

ANNUAL REPORT

2017



ahli | الأهلي

البنك الأهلي الأردني
Jordan Ahli Bank



**His Majesty
King Abdullah II Bin Al Hussein**



**His Royal Highness
Crown Prince Al Hussein Bin Abdullah II**

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Our Vision

We are committed to building a prosperous society and economy with increased financial inclusion. We seek to serve our customers through innovation and excellence, to promote belonging and loyalty among our employees, and to achieve balanced growth and sustainable returns for our shareholders.

Our Mission

A financial institution dedicated to providing excellent services through innovation, operational excellence and customer centricity.

Our Values

- Shared prosperity
- Transparency and credibility
- Superior customer experience
- Full commitment to the laws, regulations and best practice corporate governance principles
- Creating a corporate culture that embraces innovation
- Superior employee experience

Our Strategic Objectives

At Jordan Ahli Bank, we adopt a comprehensive strategy to manage our relationships with all direct and indirect stakeholders. This strategy is drafted and renewed based on the results of continuous communication with these stakeholders using various channels. The aim is to identify and meet their needs to provide quantifiable added value with the interest of all parties at heart. This strategy is constantly renewed based on the foundations of effective corporate governance, which includes a value system aimed at strengthening the trust of all stakeholders. Our objective is to identify the priorities of each party and to do our best to meet them.

Shareholders

- Ensure secure investment and maximize shareholders wealth.
- Periodically provide shareholders with transparent and accurate institutional information through meetings, annual reports, and direct hotlines to ensure fairness for all.
- Manage relationships with other stakeholders, and regulatory and oversight entities.

Customers

- Provide a unique experience with an innovative and unprecedented range of banking and non-banking solutions and services.
- Maintain a great relationship via outstanding management systems that promote competitive advantages, most importantly complete confidentiality for all customer accounts, deposits and trusts, as well as reward programs, etc.

Human Resources

- Develop capacities, empower, and provide diverse opportunities to build a promising institutional future.
- Reinforce the competitive advantages granted to human resources within an ideal work environment.
- Continuous internal and external communication through several channels.
- Promote social engagement.

Community and Environment

Serve the objective of sustainable social, economic, and environmental development through products, services, and programs that directly benefit all segments of the community and the environment; and help meet the social, cultural, and national needs of the country.

Regulators and Official Agencies

- Complete compliance with laws and regulations issued by official regulators as well as transparency with disclosures.
- Support official efforts in all fields and on all levels to serve the community.

Suppliers

- Build long-term relationships based on transparency and quality performance.
- Maintain effective partnerships to increase the quality and efficiency of value management and improve productive efficiency.

Partners (Media and Civil Society Organizations)

- Build strategic partnerships.
- Fruitful collaboration and ongoing transparent communication

Strategic Themes

Jordan Ahli Bank's strategic objectives were born out of a strong will to develop the bank by adopting the best global banking principles. Our strategic plan is based on three key themes:

First Theme: Customer Centricity

Second Theme: Operational Excellence

Third Theme: Innovation

Board of Directors

Mr. Saad Nabil Mouasher	Chairman
H.E. Dr. Umayya Salah Toukan	Deputy Chairman
	Starting 15/1/2017

Members

Mr. Nadim Yousef Muasher	Member
Mr. Alan Fuad Wanna	Representing Byblos Bank (Lebanon)
Mr. Imad Yousef Mouasher	Representing Muasher Investment and Trading Co.
H.E. Mr. Wasef Yacub Azar	Representing Jordan Investor Center
Mr. Rafik Saleh Muasher	Representing Rajai Muasher & Brothers Company
Mrs. Areej Suleiman Obaidat	Representing the Social Security Corporation
	Starting 1/5/2017
Mrs. Reem Mudar Badran	Representing the Social Security Corporation
	until 30/04/2017
Mr. Mahmoud Zuhdi Malhas	Member
Mr. Alaadin Riad Sami	Representing ZI&IME Co.
Mr. Karim Tawfik Kawar	Member
	Until 29/1/2017
Mrs. Ibtissam (M.S.) El Ayoubi	Member
Mr. Tarek Ziyad Jallad	Member
Dr. Tareq Mohammad Hammouri	Member
	Starting 1/2/2017

