



البنك
الأردني الكويتي
JORDAN KUWAIT
BANK

ANNUAL
REPORT

2013



Kuwaiti investments
in Jordan

In line with its slogan: "More than just a bank", Jordan Kuwait Bank presents every year a new theme for its annual report. The management envisioned that the theme for 2013 should be about Kuwaiti investments in Jordan, since Kuwait assumes the top position among Arab investments, and is the largest foreign investor for the Jordanian economy. Besides the fact that JKB represents a successful model of investment cooperation and business relation between Jordanian and Kuwaiti investors. JKB's management and staff are pleased to shed light on the investment environment in Jordan and the Kuwaiti investments in the Kingdom.

Investing in Jordan.....

Attractive Environment and Promising Opportunities

Jordan realized at an early stage the importance of direct foreign investments and their effective role in the comprehensive economic development efforts through financing developmental projects, providing employment opportunities, and increasing competitiveness in foreign markets.

For the purpose of encouraging investors and attracting more investments, Jordan has taken pivotal steps, represented in providing a legislative and administrative environment, and providing incentives and facilities for foreign investments, to guarantee their success and the achievement of the desired objectives.

Advantages of Investing in Jordan

Jordan is characterized by a group of economic, demographic, social and political aspects, most prominent of which are:

- An outstanding strategic position connecting the three continents of Asia, Europe, and Africa, located in the heart of the Middle East, and connecting to the Red Sea through the Gulf of Aqaba, representing an easy and well-facilitated access to international markets.
- A stable political environment based on institutionalism, freedom, separation of powers, and rule of law.
- Economic policies which are conducive to the principals of a free economy and a pioneering role for the private sector.
- A package of incentives and exemptions to encourage investment.
- Trained and qualified human resources.

Exemptions According to the Investment Promotion Law and the Development and Free Zones Law

In order to facilitate the process of establishing investment projects, including registration, licensing and granting exemptions, the Jordan Investment Board; the official entity for dealing with Jordanian and foreign investors, offers the one-stop-shop service for investors, bringing together representatives from various concerned

departments and institutions. The Investment Promotion Law and the Development and Free Zones Law provide a number of exemptions and facilities as follows:

- A group of customs exemptions on imported fixed assets, in addition to facilitating the licensing and registration of projects.
- New investments in various income-generating sectors in the country enjoy the following exemptions:
- The project's fixed assets are exempted from fees and taxes.
- Spare parts imported for the project are exempted from fees and taxes, provided their value does not exceed 15% of the value of the fixed assets for which the parts are imported.
- Fixed assets necessary for expanding, developing, or upgrading the project are exempt from fees and taxes if such an expansion shall result in an increase in the production capacity of the project by no less than 25%.
- Any increase to the value of fixed assets imported for the project shall be exempted if such an increase is a result of a rise in the prices of such assets in the country of origin, a rise in the freight charges, or a change in the exchange rates.

On another note, and in order to distribute the gains of development throughout the Kingdom, and to create an advanced investment environment for economic activities in specific geographic regions, the Development and Free Zones Commission offers a number of investment benefits and incentives as follows:

- Income tax withheld on economic activities inside the zone for the companies at the rate of 5%.
- Exemptions from the sales tax on services the company purchases for the purpose of conducting its economic activity.
- Exemptions from customs fees.
- Exemptions from the social services tax and the dividends disbursement tax.
- Full ownership (100%) by non-Jordanians.
- Granting work visas for foreigners, including expatriate and transit workers, and residency for families and business owners.
- Efficient and streamlined registration and licensing procedures.
- All incentives and tax and customs exemptions granted in accordance with the Development and Free Zones Law or any law currently in force.

It is noteworthy that Jordan is in the process of issuing a new investment law which strives to fundamentally revolutionize the investment environment in the country through consolidating investment references and establishing a higher commission for investment. It is expected that this law will be passed during the first quarter of 2014.

Investments Benefiting from the Investment Promotion Law (1996 - 2012)

The value of local and foreign investments which benefited from the Investment Promotion Law during the period 1996-2012 amounted to JD 15.7 billion (about USD22 billion), of which 64.3% were local investments, while foreign investments represented 35.7% of total investments. The main areas of investment, ordered by their value, were the industrial sector, particularly mining and extractive industries, followed by services, particularly banking and communications, followed by the agricultural sector.

Relations between Kuwait and Jordan... A Model for Positive Arab Cooperation



It is with absolute pleasure that I accept Jordan Kuwait Bank's invitation to participate in its efforts aimed at highlighting Kuwaiti investments in Jordan within its annual report for the year 2013, and which reflects the Bank's pride in being one of the oldest and most significant investment projects between Kuwait and Jordan, and one of the most successful and prosperous.

I can only start by commending the strong brotherly cooperative relations which tie the State of Kuwait with the Hashemite Kingdom of Jordan, thanks to the attention and patronage of the leadership of both countries, represented by His Majesty King Abdullah II and his brother Shaikh Sabah Al-Ahmad Al-Jaber Al-Sabah, the Amir of the State of Kuwait. Jordanian Kuwaiti relations are based on a solid foundation, the bases of which are the interests of both countries and their citizens, which are constantly developing to realize the aspirations of both countries towards more cooperation and coordination. The political leaderships in both Jordan and Kuwait give great importance to the relations between both countries, which contributed to achieving a quantum leap for these relations, increasing Kuwaiti investments to about USD12 billion, becoming an example for inter-Arab relations. The State of Kuwait looks forward to more collaboration with Jordan within the framework of joint Arab cooperation, in a manner that serves the Arab nation and its higher interests, and achieves the security and economic prosperity of the region.

The cordial visits between the leaderships of both countries have contributed in reinforcing the brotherly relations that tie the two countries, representing a noticeable move on the road to developing bilateral cooperation and opening new horizons for collaboration in various fields, particularly in economic, trade, and investment, in a manner that reflects positively on the interests of both peoples.

The investment climate in Jordan, and the facilities provided for Kuwaiti businessmen and investors have encouraged the flow and the increase of vital Kuwaiti investments in the Kingdom, considered to be in the lead among Arab and foreign investments, whereby contributing significantly in the development of the Jordanian economy. We look forward to more cooperation in all sectors, to be at the level of the solid relations that tie the leaderships and people of the two countries.

Kuwaiti investments in Jordan represent an affluent economic support for the Kingdom, enhancing the added value for the various production sectors, alleviating unemployment rates, and contributing to creating sustainable development in the Kingdom's governorates, benefiting from the climate of security, safety, and political and economic stability which Jordan enjoys. Kuwaiti investments operate in and extend over a number of sectors, including industry, hotels, hospitals, real estate, and the financial market. Furthermore, the Kuwaiti grant to Jordan, as part of the Gulf grant, of which Kuwait's share was USD1.25 billion, has contributed to supporting the Kingdom's general budget, significantly contributing in financing and completing developmental projects of priority.

It is noteworthy, on this occasion, to highlight the relation tying the Kuwait Fund for Arab Economic Development with Jordan, whereby the very first agreement signed by the Fund after its establishment in 1961 was with Jordan in 1962, and the total number of projects implemented by the Fund in Jordan to date have reached around 25 projects, with a total value of USD650 million.

I take this opportunity to wish Jordan Kuwait Bank, its experienced management and outstanding staff every success and further excellence and progress.

Hamad Saleh Al-Duaij

Ambassador of the State of Kuwait to Jordan

Kuwaiti Investments in Jordan... A Partnership for Development

Main Indicators of the Kuwaiti Economy

The Kuwaiti economy is considered one of the most significant economies in the Middle East and North Africa, and is considered an active member in the Organization of Petroleum Exporting Countries. The Kuwaiti economy is characterized by a diversified base, far from the risks of concentrating on one source for generating income, jobs, and economic expansion opportunities. It is also enriched with a number of constituents and factors which contribute to forming and building a diversified economy which is effective and attractive at the regional and international levels.

In spite of the relatively small size of the Kuwaiti economy, particularly from the demographic and geographic aspects, the State of Kuwait succeeded in developing its economy and its productive base through diversified investment policies which encouraged steadily raising the level of its gross domestic product (GDP) over the past years. In 2012, GDP reached USD173.4 billion, and is expected to reach USD175.2 billion in 2014, at growth rates that exceed the average recorded internationally.

Overview of the Kuwaiti Investments Abroad

International statistics indicated that the level of direct foreign investments decreased globally between the years 2011 and 2012, to reach USD1.3 trillion in 2012, against USD1.6 trillion in 2011. This is mainly due to the repercussions of the global financial crisis since 2008, and the challenges facing the global economy. Over the past 2 years, Kuwait has sought to follow a more conservative and prudent policy, which led to reducing the level of Kuwaiti investments abroad by 13%, noting that foreign investments globally receded by about 18% during that period.

In comparing Kuwait with Arab countries as a source for direct foreign investments, Kuwait assumed the top position in 2011, with a share of 35.3% of total investments. Initial global figures indicate that Kuwait has maintained this position during the years 2012 and 2013. As for total direct foreign investment from Arab countries, and that recorded about USD177.5 billion in 2011, Kuwait assumed the third position after the United Arab Emirates and Saudi Arabia and with a share of 12% of total balances.



Kuwaiti Investments in Jordan

Kuwaiti investments in Jordan are viewed from two perspectives; the first is related to its role and size within the direct Arab investment flow, and the second to the flow of investments in the Jordanian capital market.



Direct Kuwaiti Investments Compared to Arab Investments

A study prepared by the General Statistics Department, the Central Bank of Jordan, and the Ministry of Planning and International Cooperation indicates that the volume of Kuwaiti investments in Jordan up until the end of the last decade amounted to USD3.2 billion, forming the largest balance of Arab investments, noting that Kuwaiti investments in Jordan were distributed over different sectors. In the service sector, Kuwaiti investment varied to include the transport sector and the information and communications technologies (ICT) sector, represented mainly in Zain and Jordan Telecom, as well as the Airport International Group. As for the financial and banking sector, Jordan Kuwait Bank and National Bank of Kuwait are considered among the most important investments. Kuwaiti investments also appear in real estate development

projects such as Al-Abdali project. In addition, there are many Kuwaiti investments in the industrial sector, particularly in the field of extractive industries such as phosphate and Potash. The State of Kuwait also invests in industrial and developmental cities in the fields of food and pharmaceutical industries.

Direct Kuwaiti Investments Compared to Foreign Investments

Latest figures for the year 2013 from the Jordan Investment Board indicate that the Kuwaiti investments which have applied to benefit from the Investment Promotion Law reached about USD240 million in sectors like industry, hospitals, and hotels and there is about half a billion dollars of direct investments in the Aqaba Special Economic Zone. There are also Kuwaiti investments exceeding USD105 million under establishment during 2013, in addition to about USD265 million of Kuwaiti investments awaiting approvals from the authorities. Among the promising investments expected to be launched in 2014 are the "IKEA" showroom project by Al Humaidi Group, with an investment of about USD78 million, the "Softy" detergents factory with an investment of USD14 million, and the MENA tourism project in the Dead Sea, amounting to USD20 million.

Statistics from the Securities Depository Center indicate the presence of about USD1.6 billion of Kuwaiti investments in the Jordanian market, amounting to about 10% of the total market value of the Jordanian capital market. In spite of the difficulty of determining the real investment in the commercial sector, particularly in the wholesale and retail markets, indicators of the size of capital investment refers to the presence of registered investments in this field with registered capital amounting to USD800 million.



Sheikh Hamad Sabah Al Ahmad Al-Sabah, Chairman of Kuwait Projects Company (Holding) KIPCO, accompanied by Mr. Faisal Hamad Al-Ayyar, Vice Chairman, on a visit to the Abdali Project site.

Kuwaiti Investments in the Amman Stock Exchange

Investment figures specific to the Arab capital markets at the end of 2011 indicate that Kuwait occupied the top position as the most important Arab and foreign investor in the Arab financial securities portfolio, amounting to USD20.1 billion, with a share of 18.23%, followed by the United Arab Emirates in the second position with USD20.09 billion, with a share of 18.21%. The United States of America came in third with USD12 billion, and a share of 10.9%.

Regarding the volume of Kuwaiti investments in the Amman Stock Exchange, figures indicate that Kuwait occupies the top position amongst Arab and foreign countries. The ratio of Kuwaiti investments to total Arab investments reached 60.7%, and exceeded 57% of total foreign investments in the Kingdom. Kuwaiti investments is almost four to five times more than the investments of most foreign countries. In general, total Kuwaiti investments in the Arab financial markets amount to 3.2% of the size of these markets.

On another note, total Kuwaiti investments in Jordan represent about 37% of total accumulated balances of Arab investments in the Jordanian market, with a balance amounting to USD 9.160 billion since the end of 2011. This figure is still valid, with a slight increase, nearing close to USD10 billion, according to figures by the Jordan Investment Board, indicating that more than one third of the Arab investments in the Jordanian economy belong to the State of Kuwait. This result indicates that the State of Kuwait takes the first position, at the Arab level, in the volume of Arab investments in the country, and the largest foreign investor in the Jordanian economy.

Distribution of Kuwaiti Investments in Jordan by Sector

It is noticeable that intra-Arab investments by sector are compatible with the structural distribution of the economic sectors in the Jordanian economy, with 69% of these investments concentrated on the services sector, while the industrial sector assumed the rest of these investments. It is evident that Kuwaiti investments were affected by this distribution, in that within the services sector, Kuwaiti investments varied to include the transport sector in the capital city of Amman through owning a substantial share in the Integrated Company for Transport, and in the Communications sector, starting with mobile communications, represented in Zain company, which is fully owned by Al-Barrak Group, and which is considered the first mobile communications company in Jordan, let alone its extensive network and numerous additional services in the field of information technology and communications. Furthermore, Al-Nour Group owns about 10% of Jordan Telecom. In the financial and banking sector, Jordan Kuwait Bank is considered one of the most important Kuwaiti investments in the country, and has assumed an advanced position in the Jordanian banking sector, receiving a number of international awards in the fields of growth and excellence in banking services and products, in addition to being a pioneer in electronic delivery channels. Kuwaiti investments also appear in real estate development projects, namely the Abdali project and Abdali Boulevard main shopping area. In addition, there are many Kuwaiti investments in the industrial and mining sectors, particularly in the extractive sector such as Phosphate. The State of Kuwait is also investing in industrial and developmental cities in the fields of food and pharmaceutical industries. The following table presents some current Kuwaiti investments in Jordan and the sector in which these investments operate.

Some Major Kuwaiti Investments in Jordan

Investment	Sector	Investing Company
Jordan Kuwait Bank	Financial and Banking	Burgan Bank, subsidiary of Kuwait Projects Company (Holding) (KIPCO)
Abdali Project (Abdali Psc., Boulevard, and Mall)	Real Estate	United Real Estate Company, subsidiary of Kuwait Projects Company (Holding) (KIPCO)
Housing Bank for Trade and Finance	Financial and Banking	Kuwait Real Estate Investment Consortium
National Bank of Kuwait	Financial and Banking	National Bank of Kuwait - Kuwait
Arab Orient Insurance Company	Insurance	Gulf Insurance Group, subsidiary of Kuwait Projects Company (Holding) (KIPCO)
Zain	ICT	Zain Group
Jordan Telecom	ICT	Noor Telecommunication Company
Arab Potash Company	Industrial	Kuwait Investment Authority
Jordan Phosphate Company	Industrial	Government of the State of Kuwait
Comprehensive Multiple Project Company	Industrial	Noor Financial Investment Company
Middle East Complex for Engineering, Electronics, and Heavy Industries	Industrial	National Industries Group Holding
Airport International Group	Transport	Noor Financial Investment Company



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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

> 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

Board of Directors

Chairman

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

Vice Chairman

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

Rep.: United Gulf Bank – Bahrain

- Members**
- **H.E. Dr. Jafar Abed Hassan** Rep.: Social Security Corporation – Jordan As of 4/12/2013
 - **Mr. Emad Jamal Kudah** Rep.: Social Security Corporation – Jordan Until 3/12/2013
 - **Mr. Masaud Mahmoud Jawhar Hayat** Rep.: Al- Futtooh Holding Co. – Kuwait
 - **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
 - **Mr. Bijan Khosrowshahi** Rep.: Odyssey Reinsurance Co. – U.S.A

General Manager/ Board Secretary

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

Auditors

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

Message from the Chairman

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 Bank's activities, its achievements, and the consolidated financial statements for the year ending on 31/12/2013.

The year 2013 witnessed a slow revival of the global economy, yet remained a difficult year for many countries, with recession dominating most parts of the year, as a result of austerity programs and weak credit activity amongst banks, as well as a state of uncertainty resulting from the global economy's reliance on the financial conditions and monetary policy of the largest economy of the world. We have witnessed, throughout the year, a series of positive and negative expectations, which were frequently adjusted from one quarter to another. Finally, however, the nightmare of recession appeared to be receding.

What seemed to be an irregular and non-equivalent improvement for countries with advanced economies has started to take hold, and some good figures have started to appear and move in the right direction, accompanied by a return in signs of confidence. In the United States, and despite the sufferings resulting from internal qualms over the budget, the situation is heading towards improvement, with the housing and stock markets on the move, and private demand regaining its robustness and stamina. The question remains, however, as to what will happen in 2014 when US Federal Reserve begins to gradually wind down its massive stimulus programs, with the persistence of budget-related problems and public debt ceiling issues?

In the United Kingdom, a high level of optimism prevailed, and the economy survived from expected pitfalls, reinforcing strong growth. Germany also witnessed a good year, while non-pivotal European countries witnessed disappointing growth, with all of them reporting high unemployment rates. In total, Europe and the Euro remain in the problem zone.

Emerging economies meanwhile managed to persevere, maintaining a moderate pace of growth, albeit at a lower level than the pre-crisis situation. This emphasizes that even those countries that exhibited consistently strong and accelerating growth levels, are no more capable of doing so, and there are increasing indications that foresee a decreasing growth pace, in addition to difficulties in exchange rates, and the interest rate structure for those countries.

The difficult and painful stage may be approaching its end, but the road back to a strong economy is still long and tedious. In spite of the initial results of the measures taken to confront recession at the global level, they remain insufficient, and it is necessary to continue with structural and financial reforms until a financial system is achieved which treats imbalances and supports stability. Everyone is awaiting additional indicators and positive results to reinforce optimism in the start of a real recovery and a better state in 2014.

At the local level, 2013 was a continuation of the year preceding it, with the Jordanian economy achieving mixed results. Gross Domestic Product (GDP) grew by about 2.8%, with the growth rate remaining at the previous year's level. Inflation continued to be controlled at around its level from the previous year of 5.6%, while the main economic and fiscal indicators showed healthy trends; most prominently, a significant increase in the Central Bank of Jordan's foreign currencies reserves, a decrease in the current account balance of trade deficit, a stable exchange rate of the Jordan Dinar,

an increase in transfers from expatriate Jordanians, an increase in the Arab and foreign flow of investments, an end to the Dollarization process as the result of an increase in the public confidence, a confirmation of the Jordanian banking system's strength, and an improvement in the prices of stocks in the Amman Stock Exchange.

On the other hand, and despite the treasury receiving foreign and Arab grants, the Jordanian economy could not get through the bottleneck and remained subject to pressure. The economic reform program failed to achieve all its planned objectives, and a number of negative aspects surfaced, with the general budget deficit increasing, the debt reaching unprecedented levels at 80% of GDP, and the self-reliance indicator remaining low at around 85%; indicating that the state continues to rely on borrowing and foreign grants to cover all its capital expenditure and 15% of current expenses. The energy problem also remained unsolved, and the trade balance deficit increased as a result of stagnant exports and an increase in imports. Interest rates on the Dinar remained high compared to major currencies, and unemployment levels increased to 12.6%. In general, a state of uncertainty persisted, adversely affecting the activities of the private sector.

Although the economic reform program stressed reforms in financial and monetary fields, movement in financial policy was very limited. Most items of the general budget do not enjoy flexibility and are imposed on the Ministry of Finance, which does not have the sufficient space to move and maneuver, and to implement financial policies, which reflect the changing situations. The financial policy's major obsession remained at arranging for additional resources to meet increasing obligations.

In return, the fiscal policy was robust, and the Central Bank of Jordan exhibited a high level of efficiency in pursuing changes and reacting to them, reducing the interest rate three times, and taking a number of targeted measures to reinforce the banking system and preserve the Dinar's preference for national savings.

Overall, the rating of the Jordanian economy remains negative, with structural reforms still incomplete, the support policy was not yet reformed to reach the deserved beneficiaries, and the National Electricity Company is still suffering from losses and is unable to recover the cost. The International Monetary Fund (IMF), however, has expressed its satisfaction with Jordan's overall achievements.

JKB's Results in 2013

The year 2013 for Jordan Kuwait Bank (JKB) was full of achievements, as well as a year burdened with encumbrances and challenges. Although dealing with a sluggish and modestly active economic situation, we never discarded our typical optimism and conviction that the best opportunities lie in the toughest crises. We worked hard and at all times to reinforce means of communication with the private sector in all its components, including large, medium, and small enterprises, and exerted every effort to help our customers continue their business activity and enhance their presence in the marketplace. New opportunities were generated and good results were achieved, but remained short of our aspirations due to prevailing circumstances and a state of weak demand.

As part of our keenness to balance the components of our credit portfolio, we followed an ambitious policy directed towards the retail sector and individuals; a sector characterized by good profitability

and diversified risk, which reflect on assets' quality and non-performing debts ratio. This approach also aims at reducing our credit concentrations in facilities granted to the government sector or guaranteed by it, such as energy companies (Electricity and Oil Refinery), in addition to reducing reliance on investment in Jordanian government bonds, while maintaining comfortable levels of liquidity.

Since its beginning, 2013 witnessed intensive efforts, which included all work aspects, in preparation for the new quantum leap we plan to launch in 2014. Everyone at the Bank was characterized by hard work and perseverance and issues related to the progress of projects and programs, challenges, and successes were the preoccupation of all the Bank's employees at all levels and during all times.

