests carried out by the Risk Management Department and validate the impacts of the results on the Bank's financial strength.
 - Submit regular reports to the Board of Directors.

The role of the Board Risk Committee in monitoring compliance can be summarized as follows:

- Recommend the adoption of a compliance monitoring policy and ensure that the policy is:
 - Documented in writing.
 - Appropriate for the size of the Bank's and its subsidiaries' activities.
 - Specifies the procedures that need to be followed by management and staff.
 - Outlines the key requirements for identifying compliance risks and their management across the various organizational levels.
 - Disseminated among the various administrative levels and employees of the Bank.
- Assess the Bank's effectiveness in managing compliance risks at least once a year and conduct necessary revision in case of any amendments.
- Monitor and follow-up implementation of the policy.
- Take necessary measures to promote values of integrity and proper professional conduct within the Bank such that compliance with laws, regulations, instructions, directives and applied criteria become key objectives and duties required to be fulfilled.
- Adopt an organization structure for the Compliance Monitoring Department and ensure its independence such that there is separation between the functions of compliance monitoring and that of internal auditing.
- Ensure that an annual compliance risks management plan is in place and that it accounts for any shortcomings in the policy, procedures or application. Also, ensure that the plan is linked to the effectiveness of the current management of compliance risks and it determines the need for any policies or procedures for dealing with new compliance risks resulting from the annual assessment of these risks.
- Review the corrective procedures and measures and/ or disciplinary actions undertaken by the Bank's executive management in the event of discovering violations arising from non-compliance, specifically those that subject the Bank to legal penalties or significant losses, both financially and reputation wise, and ensure that these cases are immediately reported.
- Review reports that show compliance test results which should include assessment findings pertinent to compliance risks, violations and shortcomings along with the corrective measures implemented.

Nominations & Remuneration Committee

1. The Nominations and Remuneration Committee comprises of three non-executive directors, two of whom are independent directors. The Committee decisions are based on a majority vote, including that of the Committee chair.
2. The Committee carries out the following functions:
 - Nominate all Board appointments, duly considering candidates' abilities and qualifications and, for re-nominations, their attendance and the quality and extent of their participation in Board meetings and in accordance with guidelines stipulated in the Companies Law regarding Board members tenure.
 - Review of Board structure on an annual basis.
 - Determine whether a Director qualifies to be considered 'independent'.
 - Implement a formal method of assessing the effectiveness of the Board, including participation level of Directors in Board meetings. Performance criteria are objective and include comparison with other similar banks and financial institutions. In addition, they include criteria that assess the integrity and soundness of the Bank's financial statements and compliance with requirements set forth by regulatory bodies.
 - Have the responsibility to provide background briefing material for Directors covering key issues, as well as ensuring that they are kept up to date on relevant banking topics.
 - Recommend to the Board the remuneration (including monthly salary and other benefits) of the General Manager. The Nominations and Remuneration Committee also reviews the remuneration of other executive management.
 - For the purpose of enhancing the independence and objectivity of conducting the Board and Board members evaluation annually, the Nominations & Remuneration Committee may fully or partially outsource the performance evaluation process to an independent professional/ expert third party. The appointment of such third party shall be undertaken by the General Assembly based on recommendations provided by Nominations & Remuneration Committee to the Board.
 - Recommend to the Board the appointment of a general manager, provided that he/she meets the qualifications outlined in the Banks Law.
 - Prepare the Rewards Policy and its mechanism in line with principles of effective governance, Bank's risk strategy and sound financial position over the long term; and present the Rewards Policy to the Board of Directors for approval. The Board shall not delegate this responsibility to the Executive Management.

- Provide recommendation to the Board to approve the succession plan for the Bank's senior executives which outline the qualifications and requirements that need to be met by holders of said positions.
- Provide recommendation to the Board for the appointment of executive managers.
- Ensure that the Bank has a remuneration policy, which is sufficient to attract and retain qualified individuals, and is in line with the Bank's peers in the market. The Bank's policy should also account for partially linking salaries to performance and that incentive programs be in place that aim to strengthen the Bank's share value in the long run and to further the internal control environment (i.e. focus should not be only on increasing the earning per share in the short term only.)
- Ensure that the Bank's remuneration policy is disclosed in the Annual Report, particularly the remuneration of individual Directors and the highest-paid non-Director executives.
- Ensure that the Board is provided with reports that contain all information necessary to carry out its duties.

Corporate Governance Committee

The Corporate Governance Committee is comprised of the Chairman of the Board and two non-executive directors. The Committee may also invite other people to the meetings in order to seek their opinion regarding specific matters.

Corporate Governance Committee Tasks

The tasks of the Corporate Governance Committee are to primarily oversee the implementation of all guidelines stipulated in the Corporate Governance Manual and compliance of all relevant parties including the executive management, the Board and Board committees, in addition to periodical or on annual review of the Manual in order to cope with changes in the requirements and expectations of both the Bank and the market.

Key tasks Entrusted to the Corporate Governance Committee:

1. Ensure that the Board of Directors sets the Bank's strategic objectives and corporate values and communicates them across the various administrative levels within the organization. In this regard, the Committee oversees the following:
 - Formulation and endorsement of the Bank's strategic plan by the Board.
 - The Board of Directors endorsement and supervision of implementation of the Bank's general policies, including its overall strategy, in a manner that safeguards against conflict of interest.
 - Compliance of the Board members and all administrative levels throughout the organization with JKB's established code of conduct.
2. Ensure that responsibilities are defined and clear communication and accountability lines are established for all administrative staff, across the various organizational levels, in accordance with the following framework:
 - The Banks Law and Companies Laws defined the requirements and responsibilities of the Board of Directors and the General Manager such that the Board of Directors is held accountable for monitoring the executive management of the Bank that oversees the administration of the day-to-day affairs of the Bank.
 - It is important to: establish clear lines of accountability and responsibility through official delegation of authority; ensure segregation of duties; and have appropriate internal monitoring and control systems in place.
3. Ensure that Board members fulfill eligibility criteria for Board appointment and possess clear understanding of their role with respect to corporate governance and independence vis-à-vis problem solving and decision making. In this regard, the Committee is tasked with several oversight responsibilities to include:
 - Ensuring that the Board of Directors performs its monitoring role over the Bank's activities including an understanding of the various risks the Bank may face.
 - Ensuring that the Board membership includes an adequate number of independent directors.
 - Overseeing that the parameters and conditions set forth in the Banks Law with regard to individuals assuming Board membership and chairmanship positions are fulfilled.
 - Observing that the "fit and proper" principle is applied.
 - Ensuring that the Board Audit Committee, formed of Board members, is in place and carries out its duties pursuant to the parameters set forth by the Banks Law. In addition, make sure that other pertinent committees are formed in accordance with the CBJ regulations (such as the Risk Management and Compliance Committees).
 - Oversee that adequate Board committees are in place and new ones are formed on needs basis necessary to instill and apply corporate governance rules and culture across the various organizational levels.
4. Ensure that the executive management performs appropriate supervision over the Bank's operations and in accordance with the instructions listed in the Internal Monitoring and Control Regulations issued by CBJ through the following:

- Ensure that the executive management carries out its risk management functions which entail overseeing that policies and instructions pertinent to credit risk, market risk, liquidity risk, and operational risk are in place and reasonably monitored. In addition, commit to manage and monitor compliance risks in accordance with the tailor designed policies, thus achieving a reasonable return for shareholders without compromising banking safety issues.
 - Ensure setting up of independent department for risks, in addition to auditing and compliance functions.
 - Ensure the application of dual monitoring over all banking operations and activities.
 - Ensure the proficiency of the executive management and department heads.
5. Make effective use of the functions carried out by the Internal and External Auditors.
 6. Ensure that the Bank, while considering credit facilities approval, evaluates the quality of corporate governance applied by the client particularly of corporate and shareholding companies. Upon assessment, the Bank may consider some concession for those clients who maintain good governance standards.