Executive Senior Management

Mr. Mohammad Musa Daoud	CEO /General Manager
Dr. Ahmad Awad Abdulhalim Alhussein	Deputy CEO/General Manager
Mr. Basel Najib Al Naber	Finance
Ms. Lina Najib Al Bakhit	Treasury, Investment & Financial Institutions
Mr. Mohammed Bashar Abdul Wahhab Al Bakri	Human Resources
Mr. Jwallant Vasani	Information Technology
	Starting 1/8/2017
Mr. Jaafar Naeem Majdalawi	Corporate Banking & Projects Finance
Mr. Tareq Fuad Imaish	Personal Banking Services
Mr. Ammar Mohammed Saeed Al Sa'id	Small & Medium Enterprises (SMEs) Banking
	Starting 1/11/2017
Dr. Michael Zaki Numan	Risk, Secretary to the Board of Directors
Mr. Mouin Aziz Al Bahou	Credit sector
Mr. Khalid Zuhair Abu Esh- Shaer	Compliance
Mr. Iyad Toufic Ammari	Internal Audit
Mr. Rami Mohammed Da'na	Operations & Shared Services
	Starting 2/1/2017
Mr. Rami Marwan Al Karmi	Innovation
	Starting 9/4/2017

Letter from the Chairman of the Board

Dearest shareholders,

It is with great pleasure to share with you our 62nd annual report for Jordan Ahli Bank to mark the exceptional development the Bank has achieved during the year 2017.

The year 2017 has been filled with achievements and paving pathways for a prosperous future that is not limited to traditional banking, but also serving the bank in its transformation to become the leading technological financial institution in the region.

Jordan Ahli Bank's financial achievements during the past year have been on track and in line with the strategy of rebalancing our loan book portfolio and undertaking cost control measures which would gear the bank into becoming one of the leading institutions both financially and non-financially through serving our clients, customers, and community.

I am also proud to highlight the Bank's success in achieving its strategic initiatives, focusing on customer-centricity, operational efficiency, and innovation. We hope such initiatives will represent the cornerstone on the path towards achieving our objectives and forward-looking vision. One of the bank's priorities includes improving our brand presence and serving the highest possible number of clients, aiming to be present as a partner for their banking activities by reorganizing our branches network in Jordan and by expanding our branch network in Palestine.

We are fully confident that these achievements and successes will allow the bank to further consolidate its position as a leader in Jordan and in the region, highlighting our hallmarks of creativity, innovation and excellence as spearheads to go beyond traditional banking services, thus setting the stage to reach new horizons within the banking industry in the Kingdom, and remain on the vanguard of banking and financial technology trends. In this vein, Jordan Ahli Bank is constantly seeking to expand and diversify the scope of its services and provide innovative solutions to challenges facing development, thus empowering the economy and society. This reflects our firm commitment to effectively expand financial inclusion in view of our role as a genuine partner and a socially responsible institution.

The bank reinforced its standing as a leader in the banking sector in Jordan through its leading strategic initiatives with the establishment of a subsidiary company, Ahli Fintech Accelerator, dedicated to hosting and developing financial technologies and providing a new generation of business incubators and seed investment to start-ups. A new position, Chief Innovation Officer, was also established within the Senior Management structure as part of the bank's efforts to enhance its capacities that are in line with the digital revolution and make a quantitative leap in the world of financial technology. The bank hopes that its new banking applications will lead the next digital generation in support of innovative and creative financial services.

At Jordan Ahli Bank, and in line with our efforts to achieve sustainable strategic growth and develop the banking sector in Jordan through taking an active role, we confirm our commitment to being a leading institution in implementing corporate governance regulations and requirements on all administrative levels. The bank's commitment is reflected within the bank's Board of Directors, which includes independent members with valuable banking, governance and financial expertise and within the Board's sub-committees



that reflect the bank's adherence to the highest transparency standards, utmost compliance with regulatory rules, and adoption of best global practices in corporate governance.