Work was underway during the year to complete developing and implementing the necessary procedures for the proper implementation of corporate governance instructions and deep-rooting the principles of full compliance with them. In this respect, we point out that JKB is subject to instructions from the banking regulators in Jordan, Kuwait, Cyprus, and Palestine, in addition to control requirements of Burgan Bank Group, as JKB is a member of the Group.

The new developmental project; namely, replacing the present core banking system with a new and advanced one, has taken our full attention and effort. Work groups implementing the project are working around the clock to launch the new system in the second half of 2014. It is noteworthy that implementing the system is going alongside its implementation at Burgan Bank and other banks in the Group. By the year's end, all the necessary arrangements were finalized to launch the new ATM switch at the beginning of 2014. This system provides integrated and automated services with new features. We also started to provide the requirements for complying with the Foreign Accounts Tax Compliance Act (FATCA), so that they would be ready when the law comes into force. Alongside that, 2013 witnessed the inauguration of four new branches and the relocation of two others.

In order to support the transformation process and accompany developments in the banking sector both locally and internationally, the Bank's human resources were reinforced and a number of new experienced and highly qualified staff were employed to occupy main positions. This coincided with completing a core development in the policies and procedures of managing human resources according to the best practices in this field.

In the area of addressing non-performing loans, a number of accounts were dealt with and loans that encountered some problems were restructured. Such treatments resulted in activating these accounts and enhancing their collateral noticeably. Legal pursuit and collection operations also achieved good results, whether amicably or through litigation. Regarding Taameer Jordan Holdings, we are still convinced that the company requires all possible support, not only from JKB but from the government as well, in order for it to continue with its housing projects which target the middle-income groups. The Bank acquired a number of villas in Al-Andalucia project to provide the liquidity needed for the company and help it finish its villas; to pull the company out of its present situation and help the Bank recover its debt gradually, and thus reflect positively on the real estate sector in Jordan in general. Finishing the villas acquired by the Bank is almost complete; they are currently offered for sale and there seems to be good demand for them.

At the financial results level, the Bank's performance in 2013 is considered an extension of its successes over the past five years and the years prior to the crisis. Financial results for the year ending on 31/12/2013 indicate an increase in the Bank's assets to reach USD3,600.1 million, against USD3,398.6 million in 2012, with a growth of 5.93%. Direct credit facilities (net) reached USD1,873.3 million, with a decrease of 6.22% over last year. This is due to poor demand for credit in general as a result of the current economic situation, and pre-programmed settlements of large loans, in addition to management striving to increase the liquidity ratio to a comfortable

level. On the liabilities side, customer deposits registered a strong growth of 17.16%, reaching USD2,259.3 million at year end. Income for the year before tax amounted to USD93 million, with a growth of 4.2% over 2012, while the income pertaining to shareholders after taxes and provisions amounted to USD67 million, with an increase of 2.5% over the previous year. Total shareholders' equity increased by 7.97%, amounting to USD577.3 million. Performance indicators and ratios maintained their high levels within international standard ratios, with the return on assets ratio reaching 1.91%, and the return on average shareholders' equity ratio registering 12.03%. Capital adequacy ratio reached 16.43%, while the efficiency ratio (expenses to total income) reached 32.86%.

The Outlook for 2014

Pressures continue to burden the Jordanian economy, threatening it with slow recovery. Challenges Jordan will face in 2014 will not be different from those faced in 2013, most important of which are foreign challenges related to exacerbating the security and political situation in neighboring countries (Syria, Iraq, and Egypt). Internal challenges include the increasing budget deficit and public debt, the high cost of energy which consumes about 20% of GDP, and the economic, social, and political repercussions of the Syrian refugees.

On the other hand, there are numerous positive indicators, most significant of which are the opportunities available for Jordanian exports, which could replace inter-regional exports through Syria, which stalled as a result of the prevailing situation there. Among the indicators are also the continued inflow of foreign grants, and the government's serious commitment to planned reforms overseen by the IMF experts, the continuation of tourism at its current high level despite unstable regional conditions, as well as the increase in the Central Bank of Jordan's foreign currency reserves as a source for public confidence, and Jordan overcoming the risks of the Arab spring.

In general and in spite of the challenges, we believe that there is big room for optimism in the Jordanian economy's ability to reach a quicker pace for development by committing to political and economic policies that are conducive to growth, and potential for real government initiatives for activating and assisting the private sector, being the main investment catalyst, motivating the economy, and boosting its recovery stage which, we believe, will be long and replete with pitfalls, thus requiring a great deal of patience and dedication, as well as high levels of transparency and responsibility, approaching matters in a comprehensive manner rather than through seasonal actions and initiatives.

In conclusion, I extend to our shareholders and customers my deepest gratitude and appreciation for their confidence and cooperation, and to our strategic partners, Kuwait Projects Company (Holding) (KIPCO) and Burgan Bank Group, our commendation and gratitude for their genuine support and continued attention to the Bank's interest, looking forward to enhancing the strategic and business relations we share for our mutual interest. I also extend my profound gratitude to the Central Bank of Jordan, represented by H.E. the Governor and his deputies, and all its departments for their outstanding efforts, high professionalism, and their continued efforts to enhance the status of the Jordanian banking system. Gratitude is also due to the chairman, members and staff of the Jordan Securities Commission for their outstanding performance in reinforcing the investment climate and their keenness to safeguard investor interests. I also extend my appreciation, commendation, and gratitude to all my colleagues at the Bank and its subsidiaries at all levels, for their outstanding performance, diligence, and role in achieving the Bank's objectives and its continued success and prosperity.

Abdel Karim Kabariti
Chairman

**Abdali
Investment &
Development Psc**

Abdali Psc. was formed in 2004 as a result of a successful partnership between the government-owned real estate developer National Resources and Development Corporation (MAWARED) and Horizon International for Development, an international construction conglomerate specialized in investment and development of large scale real estate and construction projects owned by Sheikh Bahaa Rafic Al-Hariri. This joint venture was further enlarged when the United Real Estate Company - Jordan, under the group of Kuwait Projects Company (KIPCO), joined as partner, thus bringing a wealth of proven experience to the mega urban regeneration project to develop Amman's new downtown.



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

JKB adopts a Corporate Governance Manual that was prepared in late 2007 according to best international practices and the Central Bank of Jordan (CBJ) instructions. The aim of the Bank's adoption of this manual is to achieve corporate governance principles of fair treatment with all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and various stakeholders; in addition to accountability through clear segregation of duties and delegation of authority. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is enclosed with this report after being revised and amended in 2013 to be in line with the instructions of corporate governance issued by the Central Bank of Jordan and Central Bank of Kuwait and the requirements of Burgan Bank's corporate governance.

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.
- 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.

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.

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 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 of the Bank's financial reports and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

Board Meetings

The Board held six meetings during 2013 on the following dates: Jan. 21, Jan. 30, Apr. 7, Jun. 25, Nov. 21 and Dec. 24, 2013. All Board members have attended all meetings as well as the General Assembly meeting held on April 7, 2013.

The following list shows the names of the Board members, their representation and positions:

Name	Representation	Membership in the Board
H.E. Mr. Abdel Karim A. Kabariti		Chairman
Mr. Faisal H. Al-Ayyar	Rep. United Gulf Bank	Vice Chairman
H.E. Dr. Jafar A. Hassan	Rep. Social Security Corp.	Board Member
Mr. Masaud M. Jawhar Hayat	Rep. Al- Futtooh Holding Co.	Board Member
Mr. Tariq M. Abdul Salam	Rep. Kuwait Projects Co. (Holding)	Board Member
Mr. Farouk A. Al-Aref*		Board Member / Independent
Dr. Yousef M. Goussous	Rep. Burgan Bank	Board Member
Mr. Mansour A. Louzi*	Rep. Strategy Co. for Investments	Board Member / Independent
Mr. Bijan Khosrowshahi	Rep. Odyssey Reinsurance Co.	Board Member / Independent

*Executive Member

The following list shows the Board committees, the Board members and the number of meetings held during the year 2013:

Board Committee	Board Committee Members	No. of Meetings in 2013
Corporate Governance Committee	H.E. Mr. Abdel Karim A. Kabariti, Chairman Mr. Bijan Khosrowshahi, Member H.E. Dr. Jafar A. Hassan, Member (As of 4/12/2014) Mr. Emad J. Kudah, Member (Until 3/12/2014) Head of Risk & Compliance Group is called to attend the meetings	1
Board Credit & Investment Committee	H.E. Mr. Abdel Karim A. Kabariti, Chairman Mr. Mansour A. Louzi, Member Mr. Farouk A. Al-Aref, Member Deputy GM, Head of Banking Group is called to attend the meetings	50
Board Audit and Risk Committee Until 20/11/2013	Mr. Tariq M. Abdul Salam, Chairman Mr. Farouk A. Al-Aref, Member Dr. Yousef M. Goussous, Member Mr. Mansour A. Louzi, Member Mr. Emad Jamal Kudah, Observer	4
Board Audit Committee As of 21/11/2013	Mr. Tariq M. Abdul Salam, Chairman Dr. Yousef M. Goussous, Member H.E. Dr. Jafar A. Hassan, Member (As of 4/12/2014) Mr. Emad Jamal Kudah, Member (Until 3/12/2014) Head of Internal Audit is called to attend the meetings	-
Board Risk Committee As of 21/11/2013	Mr. Tariq M. Abdul Salam, Chairman Dr. Yousef M. Goussous, Member Mr. Bijan Khosrowshahi, Member Head of Risk & Compliance Group is called to attend the meetings	-
Nominations and Remuneration Committee	Mr. Masaud M. Jawhar Hayat, Chairman Dr. Yousef M. Goussous, Member H.E. Dr. Jafar A. Hassan, Member (As of 4/12/2014) Mr. Emad Jamal Kudah, Member (Until 3/12/2014)	1

Committee Secretary for the above committees: Mr. "Moh'd Yaser" M. Al-Asmar/ General Manager

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.

Total remuneration paid to the Board members in 2013 are detailed in the table below:

Board Member	Total rem. in USD
H.E. Mr. Abdel Karim A. Kabariti	146,804
Mr. Faisal H. Al-Ayyar	22,052
Rep. Social Security Corporation	15,092
Mr. Masaud M. Jawhar Hayat	22,052
Mr. Tariq M. Abdul Salam	23,745
Mr. Farouk A. Al-Aref	21,721
Dr. Yousef M. Goussous	14,668
Mr. Mansour A. Louzi	21,580
Mr. Bijan Khosrowshahi	22,475
Total	310,189

Executives' Remuneration

The salaries, transportation allowance and other expenses paid to the Bank's executives during the year 2013 were declared in the disclosure statement as required by article (4) of the disclosure regulations issued by the Jordan Securities Commission, and the notes to the consolidated financial statements included in this report comprising an integral part of it.

Control Environment

Internal Controls

JKB 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.

This stems from the Bank's belief 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. The Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and updating is 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 and implementation responsibilities of the Board of Directors and the executive management.

Internal Audit

The Internal Audit philosophy is based on its mission to provide independent and objective assurances and consultations to the Bank's Board of Directors and executive management that aim to add value or enhance operations, and to assist the Bank's management achieve set goals through establishing a systematic approach to assess and improve the effectiveness of risks management process, internal controls and corporate governance.

The Internal Audit Department administratively reports directly to the Chairman of the Board, and functionally to the Board Audit Committee. It submits its reports that include the results of its work directly to the Chairman of the Board and the Board Audit Committee.

An audit charter was developed for the department according to international best practices. The following are the most important features of the charter:

- The department enjoys full independence and does not perform any executive operations.
- The department can obtain any information and contact any employee within the Bank and enjoys all authorities which enable it to perform the duties assigned to it.
- The Bank provides the department with sufficient number of academically and professionally qualified staff.
- The Bank provides the department with the required training courses both locally and abroad.

The department provides reasonable assurance regarding the level of effectiveness and efficiency of internal audit 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.
- Business continuity 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 audit systems, risk management and corporate governance processes.
- Improve and develop processes and products to best serve the Bank's goals.

The department's scope of work covers all of the Bank's work centers, activities and operations including branches abroad and the Bank subsidiaries in a manner that enables it 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. In addition, the department carries out the following:

- Conduct periodic reviews and audits based on the priorities of the Risk-based Audit Plan adopted as part of the department's strategy which is approved by the Board of Directors and the Board Audit Committee.
- Conduct any special reviews or consultations based on the directions of the Chairman or the Board Audit Committee.
- Assist the Executive Management and the Board of Directors by providing the needed consultations according to best international standards and practices.

The concept of quality control was introduced in order to provide relevant stakeholders with reasonable assurance with regard to internal audit activities and their compatibility with internationally recognized standards both locally and internationally.

Risk Management

The various 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 periodic reports to the Board Risk Committee.

The responsibilities of the Risk Management Department 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).
- Assess the capital adequacy (ICAAP) against the types and levels of the various risks that the Bank may be subject to. In this regard, the Bank sets goals and scenarios to stress test such risks and their applications. The results of such assessments are submitted to the Executive Management and the Board Risk Committee.
- Provide recommendations when setting limits for the various risks that the Bank is subjected to, review them and provide recommendations to the Board Risk Committee, as well as record cases that are exceptions to risk management policies.
- Provide the Board and Executive Management with sufficient 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.
- Coordinate with the Bank's committees, such as the Executive Committee, the Credit Committees and the Assets and Liabilities Committee in order to conduct its tasks as defined by the roles of these committees.
- The department is responsible for raising risk awareness among the Bank's employees focusing on new methods and practices aiming at realizing 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.

Compliance Control

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

Compliance risks that the Bank may be subject to include legal sanctions or material losses or reputational risk due to non-compliance with all applicable laws and regulations, instructions and rules of behavior, standards and sound banking practices issued by local and international regulatory authorities. The Bank acknowledges the importance of compliance control and carries out the following:

- Issue a compliance policy approved by the Board of Directors to monitor the Bank's compliance with the laws, regulations, and instructions issued by the regulatory authorities, best practices and industry standards through programs and work procedures according to the risk based approach principle.
- 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.

- Compliance control is managed through an independent department, which submits its periodic reports to the Board Risk Committee. The Compliance Department's scope of work covers all of the Bank's departments and branches in Jordan and abroad as well as its subsidiaries.
- Monitoring non-compliance risks via a database containing all the laws and regulations issued by official domestic and international regulatory authorities that is constantly updated according to the latest regulatory and legislative developments.

With regards to combating money laundering operations and financing terrorism, the Bank follows the policies and work procedures adopted by the Board of Directors and that comply with the instructions issued by the Central Bank of Jordan 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 our customers, making sure of their personal identification, legal status and the beneficiary of such transactions in addition to adopting the following principals:

- The Anti Money Laundering Unit reports directly to the Chairman of Board of Directors so as to provide the utmost independence and support needed to execute its duties.
- Adopt the risk based rating principle to segment clients within the work procedures in place.
- Use an automated system to combat money laundering and financing terrorism.
- 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 Committee.

Customer Complaints Processing Unit

In compliance with the Central Bank of Jordan's instructions to deal with customers fairly and transparently, a special unit was established to receive and deal 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 periodic reports to the Bank's executive management, including a description of complaints received and how they were handled and solved.

Relation with Shareholders

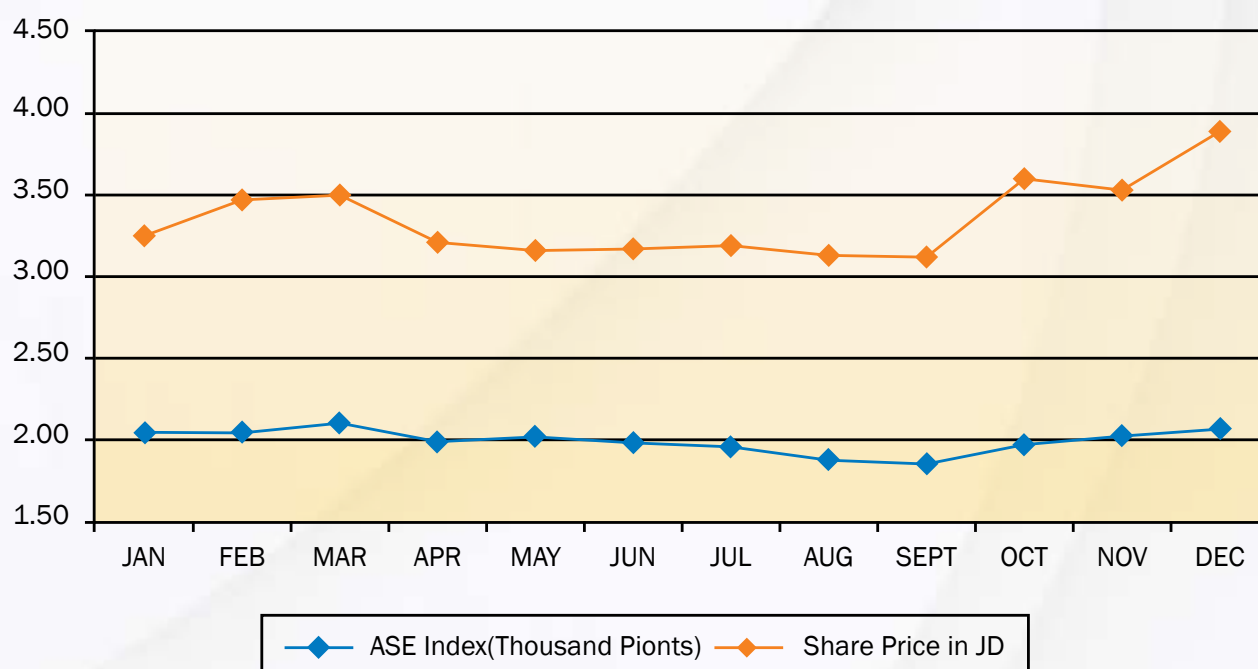
The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank saves no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 13,840 as of 31/12/2013. 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 financial statements. In addition, the un-audited quarterly and semi-annual balance sheets, profit and loss 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 31/12/2013

Number of Shares Held	Shareholders		Shares	
	No.	%	No.	%
Up to 500	10,549	76.221	2,098,940	2.099
501 - 1,000	1,754	12.673	1,246,326	1.246
1,001 - 5,000	1,163	8.403	2,366,180	2.366
5,001 - 10,000	168	1.214	1,202,957	1.203
10,001- 100,000	171	1.236	5,052,057	5.052
100,001 - 500,000	26	0.188	5,449,163	5.449
500,001 and more	9	0.065	82,584,376	82.585
Total	13,840	100	100,000,000	100

Changes in JKB Share Price (JD) vs ASE Index During 2013



Abdali Boulevard Company

Abdali Boulevard Company (ABC) was set up to administer the Boulevard's real estate for retail, business and residential properties. ABC is a partnership between Abdali Investment and Development Psc. and United Real Estate Company - Jordan.

The mix-use Abdali Boulevard consists of 12 mid-rise buildings surrounding a 370 meter-long central pedestrian promenade.



Management Discussion and Analysis

Jordan faced, over the past five years, and more specifically during the past two years, a number of challenges, mainly related to imbalances in public finance, an increase in the budget deficit and public debt, a slowdown in economic activity, and an increase in unemployment.

Towards the end of 2012, Jordan committed to a national economic reform program in agreement with the IMF aiming at addressing imbalances and confronting risks by adopting policies and solutions capable of improving the Jordanian economy's ability to attain balanced growth and to break away from the crisis.

Among the main indicators of commitment to the program were replacing the fuel subsidy with direct cash subsidy to eligible citizens, and gradually raising electric power prices towards reaching its cost. Furthermore, the government took measures aimed at reducing the budget deficit through controlling expenses and increasing local revenues. The IMF expressed its satisfaction with these measures and the integrity of implementing them, taking into account the social aspect in doing so.

Jordan's Banking Sector

The Central Bank of Jordan continued to adopt a balanced monetary policy in 2013, developing new tools enabling banks obtain the needed liquidity and reducing fluctuations in the inter-bank market. These tools contributed to reducing the high cost of lending to the private and public sectors. The Central Bank of Jordan also continued to provide incentives for banks to provide the necessary financing for small and medium enterprises, emanating from its belief in the role these enterprises have in motivating growth and providing employment opportunities.

The effective regulatory policy employed by the Central Bank of Jordan and the compliance of the bank's managements with such policies and procedures have had a deep effect on reinforcing the soundness of the banking system, enabling it to face current challenges and potential shocks. Consequently, banks were able to achieve good results in 2013, accompanied by exhibiting improvement in the banking sector's solvency indicators whereby capital adequacy ratios improved, as did the coverage for non performing loans, while the non-performing loans ratio decreased.

Credit facilities offered by licensed banks operating in Jordan amounted to USD26,712 million at the end of 2013, against USD25,148 million at the end of 2012, with an increase of USD1,564 million and a growth rate of 6.2%. Loans and advances represented 85.9% of total credit facilities granted, while overdraft accounts represented 12.5%. JKB's share of the total credit facilities in the banking sector amounted to 6.3% at year-end.

Total deposits with the banking sector at the end of 2013 amounted to USD38,918 million, against USD35,219 million in 2012, with an increase of USD3,699 million, and a growth rate of 10.5%. Private sector deposits increased to USD36,088 million at the end of 2013,

against USD32,826 million in the previous year, with a growth rate of 9.9%. Time deposits represented 56% of total banking sector deposits, while current and savings accounts represented 29.9% and 14.1% respectively. JKB's share of total customer deposits in the banking sector amounted to 5.62% at year-end.

JKB Financial Performance

In spite of the continued effects of the repercussions of the financial crisis and regional situations on a number of local economic sectors, Jordan Kuwait Bank was able to achieve excellent financial results and tangible achievements in its key business areas. The following are the most important items of the consolidated financial statement:

A. Consolidated Statement of Financial Position

Assets: Total assets amounted to USD3,600 million at 31/12/2013 compared to USD3,398.6 million from the previous year, achieving a growth of 5.93%.