Among the responsibilities of the Board is to put in place internal regulations and directives that outline the responsibilities of the different departments such that the application of the desired level of monitoring is safeguarded. In this regard, the Corporate Governance Committee provides the following:

a) **Internal Auditing**

Effective internal monitoring and control systems should be supported by an effective, independent Internal Auditing Department that assesses the effectiveness of said systems independently.

The Internal Auditing Unit assesses the effectiveness and efficiency of operations as well as compliance level with the laws, rules and regulations. In addition, it assesses the effectiveness of risk management systems and capital adequacy, relative to its risks and according to the Bank's financial statements. To achieve this role, the following needs to take place:

- Ensure the complete independence of the internal auditor through the submission of audit reports, recommendations and results directly to the Board Audit Committee and shall meet the Board Audit Committee, at least on an annual basis, without the presence of the Executive Management.
- Ensure the sufficient number of qualified personnel and ensure that they are suitably trained and rewarded.
- Ensure that the scope, procedures, and periodicity of internal auditing activities correspond to the degrees of risks faced by the Bank's different activities.
- The Board shall approve a charter for the Internal Audit Department.
- The Internal Audit department shall be responsible for setting the structure and scope of work of the internal audit as well as informing the Board Audit Committee of any potential conflict of interests. The Internal Audit department shall not carry out any executive responsibilities.
- The Bank shall not generally outsource any of the basic internal audit roles.
- Ensure that the Board Audit Committee is responsible for setting the salaries and benefits of the Internal Audit Unit staff and appraising their performance.
- Make sure that Internal Auditing and the Board Audit Committee review the observations contained in the Central Bank and external auditor's reports and follow-up actions taken thereon.

b) **External Auditing**

External auditing represents another level of monitoring over the credibility of financial statements and assessment of internal monitoring and control systems:

- The Banks Law outlined the tasks required of the external auditor. The external auditor of the Bank is selected from a list prepared annually by the CBJ.
- Pursuant to the Companies Law, The external auditor is elected or re-elected during the annual General Assembly meeting based on the recommendations provided by the Board with regards to selection, termination, rotation, remuneration for the external auditor, and any other contractual terms related to it, in addition to evaluating the objectivity of the external auditor.
- The Bank shall have a Board approved policy and procedure for engagement of the External Auditor.
- The external auditor shall provide a copy of the auditing report to the Board Audit and Risk Committee and shall meet with the Board Audit and Risk Committee to discuss these reports and any other important remarks on the Bank's issues. These meetings shall take place in the presence of the Executive Management.
- The Board Audit and Risk Committee shall ensure that it meets with the external auditor without the presence of the Executive Management as well at least once in a year.
- Ensure complete cooperation and coordination between the internal and external auditors.

1. Take into account that the corporate governance process is characterized with disclosure and transparency.
2. The Board and the executive management should have an understanding of the structure of the Bank's operations, including the activities performed by the Bank in areas, or within legislative structures, that hinder transparency. In this regard, the Corporate Governance Committee ensures the following:
 - That the executive management follows clear policies and proper procedures for operating within these areas / legislations;
 - That periodic assessment is conducted to ascertain the need for the Bank to operate in these areas and which impede transparency;
 - That the Board Audit and Risk Committee monitors internal controls over the activities performed in these areas and submits necessary reports, annually or in case of material underperformance, to the Board;
 - That strategies and work policies and procedures that govern complex financial products and tools offered by the Bank, and that assessment policy for the use or sale of these products are in place;
 - That policies are in place to identify, measure and manage material risks, including legal risks and reputation risks, that may arise as a result of any of the Bank's activities in these areas;
 - That compliance assessment reports pertaining to compliance with laws, regulations and internal policies are periodically reviewed;
 - That all above activities are subject to internal audits and within the scope of work of external audits;
 - That necessary information reaches the management, including information related to the risks of these activities. Necessary reports are submitted to the Bank's Board and regulatory authorities and disclosure requirements are met in accordance with the laws and regulations that govern the Bank work.

Board Credit & Investment Committee

The tasks and responsibilities of the Committee are mainly to look into the recommendations and requests put forward by the Management Credit Committee pertaining to requests falling beyond the scope of its authority.

- The Committee is comprised of the Chairman or his Deputy, and the membership of two Directors.
- The committee meets on weekly basis.
- The Committee regularly conducts a revision of the credit and Investment policies and updates them in accordance with relevant laws and regulations.

V. Executive Management

The Executive Management at the Bank shall be appointed by the Board ensuring that they have the necessary experience, competencies and integrity to manage the Bank's business and affairs in line with standards of professional behavior, supervise the Bank's management, and have appropriate authority over the key individuals relevant to the Bank's operations.

The Executive Management shall contribute to the Bank's effective corporate governance through personal conduct (e.g. by helping to set the "tone at the top" along with the Board) and providing adequate oversight of those they manage.

The Executive Management shall actively assign duties to the staff, as appropriate and shall establish a management structure that promotes accountability and transparency. It shall oversee the exercise of assigned responsibility/ authorities and shall be ultimately responsible to the Board for the performance of the Bank.

The Executive Management shall perform activities according to professional behavior standards and be responsible to:

1. Participate in giving suggestions on the Bank's business strategy and annual budget.
2. The executive management lays down the business plans to achieve and implement the Bank's strategy. Business plans are developed through a comprehensive planning process that encompasses all the departments of the Bank.
3. Implement, consistent with the direction given by the Board, appropriate systems for managing the risks (financial and non-financial) to which the Bank is exposed.
4. The executive management conducts a regular review of the achievements and compares them to established plans and takes corrective measures if needed.
5. The executive management prepares budget estimates as one of the planning and monitoring tools.
6. The executive management is considered responsible for the preparation and development of policies and procedures pertinent to managing the various risks. It is also responsible for overseeing the implementation of the strategies endorsed by the Board.
7. Management of the operational, day-to-day affairs of the Bank that fall within the tasks and responsibilities of the Bank's executive management.