Jordan Ahli Bank further seeks to enhance communication channels with all its stakeholders and to reinforce its presence in financial markets and financial media. As such, An Investor Relations (IR) unit was newly established to communicate the bank's corporate identity and represent the Bank to institutional investors and fund managers regionally and internationally through IR conferences and direct communications, which in return will build a receptive capital market environment for raising future financing at favorable terms through a wide base of investors. Furthermore, providing financial and non-financial information to potential investors in a timely and accurate manner to enable the Bank to achieve the optimum share price that reflects and supports the fundamental value of Jordan Ahli Bank.

We acknowledge the difficulties that the financial sector in Jordan is facing as a result of the tightening monetary policy enforced by the Central Bank of Jordan, however we remain optimistic regarding growth rates in the bank's financial indicators.

Financial results for 2017 reflect the efficiency and effectiveness of the pillars the bank has focused on to achieve its strategic goals. Our Balance sheet remained sound and healthy with an asset base of JD 2.73 billion and net credit facilities JD 1.48 billion. Shareholder's equity increased to JD 306.2 million and total deposits declined slightly to JD 1.92 billion. Quality of assets witnessed an improvement whereby non-performing loans (NPLs) net of interest in suspense declined sharply by 23.2% to reach an NPL ratio of 7.4% compared to 9.81% in the previous year, resulting in a higher coverage ratio of 78% vs. 64%. It is worth noting that our collateral coverage ratio marked 150% as of the end of 2017.

In terms of profitability, and despite the fact of booking provisions totaling JD 17.9 million in 2017, the bank was able to achieve reasonable profits before tax amounting to JD 20.1 million due to an interest revenue increase of 5.4% and non-interest and commission revenues increase of 39%. Our cost control strategy began to bear fruit in 2017 where employee expenses and total expenses both dropped 7% and 8%, respectively, compared with 2016, thus reflecting the bank's strategy to diversify income sources and rationalize spending.

Our Executive Management team constantly strives to improve our performance metrics, develop the fintech environment and implement a culture of corporate governance. Its efforts are also steered towards achieving the bank's strategic objectives by reinforcing sources of funds, controlling costs, increasing the bank's market share of credit facilities, in addition to maintaining current levels of solvency and liquidity and retaining a conservative policy towards various types of risks.

Meanwhile, and in line with our strategy's focus on supporting youth leadership and the SME sector, the bank pursued its efforts to enable this sector, promote the competitive standing of its products, lessen its burdens, and transform it into an economic driver. To this end, the bank signed a partnership agreement with the European Bank for Reconstruction and Development (EBRD) granting Jordan Ahli Bank a USD 20 million loan to be used for financing SMEs, in addition to providing technical services support worth USD 1 million to help the sector develop through global best practices.

Jordan Ahli Bank has spared no effort in expanding the scope of agreements and MoUs signed with chambers of commerce and industry, civil society organizations, and international development institutions to drive synergies in activities aimed at developing and supporting SMEs and empowering Jordanian women. These efforts reflect our acknowledgement of the importance of entrepreneurs, both males and

females, in utilizing available resources, developing human capacities, and attracting investments. The bank has also participated in creating a stimulating business environment for entrepreneurs, supporting female entrepreneurs, and promoting leadership among women through various programs and initiatives, most importantly the Al Nashmiat initiative.

In this context, Jordan Ahli Bank received the “Best Bank for SMEs” award for 2017 for the second year in row, an event organized by the World Union of Arab Bankers. The award highlights the bank's efforts in supporting the SME sector in its various aspects, most importantly by promoting product excellence in addition to innovative banking and non-banking services that meet the needs of this sector and help it in exploring new horizons.

In conclusion, I would like to thank all our stakeholders for their valuable trust and faith in the abilities of our leading institution. We assure you that Jordan Ahli Bank will continue with its sustained efforts to maintain a growing balance sheet and a stronger financial performance, coupled with efficient and comfortable ratios across the board. I would also like to thank our staff and executive management for their continuous efforts and collaboration, and for always keeping the best interests of the establishment at heart. Finally, I would like to thank the regulatory authorities, and would like to praise the efforts of the Central Bank of Jordan, the Jordan Securities Commission, and the Corporate Control Department towards building a robust Jordanian banking sector and a thriving national economy under the blessed patronage of His Majesty King Abdullah II of Jordan.