Direct Credit Facilities: Direct credit facilities (net) reached USD1,873.3 million at the end of 2013 against USD1,997.5 million at the end of 2012; a decrease of 6.22%. This decrease is due to weak demand for credit in general as a result of economic situation, and pre-programmed settlements of large loans in addition to the Bank's management's pursuit to raise the Bank's liquidity ratio to a comfortable level. Despite this decrease, total credit facilities directed towards individuals increased by 15.4% over last year. Direct credit towards small and medium enterprises also recorded a growth of 22.1% whereas direct corporate credit decreased by 10.9% amounting to USD1,510.4 million. These results reflect the Bank's success in developing and diversifying its credit portfolio while focusing on directing credit towards small and medium enterprises and individuals aiming to increase profitability and mitigate risks.

Liabilities: Total liabilities increased at the end of 2013 to record USD3,022.7 million and a increase of 5.55% over last year.

Customer Deposits and Cash Margins: Customer deposits and cash margins formed 77.9% of total liabilities and include customer deposits from savings accounts, current accounts, term deposits, and cash margins for both individual and corporate clients. Total customer deposits and cash margins at year end amounted to USD2,355.3 million against USD2,138.8 million in 2012.

Owners' Equity: Total Owners' equity increased to reach USD577.3 million at year end compared with USD534.7 million in 2012; a growth rate of 7.97%. Bank Shareholders' total equity amounted to USD570.6 million.

B. Consolidated Statement of Income

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

Operating Results: total revenues amounted to USD173.5 million in 2013 compared with USD165.8 million in 2012; an increase of 4.6%.

Operating Profits: operating profits reached USD93.1 million compared to USD89.3 million in 2012; a 4.2% growth. The growth in operating profits is a testament of the Bank's success in managing its banking, investment and financing operations and its commitment to the balanced and prudent policies that take into account the economic circumstances and needs of the banking market.

Net Interest and Commissions: net interest and commissions reached USD151.2 million for the year, compared with USD141.1 million in 2012.

Other Income: other income includes non-interest income such as fees, commissions, revenues related to credit card activities and revenues from sale of acquired assets among others. Revenues from such activities totaled USD17.2 million in 2013, against USD13.3 million in 2012, recording an increase of 30% over last year.

Operating Expenses: operating expenses, which include employee expenses, office expenses, depreciation, administrative expenses and provisions (excluding provisions for impairment in direct credit facilities), increased to reach USD57 million, against USD51 million in the previous year. This increase is a result of the rise in employee expenses, rent and government fees in addition to the opening of four new branches and relocation of two branches to better locations.

Provision for Impairment in Direct Credit Facilities: in 2013, the Bank's management continued to execute its policies that aim 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 provision allocated for the year 2013 amounted to USD23.3 million compared to USD25.5 million allocated last year.

The Outlook for 2014

With the continued impact of the of the challenges facing the Jordanian economy as a result of the internal and external factors, the improvement in the economic situation remains dependent on Jordan's ability to commit to fiscal and economic policies that stimulate growth and on government initiatives aiming to activate and support the private sector. In light of the positive indicators in 2013, the prevailing expectations are optimistic for Jordan, and that it is moving towards achieving further economic stability followed by entering into the stage of enhancing growth supported by political and social stability and sound fiscal and monetary policies and sincere commitment to the programs and plans in place. Realizing these expectations relies heavily on the government's success in its effort to increase public revenues and in offering new investments in addition to good allocation and use of foreign grants specifically those from the Gulf States.

On the other hand, efforts to encourage local and foreign investments must continue through improving the investment climate and focusing on deepening and activating the partnership between the public and private sectors. In any case, the conservative expectations point to achieving a growth in the GDP at around 3.5% in 2014, which is close to the growth rate expected for the global economy.

Jordan Kuwait Bank

Jordan Kuwait Bank (JKB) was established in 1976 by a group of prominent Jordanian and Kuwaiti investors. JKB has successfully evolved in to a major player in the Jordanian banking system. The Bank currently operates a domestic network of 55 branches and offices distributed throughout Jordan in addition to two branches in Palestine and a branch in Cyprus. JKB wholly owns Ejara Leasing Company and holds a controlling share of more than 50% in the United Financial Investments Co. (Jordan) and a 10% stake in Algeria Gulf Bank (Algeria). The Bank capitalizes on the strong business and ownership relations with (KIPCO) and its banking arm, Burgan Bank Group. It also capitalizes on the Bank's capabilities to provide services that encompass commercial and investment banking and other business-related services in addition to retail banking.





**Airport International
Group (AIG)**

Airport International Group (AIG) is a Jordanian company which has gathered regional investors and international experts in airport operations and construction to fulfill its mandate as granted by the Hashemite Kingdom of Jordan: to manage and redevelop Jordan's premier gateway. Noor Financial Investment Company, a Kuwaiti company that focuses on development of major infrastructure and investment, contributes in AIG with a 24% share in its capital.

JKB Activities and Achievements in 2013

The year 2013 witnessed concerted efforts by all of JKB's departments and units to focus on the main objective, which is the preservation of gains and achievements attained over the past years in terms of quality of products and services and performance excellence. JKB's departments succeeded, thanks to the guidance of the senior management, in achieving the qualitative and quantitative objectives of the business plan in place. Support departments also worked at providing the necessary technical, administrative, and control support to the Bank's departments enabling them to perform their duties in accordance with the best practices and quality standards adopted by the Bank to manage its operations.

The year 2013 culminated in JKB winning excellence awards in four major areas: The Best Retail Bank, the Best Private Bank, the Best CSR Bank, and the best co-branded credit card in Jordan for 2013. JKB had been nominated for these awards by Global Banking and Finance Review; one of the worlds' leading global banking and finance online publications. The awards were created to recognize companies that stand out in certain areas of expertise in the financial and banking sectors.

Following is a brief about JKB's departments' achievements for the year 2013:

Credit Facilities

The Credit Facilities Department represents a fundamental element in JKB's strategy that aims at serving all types of enterprises as well as individuals of all segments. The department succeeded in 2013 in achieving good results in terms of revenues and profits, in spite of all challenges and difficulties facing various sectors, in addition to the prevailing political and economic situation, which continues to affect the region. Net direct credit facilities reached USD1,873.3 million as on 31/12/2013.

The Credit Facilities Department continued to implement its balanced and conservative policy, while providing comprehensive credit products to both the corporate and retail sectors. These products are characterized by their high quality and diversity, which fulfill the various needs of customers, particularly in view of the current competitive environment.

The department also continued its efforts to expand its customer base and support their activities in various areas, entering new financing operations and markets. It also worked at identifying business opportunities that would provide added value to the Bank's credit portfolio and achieve positive results and growth opportunities in the future, which would benefit customers, shareholders, and the Jordanian economy.

Realizing the important role of small and medium enterprises (SMEs) in developing the economy, and as a continuation of the Bank's policy in activating its role and expanding its financing services to SMEs, JKB's management worked hard to review and modify its

financing programs to adapt to the needs of this sector, in addition to developing its marketing programs to target this important sector and acquire a larger share of the local market, as this sector plays a pivotal role in activating the economy.

Within this framework, JKB has reinforced its cooperation with foreign parties supporting SMEs in the Kingdom, signing a cooperation agreement with the Overseas Private Investment Corporation (OPIC), in addition to activating agreements signed with the Jordan Loan Guarantee Corporation (JLGC), which would enhance the Bank's role in funding SMEs and enabling them to grow and expand.

The Credit Facilities Department also continued its efforts in 2013 in managing important projects and participating in financing them, focusing on major strategic projects which support the infrastructure in the public and private sectors, in addition to assuming a fundamental role in funding future alternative energy projects.

JKB continued to implement balanced credit policies and flexible standards in extending facilities, taking into consideration the feasibility of funded projects and the risks inherent within each facility in terms of competition, interest rates, and fluctuating exchange rates, which had large effects in preserving the integrity of JKB's credit portfolio in view of the current conditions. JKB will continue to do this in the future in order to achieve the highest possible quality level for credit accounts and maintain a good rate of return on total credit.

As for non-performing loans, JKB continued its efforts to address many of these loans, and succeeded in rectifying many accounts and restoring them, while continuing to build the necessary provisions for accounts which showed difficulty in repaying their dues.

Retail Banking

The Retail Facilities Department managed in 2013 to realize a fairly good growth rate in retail and individual credit products, amounting to 15.4%, in spite of the prevailing economic conditions and increasing competition among banks, which came as a result of offering new, varied and competitive products that fulfill the needs of the retail sector.

The department updated and developed its retail and individual products in 2013 through studying the market and competitor banks, launching more financing product to purchase villas, housing units, and electric equipment etc.

2013 witnessed the restructuring and activation of the "Bancassurance Unit," combining it with the Retail Credit Department, and training a number of employees to obtain their insurance license from the Insurance Commission. Work is currently underway to develop this unit's role and add the "Life Insurance" product, as well as train branch employees to provide this service.

Private Banking Unit

The Private Banking Unit (PBU) directed most of its attention during 2013 to continue providing the best investment products that meet customer requirements and with the least risks through strategic relations with a number of renowned international financial institutions, while relying on cutting edge research tools in selecting various products in order to achieve the objectives within the highest levels of excellence and privacy in dealing with customers. Additionally, the PBU continued to open channels of cooperation with the largest financial institutions for the purposes of entering new markets to achieve the highest levels of customer satisfaction.

The year 2013 also witnessed the efficient movement among different types of investment products within customer portfolios in accordance with market fluctuations, which witnessed fundamental changes. A fairly good average return was achieved on these US Dollar portfolios at the rate of 5.8%. For comparison, the Bloomberg index for bonds with credit investment classification suffered a loss of 1.8%.

The year 2013 culminated in the Private Banking Unit winning the "Best Private Bank in Jordan 2013" award and for the second consecutive year. JKB was nominated for this award by the Global banking and Finance Review.

Branches Administration

The Branches Administration's efforts continued throughout 2013 to maintain the high level of services offered to the Bank's customers through focusing on the quality, accuracy, and speed of service delivery and professionalism when dealing with customers and the general public, while expanding the customer base.

The department also contributed during 2013 to implementing the branch expansion plan and upgrading and relocating some branches. The Taj Life Style office, Galleria Mall Branch and Al-Huson Branch were opened, Samarah Mall Branch in the Dead Sea area was finished. The functionality of Al- Salt Office was changed to a branch and both it and Al-Zarqa Branch, were relocated to new locations.

During 2013, JKB's branches provided dividends disbursement services for a number of shareholding companies, in addition to disbursing rebates for other companies.

Treasury and Investment

The Treasury, Investment, and International Relations Department succeeded, despite the fluctuations and challenges faced by financial markets, in achieving good growth and performance rates across its activities, through adhering to JKB's conservative investment policy and senior management directives, as well as close monitoring of all local and international economic and financial movements.

The department succeeded during 2013 in managing JKB's local and international stocks and bonds portfolios with high efficiency, realizing good growth rates and returns by distributing portfolios geographically and by sector. JKB also participated in government, private companies, and local enterprises' bond issuances, and achieved good growth from dividends disbursed from companies in which JKB invested in.

In order to preserve the quality of JKB's investment portfolios, the department worked at selecting stocks and bonds with the highest return and liquidity and acceptable risk levels, by relying on studies, analyses, and interest rate trends, in addition to the appropriate timing to enter into these investments.

The department continued in 2013 to provide its various investment and consulting services to the Bank's clients in spite of the widespread decrease in Initial Public Offerings (IPOs) and the poor performance of the Amman Stock Exchange in general. The department succeeded in attracting a number of enterprises and companies in the public and private sectors to provide the services of settlement agent and registrar, in addition to custodian services for loan bonds, and the investment secretary for local joint investment funds.

In the field of international relations, the department continued during 2013 to enhance and maintain good relations with banks and financial institutions in Jordan and abroad, particularly in the fields of financing foreign trade and bank transfers. It also opened channels of communications with a new group of correspondent banks to reinforce the Bank's presence globally in a manner that serves customer interests and fulfills the Bank's interest.

In line with Burgan Bank Group's approach aimed at reinforcing cooperation among the group's banks and contributing to serving the group's customers, accounts for the group banks in Kuwait, Turkey, Algeria, Tunisia, and Iraq are being opened at JKB. In return, JKB is opening accounts at the group's banks, in addition to signing bilateral agreements to contain directing foreign trade operations, including letters of credit, guarantees, and bills for collection to these countries through the group's banks only.

In the field of assets and liabilities management, good performance levels were achieved during 2013 in spite of the challenges facing banks' activities in general. The department succeeded, by following a conservative investment policy and senior management's directives as well as instructions from the Central Bank of Jordan, to maintain the quality of assets and improve return on them, as well as diversify sources of funds to be in line with the quality of assets. It also succeeded in reducing risks related to assets and liabilities, such as market and operational risks, and maintaining adequate liquidity ratios.

During the year, the department maintained a good liquidity ratio through diversifying the investment portfolio through including liquid financial instruments (stocks and bonds) at the lowest possible loss. This involves using short-term financial instruments issued by governments, establishments and large companies with large commercial activity. The liquidity ratio is maintained through matching the Bank's assets with its liabilities, taking into consideration maintaining the legal liquidity ratio as assigned by the Central Bank of Jordan, as well as operating within the liquidity contingency plan when necessary.

The department also continued to provide its investment services to such as trading in foreign currencies, commodities, margin, spot, foreign and currency swap, all of which provide suitable solutions to hedge against the risks of fluctuating exchange rates and commodities prices.

Information Technology Department

The year 2013 culminated in the achievement of a number of projects to reinforce and develop the information technology infrastructure to accompany the continued growth and development at the Bank. A new data center was created, equipped and operated, and work was underway to continue building the infrastructure for the BANKS system, and for which preparations for its implementation and data migration started during the first quarter of 2012. Work is currently underway to implement this system to replace the current core banking system and which is expected to be concluded by the end of the first half of 2014.

Abdali Mall
Company (AMC)

Abdali Mall Company (AMC) was established as a successful partnership between Abdali Investment & Development Psc and United Real Estate Company - Jordan to execute and manage the Central Market Place, an exclusive retail and residential project in the Central Business District of Amman that includes, in addition to the Mall, a mixed-use tower.



The department replaced old ATM machines during the year with new ones at 15 locations and installed modern machines at two new locations. Some of these systems provide smart deposit and cash recycling services.

The first stage of the International Bank Account Number (IBAN) system was completed, and the necessary programs for the second stage of applying it in Jordan has also been completed and are presently under testing, and shall be approved in January 2014. The IBAN system will also be activated for Palestine transfers.

The department also worked on replacing the ATM and cards management system, which will be completed in the first quarter of 2014. Additionally the department worked on preparing and operating the branches that were opened or relocated during the year. Regarding branches in Palestine, work was completed on improving the network environment between the branches in Palestine in order to improve performance and control costs.

In response to the Central Bank of Jordan's requirements, a number of modifications and systems have been completed to conform to these requirements, and include complying with the payment cards industry data security standards PCI-DSS. Security and precautionary measures for checks have been approved and customers who issue returned checks will be listed according to the Civil Status identity cards.

Financial Department

During 2013, as part of the duties and responsibilities assigned to it, the finance department carried out directive and monitoring activities over the Bank's financial operations, to ensure their compliance with the adopted financial policies, implementing the best standards and practices in this field, while taking into consideration the adjustments and changes that take place in the Bank's operating, legislative, and accounting environments through new and amended laws and regulations which are issued occasionally by relevant parties.

The department also continued to support other departments and branches through participating in internal committees for launching new products, amending banking programs, as well as tenders and imports committees which serve the Bank's interests.

Regarding the new core banking system, BANKS, work is still underway to complete its procedures. The department is striving to keep pace with the different tracks that are related to its work, ensuring the integrity, compatibility, and credibility of data and results of the system tests, and the compatibility of these tracks with work requirements and regulations governing them within the banking environment.

During the year, the long-term plan for the years 2013 - 2018 was upgraded to be in line with changes that occur in the work environment and with total flexibility. The Bank's estimated budget for the year 2014, and which is considered to be an interpretation of the management's vision of projected performance for the coming year, within the optimum use of the Bank's resources, was completed. Furthermore, preparing the various reports and financial statements, in all its types, whether for regulatory and management patrols have been prepared through the provision of information and analysis necessary, within their set dates, to help with the decision-making process.

Internal Audit

Internal audit is an objective and independent internal activity which comprises of internal review and assessment of the Bank, and inspection, monitoring, and analysis of activities related to the work inside the Bank for the purpose of providing assurance and

consulting services to management, and to improve and add value to the Bank's operations.

The Internal Audit Department strives, through implementing the tasks assigned to it, and through its plan which was built on the risk-based audit concept, to achieve its objectives represented in guaranteeing the efficiency and effectiveness of the internal control system and provide reasonable assurance on achieving the Bank's objectives stated as part of the adopted strategy.

Within this framework, the department carried out the following activities:

- Visit the majority of the Bank's business centers (departments and branches) and provide the audit committee with the results of these visits and suggested corrective measures.
- Implement the advisory role assigned to it; the Internal Audit Department participated in some permanent and temporary committees at the Bank, in addition to participating in studying, developing, and testing projects and programs.

The department also carried out a number of unplanned special activities, preparing memoranda related to them to present to management accordingly.

The department continued to review a number of the Bank's areas of business and provide management with reports and statements related to the more important activities, subjecting them to review and audit.

The department carried out the following during 2013:

- Increase and intensify coordination with KIPCO and Burgan Bank group for the purpose of developing work through participation in periodic meetings for internal audit managers at KIPCO and Burgan Bank, in order to ensure continuous coordination and cooperation, and review the latest developments related to auditing methodologies.
- Continue monitoring and review of internal auditing activities to guarantee the achievement of efficiency.
- Ensure compatibility with international standards, best practices, and the work ethics code.
- Perform periodic and ongoing, internal and external assessment processes to determine the level of audit procedures through consolidating periodic and ongoing audits and preparing periodic reports on the department's operations and achievements, submitting them to the board audit committee.

Risk Management Department

In line with the Bank's strategy, and based on the risk management strategy derived from it and approved by the Bank's Board of Directors, the Risk Management Department practices its work according to the specific business plans that interpret the identified goals within the aforementioned strategies in addition to the Basel recommendations that suit the Bank's environment, using the best international risk-management practices, while complying with the instructions issued by the regulatory authorities under which the Bank's branches operate in the different countries and that of the mother Bank. Its most prominent achievements include:

Information Systems Security and Management of Business Continuity

The department continued to manage and monitor the implementation of the PCI DSS project to be compatible with security standards regarding the confidentiality of the Bank's customers' card information in addition to being in line with the Central Bank of Jordan's instructions regarding dealing with customers fairly and transparently. The rate of completion has reached advanced stages, ensuring compatibility with these requirements prior to

the date specified by the Central Bank of Jordan, in cooperation with other departments concerned. Policies related to information confidentiality previously approved by the Bank were revised and amended within the ISO27001 standard to be compatible with PCI DSS requirements.

Furthermore, the department performed a number of tests on the Bank's websites using the AppScan software, and continued to rectify any security gaps that appeared as a result of the tests.

As part of business continuity management, the department reviewed the Bank's risks assessment, as well as the effects of an interruption in operation, amending the Bank's business continuity plan. A number of tests were performed for the business continuity plans to assure their effectiveness.

Operational Risk

The department worked at improving the instruments used to manage operating risks by using the CARE automated system, as well as identify the potential operational risks through the Control and Self Risk Assessment (CSRA) system in cooperation with relevant business units at the Bank. It also continued to monitor key risk indicators at the Bank's level and improve them, in addition to reinforcing the historical database of losses, for the benefit of implementing advanced methods from the Basel II recommendations.

The department also expressed opinion on policies and procedures, clarifying any potential risks therein, and the sufficiency of controls over them.

Market Risks

The department continued during 2013 to perform the tasks entrusted to it; identifying, measuring, and controlling market risks in accordance with set policies that include investment policy, assets and liabilities management policy, liquidity risk policy and its emergency plan, interest rates risk policy and the market risks policy. Daily, monthly, and quarterly monitoring and analytical reports were prepared, including IFR7 disclosure, in line with developments taking place in international financial markets and economic conditions. The department also built VAR for a number of financial instruments as part of the compatibility framework with advanced methods in managing risk within the Basel II accords.

Basel

Whereas the recommendations issued by the Basel Committee represent the latest developments regarding the best international practices in risk management, the department is keen on monitoring and analyzing these recommendations, and to recommend working at implementing what suits the environment in which the Bank operates. The department has fulfilled control requirements in order to be compatible with Basel III accords, and is currently working at automating the required calculation processes required to arrive at more accurate measurements.

The department continued to implement policies set at the Bank, including risk appetite policy, stress testing policy, and the Internal Capital Adequacy Assessment Process (ICAAP) policy, after performing the periodic review on them and executing adequate adjustments. It also worked, as part of studying and planning the Bank's capital on preparing the ICAAP assessment incompatibility with the second pillar of the Basel II and the Central Bank of Jordan instructions in this regard. Reports are being prepared on the results of stress testing according to the requirements of the regulatory authorities in Jordan, Palestine, and Kuwait. The department calculated Capital Adequacy Ratios (CAR) according to the requirements of the Central Bank of Jordan and Central Bank of Kuwait.

In addition, the department completed a number of different financial analyses over the year, including comparative analytical studies of the banking sector, in addition to reviewing and amending the Bank's Corporate Governance Manual in accordance with the Central Bank of Jordan and Burgan Bank's requirements, and preparing the necessary policies, since the department is the liaison with Burgan Bank in this regard.

Credit Risks

The department continued performing its tasks within of the early warning system by preparing control and analytical reports on the credit portfolio.

Efforts exerted by the department in cooperation with the retail credit department to implement a credit classification system for retail customers (Retail Scorecards), in accordance with JKB's strategic directions to increase the Bank's share in the retail portfolio, in addition to the Risk Group being a member in retail and corporate credit committees.

The department participated in the team entrusted with implementing the Central Bank of Jordan's instructions on dealing with customers fairly and transparently in terms of adjusting policies, forms, and contracts, and organized numerous specialized training courses on implementing these instructions.

Credit Administration and Control Department

The department calculated the provisions for facilities to deal with any reduction in their value, as well as credit concentrations, in addition to other credit and executive control functions in accordance with the Basel committee recommendations, which stress the need to separate the credit control and implementation process from the credit sale and marketing function.