8. Set effective internal control systems.
9. Prepare financial reports in accordance with the international standards and other approved standards.
10. The Executive Management shall supervise the Bank's business, particularly with respect to monitoring the risk and compliance functions and appropriate independence of their tasks and their division.
11. The Executive Management shall provide the Board with transparent and objective financial and administrative reports, at least every two months
12. The Executive Management shall implement the resolutions passed by the Board without any interference in its competencies. In case any of the Board members participate in the implementation of the resolutions passed by the Board, such participation shall be based on an authorization given by the Board and the Board shall be informed of the actions taken in this respect.
13. The Board Committees along with the Executive Management shall form appropriate Management Committees and delegate certain authorities and responsibilities to them. The Bank shall have Board approved charters for each Management Committee specifying its purpose, composition, meetings and responsibilities. The Bank has set-up the following Management Committees:

VI. Executive Committees

To ensure that corporate governance principles are applied, JKB has several specialized executive committees that were formed for specific purposes in order to increase the Bank's overall effectiveness. These committees include the following:

- Executive Committee
- Assets and Liabilities Committee
- Investment Committee
- Credit Classification Committee
- Corporate Credit Committee
- Consumer Credit Committee
- Information Systems Steering Committee

The membership of these committees is comprised of the General Manager as the committee head and some or all deputies and assistants to the General Manager and executive managers as members.

In addition to the above-mentioned committees, the following committees were formed: Procurement Committee and a committee for managing the handover of new and renewed branches to the Bank.

The following summary highlights the key tasks and responsibilities of the executive committees:

Executive Committee

The key functions and responsibilities of the Executive Committee include following-up on the Bank's various achievements and work progress as well as conducting periodic review. In addition, identify means to improve the various aspects of the Bank's activity to achieve set objectives and respond timely and effectively to new developments. The Committee is headed by the General Manager and includes the Deputy General Manager / Banking Group, Head of Support Services Group, Head of Risk Management & Compliance Group, assistants and executive managers. The Committee meets monthly or on need basis.

Assets and Liabilities Committee

The strategic objective of the committee is to augment the long-term profitability of the Bank through the proper allocation of resources on lucrative deployments while maintaining an acceptable level of risk that is compliant with the Bank's objectives. The committee carries out two key tasks:

- The strategic distribution / allocation of both assets and liabilities.
- Risk monitoring and control.

In addition, assess the return / risk of the various assets and the capital structure along with resulting consequences and search for resources of funds, value them and price them.

The committee is formed of the General Manager as the committee head and the membership of each of the following:

- Deputy General Manager / Banking Group
- Head of Support Services Group
- Head of Risk Management & Compliance Group

- Assistant General manager / Treasury and Investments
- Assistant General Manager / Credit
- Assistant General Manager /Financial Department
- Assistant General Manager / Retail & Consumer Products
- Executive Manager / Risk Management Department
- Executive Manager / Treasury and Investments

The committee meets every month and on needs basis.

Corporate Credit Committee

The committee's tasks and authorities may be summarized as follows:

- Approve credit within specific ceilings set out in the Bank's credit policy.
- Provide recommendations to the Board Credit and Investment Committee pertaining to all requests that fall beyond its authority.
- Provide recommendations to the Board Committee pertaining to the legal proceedings to be taken against defaulters.
- Provide recommendations to the Board Committee pertaining to the Non-Performing Loans settlement or rescheduling programs, in accordance with the regulations of the CBJ or other regulatory bodies that govern the foreign branches of the Bank.
- Approve the pursuit of legal actions against clients with default payments of consumer loans, term sales and credit cards within specified ceilings.
- Review approval / decline decisions within specified authority levels.
- Review and amend the credit policy and recommend its adoption to the Board Credit & Investment Committee

The committee is headed by the General Manager with the Deputy General Manager/Banking Group as his deputy and the membership of the following:

- Head of Support Services Group
- Head of Risk Management & Compliance Group
- Assistant General Manager / Retail & Consumer Products
- Assistant General Manager / Credit

The Executive Manager / Legal Department participates as the committee's legal advisor. The Head of Credit Administration and Control acts the committee's secretary.

The committee meets at least twice a week.

Management Investment Committee:

The Committee's tasks and responsibilities are summarized as follows:

- Review the recommendations supported by research carried out by the Treasury and Investment Department with regards to making new investments, withdrawing from current investments, or to increase or decrease current investment capital and to make appropriate decisions within their authorities according to the investment policy.
- Provide recommendations to the Board Credit and Investment Committee regarding requests that fall beyond their authority.
- Annually revise the bank's investment strategy in addition to the investment policy and investment determinants within it and to provide the Board of Directors with their recommendations regarding amendments and suggestions for approval.
- Annually revise the authority limits defined by the investment policy and to provide the Board of Directors with their recommendations regarding amendments and suggestions for approval.
- Monthly revise the components of the investment portfolio and its overall performance with regards to its return and associated risk compared to previous periods.
- Evaluate the performance of each investment separately by comparing the actual return of investment with any indicator the committee chooses from one time period to another.
- Evaluate to what degree the bank's investments comply to and are aligned with the investment policies, determinants and associated risk and to put forth the necessary plans to stay in line with the limits defined by the investment policies in the case the limits are surpassed.
- Review the monthly investment report produced by the Treasury and Investment Department, and submit the report to the Asset/Liability Management Committee ALCO.
- Provide recommendations to the board of directors to appoint or terminate the services of investment trustees, custodians and/or any party that provides services related to the bank's investments.

The committee is headed by the General Manager with the Deputy General Manager / Banking Group as his deputy and the membership of the following: -

- Head of the Risk Management & Compliance group
- Assistant General Manager / Treasury & Investments
- Assistant General Manager / Retail & Consumer Products
- Executive Manager / Treasury and Investments
- Executive Manager / Risk Management
- Senior Manager / Treasury and Investments acts as committee secretary.

The committee meets at least once a month.

Information Systems Steering Committee

The Committee is entrusted with carrying out the following tasks:

- Defining the strategic direction for the Bank's information systems.
- Reviewing the Bank's information systems implementation policies.
- Providing information and direction for the IT department with regard to IT strategic plans.
- The committee carries out the tasks of the IT Security Committee.

The committee membership is comprised of the General Manager as the committee head and the membership of all members of the executive committee. The Committee holds its meetings monthly or on need basis.