Saad Nabil Mouasher
Chairman of the Board

Letter from the Chief Executive Officer/General Manager

Dearest shareholders,

It brings me great pleasure to share with you in this 2017 annual report Jordan Ahli Bank's most important developments and its most prominent achievements.

The banking sector in 2017 witnessed severe competition and many challenges on the local level. Similar to those faced in the previous year, these challenges were accompanied by a local, regional, and global economic slowdown.



Nevertheless, Jordan Ahli Bank, through strength and determination, was able to face and overcome these challenges, as seen by the numbers highlighted in this report.

We were able to attain many of the core objectives listed in our transformation program within the framework of our three strategic pillars: Customer Centricity, Operational Excellence and Innovation. We are working on implementing our strategy through new mechanisms and approaches based on clear foundations and an effective methodology. Focusing on improving the technical aspect of operational efficiency and achieving the best possible results through utilizing our financial, human and technological resources available were among the top of our list, as we believe that they are the principal drivers for the prosperous growth and success of our institution.

Ahli Fintech was launched as the bank's technological arm, and to provide a proper and regulated ecosystem for this technological revolution in the financial sector. An Innovation and Development Department was also created to be our gateway to all stakeholders and to lead the bank into becoming the leading financial and technological bank in the region. A Customer Journey approach was adopted and led to profound studies that in turn contributed to the development of a smooth and efficient flow of customer operations, which ultimately form the customer's banking experience. Furthermore, new banking systems were successfully introduced and launched to improve and reinforce sales within our branches.

Our continuous efforts began to bear fruit and became clear at the end of 2017 whereby the bank launched new electronic and non-electronic services and products, mainly the AhliBot, the first of its kind in the banking sector in Jordan. AhliBot is an Arabic and English speaking ChatBot that helps improve customer experience by accommodating to their required needs and service. We have also changed the way we interact with customers, which helped us make a significant leap forward in achieving our goal of reshaping our relationship with our customers, especially as our corporate slogan has changed to "My Ahli". This new slogan renews our commitment to being our customers' preferred banking partner, and reinforcing the bank's personal and human approach.

Jordan Ahli Bank received many awards and recognitions in its field, including the 2017 “Best Bank for SMEs” at the Arab Banks Awards & Commendations of Excellence awards organized by the World Union of Arab Bankers and an Excellence award at the 5th Payment Network Conference in FinTech Development.

At Jordan Ahli Bank, we base our work on sustainability principles focused on supporting and promoting social and economic development. As a banking and financial institution renowned for its national values and positive impact within the local community, we focused on CSR initiatives and activities and on supporting young entrepreneurs. We also continued to work towards institutionalizing these initiatives through an agreement between the bank and the non-profit organization “Nawa” that runs an electronic social platform linking the private sector with NGOs and non-profit stakeholders. We aim to contribute to social empowerment, and our efforts have been recognized through various awards, mainly “Innovation and Excellence” in promoting Social Responsibility award organized by the Union of Arab Banks Committee. The bank was also recognized by Friends of Archaeology for its support in achieving the organization's goals.

Our strategic objectives emphasize the importance of human capacities. Therefore, we provided training and self-development opportunities to our employees, in addition to improving their work environment in order to optimize satisfaction levels.

Finally, I would like to thank our esteemed Board of Directors and our honorable Chairman Mr. Saad Nabil Mouasher for their countless efforts and hard work, in addition to our shareholders for their faith in our bank. I would also like to thank all our subsidiaries, partners, and valued staff for their dedication, commitment and industrious efforts.

I would like to confirm, once again, that Jordan Ahli Bank will continue onwards and upwards with its journey of change that has led every step we've made, stemming from our desire to do what is best for our shareholders, customers, employees and local community. We look forward to another year full of innovation, success and achievements together.