The department's work procedures were also developed through increasing the level of operation automation and improving the process of archiving customer files, reinforcing security systems, and business continuity in the department to ensure quality and speed in implementing current tasks and new additional ones, in addition to the department's commitment to implementing the Central Bank of Jordan's instructions to deal with customers fairly and transparently.

The risk management department continues to perform its role in spreading awareness on the importance of managing risks in the Bank, and through conferences its staff attends. At the banks level, the department had numerous contributions through participation in different operating committees, including the Association of Banks in Jordan's information systems security committee.

Credit Remedial and Collection Department

During the year 2013, the department collected debts due to the Bank by using communication techniques to contact defaulting customers, starting with initial procedures to find out debtors' and guarantors' addresses and contact information, calling them directly to negotiate with them, sending legal warnings if necessary, and reaching litigation procedures to collect the Bank's rights.

The department succeeded in collecting some defaulting debts amicably without resorting to legal action. The SECRET system, which comprises all announcements published in official newspapers about companies and individuals was utilized, and outcomes of which helped in taking decisions related to defaulting customers.

The total amount of cash collected from accounts which fall within the department's responsibilities reached USD3.95 million, and about USD3.390 million of non-operating debts under observation, which were assigned to the department for collection, representing 25% of the average total of those debts.

Compliance Control Department

The Compliance Control Department continued during the year 2013 to exert its efforts to achieve the objectives assigned to it within the compliance policy approved by the Bank, and implementing the tasks required from it to ascertain that the Bank and its internal policies comply with all proper banking laws, regulations, instructions, and practices issued by local and international regulatory bodies, which would protect the Bank from non-compliance risks, represented in legal penalties, material losses, and reputation risks that the Bank may be exposed to as a result of non-compliance with such rules and regulations.

The department also worked, as part of its responsibilities, to enhance the compliance environment and the procedures to be followed to be in compliance with these laws through following instructions and laws related to banking industry and keeping the management apprised of these instructions, while informing the Bank's staff members of any amendments to the laws and instructions issued by regulatory bodies, specifically those issued from the Central Bank of Jordan. The department carried out tasks assigned to it within the following framework:

- Follow up on amending the compliance policy and the anti-money laundering policy to comply with changes set forth in locally issued instructions or as required by international parties, atop of which are the recommendations issued by FATF.
- Monitor and analyze compliance risks to which the Bank might be exposed, and establish the necessary controls to mitigate, avoid, or prevent the negative effects of these risks.
- Work at raising banking awareness and educating employees on compliance related issues, by publishing educational bulletins in this respect, in addition to coordinating with the training department to educate the Bank's employees with updates on issues of compliance and money-laundering, as well as making them aware of the most recent developments in these fields.
- In order to implement the Central Bank of Jordan's instructions on dealing with customers fairly and transparently, a special unit was created in 2013 to receive customer complaints. Announcements were made to inform clients about the creation of the unit and methods of contacting it. The unit received 189 complaints during the year, out of which 53 were legitimate, some of which were related to implementing work procedures, electronic services, or the behavior of some of the branch employees. These were dealt with immediately. There were also 136 non-legitimate complaints resulting from customers' lack of knowledge surrounding the procedures and instructions related to the subject of the complaint, or the absence of any actual violations by the Bank. All complaints received, whether legitimate or not, were responded to within the specified time. Business procedures were also explained to staff members, who were instructed to abide by the approved business conduct.
- The department continued the implementation of procedures dictated by the Bank's anti-money laundering and terrorism funding policy to ensure that the Bank does not get involved with any person listed as suspicious, and to undertake measures to protect the Bank from exposure to any money-laundering operations, relying on the Bank's AML system, as well as coordinating with regulatory authorities in this regard.

Regarding FATCA requirements, and for the purpose of implementing the law at all the Bank's local and overseas branches and affiliated companies through continued coordination with the Burgan Bank Group regarding implementation stages, the Bank carried out the following in 2013:

- Prepare and create policies and processes related to the law, through which the law is implemented and adhered to.
- Create a mechanism to execute the reports requested automatically and transferring them to the United States Internal Revenue Service.

- Obtain offers from companies specialized in electronic systems for implementing the law.
- Ensure that the new banking system (BANKS) includes all data necessary to be compatible with the law.

Legal Department

The legal department made impressive and tangible achievements in 2013 in the field of protecting the interests of the Bank and its shareholders, and succeeded, as a result of concerted efforts, in recovering USD314,527 of written-off debts. Moreover, USD24.7 million of current debts were also collected through legal actions. The department pursued its work, represented in reducing risk to which the Bank is exposed and to defend it in cases raised against it, as well as increasing legal awareness among the Bank's staff by organizing courses related to legal issues.

Human Resources Department

In view of the foundations of JKB's plan for 2013, which paid attention to the implementation and modernization of the human resources management system for the purpose of reinforcing the working environment and upgrading the level of job satisfaction, the aim of which is achieving sustainable development in the Bank's business, the Human Resources Department started during 2013 to develop a plan to implement the HR Transformation Program in accordance with the best international references, in accordance with the Bank's business needs and aspirations.

Among the most important strategic goals within this program is reinforcing the performance driven culture, which would achieve sustainable growth in the Bank's business, and building an organized methodology to manage the manpower within an administrative hierarchy and salary scale, which takes into consideration work requirements and market data. In addition, human resources systems were computerized to connect staff data with all systems and use them per the job requirements.

A new performance management system based on "Management by Objectives" was developed in 2013 to be implemented through a transition plan for all branch employees, as a first stage, in 2013. Additionally, creating and implementing a 360 degrees assessment system to verify comprehensive performance, and creating spot rewards program to be implemented at the beginning of 2014. The grades and salaries scale was also upgraded, and an integrated system was developed to manage positions in accordance with the best international references. Job descriptions at the Bank were reviewed to be aligned with that prevailing in the banking industry, while taking into consideration the specificity of the Bank's and Burgan Bank Group's operations. A new system was also prepared to evaluate positions, which guarantees placing positions on a grade scale based on objective standards.

On another note, human resources systems available in the market were studied and reviewed, and a system was selected that would digitize a large volume of the department's work. This system will be implemented in 2014.

With regards to training, the number of beneficiaries from training courses increased by 4%, and the number of beneficiaries from local courses outside the Bank's premises increased by 138%. The number of beneficiaries from international courses has increased by 89%, while the overall cost of training was reduced by 12%.

Marketing and Public Relations Department

In conjunction with the adjustments to the Bank's organizational structure for 2013, the Public Relations Department was consolidated with the Marketing Department under the title "Marketing and Public Relations Department".

The department continued its duties represented in reinforcing the Bank's image and reinforcing effective channels of communications with customers and the public, and managed to successfully convey a positive image of the Bank's activities, services, and achievements through various media outlets and internal and external communications.

The Marketing and Public Relations Department's most significant achievements in 2013 included offering new products from a comprehensive group of MasterCard credit and debit card products to black American Express Card (Centurion), making JKB the first bank in Jordan to offer this card, enriching the Bank's cards products with a comprehensive group of cards which fulfill the needs of different customer groups. The department also launched a number of advertising and marketing campaigns, and organized and participated in a number of exhibitions and conferences. It also arranged, during the last quarter of the year, for the ribbon cutting ceremonies of the Taj Mall - Abdoun and Galleria Mall - Sweifieh branches.

The department signed agreements with a number of international and local organizations for the cash assistance program to issue pre-paid cards to be distributed to Syrian refugees in Jordan, in addition to a number of less fortunate Jordanian families.

The department had a prominent role in overseeing the issuance of most of the Bank's publications, products and services brochures, the annual report, and "Akhbaruna" internal magazine, in addition to ordering and distributing the annual advertising materials and gifts.

Alongside the IT Department, with regards to the new SmartVista ATM and cards management system, the department prepared the design and content of the new ATM screens in both Arabic and English.

Service Quality

Focus during 2013 was on preparing monthly reports that measure the extent to which branches and offices complied with quality standards approved by the Bank, in addition to periodic visits to branches to assess them and ensure their commitment to the customer service quality.

Work was also underway to develop controls and standards that ensure maintaining an outstanding level of service provided at branches or through electronic channels at the Bank level.

Corporate Social Responsibility

Emanating from the Bank's mission and deep conviction in its social responsibility, and interest in interacting and communicating with various groups of the local economy, JKB continued during 2013 to provide contributions and support for events and activities directed

towards the local community, health, environment protection, culture, and education, and that contribute to developing the national economy.

In the field of community service, enabling women and children, and the rehabilitation of the underprivileged communities, the Bank provides an annual contribution to the Goodwill Campaign implemented by the Jordan Hashemite Fund for Human Development. The Bank also provides annual support to "Mabarrat Um Al-Hussein" for orphans and the SOS children's villages, in addition to its continued support for the Mental Health Association.

In the area of health, the Bank continuously cooperates with the National Blood Bank; organizing blood drives in which the Bank employees at all levels participated in. A large number of Bank employees also participate in programs organized by friends of the King Hussein Cancer Center, with each of them donating a fixed amount from their monthly salaries to the program. The Bank continued during the year to support the Stars program organized by the King Hussein Cancer Foundation for the purpose of collecting donations to complete the project of expanding the center. JKB also helped the King Hussein Cancer Center in spreading awareness by distributing health awareness leaflets by enclosing them with bank statements or at the Bank's branches. The Bank also purchased its greeting cards from the Center. JKB also provides annual support to the Jordan Medical Aid for Palestinians.

In a step that emphasizes JKB's conviction to developing and preserving the environment, the Bank provided support, for the fifth consecutive year, to the Jordan Environment Society; hosting the 14th Festival at its theater, in addition to the Society's activities on the occasion of International Recycling Day.

In 2013, the Bank continued and for the 6th consecutive year, to sponsor and participate in the national training program for university students "Darb", implemented by the King Abdullah II Fund, in cooperation with the LoYAC Jordan. This program aims at training and empowering youth to provide them with better opportunities in the job market. This year, the program included 16 participants from different governorates; 6 interned at the Bank's branches in their home governorates while 10 interned at the main headquarters in Amman, 5 of whom were hosted in Amman; with lodging and travel expenses fully covered by the Bank. The Bank also continued to provide practical and theoretical training opportunities in banking for students from universities, institutes, and community colleges.

Additionally, 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. It also supported cultural and sports activities and conferences at a number of public and private universities and schools, and continued to support Jordanian writers and authors by purchasing copies of their publications.



The new phosphate export terminal, one of Jordan Phosphate Mines Company PLC's investments.



Zain

In 1995, Zain (formerly known as Fastlink), revolutionized telecommunications in Jordan by introducing GSM mobile services into the country. Zain quickly became one of the foremost telecom companies in Jordan and the region, adopting cutting edge technology to provide state of the art services to clients.

In 2003, the company joined the Zain Group (formerly known as the Mobile Telecommunications Company (MTC), the deal was the largest single acquisition in the Middle East and the largest private sector investment in Jordan at the time.

Orange Jordan

With an expanding customer base exceeding 4 million subscribers, Orange Jordan is the largest and fastest-growing telecom provider in the Kingdom, with a broad lineup of integrated telecom solutions that include landlines, mobile, and internet services.

In 2008, Orange Jordan opened the doors for the only research and development center outside of continent Europe, Orange Labs, a dedicated R & D center that provides unique solutions to Orange affiliates in the Middle East and North Africa.

The Kuwaiti Noor Telecommunications Company owns a 10% stake in Orange Jordan.

The image shows a large, modern building with a prominent glass facade. A large orange square logo with the word "orange" in white lowercase letters and a trademark symbol is mounted on the glass. The building has multiple stories with windows, and the sky is visible in the background. At the bottom, there are signs in Arabic and English, including "CITY CENTER" and "20".

orange™

CITY
CENTER

سیتی
سینٹر

20

MAJOR FINANCIAL INDICATORS AND RATIOS 2013 & 2012

	Amounts in thousands US\$	
	2013	2012
Major Operating Results		
Net interest and commission	151,197	141,114
Gross income	173,502	165,831
Income before taxes	93,137	89,345
Income for the year-Bank Shareholders	66,990	65,382
Earnings per share-Bank Shareholders	0.670	0.654
Major Balance Sheet Items		
Total assets	3,600,093	3,398,642
Direct Credit facilities - net	1,873,326	1,997,545
Customers deposits and cash margins	2,355,325	2,138,826
Total equity-Bank shareholders	570,559	527,624
Off-Balance Sheet Items	592,990	541,830
Major Financial Ratios		
Return on average assets	1.91%	1.99%
Return on average Owners' equity	12.03%	12.75%
Capital adequacy ratio	16.43%	16.31%
Financial leverage ratio	16.04%	15.73%
Efficiency Indicators		
Gen. & Admin. expenses / Net interest and commission	37.71%	36.04%
Gen. & Admin. expenses / Gross earnings	32.86%	30.67%
Assets Quality Indicators		
Non - performing loans / Gross credit facilities	7.41%	9.82%
Non - performing loans Coverage	54.37%	48.18%



EXECUTIVE MANAGEMENT

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

General Manager

Mr. Tawfiq A. Mukahal

Deputy General Manager, Head of Banking Group

Mr. Shaher E. Suleiman

Head of Risk Management & Compliance Group

Mr. William J. Dababneh

Asst. General Manager, Treasury & Investment Dept.

Mrs. Hiyam S. Habash

Asst. General Manager, Financial Dept.

Mr. Haethum S. Buttikhi

Asst. General Manager, Retail & Consumer Products Dept.

Mr. Osama F. Mansour

Head of Transformation

Mr. Ibrahim N. Besharat

Head of Operations

Mr. Abdel Kareem M. Friehat

Head of Information Technology

Mr. Ibrahim E. Kashet

Executive Manager, Legal Dept.

Mr. Ibraheem S. Al-Hanash

Regional Manager – Palestine Branches

Mr. Abdallah I. Mismar

Executive Manager, Administrative Affairs Dept.

Mr. Daoud A. Issa

Executive Manager, Human Resources Dept.

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

Arab Orient Insurance Company

Arab Orient Insurance Company was established in 1996 and licensed to write general insurance business except for life insurance. Arab Orient has seven branches distributed in all over the kingdom. Gulf Insurance Group, a subsidiary of Kuwait Projects Company Holding, (KIPCO), owns an 89.7% stake in the company's capital. Arab Orient Insurance Company ranks as the market leader in Jordan in terms of gross written premiums and underwriting profits.





Jordan Kuwait Bank
recognized as best bank in Jordan 2013 for:

Retail



Private Bank



Co-Branded Card



CSR





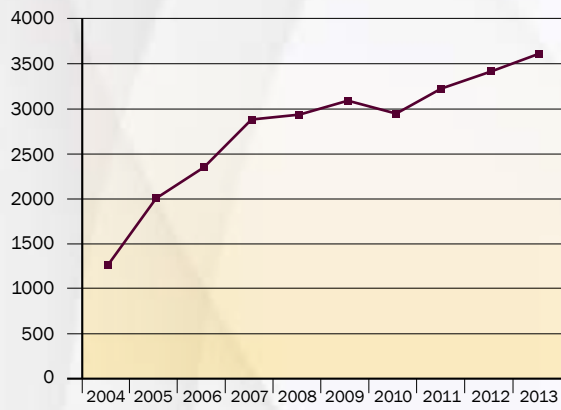
2014 Business Plan

Jordan Kuwait Bank's history and its achievements have raised the level of responsibility required to maintain its sustainable development and to continue its achievements that have an added value to shareholders, as well as maintaining its pioneering position in the market. In order to reinforce the Bank's role in the economic and social development and maximize its contribution in the advancement and progress of the banking sector in view of the current challenges and foreseeable opportunities, the Bank's business plan for 2014 has been developed as follows:

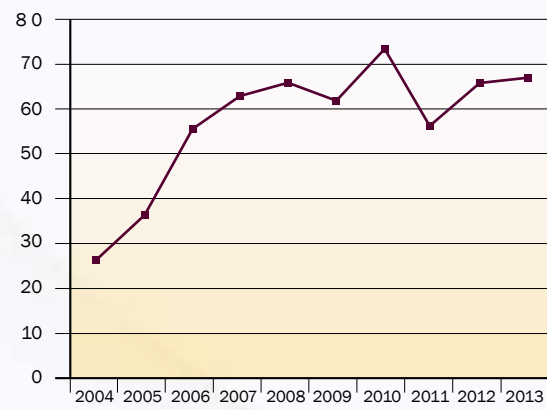
1. Continue to work on the development of the control environment (audit, risk management, and compliance), and deal in accordance with the concepts of corporate governance and sound banking practices, as well as complying with local and international regulatory bodies' instructions and Basel 3 accords.
2. Continue to focus on the retail sector by launching innovative banking products and services which fulfill the needs of small companies and enterprises and individuals, while committing to achieving the highest levels of service quality.
3. Develop the activity of the Private Banking Unit and its role in providing investment alternatives and consulting services to its customers, while working at expanding its customer base.
4. Maintain the Bank's pioneering role using information technology in administrative areas and in completing bank procedures rapidly and accurately using the new banking system and modern technological applications.
5. Invest in the strategic and business relations with the Kuwait Projects Company (Holding) (KIPCO), Burgan Bank Group and its affiliate companies, to provide additional opportunities on the regional level.
6. Continue the Bank's policy which aims at developing communication methods with customers, provide creative solutions, and extend financial and administrative advice to help them organize their accounts and activate their businesses, thus achieving joint interests.
7. Continue to reinforce the Bank's network of branches and ATM machines in the Kingdom and the Palestinian Authority territories, and continue the development of electronic channels, for the purpose of elevating the level of service and excellence in the customers' unique banking experience.
8. Continue the implementation of the development and modernization of the human resources management plan, building on what has been achieved over the past year in terms of staff development and performance management tools to maintain the excellent level of efficiency and that benefits the Bank's sustainable development and achievements.
9. Continue to offer and sponsor constructive initiatives in the field of corporate social responsibility by approaching projects that address sustainable growth and local community development, through focusing on educational and youth empowerment initiatives.

Changes in Major Financial Results 2004 - 2013

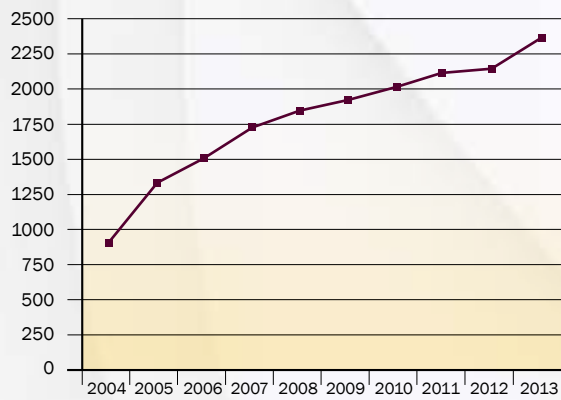
(Amounts in million US\$)



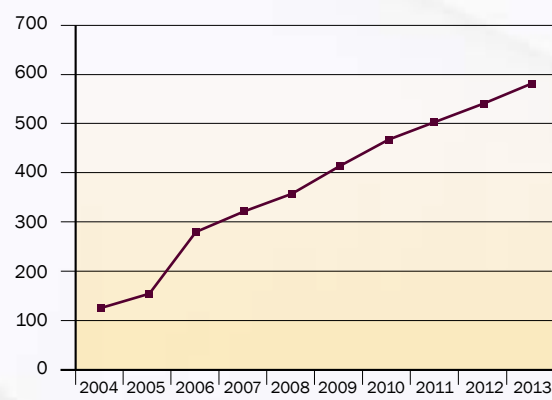
Total Assets



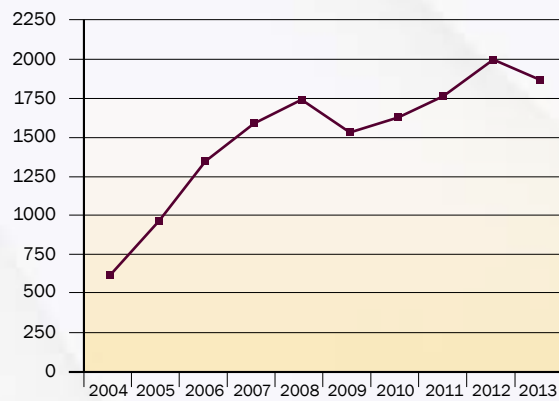
Profit for the Year After Tax & Minority Interest



Customer Deposits & Cash Margins



Total Owners' Equity



Direct Credit Facilities - Net

**Consolidated Financial Statements
for the Year Ended December 31,2013
Together with Independent Auditor's Report**



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INDEPENDENT AUDITOR'S REPORT

AM / 8702

To the Shareholders of
Jordan Kuwait Bank
(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, 2013, and the consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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, 2013, 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.

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.