VII. Internal Control

1. The Internal Control structure shall be reviewed by the External Auditor and the Internal Auditor at least once every year.
2. The Board shall establish, communicate and enforce the Bank's direction through adoption of written policies and procedures that cover every aspect of operations and management.
3. These policies and procedures shall represent the guidelines within which the management operates, and the methodology in which the business and affairs of the Bank are governed by the Board and the Executive Management, including how they:
 - Set the Bank's strategy and objectives.
 - Determine the Bank's risk tolerance/ appetite.
 - Perform daily operations.
 - Protect the interests of depositors.
 - Meet shareholders obligations and take into account the interests of other stakeholders.
 - Place a suitable mechanism to handle client complaints based on applicable regulatory instructions.
 - Operate the Bank in a safe and sound manner with integrity and in compliance with applicable laws and regulations.
 - Manage the Bank taking into account not to expose the banking sector to any systemic risks.
4. The Bank's policies and procedures shall be reviewed and updated (as relevant) on an annual basis by the relevant Department Head in coordination with the Head of process development Methods and Organization Department.
5. The Board shall annually confirm adequacy of existing policies, or determine the need for any amendments therein. Retention and distribution of adopted policies and procedures shall be the responsibility of the Head of Organization and Methods Department.
6. The Board shall use the internal and external audit's remarks and the internal control evaluation reports for enhancing the effectiveness of the Bank's performance (including the Board and the Executive Management performance).
7. The Board provides information in the Bank's annual report on the adequacy of the Bank's internal controls over its financial reporting. This information includes:
 - A statement of executive management's responsibility for establishing and maintaining adequate internal control over financial reporting for the Bank;
 - A statement identifying the framework used by executive management to evaluate the effectiveness of internal control;
 - Executive management's assessment of the effectiveness of internal controls as of the date of the financial statements;
 - Disclosure of any material weaknesses in the internal controls;
 - A statement that the Bank's external auditor has issued an attestation report on executive management's assessment of the effectiveness of internal controls.

Organizational Structures and Work Organization at the Bank

In order to achieve the principles of internal control and the foundations of corporate governance; especially dual control and clarity of authority and responsibility lines, the Bank has distributed tasks and duties among its different departments and clearly defined authority and responsibility lines. In addition, it has set the various detailed policies that were adopted by the Board, most important of which are that Credit Policy and the Investment Policy at the Bank, as well as other policies related to Risk Management and Compliance Monitoring.

Within this framework, the Bank's organizational structure points to the fact that the Board of Directors sits squarely at the top of the pyramid. After that come the roles of the Chairman and the General Manager, respectively. Work at the Bank has been divided into three main groups as follows:

The Banking Group: Includes the activities of Credit Facilities, Treasury & Investment as well as Retail & Consumer products. Each of these activities is divided into sub-activities to ensure specialization of work and to achieve the principles of internal control.

This group is managed by the Deputy General Manager / Banking Group.

The Risk Management & Compliance Group: Includes the activities of the Risk Management (Credit Risk, Operational Risk and Market Risk, IT Security, business continuity plan, and credit administration and control) in addition to compliance control and credit remedial and collection.

The group is managed by the Head of Risk Management and Compliance Group. The Risk and Compliance Control Departments also submit their reports to the Board Risk Committee.

The Support Services Group: Includes the activities of Information Systems Departments, Central Operations, and Administrative Services. Each of these activities includes other specific sub-activities.

This group is headed by the Head of Support Services Group.

There are other departments that are headed by Department Managers and that report directly to the General Manager which are: Finance, Legal, Marketing & Public Relations and Human Resources Departments.

As for the Internal Audit Department; it reports directly to the Chairman of the Board and submits its reports to him and to the Board Audit and Risk Committee.

Key Tasks and Duties of the Various Bank Departments

The Bank has organized the work of its various departments by setting a suitable organizational structure for all departments, defining their tasks and duties, and job descriptions for the different jobs at the departments as outlined hereinafter.

Credit Facilities Department

The organizational structure indicates that this department is headed by the Assistant General Manager / Credit, and the duties are divided among two departments: The Corporate Credit Department and TheSME Credit Department.

The tasks and duties of the Credit Facilities Department are as follows:

Corporate Credit Department

- The study and management of direct and indirect credit within certain ceilings. It is responsible for Syndicated Loans, Government Institutions' credit, Social and Political VIPs credit, Project Financing, Financial Leasing and Special Corporate Credit Programs.

SME Credit Department

- The study and management of direct and indirect credit facilities within specific categories. It is responsible for loans granted to small and medium-sized projects.

Retail & Consumer Products

The organizational structure indicates that this department is headed by the Assistant General Manager / Retail & Consumer Products and that the duties are divided among the Branches Department, Private Banking Department, Consumer Loans Department, Sales Department and Cards Unit

Branches Department

The key functions and responsibilities of the Branches Department Include:

- Review and amend work procedures to facilitate and speed up serving the Bank's clients while maintaining the high level of services offered, focusing on quality, accuracy and speed in offering these services and excellent customer service.
- Coordinate between Bank's branches and various departments of the head office and between the branches.
- Promote and market the Bank's products and services in line with the goals and plans in place.

Private Banking Department

The key functions and responsibilities of the Private Banking Unit include:

- Study investment proposals offered to the Bank.
- Management of clients' investment portfolios in global markets.
- Establish relationships with investment banks and fund managers worldwide.
- Market the Bank's, as well as sister companies', services and products to major clients.

Consumer Loans Department

Examine personal credit facility requests submitted to the Personal Loans Department by branches and offices that have some exceptions that fall outside of their authorities.

Sales Department

Carry out periodic field visits to current as well as prospective clients of specific products, the aim of which is to learn about the current and future needs of these clients and what their expectations of the Bank are, as well as to know what their opinion is regarding the level of services being offered and to obtain constructive criticism from them.

Treasury and Investment Department

The organizational structure indicates that the department is headed by the Assistant General Manager / Treasury & Investment. Work is divided into several activities which are: Dealing Room, International Relations and Correspondent Banks, Investment Funds, Local Investment, Treasury Operations, External Unit Coordination Office.

The most important tasks and duties assigned to the Treasury and Investment department are:

- Manage foreign and local currencies liquidity in such a way that achieves the highest returns on shareholder's equity.
- Manage the assets and liabilities in local and foreign currencies to achieve the highest possible returns within acceptable risk boundaries.
- Manage investment portfolios of bonds, stocks and the various monetary instruments in foreign and local currencies.
- Coordinate with correspondent banks in order to maintain exceptional relations with them and follow up on the credit ceilings granted to the Bank.
- Continual search for available investment opportunities according to their alignment with the adopted investment policy and the instructions of the CBJ.
- Provide investment services that are related to the department such as margin dealing, postponed contracts, derivatives, stocks, bonds, escrow, investment caretaker and issue manager.
- Work on supporting work centers and branches in performing their tasks.
- Follow up on commitment reports with administration departments, senior management and external bodies.
- Study the performance of companies' stock and their financial standings and send investment reports to senior management.

As for the External Banking Unit, the following is carried out (in coordination with the Branches Operations Coordination Office):

- Provide banking services to clients such as accepting deposits, granting direct and indirect credit facilities and following up on the Bank's stocks and bonds investment portfolios.
- Represent the Bank in front of official and non-official bodies in Cyprus.
- Provide the Central Bank of Cyprus with all the reports and financial statements required regarding the branch's activities there.
- Coordinate with the External Financial Unit's Liaison Officer at the Treasury Department to facilitate workflow between Cyprus branch and all other departments and branches.
- Send periodic reports and financial statements that were audited by the external auditor, to the Bank's management.
- Apply laws and regulations issued by the CBJ and the Central Bank of Cyprus regarding the operation of the branch, as well as

management instructions, and ensure that employees are familiar with them.