Mohammad Musa Daoud
CEO /General Manager

BOARD OF DIRECTORS' REPORT



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Jordan Ahli Bank

Performance of the Jordanian Economy during 2017

The Jordanian economy performed moderately well in 2017 with a real GDP growth of 2.0% during the first three quarters, despite remedial measures launched by the government to increase revenues and limit the budget deficit. Inflation increased over 3.0% during the same period after witnessing a 0.8% decrease in 2016.

The public deficit has continued to rise compared to the same period of last year to reach 13% at the end of November 2017. Public debt to GDP rose to 95% while the general level of Foreign currency reserves at the Central Bank remained the same as 2016, registering a slight decrease of no more than 0.4%. Tourism income increased by 12.7% during the first 10 months of 2017.

According to IMF reports, the banking sector in Jordan is still enjoying high solvency and profitability ratios, which will contribute to facing future challenges. The same reports indicate that the sector's capital adequacy ratio has reached 19%, well exceeding the globally recognized minimum of 12%, and liquidity ratios are at comfortable levels as banks registered high profits along with a gradual decrease in the rate of non-performing loans.

Main Economic Indicators for 2017

Output and Prices

- The GDP registered a real growth of 2.0% during the first three quarters of 2017, thus maintaining the same growth level registered during the same period in 2016.
- Inflation, as measured by the Consumer Price Index (CPI), went up by 3.3% compared with a 0.8% decrease during the same period in 2016.
- Unemployment reached 18.5% in Q3 of 2017.

Money and Banking Sector

- Foreign currency reserves at the Central Bank (including gold and Special Drawing Rights) reached USD 14,392.0 million.
- Credit facilities granted by licensed banks reached JD 24,752.6 million at the end of 2017 compared with JD 22,905.8 million at the end of 2016.
- Overall deposits at licensed banks reached JD 33,199.3 million at the end of 2017 compared with JD 32,900.0 at the end of 2016.

Public Finance

- The Central Government's budget registered a deficit of JD 910 million at the end of November 2017 after considering grants (3.5% of GDP) compared with a deficit of JD 803.1 million (3.2% of GDP) for the same period of 2016.
- Domestic public debt (public budget and independent institutions) decreased by JD 28.3 million at the end of November 2017 compared with 2016 to reach JD 15,765 million (55.1% of GDP). As for foreign public debt (budget and secured), it reached JD 11,453.4 million (40.1% of GDP) with an increase of JD 1,154.4 million. Consequently, net public debt (domestic and foreign) formed 95.2% of GDP at the end of November 2017 compared with 95.1% of GDP at the end of 2016.

External Sector

- The trade balance deficit went up by 9.7% to reach JD 8,336.5 million at the end of November 2017 compared with the same period of 2016.
- Travel revenues and payments increased by 12.5% and 8.7% respectively during 2017 compared with the same period of 2016.
- Overall remittances from Jordanians working abroad increased slightly by 0.3% in 2017 compared with the previous year

Board of Directors' Report on the Bank's Performance during 2017

The bank has witnessed positive developments in terms of its automated systems, which form the foundations of the strategic transformation program adopted by the Board of Directors and that its executive management and employees, of all administrative levels, started implementing in 2016. The developments were translated in the bank's financial results and indicators in 2017. The bank's key objective is not only to grow its current profits but also to expand, grow, improve its structure, and establish an environment that promotes innovation and creativity, thus going beyond traditional banking services and starting a new phase of advanced services. These objectives will in turn serve to achieve its long-term strategic plan. To achieve this purpose, sufficient allocations were dedicated to accommodating the demands of this stage and the circumstances of some customers, as well as improving the bank's credit portfolio, reducing risks, guaranteeing quality and the safety of assets, and guaranteeing adequate solvency and liquidity ratios. The following offers a summary of the most important accomplishments in each sector:

Business Sector

A. Corporate Banking and Projects Finance

The Corporate Banking and Projects Finance Department is considered one of the main departments at Jordan Ahli Bank. It is tasked with granting and managing direct and indirect commercial facilities, and deposit services for various economic sectors in addition to financing large projects directly from the bank, or through the administration of banking cluster loans. These services are offered in line with the bank's rules, regulations and objectives. The Department seeks to attract the best customers and provide them with the best banking services to develop and maintain the continuity of their work, thereby contributing to economic growth and development in Jordan. The Department offers large companies specialized loan programs, and a range of direct and indirect financing programs. It further works on developing all types of banking relationships with these companies, as well as providing consultancy and guidance, through its competent team, and through a branch dedicated for this purpose.