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 24, 2014


Deloitte & Touche (M.E.) - Jordan

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013 AND 2012

IN US DOLLARS

	Note	2013	2012
ASSETS			
Cash and balances at central banks	4	519,102,010	302,776,076
Balances at banks and financial institutions	5	362,101,583	399,426,581
Deposits at banks and financial institutions	6	5,025,000	20,025,000
Direct credit facilities-net	7	1,873,326,289	1,997,545,164
Financial assets at fair value through profit or loss	8	110,387,781	146,587,168
Financial assets at fair value through other comprehensive income	9	38,467,732	32,898,683
Financial assets at amortized cost	10	481,139,285	298,385,904
Pledged financial assets	11	-	51,763,047
Property and equipment - net	12	20,673,632	17,012,879
Intangible assets - net	13	4,509,430	3,141,260
Deferred tax assets	20/d	5,564,190	5,103,499
Other assets	14	179,795,801	123,977,130
TOTAL ASSETS		3,600,092,733	3,398,642,391
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES:			
Banks and financial institutions deposits	15	528,677,348	589,424,961
Customers deposits	16	2,259,329,522	1,928,464,128
Cash margins	17	95,995,333	210,361,920
Borrowed funds	18	11,283,498	50,727,786
Other provisions	19	12,717,832	12,309,709
Provision for income tax	20/a	21,198,224	19,032,235
Deferred tax liabilities	20/d	2,821,756	2,520,535
Other liabilities	21	90,728,792	51,064,035
TOTAL LIABILITIES		3,022,752,305	2,863,905,309
OWNERS' EQUITY:			
EQUITY - BANK SHAREHOLDERS:			
Authorized and paid-up capital	22	141,043,724	141,043,724
Statutory reserve	23/a	92,556,635	83,231,805
Voluntary reserve	23/b	168,827,646	150,177,986
Pro-cyclicality reserve	23/c	262,066	109,394
General banking risks reserve	23/d	17,124,817	17,088,480
Financial assets valuation reserve - net of tax	24	7,204,185	2,256,035
Retained earnings	25	143,540,024	133,716,186
TOTAL EQUITY - BANK'S SHAREHOLDERS		570,559,097	527,623,610
Non-controlling interests		6,781,331	7,113,472
TOTAL OWNERS' EQUITY		577,340,428	534,737,082
TOTAL LIABILITIES AND OWNERS' EQUITY		3,600,092,733	3,398,642,391

THE ACCOMPANYING NOTES FROM (1) TO (48) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

IN US DOLLARS

	Note	2013	2012
Interest income	27	200,224,451	180,357,014
Less: Interest expense	28	65,985,378	54,270,783
Net Interest Income		134,239,073	126,086,231
Net commission income	29	16,958,113	15,028,279
Net Interest and Commission Income		151,197,186	141,114,510
Foreign exchange income	30	4,349,795	3,747,745
(Loss) gain from financial assets at fair value through profit or loss	31	(1,555,647)	5,677,721
Cash dividends from financial assets at fair value through other comprehensive income	9	2,261,790	2,023,240
Other income	32	17,249,536	13,267,597
Gross Income		173,502,660	165,830,813
Employees expenses	33	32,282,478	29,826,614
Depreciation and amortization	12 & 13	2,518,502	3,108,525
Other expenses	34	19,704,955	16,304,573
Provision of impairment loss in direct credit facilities	7	23,344,251	25,459,528
Other provisions	19	2,514,944	1,786,953
Total Expenses		80,365,130	76,486,193
Income for the Year before Income Tax Expense		93,137,530	89,344,620
Less: Income tax expense	20/b	26,257,650	23,607,093
Income for the Year		66,879,880	65,737,527
Pertains to:			
Bank's Shareholders		66,990,646	65,381,683
Non-Controlling Interests		(110,766)	355,844
Earnings per Share for the Year Attributable to the Bank's Shareholders;			
Basic and Diluted	35	-/670	-/654

THE ACCOMPANYING NOTES FROM (1) TO (48) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

IN US DOLLARS

	2013	2012
Income for the year	66,879,880	65,737,527
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	4,325,427	1,102,101
Total Comprehensive Income for the Year	71,205,307	66,839,628
Total Comprehensive Income for the Year Pertains to:		
Bank's shareholders	71,144,232	66,913,982
Non-controlling interests	61,075	(74,354)
Total	71,205,307	66,839,628

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 - Banks Shareholders	Non-controlling Interests		
			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 other 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 other comprehensive income		-	-	-	-	-	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	26	-	9,324,830	18,649,660	152,672	36,337	-	(28,163,499)	-	-	-
Paid dividends		-	-	-	-	-	-	(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
For the Year Ended December 31, 2012											
Balance - beginning of the year		141,043,724	74,332,928	132,380,232	-	14,885,379	709,555	125,566,555	488,918,373	7,581,042	496,499,415
Income for the year		-	-	-	-	-	-	65,381,683	65,381,683	355,844	65,737,527
Net change in financial assets at fair value through other comprehensive income - net of tax		-	-	-	-	-	1,532,299	-	1,532,299	(430,198)	1,102,101
Realized (loss) from financial assets at fair value through other comprehensive income		-	-	-	-	-	14,181	(14,181)	-	-	-
Total Comprehensive Income for the Year		-	-	-	-	-	1,546,480	65,367,502	66,913,982	(74,354)	66,839,628
Transferred to reserves	26	-	8,898,877	17,797,754	109,394	2,203,101	-	(29,009,126)	-	-	-
Paid dividends		-	-	-	-	-	-	(28,208,745)	(28,208,745)	(393,216)	(28,601,961)
Balance - End 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

- Out of the retained earnings, an amount of USD 5,564,190 as of December 31, 2013 against USD 5,103,499 as of December 31, 2012 is restricted according to the Central Bank of Jordan instructions against deferred tax assets.

- Retained earnings include an amount of USD 7,425,525 as of December 31, 2013 against USD 8,178,291 as of December 31, 2012 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 instructions and Central Bank of Jordan.

THE ACCOMPANYING NOTES FROM (1) TO (48) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

IN US DOLLARS

	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before income tax		93,137,530	89,344,620
Adjustments:			
Depreciation and amortization	12&13	2,518,502	3,108,525
Provision for impairment loss in direct credit facilities	7	23,344,251	25,459,528
Net interest income		(8,489,193)	(7,319,896)
Provision for staff indemnity	19	2,291,324	1,702,327
Provision for lawsuits against the Bank and contingent claims	19	223,619	84,626
(Gain) on sale of properties seized by the Bank		(5,181,182)	-
(Gain) on sale of property and equipment		(16,931)	(2,118)
Loss (gain) on valuation of financial assets at fair value through profit or loss	31	2,916,530	(2,661,206)
Impairment loss on seized properties	14	146,331	172,055
Effect of exchange rate fluctuations on cash and cash equivalents		4,620,987	(2,563,546)
Total		115,511,768	107,324,915
CHANGES IN ASSETS AND LIABILITIES:			
Decrease (increase) in deposits at banks and financial institutions		14,552,000	(15,305,000)
Decrease (increase) in direct credit facilities		104,432,612	(261,792,000)
Decrease in financial assets at fair value through profit or loss		33,329,106	14,083,773
(Increase) in other assets		(29,855,566)	(38,478,529)
(Decrease) increase in banks and financial institutions deposits due after three months		(247,430,592)	44,645,387
Increase (decrease) in customers deposits		330,865,394	(70,353,427)
Decrease (increase) in cash margins		(114,366,587)	87,457,777
Increase (decrease) in other liabilities		26,261,317	(22,623,433)
Net change in assets and liabilities		117,787,684	(262,365,452)
Net Cash Flows generated from (used in) Operating Activities before Payments made to Staff			
End-of-Service Indemnity, Provision for Lawsuits and Income Tax		229,741,467	(155,040,537)
Staff end-of-service indemnity paid	19	(1,828,697)	(373,822)
Provision for lawsuits paid	19	(278,124)	(18,360)
Income tax paid	20/ a	(25,985,169)	(23,280,806)
Net Cash Flows generated from (used in) Operating Activities		201,649,477	(178,713,525)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) decrease in financial assets at amortized cost		(130,990,334)	97,765,757
Decrease (increase) in financial assets at fair value through other comprehensive income		318,571	(290,999)
(Increase) in property and equipment		(7,530,495)	(4,904,543)
Net Cash Flows (used in) generated from Investing Activities		(138,202,258)	92,570,215
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) in non-controlling interests		(221,374)	(823,415)
(Decrease) increase in borrowed funds		(39,444,288)	50,727,786
Dividends paid to shareholders		(27,290,615)	(27,277,159)
Net Cash Flows generated from (used in) Financing Activities		(66,956,277)	22,627,212
Effect of exchange rate fluctuations on cash and cash equivalents		(4,620,987)	2,563,546
Net (Decrease) in Cash and Cash Equivalents		(8,130,045)	(60,952,552)
Cash and cash equivalents - beginning of the year		387,509,708	448,462,260
Cash and Cash Equivalents - End of the Year	36	379,379,663	387,509,708

THE ACCOMPANYING NOTES FROM (1) TO (48) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

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, in its meeting number (1/2014) held on January 19, 2014 and are 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, 2012, except for the implementation of what is stated in Note (48/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 interests represents the portion of the subsidiaries' equity not owned by the Bank.

The Bank owns the following subsidiaries as of December 31, 2013 and 2012:

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, 2013		For the year 2013	
	Total Assets	Total Liabilities	Total Revenue	Total Expense
	USD	USD	USD	USD
United Financial Investments Company	41,237,506	27,616,003	837,199	1,059,693
Ejarah for Finance Leasing Company	42,592,907	11,446,358	3,442,255	1,549,009

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.
- Interests and commissions on non-performing direct credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan or the applicable laws in the countries where the bank's branches 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 interests 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 directors decisions in regards.

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 employee's 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 they are not available, the measurement method 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 its require the Bank's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates 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

	2013	2012
Cash in vaults	54,642,071	46,548,575
Balances at Central Banks:		
Current and call accounts	80,818,576	99,763,848
Time and notice deposits	268,419,087	49,684,267
Mandatory cash reserve	115,222,276	106,779,386
Total	519,102,010	302,776,076

- Except for the statutory cash reserve, there are no restricted balances as of December 31, 2013 and 2012.
- There are no balances due within a period exceeding three months.

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	
	2013	2012	2013	2012	2013	2012
Current and call accounts	612,236	483,841	148,931,585	301,828,124	149,543,821	302,311,965
Deposits due within three months or less	49,378,739	32,450,538	163,179,023	59,664,078	212,557,762	92,114,616
Certificates of deposits due within three months or less	-	-	-	5,000,000	-	5,000,000
Total	49,990,975	32,934,379	312,110,608	366,492,202	362,101,583	399,426,581

- Non-interest bearing balances at banks and financial institutions amounted to USD 25,445,313 as of December 31, 2013 against USD 14,066,769 as of December 31, 2012.
- Restricted balances amounted to USD 2,618,000 as of December 31, 2013 against USD 2,170,000 as of December 31, 2012.

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	
	2013	2012	2013	2012	2013	2012
Deposits	-	-	25,000	20,025,000	25,000	20,025,000
Certificates of deposit	-	-	5,000,000	-	5,000,000	-
Total	-	-	5,025,000	20,025,000	5,025,000	20,025,000

- Restricted deposits amounted to USD 25,000 as of December 31, 2013 and 2012.

7. Direct Credit Facilities - Net

The details of this item are as follows:

USD

	2013	2012
Individuals (retail):		
Overdraft accounts*	7,576,293	7,333,953
Loans and promissory notes**	78,619,413	67,581,148
Credit cards	8,969,099	7,583,054
Real estate loans	248,290,399	236,126,449
Companies:		
Large		
Overdraft accounts	247,213,362	329,977,035
Loans and promissory notes**	1,030,973,109	1,142,827,879
Small and Medium		
Overdraft accounts*	30,193,556	26,165,671
Loans and promissory notes**	80,529,434	64,534,539
Government and public sector	232,231,016	223,157,152
Total	1,964,595,681	2,105,286,880
Less: Provision of impairment loss in direct credit facilities	79,161,605	92,028,568
Interest in suspense	12,107,787	15,713,148
Net Direct Credit Facilities	1,873,326,289	1,997,545,164

* This item includes USD 7,366,037 as of December 31, 2013 which represents credit facilities granted by the subsidiary companies against USD 8,540,770 as of December 31, 2012.

** Net after deducting interest and commission received in advance of USD 2,811,824 as of December 31, 2013 against USD 3,757,480 as of December 31, 2012.

- Non-performing credit facilities amounted to USD 145,606,900 which is equivalent to (7/4%) of total direct credit facilities as of December 31, 2013 against USD 206,715,323 which is equivalent to (9/8%) of total direct credit facilities as of December 31, 2012.

- Non-performing credit facilities net of interests and commissions in suspense amounted to USD 133,499,113 which is equivalent to (6/8%) of total direct credit facilities balance after deducting suspended interests as of December 31, 2013 against USD 191,002,175 which is equivalent to (9/1%) of total credit facilities balance after deducting suspended interests as of December 31, 2012.

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 76,019,389 which is equivalent to (3/9%) of total direct credit facilities as of December 31, 2013 against USD 78,012,276, which is equivalent to (3/7%) as of December 31, 2012.

- Direct credit facilities include facilities granted to three customers in an amount of USD 83,183,770 net after deducting interests and commissions in suspense as of December 31, 2013, with acceptable collaterals in the amount of around USD 5.8 million as per Central Bank of Jordan instructions. The provision of impairment against these direct credit facilities amounted to USD 46.5 million as of December 31, 2013 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.

- In addition to what is stated above, direct credit facilities also include credit facilities granted to two other customers with a total balance of USD 82.2 million as of December 31, 2013, which were classified under the watch list category as of that date, noting that the market value for collaterals amounted to around USD 117.1 million as per latest valuation. On September 13, 2012 an agreement has been signed between the Bank and those two customers for restructuring these two accounts after the review and approval of Central Bank of Jordan. The first installment is due by March 2014. The developments on these credit facilities are mentioned on a regular basis.

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 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

For the Year 2012	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	2,292,913	1,667,503	74,694,721	1,207,856	-	79,862,993
Deducted from income during the year	680,817	6,610,460	17,971,080	377,298	-	25,639,655
Surplus in provision of credit facilities	64,422	29,444	-	86,261	-	180,127
Used from provision during the year (written-off) *	161,764	-	13,042,427	89,762	-	13,293,953
Balance – End of the Year	2,747,544	8,248,519	79,623,374	1,409,131	-	92,028,568

* During the year 2013, an amount of USD 137,406 has been written off from direct credit facilities according to the Board of Directors approval (against USD 13,293,954 for the year 2012).

** During the year 2013, a non-performing credit facilities debt was transferred off the consolidated statement of financial position, according to Board of Directors decision.

- 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 2,829,174 as of December 31, 2013 against USD 180,127 as of December 31, 2012.

Interest in Suspense

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

USD

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: Interests suspended during the year	183,622	1,241,433	830,464	28,260	-	2,283,779
Less: Interests reversed to income	13,566	2,144,027	337,127	123,543	-	2,618,263
Interests 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	316,929	11,464,675	112,579	-	12,107,787

For the Year 2012	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	38,447	95,562	11,781,329	223,878	-	12,139,216
Add: Interests suspended during the year	46,214	1,155,907	2,486,388	60,034	-	3,748,543
Less: Interests reversed to income	27,563	30,654	48,099	36,776	-	143,092
Interests in suspense written-off	5,001	1,291	15,027	10,200	-	31,519
Balance - End of the Year	52,097	1,219,524	14,204,591	236,936	-	15,713,148

* The Bank adopts a policy for suspending interests off the Consolidated Statement of Financial Position for credit facilities that are outstanding before the Court of Law. During the year 2013, 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 14,665,461 for the year 2013 against USD 12,968,609 for the year 2012.

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

USD

	2013	2012
Quoted shares in active markets	21,751,100	21,776,458
Unquoted shares in active markets *	-	28,051,397
Quoted bonds in active markets	52,100,746	57,740,021
Unquoted bonds in active markets	36,535,935	39,019,292
Total	110,387,781	146,587,168
Bonds Analysis:		
Fixed rate	42,305,498	48,089,226
Floating rate	46,331,183	48,670,087
Total	88,636,681	96,759,313

* The Bank entered into a sale agreement with a third party to sell its entire investments in a private Jordanian shareholding company effective December 30, 2013, however the legal ownership transfer is currently in process.

9. Financial Assets at Fair Value through Comprehensive Income

The details of this item are as follows:

USD

	2013	2012
Quoted shares in active markets	11,425,377	9,774,975
Unquoted shares in active markets	27,042,355	23,123,708
Total	38,467,732	32,898,683

- Realized losses from the sale of shares through comprehensive income amounted to USD 794,564 in 2013, (against USD 14,181 during 2012) were booked directly to retained earnings in the consolidated statement of owners' equity.

- Cash dividends on the above investments amounted to USD 2,261,790 for the year ended December 31, 2013 (USD 2,023,240 for the year ended December 31, 2012).

10. Financial Assets at Amortized Cost

The details of this item are as follows:

USD

	2013	2012
Quoted Financial Assets:		
Companies bonds and debentures	68,519,291	64,222,932
Total Quoted Financial Assets	68,519,291	64,222,932
Unquoted Financial Assets:		
Treasury bonds and bills	404,932,054	229,134,600
Companies' bonds and debentures	7,687,940	5,028,372
Total Unquoted Financial Assets	412,619,994	234,162,972
Total	481,139,285	298,385,904
Bonds and Bills Analysis:		
Fixed rate	476,139,285	293,385,904
Floating rate	5,000,000	5,000,000
Total	481,139,285	298,385,904

11. Pledged Financial Assets

This item represents Jordanian treasury bonds and bills in an amount of USD 51,763,047 as of December 31, 2012 pledged against repurchase agreement liabilities of USD 50,727,786. The Bank entered into this agreement effective December 5, 2012 at an interest rate of 4.25% and it matured on January 6, 2013.

12. 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 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	50,763,135
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
Year 2012							
Cost:							
Balance - beginning of the year	3,795,220	5,453,278	10,991,866	807,835	12,849,653	12,408,182	46,306,034
Additions	-	-	465,523	11,721	1,543,447	432,351	2,453,042
Disposals	-	-	-	-	(3,893)	-	(3,893)
Balance - End of the year	3,795,220	5,453,278	11,457,389	819,556	14,389,207	12,840,533	48,755,183
Accumulated Depreciation:							
Balance - beginning of the year	-	2,079,863	7,684,499	419,918	11,024,532	9,504,426	30,713,236
Depreciation for the year	-	162,739	770,451	77,116	744,911	869,910	2,625,127
Disposals	-	-	-	-	(3,762)	-	(3,762)
Balance - End of the year	-	2,242,602	8,454,950	497,034	11,765,681	10,374,334	33,334,601
Net Book Value of Property and Equipment	3,795,220	3,210,676	3,002,439	322,522	2,623,526	2,466,199	15,420,582
Add: Down payments on property and equipment purchases	-	-	1,592,297	-	-	-	1,592,297
Net Book Value of Property and Equipment - End of the Year	3,795,220	3,210,676	4,594,736	322,522	2,623,526	2,466,199	17,012,879
Annual depreciation percentage %	-	3	9 - 15	15	20	20	

b. Property and equipment include an amount of USD 19,027,749 as of December 31, 2013 (USD 18,940,982 as of December 31, 2012) representing fully depreciated property and equipment.

13. Intangible Assets - Net

The details of this item are as follows:

USD

	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 percentage %	20 - 33	
Year 2012		
Balance - beginning of the year	1,547,323	1,547,323
Additions	2,077,335	2,077,335
Amortization for the year	483,398	483,398
Balance - End of the Year	3,141,260	3,141,260
Amortization percentage %	20 - 33	

14. Other Assets

The details of this item are as follows:

USD

	2013	2012
Accrued interest and revenue	20,928,254	17,367,130
Prepaid expenses	1,666,774	1,356,315
Assets seized by the Bank against debts - net *	95,667,796	70,513,058
Unrealized gains from financial derivatives (Note 37)	1,914	884,409
Debtors **	292,364	150,794
Clearing checks	39,725	25,844,303
Accrued amount against sale of seized shares and financial assets	50,893,392	-
Others **	10,305,582	7,861,121
Total	179,795,801	123,977,130

* According to Central Bank of Jordan instructions, properties and shares seized by the Bank should be disposed off within two years from the ownership date, and for exceptional cases, the Central Bank of Jordan can extend this period for two consecutive years at maximum.

** Debtors and other assets include balances relating to the subsidiaries companies of USD 3,188,533 as of December 31, 2013 (against USD 382,137 as of December 31, 2012).

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

USD

	2013			2012
	Seized Property	Other Seized Assets *	Total	Total
Net balance - beginning of the year	52,352,399	18,160,659	70,513,058	28,438,385
Additions	45,079,038	-	45,079,038	42,279,428
Disposals	(1,617,310)	(18,160,659)	(19,777,969)	(32,700)
Impairment loss	(146,331)	-	(146,331)	(172,055)
Balance - End of the Year	95,667,796	-	95,667,796	70,513,058

* This item represents equity investment in a local bank seized during the year 2011 that was sold during the fourth quarter of 2013.

15. Banks and Financial Institutions Deposits

The details of this item are as follows:

USD

	December 31, 2013			December 31, 2012		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
Current and call accounts	76,088,032	423,117,897	499,205,929	65,853,412	246,669,538	312,522,950
Time deposits *	-	294,714,119	29,471,419	30,190	276,871,821	276,902,011
Total	76,088,032	452,589,316	528,677,348	65,883,602	523,541,359	589,424,961

* Time deposits due within a period exceeding three months amounted to USD 29,471,419 as of December 31, 2013 against USD 276,902,012 as of December 31, 2012.

16. Customers Deposits

The details of this item are as follows:

USD

	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

	December 31, 2012				
	Individuals	Companies		Government and Public Sector	Total
		Large	Small and Medium		
Current and call accounts	307,046,313	72,128,097	193,159,825	23,251,743	595,585,978
Saving deposits	151,631,630	591,315	3,575,749	181,305	155,979,999
Time deposits subject to notice	690,575,556	66,780,076	256,372,199	156,411,942	1,170,139,773
Certificates of deposit	6,758,378	-	-	-	6,758,378
Total	1,156,011,877	139,499,488	453,107,773	179,844,990	1,928,464,128

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to USD 234,785,938 , which is equivalent to (10/4%) of total customers' deposits as of December 31, 2013 (USD 179,844,990 which is equivalent to (9/3%) as of December 31, 2012).
- Non-interest bearing deposits amounted to USD 573,712,669 which is equivalent to (25/4%) of total customers' deposits as of December 31, 2013 (USD 517,897,875 which is equivalent to (26/9%) as of December 31, 2012).
- Restricted deposits amounted to USD 17,061,231 which is equivalent to (0/8%) of total customers' deposits as of December 31, 2013 (USD 10,833,650 which is equivalent to (0/6%) as of December 31, 2012).
- Dormant deposits amounted to USD 38,794,056 as of December 31, 2013 (USD 47,216,487 as of December 31, 2012).