The Financial Department carries out the Back Office operations of the department in addition to the role of the Risk Department in identifying risks that result from any kind of operations carried out by the Treasury Department.

Internal Audit Department

The philosophy of Internal Audit is based on its mission to provide assurance and independent and objective consultation that adds value or enhances processes, and assist the Bank's management in achieving its set goals through setting a regular methodology to evaluate and improve the effectiveness of risk management processes, internal audit and corporate governance.

A charter was created for the department according to International Best Practices. Following are the most important features of the charter:

Objectives

The department works on achieving the following goals:

- Provide reasonable assurance regarding the level of effectiveness and efficiency of internal control systems at the Bank and their ability to achieve the following:
 - Integrity and reliability of financial and operational data.
 - Efficiency of operations.
 - Compatibility with the regulations, instructions and laws in force.
 - Maintaining the Bank's assets and property.
 - Continuity of work under all circumstances.
- Provide reasonable assurance regarding the level of effectiveness and efficiency of the Bank's risk management systems and corporate governance processes.
- Improve and develop internal control systems, risk management and corporate governance processes.
- Add value to the Bank through offering consulting services required by the Bank's management.
- Improve and develop processes and products in such a way that serves the Bank's goals.

Authorities

In order to achieve all the goals entrusted to the Internal Audit Department, the department is granted the following authorities:

- Perform audit and review operations for all of the Bank's work centers and subsidiary companies.
- Refer to and view all the records, systems, data and reports of the Bank and subsidiary companies.
- Direct communication with all employees of the Bank and subsidiary companies.
- Define the nature, scope and timing of audit and review processes.

All work center managers at the Bank or subsidiary companies must inform the Internal Audit Department of any problems or significant incidents the instant they occur and without delay.

Independence and Objectivity

In order to ensure the necessary independence, the Internal Audit Department shall:

- Administratively report to the Chairman of the Board, and functionally to the Board Audit and Risk Committee.
- Prepare reports and send the results of its work directly to the Chairman of the Board and the Board Audit Committee and shall meet the Board Audit and Risk Committee, at least on an annual basis, without the presence of the Executive Management.

In order to ensure the objectivity of the Internal Audit Department's officers and employees:

- The direct responsibility for control and risk management shall remain within the direct responsibilities of work centers.
- The department is not responsible for any operational actions, and the department does not have any direct responsibility or operational authority over the activities which the department is responsible to review and audit.
- The process of providing consultation by the Internal Audit Department to Executive Management does not hinder the responsibility of Executive Management for appropriate implementation and control of its various activities.

Scope and Responsibilities

Audit Scope

- The department's scope of work includes all work centers, activities and operations of the Bank; in a manner that enables the department to assess the suitability and effectiveness of internal control systems, risk management and corporate governance processes, and accomplishes all the tasks and responsibilities entrusted to it.
- The department conducts periodic reviews and audits based on the priorities of the Risk-based Audit Plan adopted in the department's strategy which is approved by the Board of Directors and its Board Audit and Risk Committee.
- The department also conducts any special reviews or consultations based on the directions of the Chairman, the Board Audit and Risk Committee or the Department Manager.

Relationship with External Auditors and Central Bank Inspectors

- The Internal Audit Department is the liaison between external auditors and Central Bank of Jordan inspectors from one side and the Bank's various departments and work centers on the other; whether that is during review processes or during the phase of replying to remarks and reports.
- The Internal Audit Department handles the process of coordination with external auditors in the fields of planning, timing and implementation of audit and review processes in order to avoid any conflicts.

Mission

In order for the department to be able to achieve its goals, it carries out the following:-

- Assess the sufficiency and effectiveness of internal control systems at the Bank and subsidiary companies.
- Assess the sufficiency and effectiveness of risk management and corporate governance processes at the Bank and subsidiary companies.
- Assess the accuracy and correctness of data and reports through periodic visits of branches, departments and subsidiary companies in addition to the daily reports issued by the Internal Audit Department.
- Assess the capital adequacy of the Bank and subsidiary companies in facing the all possible types of risk.
- Assess the level of commitment and adherence to instructions, laws and policies in effect and which govern the work of the Bank.
- Assess the phases of developing and maintaining the Bank's systems.
- Conduct all special investigations needed regarding important and material problems and violations.
- Assess the sufficiency and effectiveness of procedures for maintaining the assets and property of the Bank and its subsidiary companies.
- Assess the level of achieving the set goals for the various processes and work centers at the Bank.
- Assess the ability of the Bank and subsidiary companies to continue work under all circumstances.
- Follow up on reports and recommendations issued by the department and external auditors/Central Bank of Jordan inspectors to ensure that corrective actions were taken and assess the sufficiency of taken measures.
- Assess the proposed work procedures and policies in such a manner that guarantees the progress of work and meets all requirements.
- Assist that Bank's management in combating fraud by means of reviewing and assessing the level of efficiency and effectiveness of control procedures to limit such operations. (Whereas the main responsibility of preventing and discovering these cases remains with the Bank's management).

The Internal Audit Department is also responsible for assisting the Executive Management and the Board of Directors through providing the needed consulting according to standards and best practices.

Accountability

- Prepare and implement an annual Risk-based Audit plan and methodology approved by the Chairman and the Board Audit and Risk Committee.
- Send detailed reports on the results of all audit visits and investigations. The reports shall contain the audit's scope, key remarks, recommendations and the required follow up procedures.
- Increase the efficiency and effectiveness of internal audit processes through the use of automated audit means and tools; and by following the relevant standards and best practices.

- Professional development of the internal audit employees by enrolling them in relevant training courses to ensure they are up-to-date with the latest developments in the internal audit profession.
- Take necessary procedures to ensure that all of the department's work is carried out according to the internal audit professional standards and best practices, in addition to the requirements of regulators that govern the Bank's work.

Periodic Assessment

The Internal Audit mandate is subject to annual review by the department in order to assess its capabilities to carry out all the tasks and responsibilities assigned to it and achieve the desired goals. Any needed modifications are presented to the Board Audit and Risk Committee for approval.

Communication

Based on internal audit standards and the publications issued by BASEL Committee, this mandate must be communicated to all work centers at the Bank and its subsidiaries so that they are informed of it in order to facilitate the task of the Bank's Internal Audit Department.

Risk Management Department

The different risks that the Bank is exposed to are managed by an independent Risk Management Department which reports to the Head of Risk Management & Compliance Group; and submits its periodic reports to the Board Audit and Risk Committee.