During 2017, the bank continued its active efforts to support the national economy by providing several large companies in vital economic sectors with the funding they need. The Department focused on financing working capital and vital projects. It was able to build and strengthen new relationships with establishments and companies with strong financial positions and stable performance. Furthermore, the Department's work team gained new highly qualified members, and the credit portfolio was reorganized and classified in line with the regulations and guidelines in force.

The bank's plan for the future was set taking into consideration the economic conditions Jordan is facing on the local level, the political instability the region is facing, and the negative impact this situation has had on social, political and economic life in most of the region's countries, including Jordan. The Kingdom is still facing an ongoing Syrian refugee crisis, which has added pressure to all elements of the national economy. Nonetheless, despite these challenges, a 2018 plan was set to meet the bank's business targets through the optimal use of resources available. These objectives are:

- Increasing the bank's share of corporate deposits and facilities in the Jordanian banking sector.
- Increasing non-interest revenues and increasing the bank's market share of indirect facilities.
- Improving the credit portfolio by expanding and attracting companies with strong financial positions.
- Increasing customer satisfaction.
- Increasing the quality of services offered to customers.
- Further encouraging the use of electronic channels.

B. Small and Medium Enterprises (SMEs) Banking Department

Jordan Ahli Bank is one of the first banks to establish an SME Banking Department, which now includes 12 business centers dedicated to serving its customers by providing financial and non-financial banking services. Based on the strategic vision, which aims to develop the SME sector and maintain the bank's leading position in serving SME customers, Jordan Ahli Bank has focused its efforts on developing the sector.

The SME Banking Department had many achievements in 2017 in terms of developing the SME sector. It has actively contributed to achieving financial inclusion and supporting SMEs, entrepreneurs and startups. This was done mainly through the following steps:

- Representing Jordanian banks through the Association of Banks in Jordan at the National Strategic Plan for Financial Inclusion Committee. Jordan Ahli Bank is working on a charter and participating in drafting recommendations and launching the strategy.
- Signing a partnership agreement between the Jordan Ahli Bank and the European Bank for Reconstruction and Development (EBRD) to support SMEs by granting the Jordan Ahli Bank USD 10 million to be used to finance SMEs with flexible and competitive terms to finance the sector. The agreement will also provide technical services worth USD 1 million to improve the SME sector by implementing best global practices. The partnership will open new doors for SME projects and companies, will enhance funding for the sector, and will offer technical and consultancy services within a framework of CSR, and support to microenterprises and female entrepreneurs.
- Continuing to develop the Al Nashmiat initiative in the Jordanian market by participating in various conferences, supporting forums aimed at promoting women led project, and reinforcing financial and consultancy services provided to women. The bank also participated in 12 workshops through the initiative, most importantly: an Al Nashmiat SME financing workshop in collaboration with the JLGF loans facilities project, a workshop in Al Salt, Bayouda village, the Jordan River Foundation conference in Jabal Al Nasr, a training course entitled "Legal Challenges Facing Employers", a seminar on acquiring funds, a seminar on the economic empowerment of women, a regional awareness conference, a training course on how to make financial and strategic decisions, an awareness workshop at the Marjan Foundation in Al Salt, participating in Women's Funding Day events, a JEDCO-OECD workshop, a workshop entitled Barriers to Women in the Workforce with Young Entrepreneurs Association, and other events.