17. Cash Margins

The details of this item are as follows:

USD

	2013	2012
Cash margins on direct credit facilities	54,969,996	173,108,657
Cash margins on indirect credit facilities	40,812,375	32,845,804
Marginal deposits	-	3,940,398
Other margins	212,962	467,061
Total	95,995,333	210,361,920

18. Borrowed Funds

This item includes an amount of USD 4,231,312 which has been obtained under a loan agreement with the Central Bank of Jordan with amount USD 5,641,749 for a period of 15 years in order to be used to finance micro, small and medium companies.

On July 5, 2013 Ejarah For Finance Leasing Company (subsidiary company) obtained a loan from the Jordan Mortgage Refinance Company in an amount of USD 7,052,186 with interest rate 7.4%. Interest is to be paid each six months; on January 30, 2014 and July 30, 2014, and the maturity date of this loan will be on July 30, 2014. The purpose of this loan is to finance the Company's operations.

Year 2012 balance represents a repurchase agreement in an amount of USD 50,727,786 as of December 31, 2013, which has been signed with Central Bank of Jordan on December 5, 2012 to sell and repurchase Jordanian Bonds and Treasury Bills with total nominal value of USD 51,763,047 at interest rate of 4/25% and maturity of January 6, 2013 for the purpose of temporary financing activities.

19. Other Provisions

The details of this item are as follows:

USD

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

Year 2012	Balance - Beginning of the Year	Provision for the Year	Released during the Year	Balance - End of the Year
Provision for staff indemnity	10,469,718	1,702,327	(373,822)	11,798,223
Provision for lawsuits against the Bank and contingent claims	445,220	84,626	(18,360)	511,486
Total	10,914,938	1,786,953	(392,182)	12,309,709

20. Provision for Income Tax

a. Income tax provision

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

USD

	2013	2012
Balance - beginning of the year	19,032,235	18,081,616
Income tax for the year	28,151,159	24,231,425
Income tax paid	(20,391,665)	(18,913,895)
Down payment	(5,593,505)	(4,366,911)
Balance - End of the Year	21,198,224	19,032,235

b. Income tax expense

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

USD

	2013	2012
Income tax for the year	28,151,159	24,231,425
Effect of deferred tax assets for the year	(460,691)	(444,866)
Effect of deferred tax liabilities for the year	(1,432,818)	(179,466)
Total	26,257,650	23,607,093

c. Tax Status

- Income tax returns have been submitted and the declared income tax has been paid for the Bank's branches in Jordan up to the year 2012 and reached final settlement for that year, moreover the semiannual payment for the year 2013 has been paid.
- For Bank's branches in Cyprus, income tax returns have been submitted and the declared income tax has been paid up to year 2013.
- For Bank's branches in Palestine, income tax returns have been submitted and the declared income tax has been paid up to year end 2012 and final settlements has been reached for the Bank's branches in Palestine up to year 2011, except for years 2007 and 2008.
- For the subsidiary Companies, income tax return has been submitted for Ejara for Finance Leasing Company up to year end 2012 and paid the declared income tax in addition to the semiannual payment, while income tax return for United Financial Investment Company has been submitted up to year end 2012 and the declared income tax has been paid in addition to the semiannual payment, a final settlement has been reached with income and sales tax department up to year 2009. The Income and Sales Tax Department reviewed the company's tax return for the year 2010 and no final the year yet, in addition year 2011 income tax return has been approved, however, the income tax return for the year 2012 has been submitted, but not reviewed by Income and Sales Tax Department yet.

In opinion of the Bank's management and the tax consultants of the Bank and subsidiaries, no liabilities shall arise against the Bank branches and the subsidiary companies exceeding the booked provision as of the date of the consolidated financial statements.

d- Deferred Tax Assets / Liabilities:

The details of this item are as follows:

USD

	2013			Balance - End of the Year	2013	2012
	Balance - beginning of the year	Amounts			Deferred Tax	Deferred Tax
		Realized	Additions			
a- Deferred Tax Assets						
Provision for staff indemnity	11,353,049	2,558,413	1,828,697	12,082,766	3,637,192	3,405,914
Impairment loss in real estate	87,900	146,331	-	234,231	70,272	26,370
Provision for accounts receivable - subsidiary company	1,175,681	-	-	1,175,681	282,166	282,164
Provision for lawsuits against the Bank	511,487	223,620	278,124	456,982	137,096	153,446
Provision for impairment loss in shares seized against due debts	4,118,681	-	4,118,681	-	-	1,235,605
Loss on financial assets at fair value through the profit or loss	-	4,828,488	-	4,828,488	1,437,464	-
Total	17,246,798	7,756,852	6,225,502	18,778,148	5,564,190	5,103,499
b- Deferred Tax Liabilities *						
Financial assets at fair value valuation reserve *	3,625,722	5,680,166	-	9,305,889	2,821,756	1,087,717
Revaluation gains from financial assets at fair value through profit or loss	4,830,978	-	4,830,977	-	-	1,432,818
Total	8,456,700	5,680,166	4,830,977	9,305,889	2,821,756	2,520,535

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

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

USD

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Balance - beginning of the year	5,103,499	2,520,535	4,658,633	2,178,893
Additions during the year	2,328,341	1,742,502	561,722	521,108
Released during the year	(1,867,650)	(1,441,281)	(116,856)	(179,466)
Balance - End of the Year	5,564,190	2,821,756	5,103,499	2,520,535

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

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

USD

	2013	2012
Declared income	93,137,530	89,344,620
Add: Tax unacceptable expenses	22,942,572	15,103,417
Less: Profit not subject to tax	24,501,298	5,836,310
Taxable Income	91,578,804	98,611,727
Income Tax Rates:		
Jordan branches	30%	30%
Palestine branches	20%	20%
Cyprus branches	12.5%	12.5%
Subsidiaries companies	24%	24%

21. Other Liabilities

The details of this item are as follows:

USD

	2013	2012
Accrued interests	12,439,061	10,047,234
Inward transfers	11,481,997	1,908,480
Accounts payable (a)	4,600,111	1,711,642
Accrued expenses	799,150	816,395
Temporary deposits - customers	5,143,069	3,005,217
Temporary deposits (b)	23,047,516	7,925,581
Shareholders' deposits (c)	4,715,090	3,163,848
Accepted and certified checks	9,304,296	7,669,918
Lock boxes deposits	395,054	216,176
Subscriptions deposits (e)	402,175	416,027
Down payments of capital subscriptions	-	431,611
Unrealized losses from financial derivatives (Note 37)	198,080	140,513
Transactions in transit	245,394	197,110
Other liabilities (a)	17,957,799	13,424,283
Total	90,728,792	51,074,035

(a) Accounts payable and other liabilities include balances related to the subsidiaries of USD 8,453,814 as of December 31, 2013 (USD 1,936,011 as of December 31, 2012).

(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.

22. 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, 2013 and 2012.

23. Reserves

The details of the reserves as of December 31, 2013 and 2012 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 thereof 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

	2013	2012
Jordan branches	14,147,426	14,325,340
Cyprus branches	2,225,394	2,218,000
Palestine branches	337,329	312,418
Subsidiary Companies	414,668	232,722
Total	17,124,817	17,088,480

- The following are the restricted reserves:

USD

Name of Reserve	2013	2012	Nature of Restriction
Statutory reserve	92,556,635	83,231,805	According to the Jordanian Companies Law and the Banks Law.
Pro-cyclicality reserve	262,066	109,394	According to Palestine Monetary Authority Instructions.
General banking risks reserve	17,124,817	17,088,480	According to the Central Bank of Jordan.

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

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

USD

	2013	2012
Balance - beginning of the year	2,256,035	709,555
Unrealized gains	6,690,652	2,067,587
Deferred tax liabilities	(1,742,502)	(521,107)
Balance - End of the Year *	7,204,185	2,256,035

* Financial assets valuation reserve is presented as a net amount after deducting related deferred tax liabilities of USD 2,821,756 as of December 31, 2013 (USD 1,087,717 as of December 31, 2012) and it is not transferable to the consolidated statement of income.

25. Retained Earnings

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

USD

	2013	2012
Balance - beginning of the year	133,716,186	125,566,555
Realized (loss) from selling financial assets at fair value through comprehensive income - Note (9)	(794,564)	(14,181)
Income for the year	66,990,646	65,381,683
(Transferred) to reserves	(28,163,499)	(29,009,126)
Dividends paid (Note 26)	(28,208,745)	(28,208,745)
Balance - End of the Year	143,540,024	133,716,186

- Out of the retained earnings an amount of USD 5,564,190 as of December 31, 2013 is restricted according to the Central Bank of Jordan instructions against deferred tax assets against USD 5,103,499 as of December 31, 2012.

- Retained earnings include an amount of USD 7,425,525 as of December 31, 2013 against USD 8,178,291 as of December 31, 2012 restricted against the effect of adopting International Financial Reporting Standards (9) according to Jordan Securities Commission instructions, which represents the revaluation of financial assets.

The restriction is waived upon actual sale.

26. 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.

27. Interest Income

The details of this item are as follows:

USD

	2013	2012
Direct credit facilities		
Individuals (retail)		
Overdraft accounts	28,436	6,532
Loans and promissory notes	8,331,496	5,414,518
Credit cards	1,079,748	1,028,793
Real - estate loans	16,300,839	12,921,461
Companies		
Large		
Overdraft accounts	20,169,502	19,810,166
Loans and promissory notes	76,431,182	78,284,190
Small and medium		
Overdraft accounts	2,940,654	2,001,223
Loans and promissory notes	13,486,429	8,153,504
Government and public sector	15,380,846	12,699,824
Balances at central banks	5,304,906	1,484,884
Balances and deposits at banks and financial institutions	9,942,341	8,992,245
Financial assets at amortized cost	25,648,965	22,774,048
Financial assets at fair value through profit or loss	4,662,351	6,293,326
Others	516,756	492,300
Total	200,224,451	180,357,014

28. Interest Expense

The details of this item are as follows:

USD

	2013	2012
Deposits at banks and financial institutions	8,133,557	8,774,783
Customers deposits		
Time and notice deposits	49,491,378	37,048,474
Cash margins	2,715,694	3,450,929
Current and call accounts	1,013,148	576,544
Saving accounts	905,709	460,054
Certificates of deposit	197,014	194,992
Borrowed funds	217,711	125,719
Loan guarantee fees	3,251,250	3,512,117
Others	59,917	127,171
Total	65,985,378	54,270,783

29. Net Commission Income

The details of this item are as follows:

USD

	2013	2012
Direct credit facilities commissions	6,261,128	6,231,297
Indirect credit facilities commissions	9,724,554	7,861,148
Other commissions	972,431	935,834
Total	16,958,113	15,028,279

30. Foreign Exchange Income

The details of this item are as follows:

USD

	2013	2012
Foreign currencies trading / transactions	8,970,783	1,184,199
Foreign currencies revaluation	(4,620,988)	2,563,546
Total	4,349,795	3,747,745

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

The details of this item are as follows:

USD

	Realized (Losses)	Unrealized (Losses)	Shares Dividends Returns	Total
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)
Year 2012				
Companies shares	210,278	(523,054)	3,010,691	2,697,915
Companies bonds	(204,454)	3,184,260	-	2,979,806
Total	5,824	2,661,206	3,010,691	5,677,721

32. Other Income

The details of this item are as follows:

USD

	2013	2012
Rental of lock deposit boxes	206,704	149,367
Stamps income	79,660	82,144
Credit cards income	4,339,330	3,827,347
Recovery of debts previously written-off	334,554	1,157,549
Trading in shares revenue - subsidiary company	1,342,173	1,489,336
Rental income	144,231	7,039
Telecommunication income	505,574	498,427
Transfers income	1,286,779	1,535,224
Gain on sale against seized shares	5,088,164	-
Others	3,922,367	4,521,164
Total	17,249,536	13,267,597

33. Employees Expenses

The details of this item are as follows:

USD

	2013	2012
Salaries, allowances and employees' benefits	28,182,491	26,143,289
Contribution in social security	1,866,468	1,721,896
Medical expenses	1,286,627	1,143,595
Staff training	182,080	200,814
Travel expenses - per diems	489,216	410,673
Employees life insurance	141,906	92,934
Value added tax	133,690	113,413
Total	32,282,478	29,826,614

34. Other Expenses

The details of this item are as follows:

USD

	2013	2012
Rentals	2,335,951	2,029,849
Stationery	863,560	753,474
Advertisements	1,289,662	965,688
Subscriptions	243,226	207,952
Telecommunication expenses	1,347,447	1,315,210
Maintenance and repairs	2,590,855	2,391,145
Insurance expenses	940,457	843,994
Legal fees	86,422	106,006
Water, electricity and heating	1,727,784	1,452,192
Fees, taxes and stamps	764,553	428,654
Professional fees	299,100	290,611
Cards services expenses	2,296,020	1,931,928
Transportation expense	196,890	148,876
Correspondents services fees	266,430	168,389
Security services	259,711	282,377
Donations and social responsibility	655,103	654,032
Hospitality	117,439	97,104
Board of Directors' remunerations	91,678	126,234
Impairment loss against shares seized by Bank against debts	-	172,055
Others	3,332,667	1,938,803
Total	19,704,955	16,304,573

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

The details of this item are as follows:

USD

	2013	2012
Income for the year attributed to Bank's Shareholders	66,990,646	65,381,683
	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)	-/670	-/654

36. Cash and Cash Equivalents

The details of this item are as follows:

USD

	2013	2012
Balances at central banks due within three months	519,102,010	302,776,076
Add: Balances at banks and financial institutions due within three months	362,101,583	399,426,581
Less: Banks and financial institutions deposits due within three months	499,205,930	312,522,949
Restricted balances - Note (5)	2,618,000	2,170,000
Total	379,379,663	387,509,708

37. Financial Derivatives

The details of this item are as follows:

USD

	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	-	-	-

	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, 2012							
Trading Derivatives:							
Forward sales contracts in foreign currencies	880,309	-	(90,507,755)	(90,507,755)	-	-	-
Future contracts	-	(4,049)	(244,660)	(244,660)	-	-	-
	880,309	(4,049)	(90,752,415)	(90,752,415)	-	-	-
Forward purchase contracts in foreign currencies	-	(136,464)	89,763,908	89,763,908	-	-	-
Future contracts	4,100	-	244,660	244,660	-	-	-
	4,100	(136,464)	90,008,568	90,008,568	-	-	-
Total	884,409	(140,513)	(743,846)	(743,846)	-	-	-

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 **	2013	2012
On- Consolidated Statement of Financial Position Items:						
Direct credit facilities *	-	272,670	1,678,230	705,465	2,656,365	1,810,801
Banks and financial institutions deposits	121,326	299,992,244	-	-	300,113,570	306,440,717
Deposits	-	154,871,374	1,622,045	2,593,691	159,087,110	123,745,077
Cash margins	-	-	-	398,875	398,875	198,642
Financial assets at fair value through income statement	-	16,072,000	-	2,574,559	18,646,559	18,446,157
Financial assets fair value through other comprehensive income	23,732,017	-	-	3,109,258	26,841,275	22,905,956
Financial assets at amortized cost	-	6,097,563	-	-	6,097,563	6,102,742
Off- Consolidated Statement of Financial Position Items:						
Letters of guarantee	-	42,736	-	88,745	131,481	229,153
Letters of credit	-	-	-	6,000,000	6,000,000	1,800,000
					Total	
					2013	2012
Consolidated Statement of Income items:						
Interest and commission income ***	-	401,645	95,673	45,111	542,429	1,252,848
Interest and commission expense ****	48,889	8,684,931	37,045	148,983	8,919,848	7,074,650
Financial assets dividends	1,887,374	-	-	281,946	2,169,320	2,027,350

* Included in the direct credit facilities granted to the Board of Directors members is an amount of USD 150,354 representing credit facilities granted to United Financial Investment Company's board of directors members (subsidiary company) as of December 31, 2013 against USD 377,437 as of December 31, 2012.

* Included in the direct credit facilities granted to the executive management is an amount of USD 451,200 representing credit facilities granted to Ejarah for Finance Leasing Company's board of directors members (subsidiary company) as of December 31, 2013, against USD 81,229 as of December 31, 2012.

** 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 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 5,288,274 for 2013 (USD 4,630,474 for the year 2012), excluding 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 2013 and 2012.

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):

	2013	2012
USD		
On- Consolidated Statement of Financial Position Items		
Balances at the central banks	464,459,939	256,227,501
Balances at banks and financial institutions	362,101,583	399,426,581
Deposits at banks and financial institutions	5,025,000	20,025,000
Direct Credit Facilities:		
Individuals (retail)	91,510,490	79,698,514
Real estate loans	241,939,003	226,658,406
Companies		
Large companies	1,198,734,553	1,378,976,949
Small and medium companies (SMEs)	108,911,227	89,054,143
Government and public sector	232,231,016	223,157,152
Bonds, Bills and Debentures:		
Financial assets at fair value through profit or loss	88,636,681	96,759,313
Financial assets at amortized cost	481,139,285	298,385,904
Pledged financial assets	-	51,763,047
Other assets	21,260,342	43,362,227
Off- Consolidated Statement of Financial Position Items		
Letters of guarantee	295,174,255	272,203,776
Letters of credit	145,728,742	130,043,606
Letters of acceptance	30,444,075	19,581,006
Unutilized credit facilities ceilings	121,642,829	120,001,330
Total	3,888,939,021	3,705,324,455

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

USD

	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, 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	88,919,000	130,435,553	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	3,440,711	6,034,467	67,987,243	1,699,185	-	-	-	-	79,161,605
Interest in suspense	213,604	316,929	11,464,676	112,578	-	-	-	-	12,107,787
Net	91,510,490	241,939,003	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	53,861,111
Unclassified							20,219,626	148,286,895	168,506,522
Governments and public sector							443,495,808	464,459,940	907,955,749
Total							569,775,966	831,586,522	1,401,362,491
December 31, 2012									
Low risk	393,825	125,511	16,154,609	2,809,127	78,012,275	-	347,510,031	256,227,501	701,232,879
Acceptable risk	78,246,132	145,375,711	1,211,284,839	79,783,034	145,144,877	43,362,227	99,398,233	419,451,581	2,222,046,634
Of which is due (*):									
within 30 days	2,051,855	96,989	4,391,460	1,267,652	-	-	-	-	7,807,956
from 31 to 60 days	2,692,491	108,585	13,930,250	6,564,638	-	-	-	-	23,295,964
Watch list	596,425	71,333,793	62,869,323	6,442,076	-	-	-	-	141,241,617
Non-performing:									
Substandard	830,262	350,385	500,000	822,697	-	-	-	-	2,503,344
Allowance provided	307,285	592,513	26,082,576	142,884	-	-	-	-	27,125,258
Bad debt	2,124,226	18,348,536	155,913,567	700,392	-	-	-	-	177,086,721
Total	82,498,155	236,126,449	1,472,804,914	90,700,210	223,157,152	43,362,227	446,908,264	675,679,082	3,271,236,453
Provision for impairment loss	2,747,544	8,248,519	79,623,374	1,409,131	-	-	-	-	92,028,568
Interest in suspense	52,097	1,219,524	14,204,591	236,936	-	-	-	-	15,713,148
Net	79,698,514	226,658,406	1,378,976,949	89,054,143	223,157,152	43,362,227	446,908,264	675,679,082	3,163,494,737
Credit classification:									
From AAA to -A							7,051,010	115,368,481	122,419,491
From +BBB to -B							62,781,893	81,192,357	143,974,250
Less than -B							10,091,992	-	10,091,992
Unclassified							19,473,339	222,890,743	242,364,082
Governments and public sector							347,510,030	256,227,501	603,737,531
Total							446,908,264	675,679,082	1,122,587,347

- 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, 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
December 31, 2012						
Guarantees against:						
Low risk	393,824	125,511	16,154,609	2,809,127	-	19,483,071
Acceptable risk	39,596,436	128,749,952	569,204,158	16,072,220	-	753,622,766
Watch list	453,436	61,420,583	49,666,560	175,200	-	111,715,779
Non-performing:						
Substandard	511,537	350,385	-	35,261	-	897,183
Allowance provided	80,223	25,989,736	-	53,316	-	26,123,275
Bad debt	1,942,749	18,545,997	58,049,192	178,704	-	78,716,642
Total	42,978,205	235,182,164	693,074,519	19,323,828	-	990,558,716
Of it:						
Cash margins	3,920,724	125,511	137,469,472	5,211,100	-	146,726,807
Accepted letters of guarantee	-	-	11,641,749	-	-	11,641,749
Real estate	4,299,358	235,056,653	374,767,433	7,757,544	-	621,880,988
Trade stocks	7,218,312	-	161,153,213	2,638,797	-	171,010,322
Vehicles and equipment	27,539,811	-	8,042,652	3,716,387	-	39,298,850
Total	42,978,205	235,182,164	693,074,519	19,323,828	-	990,558,716

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 41,258,124 (USD 35,313,743 for the year 2012).

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 84,325,285 for the year 2013 (USD 86,353,010 for the year 2012).