The responsibilities of the Risk Management Department at the Bank include the following:

- Identify, measure, monitor and control risks and provide recommendations to mitigate the risks that face the Bank and guarantee the highest degree of coordination with all relevant Bank operations and departments.
- Provide recommendations to define the size and type of each of the acceptable main risks by the Board of Directors and ensure that current risks are in line with planned risks (Risk Appetite).
- Setting goals and scenarios for stress testing and applying them and submit the results of these tests to the Executive Management and Board Audit and Risk Committee.
- Apply the Internal Capital Adequacy Assessment Process (ICAAP) and submit the results to the Executive Management and the Board Audit and Risk Committee.
- Develop the methodologies for measuring and controlling each type of risk.
- Provide recommendations when setting the limits of the various risks that the Bank is exposed to, review them and provide recommendations to the Board Audit and Risk Committee, as well as record cases that are exceptions to risk management policies.
- Provide the Board and Senior Executive Management with information regarding the Bank's risk measurements and risk profile (qualitative and quantitative statistics to be presented at each Board meeting).
- Highlight risks transparently and ensure they are clear and understood internally and disclosed to the public.
- The Bank's committees, such as the Executive Committee, Credit Committees and the Assets and Liabilities/Treasury Management Committee assist the Risk Management Department in conducting its tasks within the specified authorities of these committees.
- The Bank shall include in the annual report enough information regarding the Risk Management Department, especially its structure, processes and the developments it underwent.
- The department spreads risk awareness among the Bank's employees regarding modern ways and methods of Risk Management in such a way that achieves the concept of comprehensive risk management.
- The department follows up on the instructions and recommendations released by the various regulators, including BASEL committee, and translates them into work plans, policies and procedures.

Credit Administration & Control Department

The organizational structure shows that the department is headed by the Executive Manager of the Risk Management Department, to whom the department manager reports to. Duties are divided among the following units: Internal Operations Unit, External Operations Unit, Legal Documentation Unit and Committees & Decisions Unit.

This department was separated from the Facilities Administration in order to achieve segregation of duties and to be in line with bilateral control.

The most important tasks and duties of the Departments' units are as follows:

Internal Operations Unit

- Carryout functions related to granting facilities, their renewal, adjustment and cancellation. As well as the preparation, review, posting and adoption of accounting records relevant to the performed transactions.
- Posting the data of guarantees to the Banking system.
- Posting the data of credit portfolios assigned to the credit officers and their authorities, as well as the authorities of branches and offices in regard to current accounts with no sufficient balances, to the Banking system.

External Operations Unit

- Prepare a statement of loan classification, calculating impairment and reserves provisions as well as all relevant data that is required as per the instructions of the CBJ, regulators and the Bank's external auditor.
- Prepare a statement of credit concentrations, enter relevant data to the Banking system so that relevant groups, members of the Board of Directors, Executive Managers and subject companies and such data that is required by the instructions of the Jordan Central Bank and regulators.
- Prepare a statement of the Bank's clients banking risks and request their secret numbers from the CBJ, enter into the Banking system and approve the monthly system update before being sent to the CBJ.
- Direct inquiries regarding the risk position of new clients towards other banks through direct connection with CBJ.
- Reply to other banks' inquiries pertinent to the Bank's clients.

Committees & Decisions Unit

- Index and organize the issues that need to be brought to the attention of the Corporate Credit Committee, Consumer Credit Committee and the Board Credit and Investment Committee according the authority levels defined by the credit policy guidelines.
- Attend Corporate Credit Committee meetings and Consumer Loan Committee meetings and prepare their decisions.
- Draft the Board Credit and Investment Committee minutes of meeting.
- Inform the concerned clients, branches and departments of the decisions taken by the committees (Corporate Credit Committee, Consumer Loan Committee or Board Credit and Investment Committee).
- Prepare release letters for property mortgages, possession mortgages, stocks or vehicles.

Legal Documentation Unit:

- Prepare and approve contracts and supporting documents that document transactions up to a specified ceiling. All transactions that exceed that ceiling need to be approved by the Legal Department.
- Solicit legal opinion in the cases that require it.
- File the first copy of contracts, supporting documents and mortgage bonds in safes and in the Unit Manager's custody.
- Correspond with the Administrative Services Department regarding the appraisal of real estate properties or the properties proposed as collateral for credit facilities.

Compliance Control Department

The process of controlling compliance is considered an independent function which aims at ensuring that the Bank and its internal policies are in compliance with all the laws, regulations, instructions, directives, codes of conduct, sound banking standards and practices issued by the local and international regulators.

- The processes of compliance control are managed through an independent department, which reports directly to the Head of Risk Management & Compliance Group and submits reports periodically to the Board of Directors through the Board Audit and Risk Management Committee with a copy sent to the Executive Management.
- The Board of Directors adopts and monitors the Compliance Policy while it is prepared and developed by the Compliance Control Department and communicated to all of the Bank's departments.
- Employees of the Compliance Control Department are not assigned any executive work where there may be room for conflict of interest.
- Compliance risks include the risks of not abiding by the laws, regulations, instructions and legislations issued by the various regulators, in addition to the risks of money laundering operations, reputation risks, risks of non-compliance with professional conduct charters and standards, intellectual property rights risks including regulations and any other relevant issues.
- The scope of work of the Compliance Control Department includes the risk of non-compliance across all of the Bank's managements and branches in Jordan and outside as well as subsidiary companies.

- The Board of Directors takes the necessary actions to support the values of integrity and sound professional conduct within the Bank such that compliance with the applied laws, regulations, instructions and standards constitute a primary goal that must be achieved. It also assesses the effectiveness of Compliance Risk Management at least once a year or whenever needed. Furthermore, the application of the Compliance Policy at the Bank is controlled and followed up by the Board of Directors through the Board Audit and Risk Committee.
- The responsibility of Compliance Management is summarized by assisting Executive Management and the Bank's employees to manage "Non-Compliance Risks" that face the Bank; especially the risks of money laundering operations. In addition, Compliance Management provides advice to Executive Management regarding the applied laws, regulations and standards as well as any amendments that may take place.
- The Compliance Control Department has the authority to view all documents, records and contracts that enable it to perform its job with high quality, objectivity and transparency; in addition to viewing internal audit reports and the reports of external regulators -at the forefront of which are the Central Bank of Jordan and regulators whom the Bank's branches outside Jordan are subject to.
- The Compliance Control Department has the authority to communicate with all employees at the Bank and subsidiary companies to get the information and clarifications it finds fit.
- Full coordination shall exist between the Compliance Control Department and the other departments, especially with the Internal Audit Department and Risk Management, to obtain compliance reports that highlight conformity of work progress with the legislations, laws and instructions of regulators.
- The Bank informs the Central Bank of Jordan of any violations resulting from noncompliance especially violations that subject the Bank to legal penalties or material financial or reputation losses. In addition to informing the Money Laundry Unit at CBJ of any cases that should be reported.