Bonds, Bills, and Debentures

The following table illustrates the classification of bonds, bills, and debentures according to external rating institutions as of December 31, 2013:

USD				
Rating Grade	Rating Institution	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Amortized Cost	Total
AA	Fitch	3,045,000	-	3,045,000
A	Fitch	-	6,765,285	6,765,285
BBB	Fitch	1,834,961	8,892,499	10,727,460
BB-	Fitch	995,061	10,002,982	10,998,043
BBB-	Fitch	-	-	-
CC	Fitch	599,961	-	599,961
A1	Moody's	-	1,989,100	1,989,100
B1	Moody's	8,817,391	7,668,499	16,485,890
B3	Moody's	5,000,000	-	5,000,000
Ba3	Moody's	17,036,810	-	17,036,810
Baa1	Moody's	-	3,130,563	3,130,563
Baa2	Moody's	890,010	4,965,518	5,855,528
Baa3	Moody's	434,616	2,967,000	3,401,616
Caa1	Moody's	-	5,065,210	5,065,210
Caa2	Moody's	4,813,486	-	4,813,486
B+	S & P	-	7,764,130	7,764,130
CC	S & P	3,382,451	-	3,382,451
Governmental	-	27,534,212	415,961,595	443,495,807
Unclassified	-	14,252,722	5,966,904	20,219,626
Total		88,636,681	481,139,285	569,775,966

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	437,867,041	24,576,942	2,015,956	-	-	-	-	464,459,939
Balances at banks and financial institutions	12,990,223	199,420,354	42,023,226	257,505	-	106,713,305	696,970	362,101,583
Deposits at banks and financial institutions	-	5,000,000	-	25,000	-	-	-	5,025,000
Direct credit facilities:								
Individuals	91,198,702	311,788	-	-	-	-	-	91,510,490
Real estate loans	239,415,109	336,645	2,187,250	-	-	-	-	241,939,003
Companies:								
Large	961,639,341	11,897,377	225,197,835	-	-	-	-	1,198,734,553
Small and medium (SMEs)	107,608,073	1,303,154	-	-	-	-	-	108,911,227
Government and public sector	232,231,016	-	-	-	-	-	-	232,231,016
Bonds, bills, and debentures:								
Within financial assets at fair value through profit or loss	40,353,326	-	1,564,772	46,718,584	-	-	-	88,636,681
Within financial assets at amortized cost	429,568,034	-	25,663,784	25,907,467	-	-	-	481,139,285
Other assets	17,975,964	356,551	2,927,826	-	-	-	-	21,260,342
Total/for the Current Year	2,570,846,829	243,202,811	301,580,649	72,908,556	-	106,713,305	696,970	3,295,949,120
Total/Comparative Figures	2,357,803,150	323,746,720	374,845,746	29,522,934	-	77,462,934	113,253	3,163,494,737

* 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	464,459,939	-	-	-	-	-	-	-	-	464,459,939
Balances at banks and financial institutions	362,101,583	-	-	-	-	-	-	-	-	362,101,583
Deposits at banks and financial institutions	5,025,000	-	-	-	-	-	-	-	-	5,025,000
Direct credit facilities - net	45,428,097	443,407,042	456,936,787	275,775,882	241,938,999	9,779,192	73,256,529	85,320,135	241,483,626	1,873,326,290
Bonds, Bills and Debentures:										
Within financial assets at fair value through profit or loss	42,954,499	-	31,031,038	-	599,960	-	-	-	14,051,184	88,636,681
Within financial assets at amortized cost	56,142,946	-	1,337,284	-	-	-	-	-	423,659,055	481,139,285
Other assets	8,742,858	3,908,133	3,544,832	5,064,520	-	-	-	-	-	21,260,342
Total for the Current Year	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
Total/Comparative Figures	576,779,994	532,714,501	563,167,329	288,870,948	229,420,495	11,076,072	65,013,743	70,729,657	825,721,999	3,163,494,737

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 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)	-
For the Year 2012			
Currency	Increase in Interest Rate %	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	1,449,173	(4,371,468)
Euro	1	(136,819)	(103,509)
GBP	1	(98,455)	-
Yen	1	13,911	-
Other currencies	1	67,726	-
Currency	(Decrease) in Interest Rate %	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	(1,449,173)	792,065
Euro	1	136,819	2,901
GBP	1	98,455	-
Yen	1	(13,911)	-
Other currencies	1	(67,726)	-

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

Currency	Change in Foreign Currency Rate %		Effect on Profit or Loss		Effect on Owners' Equity	
	2013	2012	2013	2012	2013	2012
Euro	5	5	(6,182)	2,704	-	-
GBP	5	5	8,284	(645)	-	-
Yen	5	5	3,001	2,654	-	-
Other currencies	5	5	243,599	17,882	-	-

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

Indicator of	Change in Indicator %	For the Year 2013	
		Effect on Profit or Loss	Effect on Owners' Equity
Amman stock exchange	5	451,733	18,622
Palestine stock exchange	5	8,673	26,780
Dubai stock exchange	5	54,535	46,348
Saudi Arabia stock exchange	5	102,048	-
Qatar stock exchange	5	159,001	-
Kuwait stock exchange	5	110,449	-
For the Year 2012			
Indicator of	Change in Indicator %	Effect on Profit or Loss	Effect on Owners' Equity
Amman stock exchange	5	1,102,993	86,815
Palestine stock exchange	5	4,641	6,582
Kuwait stock exchange	5	230,203	-
Dubai stock exchange	5	49,035	31,293

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, 2013								
Assets:								
Cash and balances at central banks	494,032,628	-	-	-	-	-	25,069,382	519,102,010
Balances at banks and financial institutions	124,098,508	212,557,762	-	-	-	-	25,445,313	362,101,583
Deposits at banks and financial institutions	-	-	25,000	-	5,000,000	-	-	5,025,000
Direct credit facilities - net	561,994,365	169,148,379	160,270,228	841,475,310	75,177,058	65,260,948	-	1,873,326,289
Financial assets at fair value through profit or loss	5,000,000	1,221,767	3,045,000	27,534,213	41,058,441	10,777,260	21,751,100	110,387,781
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	38,467,732	38,467,732
Financial assets at amortized cost	29,006,339	24,489,306	60,490,468	93,948,357	226,145,511	47,059,304	-	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	1,003,221	12,956,219	6,970,728	-	-	-	158,865,633	179,795,801
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
Liabilities:								
Banks and financial institutions deposits	492,698,357	29,471,419	-	-	-	-	6,507,573	528,677,548
Customers deposits	898,354,226	415,622,588	207,784,141	63,657,406	100,198,492	-	573,712,669	2,259,329,522
Cash margin	46,301,255	11,128,412	8,018,906	6,268,530	7,804,086	-	16,474,144	95,995,333
Borrowed funds	-	4,231,312	-	7,052,186	-	-	-	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	39,868,646	9,223,528	8,301,030	11,734,774	8,899,427	12,701,388	-	90,728,792
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
December 31, 2012								
Total Assets	858,036,405	524,465,077	202,100,229	989,138,584	330,227,810	121,742,441	372,931,845	3,398,642,391
Total Liabilities	1,174,860,443	403,141,872	368,818,807	244,341,838	77,716,248	5,452,788	589,573,313	2,863,905,309
Interest Rate Repricing Gap	(316,824,038)	121,323,205	(166,718,578)	744,796,746	252,511,562	116,289,653	(216,641,468)	534,737,082

Concentration in Foreign Currencies Risk:

USD

	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total
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 other 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
December 31, 2012						
Assets:						
Cash and balances at the central banks	56,488,310	9,487,693	813,578	-	5,796,223	72,585,804
Balances at banks and financial institutions	314,029,915	9,229,522	5,464,849	100,523	38,008,103	366,832,912
Deposits at banks and financial institutions	20,025,000	-	-	-	-	20,025,000
Direct credit facilities - net	556,857,959	14,262,271	-	2,278,982	7,340,054	580,739,266
Financial assets at fair value through other comprehensive income	728,709	23,470	-	-	20,891,992	21,644,171
Financial assets at amortized cost	43,519,939	6,480,862	-	-	28,371	50,029,172
Financial assets at fair value through profit or loss	63,596,993	-	-	-	5,800,072	69,397,065
Property and equipment - net	160,377	-	-	-	-	160,377
Intangible assets	17,463	-	-	-	-	17,463
Other assets	8,912,295	165,391	144	8,516	30,915	9,117,261
Total Assets	1,064,336,960	39,649,209	6,278,571	2,388,021	77,895,730	1,190,548,491
Liabilities:						
Banks and financial institutions deposits	553,279,413	464,901	-	349,151	6,652,150	560,745,615
Customers' deposits	502,917,502	42,624,549	20,239,347	307,049	17,086,635	583,175,082
Cash margins	29,129,425	2,916,159	556,089	67,849	3,206,329	35,875,851
Provision for income tax	90,906	-	-	-	-	90,906
Other liabilities	6,672,434	184,299	46,931	(25,617,395)	25,322,339	6,608,608
Total Liabilities	1,092,089,680	46,189,908	20,842,367	(24,893,346)	52,267,453	1,186,496,062
Net Concentration on Consolidated Statement of Financial Position for the Current Year	(27,752,720)	(6,540,699)	(14,563,796)	27,281,367	25,628,277	4,052,429
Off Statement of Consolidated Financial Position Contingent Liabilities for the Current Year	235,275,281	30,754,977	1,434,908	1,219,764	3,185,085	271,870,015

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, 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

	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, 2012								
Liabilities:								
Banks and financial institutions deposits	312,522,949	-	130,525,380	146,376,632	-	-	-	589,424,961
Customers' deposits	1,217,536,452	386,446,385	184,023,721	74,510,138	65,947,432	-	-	1,928,464,128
Cash margins	166,526,280	8,556,281	7,771,979	19,678,838	7,828,542	-	-	210,361,920
Borrowed funds	50,727,786	-	-	-	-	-	-	50,727,786
Other provisions	-	-	-	-	-	-	12,309,709	12,309,709
Income tax provision	4,039,428	-	14,992,807	-	-	-	-	19,032,235
Deferred tax liabilities	-	-	-	-	-	-	2,520,535	2,520,535
Other liabilities	19,908,875	8,139,206	6,035,800	3,776,230	3,940,274	5,452,788	3,810,862	51,064,035
Total Liabilities	1,771,261,770	403,141,872	343,349,687	244,331,838	77,716,248	5,452,788	18,641,106	2,863,905,309
Total Assets	961,892,202	395,720,649	131,566,247	320,709,542	671,690,729	762,030,615	155,332,407	3,398,842,391

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: USD

	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
December 31, 2012				
Trading derivatives:				
Currency	(90,507,755)	-	-	(90,507,755)

Third: Off- consolidated statement of financial position items: USD

	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
Guarantees	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
December 31, 2012				
Letters of credit and acceptances	149,624,612	-	-	149,624,612
Unutilized credit facilities ceilings	120,001,330	-	-	120,001,330
Guarantees	247,206,795	24,996,980	-	272,203,776
Operating lease contract liabilities	79,694	2,889,945	6,458,697	9,428,336
Total	516,912,432	27,886,925	6,458,697	551,258,054

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	
							2013	2012
Gross income for the year	17,418,326	95,648,812	47,145,540	837,197	3,442,254	9,010,532	173,502,660	165,830,813
Less: Provision of impairment loss in direct credit facilities	97,236	23,247,016	-	-	-	-	23,344,251	25,459,528
Results of Business Sector	17,321,090	72,401,797	47,145,540	837,197	3,442,254	9,010,532	150,158,409	140,371,285
Less: Expenditures not distributed over sectors	-	-	-	1,087,549	951,140	54,982,190	57,020,879	51,026,665
Income before Income Tax	17,321,090	72,401,797	47,145,540	(250,351)	2,491,114	(45,971,659)	93,137,530	89,344,620
Less: Income tax expense for the year	-	-	-	(27,858)	597,867	25,687,640	26,257,650	23,607,093
Income for the Year	17,321,090	72,401,797	47,145,540	(222,494)	1,893,247	71,659,299	66,879,880	65,737,527
Capital Expenditures						5,989,992	5,989,992	3,423,834
Depreciation and Amortization						2,518,502	2,518,502	3,108,525
Sectors Assets	393,381,427	1,557,495,612	1,542,331,858	41,117,536	42,592,908	-	3,576,919,341	3,358,253,794
Assets not distributed over sectors	-	-	-	-	-	23,173,392	23,173,392	40,388,597
Total Assets	393,381,427	1,557,495,612	1,542,331,858	41,117,536	42,592,908	23,173,392	3,600,092,733	3,398,642,391
Sectors Liabilities	1,355,597,714	1,000,628,846	542,782,602	41,117,536	42,592,907	-	2,982,719,605	2,809,017,758
Liabilities not distributed over sectors	-	-	-	-	-	40,032,700	40,032,700	54,887,551
Total Liabilities	1,355,597,714	1,000,628,846	542,782,602	41,117,536	42,592,907	40,032,700	3,022,752,305	2,863,905,309

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	
	2013	2012	2013	2012	2013	2012
Gross Income	153,913,141	139,336,577	19,589,519	26,494,236	173,502,660	165,830,813
Capital Expenditures	5,989,992	3,423,834	-	-	5,989,992	3,423,834
Total Assets	2,879,204,566	2,389,358,922	720,888,168	1,009,283,469	3,600,092,733	3,398,642,391

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 inadherence 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

	2013	2012
Core Capital Items:	(Thousand)	(Thousand)
Authorized and paid up capital	141,044	141,044
Statutory reserve	92,557	83,232
Voluntary reserve	168,828	150,178
Retained earnings (after deducting proposed dividends and deferred tax assets)	105,683	95,906
Non-controlling interests	-	-
Less:		
Deferred provisions agreed with Central Bank of Jordan	33,375	35,591
Goodwill and intangible assets	4,509	3,141
50% from the investments in insurance companies, financial companies and significant investments in other companies	8,956	10,465
Seized properties whose ownership period is more than four years, or two years and less than four years, without Central Bank of Jordan approval.	865	777
Deficit in supplementary capital	-	-
Total Core Capital	460,403	420,386
Supplementary Capital Items:		
General banking risks reserve	17,124	17,089
Pro-cyclicality fluctuation reserve	262	110
Valuation reserve of financial assets at fair value through other comprehensive income at 100% of the negative change or 45% of the positive change	3,243	1,016
Deficit in supplementary capital	-	-
Less:		
50% of investments in insurance companies, financial institutions and significant investments in other companies	8,956	10,465
Total Regulatory Capital	472,075	428,136
Total Assets Weighted by Risks	2,873,720	2,625,179
Ratio of regulatory capital	16/43%	16/31%
Core capital ratio *	16/02%	16/01%

* 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, 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

USD

	Up to One Year	More than One Year	Total
December 31, 2012			
ASSETS			
Cash and balances at central banks	302,776,076	-	302,776,076
Balances at banks and financial institutions	399,426,581	-	399,426,581
Deposits at banks and financial institutions	20,025,000	-	20,025,000
Direct credit facilities - net	871,950,840	1,125,594,324	1,997,545,164
Financial assets at fair value through profit or loss	54,843,155	91,744,013	146,587,168
Financial assets at fair value through comprehensive income	-	32,898,683	32,898,683
Financial assets at amortized cost	115,095,737	183,290,167	298,385,904
Pledged financial assets	51,763,047	-	51,763,047
Property and equipment - net	-	17,012,879	17,012,879
Intangible assets - net	-	3,141,260	3,141,260
Deferred tax assets	-	5,103,499	5,103,499
Other assets	47,958,575	76,018,555	123,977,130
TOTAL ASSETS	1,863,839,011	1,534,803,380	3,398,642,391
LIABILITIES			
Banks and financial institutions deposits	589,424,961	-	589,424,961
Customers deposits	1,862,516,696	65,947,432	1,928,464,128
Cash margins	202,533,378	7,828,542	210,361,920
Borrowed funds	50,727,786	-	50,727,786
Other provisions	-	12,309,709	12,309,709
Provision for income tax	19,032,235	-	19,032,235
Deferred tax liabilities	-	2,520,535	2,520,535
Other liabilities	37,860,111	13,203,924	51,064,035
TOTAL LIABILITIES	2,762,095,167	101,810,142	2,863,905,309
NET ASSETS	(900,776,691)	1,435,513,773	534,737,082

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 December 31, 2013	The Level of Fair Value	Evaluation Method and Inputs used	Important Intangible Inputs	Relation between the fair value and the important intangible inputs
Financial Assets at Fair Value					
Financial Assets at Fair Value Through Profit or Loss					
Companies Shares	21,751,100	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply
Companies Bonds	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	110,387,781				
Foreign currency derivatives contracts	1,914	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply
Financial Assets at Fair Value through Comprehensive Income					
	11,425,377	Level One	Stated Rates in financial markets	Doesn't Apply	Doesn't Apply
Shares that with no available market price	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	38,467,732				
Total Financial Assets at Fair Value	148,857,427				
Financial Liabilities at Fair Value					
Foreign currency derivatives contracts	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 2013.

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

Except what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the financial statements of the bank approximate their fair value.

because the bank managements believes that the carrying value of the items is equivalent to the fair value. And this is due to either maturity or short-term interest rates that have been repriced during the year.

USD

	December 31, 2013		The Level of Fair Value
	Book value	Fair Value	
Financial Assets of non-specified Fair Value			
Cash at Central Banks	464,459,939	464,555,265	Level Two
Cash at Banks and Financial Institutions	362,101,583	362,258,591	Level Two
Deposits at Banks and Financial Institutions	5,025,000	5,052,707	Level Two
Loans and Bills and others	1,670,643,371	1,681,917,743	Level Two
Financial Assets at Amortized Cost	481,139,285	491,213,872	Level One & Two
Total Financial Assets of non-specified Fair Value	2,983,369,178	3,004,998,178	
Financial Liabilities of non-specified Fair Value			
Deposits at Banks and Financial Institutions	528,677,348	529,282,660	Level Two
Customers Deposits	2,259,329,522	2,269,944,096	Level Two
Cash Margin	95,995,333	96,630,992	Level Two
Cash Insurance	11,283,498	11,539,042	Level Two
Total Financial Liabilities of non-specified Fair Value	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

	2013	2012
Letters of credit	145,728,742	130,043,606
Letters of acceptances	30,444,075	19,581,006
Letters of guarantee:		
Payments	146,973,739	133,697,408
Performance bonds	84,001,587	83,198,268
Other	64,198,929	55,308,100
Unutilized credit facilities ceilings	121,642,829	120,001,330
Total	592,989,901	541,829,718

b. Contractual obligations: USD

	2013	2012
Contracts to purchase property and equipment	2,310,458	806,769
Construction contracts	2,284,766	454,590
Other purchases contracts	1,394,768	2,162,475
Total	5,989,992	3,423,834

c. Operating leases amounted to USD 15,073,785 with periods ranging from 1 to 10 years (USD 9,428,336 as of December 31, 2012).

d. Unpaid investment participations on companies capital amounted to USD 540,422 as of December 31, 2013.

e. The contractual obligations of the Bank amounted to USD 2.2 million as of December 31, 2013 against other contracts.

The details are as follows:

Company's Name	Total Investment	Remaining Obligation	Settlement Date
- Jordan Investment Fund	1,000,000	203,000	Upon demand
- Agricultural Products Exporting Company	450,000	337,422	Upon demand
Total	1,450,000	540,422	

47. Lawsuits against the Bank

a. The Bank is a defendant in lawsuits amounting to USD 10,867,946 as of December 31, 2013 (USD 9,850,748 as of December 31, 2012). In the opinion of the Bank's management and legal advisor, no liabilities shall arise against the Bank exceeding the existing provision of USD 456,982 as of December 31, 2013 (USD 511,487 as of December 31, 2012).

b. As of December 31, 2013 and 2012, there were no lawsuits against the subsidiary Companies.

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

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

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

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

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

48.b. New and revised IFRSs issued but not yet effective

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

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

	Effective for Annual Periods Beginning On or After
Amendments to IAS 32 Financial Statements Offsetting Financial Assets and Liabilities.	1 January 2014.
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities.	1 January 2014.
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014.
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.	1 January 2014.
IFRIC 21 Levies	1 January 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.

Statement of Disclosure for the Financial Year ending 31/12/2013, 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 55 branches and cash offices in Jordan, in addition to two branches in Palestine and one branch in Cyprus. Total capital expenditure for the year 2013 amounted to USD2.17 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	444	Al-Rabiyah Branch	9	Mecca Street Branch	10
Main Branch	16	Vegetable Market Branch	9	Al-Rawnaq Branch	7
Abdali Branch	18	Madina Munawarah St. Branch	13	Southern Sweileh Branch	7
Jabal Amman Branch	11	Sweifiyyah Branch	12	Irbid Branch	14
Wehdat Branch	12	Nazzal Branch	9	Wadi Saqra Branch	8
Tla' El 'Ali Branch	13	Mecca Mall Branch	12	Al-Husson St. Branch- Irbid	8
Jabal Al-Hussein Branch	12	Petra University Office	3	Yarmouk University Branch- Irbid	7
Commercial Center Branch	10	Al-Mougablain Branch	8	Al-Mafraq Office	5
Abu-Alanda Branch	11	Marj El-Hamam Branch	6	Al-Karak Office	5
Yarmouk Branch	10	Zain Office	2	Aqaba Branch	11
Wadi El-Seir Branch	13	Sweileh Office	4	Zarqa Branch	12
Jubaiha Branch	11	Al-Ahliyya Amman University Branch	6	Russaifeh Branch	9
Amra Branch	9	Baq'ah Branch	10	Zarqa Free Zone Branch	7
Abdoun Branch	11	Madaba Branch	8	New Zarqa Branch	8
Abu-Nsair Branch	6	Al-Salt Branch	6	Al-Madineh Al-Riyadeah Branch	10
Marka Branch	10	King Abdullah Bureau Office	3	King Abdullah II St. Branch - Irbid	8
Ibn Khaldoun Branch	8	Khalda Branch	11	Regional Management - Palestine	8
Dabouq Branch	10	Dair Ghbar Office	4	Nablus Branch - Palestine	11
City Mall Branch	8	Taj Mall Office	4	Ramallah Branch - Palestine	12
Shmeissani Branch	16	Galleria Mall Branch	7	Cyprus Branch	5
United Financial Investments Co. (Subsidiary)					16
Ejara Leasing Co. (Subsidiary)					10

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 2013.

The Company's H.Q. is located in Shmeissani, Amman with 16 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 (USD 28.2m).

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 10 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: Studied Aviation and worked as a fighter pilot for the Kuwait Air Force.

Current Positions:

- Vice Chairman, Kuwait Projects Co. (Holding) - Kuwait
- Chairman, Panther Media Group - Dubai, UAE (OSN)
- Vice Chairman, Gulf Insurance Group - Kuwait
- Vice Chairman, United Gulf Bank - Bahrain
- Vice Chairman, Burgan Bank Turkey - Turkey
- 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

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. H.E. Dr. Jafar A. Hassan

Board Member, Representative of the Social Security Corporation - Jordan.