Credit Remedial and Collection Department

- Follow up on loan settlements ensuring to ensure timely payment in accordance to a sound internal policy and procedure manual and in line with the Central Bank of Jordan's and regulatory authorities' instructions.
- Reduce nonperforming loans ratio and work at minimizing any clients to default on their loans by implementing an early warning system and in return avoiding setting aside additional provisions for non-performing loans, improving liquidity ratios and capital adequacy ratio.
- Analyze the trends and indicators of overdue settlements, the results of which are the adoption of account management strategies to reduce nonperforming loans ratios and increase recovery and coverage rates.

Code of Conduct

The Bank adopted a Code of Conduct which was approved by the Board of Directors. All the Bank's employees across the various managerial levels as well Board members have pledged to commit to it.

The code defined the ethics, values and principles of Bank employees in four main areas which are:-

- Integrity
- Compliance
- Transparency
- Loyalty

Integrity: the code included that Bank employees are committed to the following:-

- Depositors' money is a trust and a responsibility that must be preserved.
- Non-conflict between personal interests and the Bank's interests.
- Not to use inside information to achieve personal interests.
- Maintain objectivity and not be influenced by personal relations.
- Not to enter into business relationships with clients and suppliers.
- Not to discriminate between clients.
- Not to accept gifts, benefits and invitations.

Laws and regulations: All employees must commit to financial confidentiality, the Bank's policies and its work guidelines, give the needed care in combating money laundering, not to issue dishonored checks and commit to management's decisions.

Transparency: the Bank's employees are committed to the correctness of the declared numbers, data and reports as well as the accuracy, sufficiency, timing and compliance of this data with standards; in addition to declaring personal interests, employee financial standing and his business activities and declaring violations and damages.

Loyalty to the Bank: loyalty is achieved through realizing the Bank's mission, vision, goals, role and by transforming the Bank's slogan into a tangible reality, winning clients' satisfaction and retaining them; in addition to positivism, excellence, taking responsibility, quality, efficiency, accuracy, continuing training, maintaining working hours, adapting to work stress in a team spirit, attention to appearance, conduct and good attitude, caring for the Bank's reputation and achievements, maintaining the Bank's assets and appearance, not disclosing any work secrets and taking permission from management before making any declaration regarding the Bank to the media.

These standards and related policies shall be published on Bank's website and the degree of adherence to it shall be specified in the governance report issued in the Bank's annual report.

Conflict of Interest

The Bank shall have written policies on conflict of interest covering its definition, independent execution, and disclosure; whether such conflict is between Board members and the Bank or between the Executive Management and the Bank.

Conflict of interest policy shall cover various aspects related to the subject of conflict of interest, such as:

- Board member shall avoid the activities which may lead to conflict of interest.
- Board's approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.
- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member. Some of the key circumstances that may give rise to a conflict of interest, either actual or perceived, are covered under section on Loyalty, Honesty and Diligence earlier in this Corporate Governance manual.

Transactions with related parties

- The Bank shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between the Bank and its employees, the Bank and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with the Bank.
- The Board shall ensure that the transactions with the related parties (including internal group transactions) are reviewed to assess risk and are subjected to appropriate restrictions (e.g. by requiring that such transactions be conducted at arms-length basis) and that corporate or business resources of the Bank are not misappropriated or misapplied.

Whistle blowing

The Bank shall place policies and procedures on Fraud/ Whistle Blowing - Private Informant Policy, including procedures enabling employees to contact the Board Chairman to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and its follow-up. These procedures shall ensure that the Bank provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns. The execution of these.

VIII. Governing Policies

Jordan Kuwait Bank regards providing written policies covering all the bank's activities with high importance as these policies are adopted by the board of directors and circulated to all management levels as well as reviewing and updating them regularly to reflect any changes and amendments that occur to the laws, regulations, economic circumstances and any other matters related to the Bank. These policies include credit policy, investment policy, risk policy, operational risk policy, compliance policy, internal monitoring and control system policy, Anti-Money Laundering policy, IT security policy, business continuity policy, assets and liabilities management policy, investment portfolio management policy, liquidity risk policy, interest rate risk policy, stress testing policy, emergency liquidity policy, internal assessment of capital adequacy policy, whistle-blowing policy, and human resources policy.

IX. Relations with Shareholders

- The Bank develops positive relations based on transparency with all shareholders. In this field, the Bank saves no effort to encourage all shareholders, especially small shareholders, to attend the annual meeting of the General Assembly and encourage voting. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.
- The Chairmen of the various Board committees attend the annual General Assembly meeting.
- Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management's responses to them as well as the conclusions reached.
- Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditor's report.
- Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

X. Transparency and Disclosures

- The Bank provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general; focusing on issues with material impact on the Bank.
- The Bank is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.
- The Bank follows up the various developments regarding the requirements of disclosure according to international standards, such that they are immediately reflected in its financial reports.
- The Bank commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, the Bank shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
- The Bank's annual report shall contain all information related to the Bank in a manner that is transparent and objective.
- Publish periodic reports that contain quarterly financial information, in addition to a report from the Board of Directors regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
- Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
- The Bank provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
- The reports that the Bank presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.
- To deepen the principle of transparency and disclosure, the Bank's annual report must specifically contain the following:-
 - The Banks' Corporate Governance Guidelines and the extent it is committed to.
 - Full information about the members of the Board of Directors including qualifications, experiences, share of the capital, their status as Executives, Non-Executives or Independent, memberships in any other Boards of Directors, the bonuses and salaries they have received, any loans granted to them by the Bank and any operations between the Bank and the member's companies, himself or any parties related to him.
 - A brief of the responsibilities and tasks of Board committees.
 - Frequency of Board and Board Committees meetings held.
 - A brief of the Bank's Remuneration Policy as well as the salaries and allowances of Senior Executive Management.
 - The statement of the Board of Directors regarding the sufficiency of internal control systems.
 - A description of the structure and activities of the Risk Management & Compliance Group.
 - The main shareholders of the Bank and of companies that hold substantial portion of the Bank's capital.



Ejara Leasing Company

FULLY OWNED COMPANY



United Financial Investments Company

SUBSIDIARY COMPANY



PRINCIPAL MEMBER,
ISSUER & ACQUIRER



Visa International Service Association
PRINCIPAL MEMBER,
ISSUER & ACQUIRER



ISSUER



Middle East Payment Services
MEMBER & SHAREHOLDER



MAIN AGENT



Branches

Amman Branches

- **Main Branch**
Tel. 5629400 – Fax 5694105
- **Abdali Branch**
Tel. 5629400 – Fax 5662374
- **Jabal Amman Branch**
Tel. 4641317 – Fax 4611391
- **Wehdat Branch**
Tel. 4777174 – Fax 4750220
- **Commercial Center Branch**
Tel. 4624312 – Fax 4611381
- **Tla' El'Ali Branch**
Tel. 5532168 – Fax 5518451
- **Jabal Al-Hussein Branch**
Tel. 5658664 – Fax 5658663
- **Abu-Alanda Branch**
Tel. 4162756 – Fax 4161841
- **Yarmouk Branch**
Tel. 4779102 – Fax 4750230
- **Wadi El-Seir Branch**
Tel. 5858864 – Fax 5810102
- **Jubaiha Branch**
Tel. 5346763 – Fax 5346761
- **Amra Branch**
Tel. 5535292 – Fax 5516561
- **Abdoun Branch**
Tel. 5924195 – Fax 5924194
- **Abu-Nsair Branch**
Tel. 5235223 – Fax 5235226
- **Marka Branch**
Tel. 4889531 – Fax 4889530
- **Ibn Khaldoun Branch**
Tel. 4613902 – Fax 4613901
- **Shmeissani Branch**
Tel. 5685403 – Fax 5685358

- **Vegetable Market Branch**
Tel. 4127588 – Fax 4127593
- **Madinah Munawarah St. Branch**
Tel. 5533561 – Fax 5533560
- **Sweifiyah Branch**
Tel. 5851028 – Fax 5851931
- **Nazzal Branch**
Tel. 4383906 – Fax 4383905
- **Mecca Mall Branch**
Tel. 5517967 – Fax 5517836
- **Al-Rabiyah Branch**
Tel. 5510839 – Fax 5511479
- **Al-Mougablain Branch**
Tel. 4203723 – Fax 4203715
- **Marj El-Hamam Branch**
Tel. 5731053 – Fax 5716832
- **City Mall Branch**
Tel. 5824318 – Fax 5825426
- **Wadi Saqra Branch**
Tel. 5679241 – Fax 5679146
- **Dabouq Branch**
Tel. 5412312 – Fax 5521337
- **Al-Madina Al-Riyadiyah Branch**
Tel. 5162165 – Fax 5162358
- **Khalda Branch**
Tel. 5370835 – Fax 5370925
- **Mecca St. Branch**
Tel. 5532156 – Fax 5532152
- **Al-Rawnaq Branch**
Tel. 5850392 – Fax 5850327
- **Southern Sweileh Branch**
Tel. 5356259 – Fax 5356830
- **Galleria Mall Branch**
Tel. 064017870 – Fax 064017871
- **Zain Branch**
Tel. 5810734 – Fax 5810927

- **King Abdullah Bureau Branch**
Tel. 4626990 – Fax 4626995
- **Petra University Branch**
Tel. 5711283 – Fax 5713079
- **Dair Ghbar Branch**
Tel. 5853854 – Fax 5853705
- **Taj Lifestyle Branch**
Tel. 5936901 – Fax 5936903

Middle Region Branches

- **Baq'ah Branch**
Tel. 4725090 – Fax 4726101
- **Madaba Branch**
Tel. 05/3253568 – Fax 05/3253569
- **Samarah Mall Branch**
Tel. 05/3561242 – Fax 05/3561244
- **Al- Ahliyyah Amman University Branch**
Tel. 05/3500029 – Fax 05/3500048
- **Al-Salt Branch**
Tel. 05/3558995 – Fax 05/3558994

North Region Branches

- **Irbid Branch**
Tel. 02/7243665 – Fax 02/7247880
- **King Abdallah II St. Branch**
Tel. 02/7248496 – Fax 02/7248498
- **Yarmouk University Branch**
Tel. 02/7256065 – Fax 02/7255315
- **Al Huson Branch**
Tel. 02/7020208 – Fax 02/7022198
- **Al-Mafraq Branch**
Tel. 02/6235901 – Fax 02/6235902



■ South Region Branches

- **Aqaba Branch**
Tel. 03/2015190 – Fax 03/2016188
- **Al-Karak Branch**
Tel. 03/2396102 – Fax 03/2396002

■ Zarqa Area Branches

- **Zarqa Branch**
Tel. 05/3997088 – Fax 05/3998677
- **Russaifeh Branch**
Tel. 05/3744151 – Fax 05/3744152
- **Zarqa Free Zone Branch**
Tel. 05/3826196 – Fax 05/3826195
- **New Zarqa Branch**
Tel. 05/3864556 – Fax 05/3864557
- **King Hussein Bin Talal St. Branch**
Tel. 05/3938470 – Fax 05/3938503

■ Branches outside Jordan

- **Regional Management & Ramallah Branch**
Tel. +970 22 406447 – Fax +970 22 406443
- **Nablus Branch**
Tel. +970 92 376413 – Fax +970 92 377181
- **Cyprus Branch**
Tel. +357 25 875555 – Fax +357 25 582339

■ ATM Locations

- Head Office (Drive Thru ATM)
- Head Office / Main Street
- Cyber Branch - Jabal Amman
- Zarqa Branch
- Wehdat Branch
- Tla'a El'Ali Branch
- Jabal Al-Hussein Branch
- Aqaba Branch
- Abu-Alanda Branch
- Yarmouk Branch
- Wadi El-Seir Branch
- Jubaiha Branch
- Russaifeh Branch
- Amra Branch
- Marka Branch
- Ibn Khaldoun Branch
- Shmeissani Branch
- Madinah Munawarah Branch
- New Zarqa Branch
- Madaba Branch
- Nazzal Branch
- Cyber Branch-Sweifiyah
- Baq'ah Branch
- Al-Mougablain Branch
- Sweifiyyah Branch
- Southern Sweileh Branch
- Abdoun Branch
- Abu-Nsair Branch
- Mecca Mall Branch
- Mecca Street Branch
- Marj El-Hamam Branch
- Wadi Saqra Branch
- Al-Rabiyah Branch
- Al-Rawnaq Branch
- Dabouq Branch
- Commercial Center Branch
- Irbid Branch
- King Abdallah II St. Branch-Irbid
- Yarmouk University Branch- Irbid
- Al-Madina Al-Riyadiyah Branch
- Khalda Branch
- Al-Salt Branch
- Al- Ahliyyah Amman University Branch
- Galleria Mall Branch
- Al-Huson Branch
- Samarah Mall Branch
- Dair Ghbar Branch
- Al-Mafraq Branch
- Al-Karak Branch
- Petra University Branch
- Taj Lifestyle Branch
- King Hussein Bin Talal St. Branch
- Safeway-Shmeissani
- Zain Headquarters
- Arab Orient Insurance Co.
- Cozmo Center
- Centro Supermarket
- City Mall
- Al-Baraka Mall
- Rawhi Pharmacy – Abdoun
- Rawhi Pharmacy - Khalda
- Crowne Plaza Hotel
- Crowne Plaza – Dead Sea
- Ramada Hotel
- Millennium Hotel
- Regency Hotel
- Kempinski Hotel-Aqaba
- Jabal Al-Weibdeh
- Rainbow St.
- Isteklal Hospital
- Mobile ATM
- Al-Manaseer Gas Station / Wadi El-Seir
- Al-Manaseer Gas Station / Zarqa
- ATM for persons with visual disabilities/ Jabal Amman
- ATM for persons with visual disabilities / Jubeiha Branch
- Ramallah Branch
- Nablus Branch

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