Date of Membership: 4/12/2013

Date of Birth: 1968

Education: PhD and DES degrees in Political Science and International Economics, Graduate Institute of International and Development Studies at the University of Geneva, Switzerland (1997, 2000). MPA in Public Administration, Kennedy School of Government at Harvard University (2006). MA in International Relations, Boston University (1989). Senior Executive Management Program, Harvard Business School (2004). BA in International Affairs, the American College in Paris, France (1988).

Current Position:

- CEO and Founding Partner of The Contact Group
- Member of the Board of Trustees, King Abdullah II Fund for Development (KAFD)
- Chairman, Jordan Heritage Products Company (JOShop)
- Chairman, Jordan Agro Products Company (JAPPCO)

Previous Official & Governmental Positions:

- Minister of Planning and International Cooperation (2009-2013)
- Director of International Affairs, Royal Hashemite Court (2006-2009)
- Deputy Chief of Mission and Chargé d'Affaires, Embassy of Jordan in Washington DC (2001-2006)
- Human Rights and Humanitarian Affairs, Jordan Mission to UN European Headquarters, Geneva (1995-1999)
- Diplomatic Attaché, Ministry of Foreign Affairs (1991-1993)

4. 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 Accounting with a major in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies, 1975.

Current 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 & Chairman of the Executive Committee, North African Co.
- 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

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, 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)
- Board Member, Royal Capital – Abu Dhabi (2007 – 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)

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.

Previous Positions:

- CEO, Gulfcom Telecommunications
- Head of Management Committee, Jordan SADFACO 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

Mr. Mansour A. Louzi 8.

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:

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

Previous Positions:

- Vice Chairman, Arab Orient Insurance Co.
- Board Member, Middle East Specialized Cables (MESC Jordan)
- 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)

9. 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

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

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.

Experiences:

- Board Member, Arab Orient Insurance Co./ Representative of Jordan Kuwait Bank until 27/3/2013
- Board Member, The Association of Banks in Jordan
- Asst. General Manager, Credit Dept (1990 – 1993)
- Asst. General Manager, Credit Administration and Control, Commercial Bank of Kuwait - Kuwait (1971 – 1990)

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.

Experiences:

- 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. – Private shareholding Co. / Representative of Jordan Kuwait Bank
- 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)

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.

Experiences:

- Board Member, Darat Jordan Holdings / Representative of Jordan Kuwait Bank, (from May 2013.)
- Asst. General Manager – Internal Audit Dept. (1999-2009)
- Worked at the Central Bank of Jordan (1988 – 1999)

4. Mr. William J. Dababneh

Position: Asst. General Manager – Treasury & Investment Department

Date of Birth: 1957

Date of joining: 27/8/1994

Education: Secondary School Certificate, 1975.

Experiences:

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

5. Mrs. Hiyam S. Habash**Position:** Asst. General Manager – Financial Department**Date of Birth:** 1955**Date of joining:** 6/2/1999**Education:** Diploma in Business Administration, American Lebanese University, 1978.**Experiences:**

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

6. Mr. Haethum S. Buttikhi**Position:** Asst. General Manager – Retail & Consumer Products Department**Date of Birth:** 1977**Date of joining:** 1/6/2003**Education:** Royal Military Academy, Sandhurst - U.K., 1996.

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

Experiences:

- Chairman, Ejara Leasing Co. (fully owned subsidiary)
- Board Member, United Financial Investments Co.
- Board Member, Amad Investment & Real Estate Development Co./ Representative of Jordan Kuwait Bank
- Member of the Management Committee, Middle East Payment Services (MEPS) / Representative of Jordan Kuwait Bank
- Board Member, Jordan Phosphate Mines Co./ Representative of Jordan Kuwait Bank
- Executive Manager, Private Banking Unit (2007)
- Manager, Main Branch (2003 – 2006)

7. Mr. Osama F. Mansour**Position:** Head of Transformation**Date of Birth:** 1966**Date of joining:** 1/4/2013**Education:** MBA – Financial Management and Marketing, 1992 and Masters of Art – Management, 1991, National University - Sacramento California, USA. Bachelors degree in Communication and Public Relations, 1989, University of Toledo, Ohio, USA.**Experiences:**

- Head of Transformation, Arab Bank (2011-2013)
- Chief Operating Officer, National Bank of Kuwait – International Banking Group (2008-2010)
- Head of Support Group and Corporate Transformation Group, Bank Al Jazira (1994-2008)
- Consultant (1991-1994)

8. Mr. Ibrahim N. Besharat**Position:** Head of Operations**Date of Birth:** 1966**Date of joining:** 11/11/2013**Education:** Master of Enterprise Management, University of Durham - UK, 2008. Bachelors degree in Economics, State University of California - USA, 1993.**Experiences:**

- Chief Operating Officer, Invest Bank (2011-2013)
- Chief Operating Officer, HSBC (2001 -2010)
- Occupied several managerial positions at HSBC (1993-1998)
- Financial Analyst, IBM – USA (2000-2001)
- Financial Controller, The Sporting Division of Restaurant Associates, USA (1998-2000)
- Occupied several administrative positions in various hotels – USA (1990-1992)

9. Mr. Abdel Kareem M. Friehat

Position: Head of Information Technology

Date of Birth: 1966

Date of joining: 6/10/2013

Education: Bachelor degree in Communications Engineering, Mu'tah University, 1988.

Experiences:

- 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)

10. Mr. Ibrahim E. Kashet

Position: Executive Manager – Legal Department

Date of Birth: 1962

Date of joining: 1/4/1989

Education: Bachelor degree in Law, University of Jordan, 1987.

Experiences:

- Board Member, Ejara Leasing Co. (fully owned subsidiary)
- Legal Department (2000 – Present)
- Credit Department (1994 – 2000)
- Credit Follow Up Department (1989 – 1994)

11. Mr. Ibraheem S. Al-Hanash

Position: Regional Manager – Palestine Branches

Date of Birth: 1957

Date of joining: 1/2/1981

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

Experiences:

- Board Member, The Arab Hotels Co. – Palestine/ Representative of Jordan Kuwait Bank
- Jordan Kuwait Bank – Jordan (1981-2007)

12. Mr. Abdallah I. Mismar

Position: Executive Manager – Administrative Affairs Department

Date of Birth: 1973

Date of joining: 5/3/2000

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

Experiences:

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

13. Mr. Daoud A. Issa**Position:** Executive Manager – Human Resources Department**Date of Birth:** 1973**Date of joining:** 18/11/2012**Education:** Bachelor degree in Economics, Al-Yarmouk University, 1998.**Experiences:**

- 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)

14. 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. Bachelors in accounting, Yarmouk University, 1986.**Experiences:**

- 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 (1989-2009)
- Financial Analyst, Jordan Securities Commission (1988-1989)

4b/4: Shareholders who own 5% or more of the Bank's shares (2013 & 2012)

Shareholder	Nationality	No. of Shares 31/12/2013	%	No. of Shares 31/12/2012	%
Burgan Bank	Kuwaiti	50,927,827	50.928	50,927,827	50.928
Social Security Corporation	Jordanian	21,041,644	21.042	21,041,644	21.042
Odyssey Reinsurance Company	American	5,850,000	5.850	5,250,000	5.250

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 55 branches and cash offices 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 credit facilities and deposits in Jordan were 6.3% and 5.62% respectively as at 31/12/2013 .

4b/6: The Bank contracted with Abdullah Al-Tabba Maintenance & Contracting Co. to carry out maintenance and construction work for the villas owned by the Bank in Andalucia Project. Contract value exceeded 10% of the total Bank's purchases for the year 2013.

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 31/12/2013 was (977) 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 (26) employees at the Subsidiary companies.

Staff educational qualifications:

Qualification	Jordan Kuwait Bank	United Financial Investments Co.	Ejara Leasing Co.
PhD	1	-	-
Masters	52	2	1
Higher Diploma	7	-	-
Bachelor	697	8	7
Diploma	110	2	1
Secondary School Certificate	56	4	1
Pre- Secondary School Certificate	54	-	-
Total	977	16	10

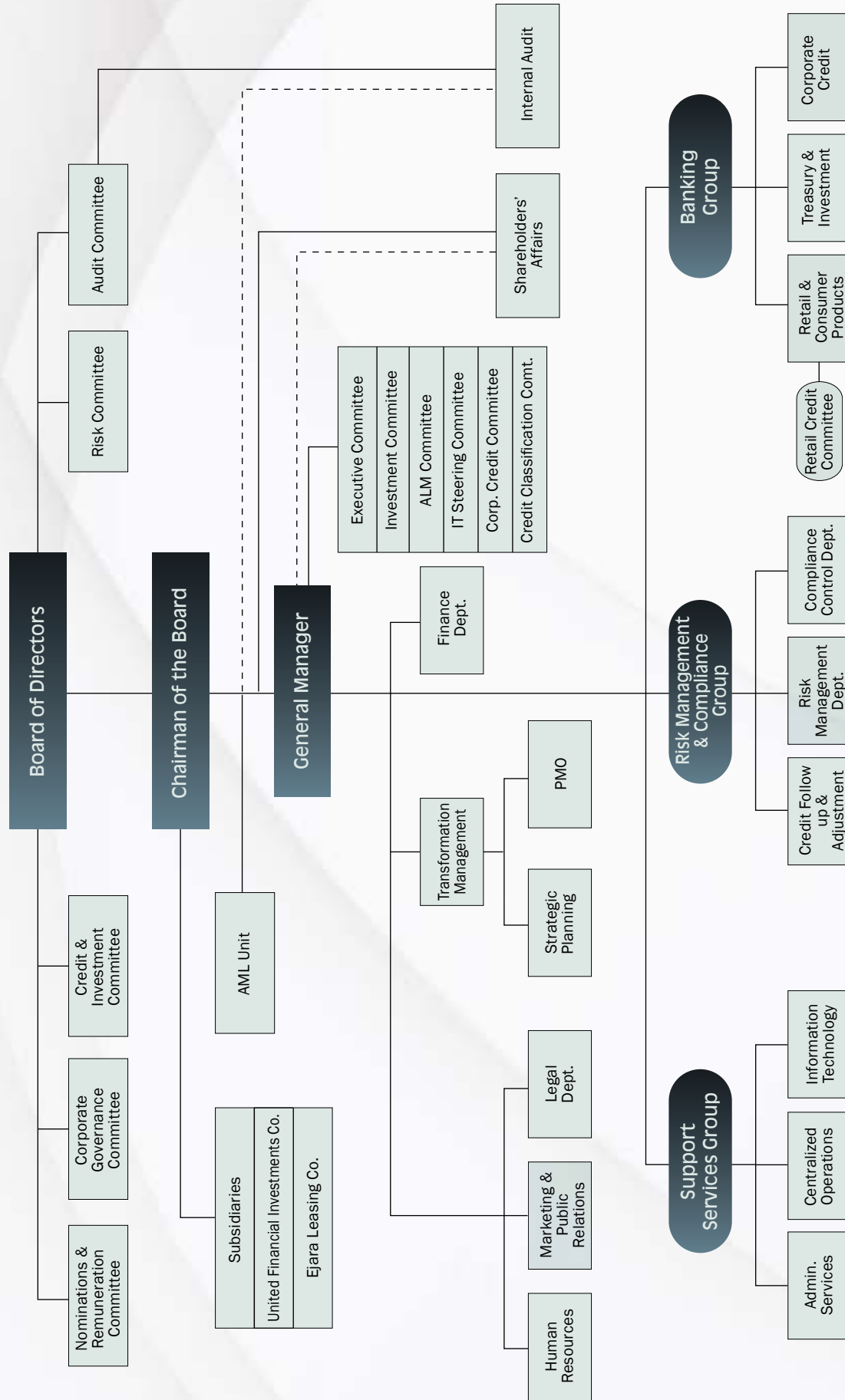
Staff training during 2013:

Training Subject	Number of Courses	Number of Participants
Internal Training	131	2014
External Training:		
Specialized Banking	22	41
Accounting & Financial Management	2	6
Credit Facilities	4	6
Risk Management, Audit & Control	9	15
Administrative	6	9
Marketing & Public Relations	5	48
English Language	20	20
IT & Information Systems	5	20
Cards	3	19
Mini MBA	1	2
Miscellaneous	7	10
Total	215	2210

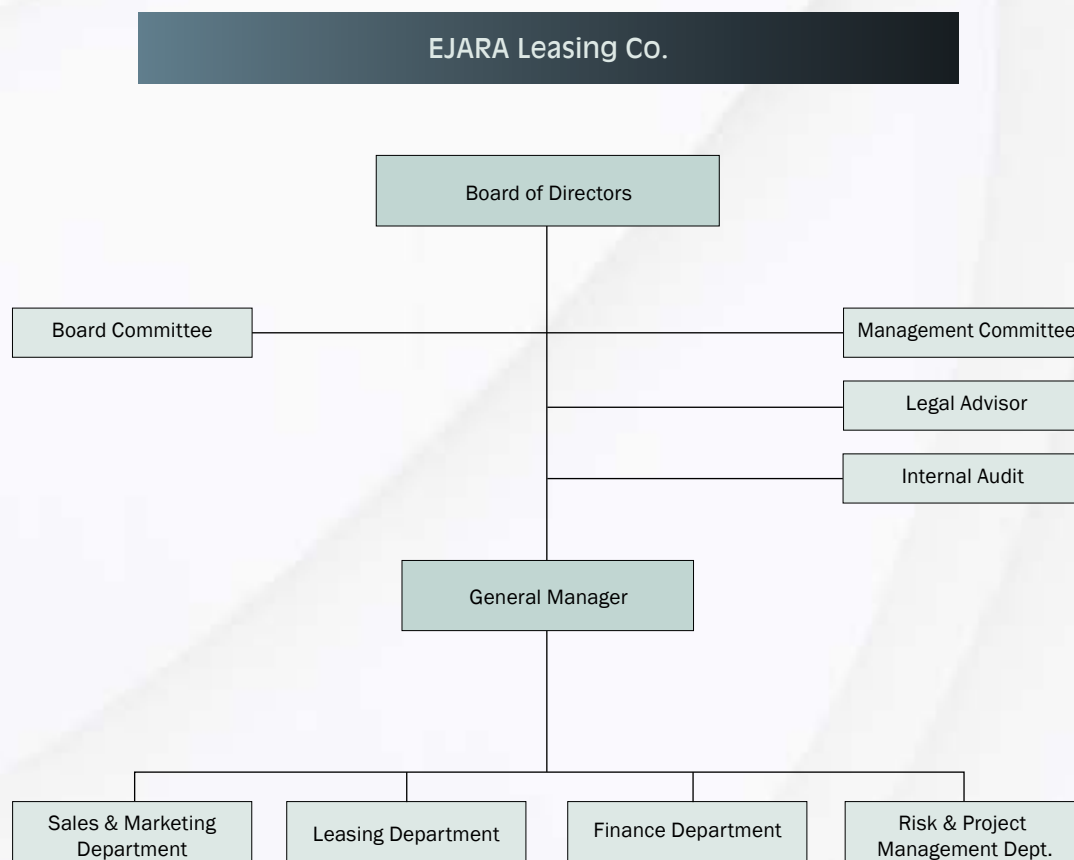
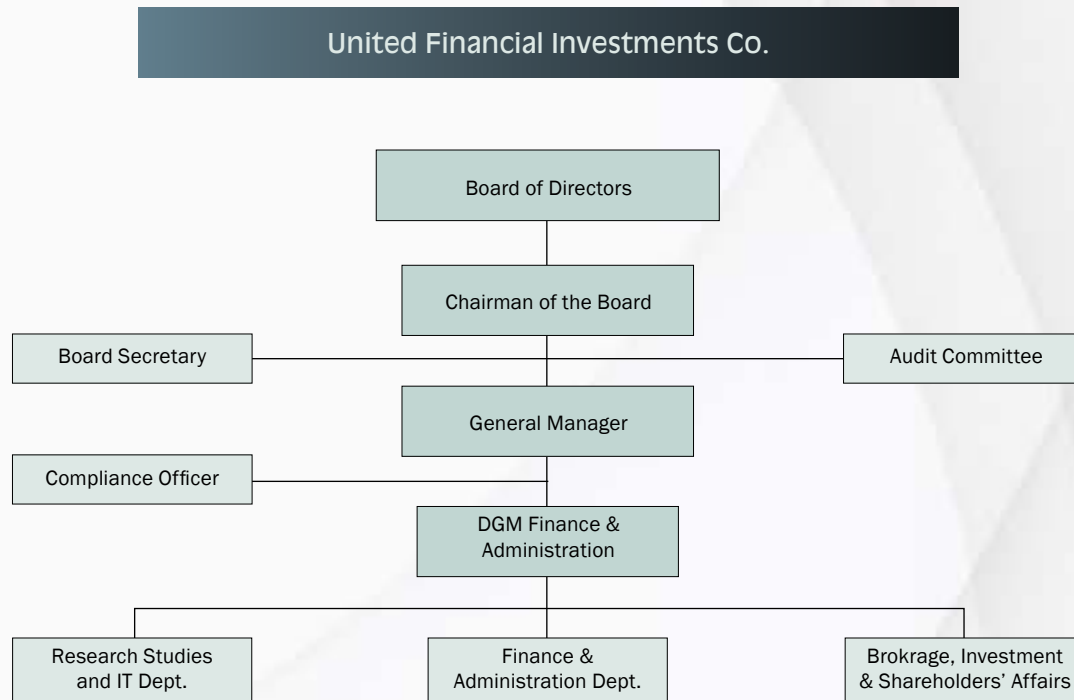
4b /10: Description of risks: Included in the report.

4b /11: Achievements during 2013: Included in the report.

JKB Organization Structure 2013



Organization Structure JKB Subsidiaries



4b/12: There had been no financial effects of non-recurring operations that do not fall within the Bank's core business activity during 2013.

4b/13: Changes in Net Profit, Dividend, Shareholders' equity and Share price (2009-2013)

Amounts in Thousand US Dollars

Year	Profit before tax	Dividend		Bank Shareholders' Equity	Share / \$
		Bonus Shares	Cash		
2009	85,252	-	15%	404,192	5.36
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

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 2013 amounted to USD314,951.

4b/17: Shares owned by the Board Members during 2013 & 2012:

	Name	Position	Nationality	Shares 31/12/2013	Shares 31/12/2012
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 as of 4/12/2013	Jordanian	-	-
	Mr. Emad J. Kudah	Representative of Social Security Corporation until 3/12/2013	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	5,250,000
	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 2013 & 2012

Name	Position	Nationality	Shares 31/12/2013	Shares 31/12/2012
1 Mr. "Moh'd Yaser" M. Al-Asmar	General Manager	Jordanian	20,000	15,000
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	Asst. G.M. / Treasury & Investment Dept.	Jordanian	-	-
5 Mrs. Hiyam S. Habash	Asst. G.M. / Financial Dept.	Jordanian	1,600	1,600
6 Mr. Haethum S. Buttikhi	Asst. G.M. / Retail & Consumer Products Dept.	Jordanian	-	-
7 Mr. Osama F. Mansour	Head of Transformation	Jordanian	-	-
8 Mr. Ibrahim N. Besharat	Head of Operations	Jordanian	-	-
9 Mr. Abdel Kareem M. Frieihat	Head of Information Technology	Jordanian	-	-
10 Mr. Ibrahim E. Kashet	Executive Manager / Legal Dept.	Jordanian	-	-
11 Mr. Ibraheem S. Al-Hanash	Regional Manager – Palestine Branches	Jordanian	-	-
12 Mr. Abdallah I. Mismar	Executive Manager/ Administrative Affairs	Jordanian	-	-
13 Mr. Daoud A. Issa	Executive Manager / Human Resources Department	Jordanian	-	-
14 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	
				31/12/2013	31/12/2012
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	41.00	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 the relatives of Board Members and Bank Executives (2013 & 2012)

	Name	Relation	Nationality	Shares	Shares
				31/12/2013	31/12/2012
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/18: Executives' Remuneration: Total salaries, allowances and travel expenses paid to the chairman and members of the Board of Directors and the Senior Executives at the Bank and its subsidiaries during 2013 amounted to USD5,288,274 exclusive of performance related incentives.

4b/19: Donations: Total donations made by the Bank and its subsidiaries during 2013 amounted to USD655,103. Details of which are listed below:

Recipient	Amount / USD
University Education	207,474
Sports Activities	18,989
Support to Jordanian Writers & Authors	12,154
Training Students from Institutes & Universities	44,752
National Workshops & Conferences	41,949
Awards for Outstanding Students & Competitions	3,738
Charities & Social Activities	313,707
Donations of Branches Abroad	12,340
Total	655,103

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, 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 2013 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 2014.

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

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	
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



Jordan Kuwait Bank
Corporate Governance Manual
2013

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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.
- 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.

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

- 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 repurchasing 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 carry out 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 set out 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 result 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



ISSUER



Visa International Service Association
PRINCIPAL MEMBER



ISSUER



Middle East Payment Services
PARTNER



AGENT

Branches and Offices

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
- **Sweifiyyah 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 Office**
Tel. 5810734 - Fax 5810927
- **King Abdullah Bureau Office**
Tel. 4626990 – Fax 4626995
- **Mecca Mall Office**
Tel. 5813954 – Fax 5814239
- **Petra University Office**
Tel. 5711283 – Fax 5713079
- **Dair Ghbar Office**
Tel. 5853854 – Fax 5853705
- **Taj Lifestyle Office**
Tel. 5936901 – Fax 5936903
- **Auto Loans Unit**
Tel. 5535115 – Fax 5535116

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 Office**
Tel. 02/6235901 – Fax 02/6235902

South Region Branches

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

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-Sweifiyyah
- 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 Office
- Al-Mafraq Office
- Al-Karak Office
- Petra University Office
- Taj Lifestyle Office
- Safeway-Shmeissani
- Zain Headquarters
- Arab Orient Insurance Co.
- Cozmo Center
- City Mall
- Al-Baraka Mall
- Rawhi Pharmacy – Abdoun
- Rawhi Pharmacy - Khalda
- Crowne Plaza Hotel
- Ramada Hotel
- Millennium Hotel
- Kempinski Hotel-Aqaba
- Jabal Al-Weibdeh
- 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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