The following MoUs were also signed:

- A MoU with the Amman Chamber of Industry to help Al Nashmiat support SMEs and industrial companies by providing consultancy services, training, advise, marketing, development, logistics, e-services, etc.
- A MoU with the Amman Chamber of Commerce to support Al Nashmiat through training courses and workshops in the fields of financial marketing, administration, and technical services, and through dialogues on SMEs and start-ups.
- An agreement was signed with USAID/Jordan Best to support the tourism sector by providing training courses, workshops, technical support, and consultancy for SMEs in the tourism sector.
- Participating in over 17 forums, including the SME forum entitled "The Road to Economic Development and Social Justice", the Arab Conference for Contracting, Real Estate and Banking Investment, the ninth Jordan Economic Forum entitled "Entrepreneurship and its Economic Impact", the Arab-African Economic Forum entitled "The Arab World and Africa: Wide Horizons for Successful Economic and Investment Relationships", the Women's Conference/National Commission for Women, the Yasmine Conference, the ninth Economic Entrepreneurship Conference, Because You Are a Hero initiative, the TTI forum, etc.
- Sponsoring many conferences and forums, most importantly the Jordan Forum for Business and Professional Women, launching the 2020 forum strategy and vision, the Financial Professions Conference, etc.
- Within the framework of providing non-financial services, the bank implemented 12 training courses within the Jordan Ahli Bank SME Academy Unit with an attendance of 325 people. The courses were launched based on the bank's belief in the importance of its role in developing this sector. The trainings tackled various important subjects like accounting, making financial and strategic decisions, preparing and analyzing financial data, market positioning mechanisms, marketing and sales skills, managing costs and budgets, etc.

The 2018 plan focuses on the bank's strategic themes: Customer Centricity, Operational Excellence and Innovation. The SME Department will develop financial and consultancy solutions and products to meet the needs of customers in various sectors, including female workers, entrepreneurs, and SME owners, in a streamlined way that meets customer aspirations. The bank will also seriously work on staying up-to-date with technological developments by adopting technologies and channels that meet the needs of customers and automating internal operations in line with the bank's overall strategy. We will further implement excellent and intensive training programs for our team in line with the plans we've set out. Always considering the customer as a priority, we will seek to maintain our position as the customer's first choice and we will continue to provide excellent and comprehensive banking services through our strong infrastructure, including the bank's subsidiaries such as the Ahli Microfinance Company. We will continue to play an important role in achieving financial inclusion by reaching out to customers in different parts of the Kingdom. Strategic partnerships will be strengthened with supporting entities in the sector, especially the European Bank for Reconstruction and Development (EBRD), the Jordan Loan Guarantee Corporation (JLGC), and OPEC that play a significant role in supporting the sector and facilitating the access of companies to funding.

Jordan Ahli Bank has excelled in the past in providing solutions for SME customers, start-ups, entrepreneurs, and female workers through Al Nashmiat products, renewable energy products, energy saving products, business cards for SMEs, My Pharmacy, My Project, Finance Your Needs project, advances from the Central Bank of Jordan, and affordable loans. Other products are offered with guarantees from external parties, as well as traditional facilities such as overdraft facilities, purchase financing loans (financing of allocations/bills/policies/transfers), sales financing loans, and project and agreement financing loans. Indirect facilities are also provided for allocations and guarantees. It should be noted that the loans programs are varied, competitively priced, have flexible payment terms, and target all sectors and social segments. Furthermore, Jordan Ahli Bank is renowned for the advisory services it provides that meet the needs of the SME sector. These services have strengthened our reputation regarding the variety of services we provide, have strengthened our relationships with our current customers, and have created marketing opportunities to attract new customers. They include advisory services at business centers and free training workshops provided through the bank's SME Academy Unit.

C. Personal Banking Services

Throughout 2017, The Personal Banking Services Department sought to maintain and improve Jordan Ahli Bank's leading role in the retail market, expand its customer base, and diversify its services and products through traditional and electronic channels. The new operational model was implemented at branches while new branches were opened, and others relocated. VIP customer centers and wings were opened, branch operations continued to be centralized to focus on customer service and meet their banking needs more efficiently. This expansion was accompanied by the development of the e-channels network, which includes services like ATMs, Ahli online, Ahli Mobile, SMS service, etc. New features and services were added, and the direct communication center's operational systems were improved to provide easier and continuous communication channels for individual and corporate customers. The Internet Mail Order service was launched for credit cards, and a VIP customer phone number was created. As for products, savings products were relaunched with a new look, and customer purchases for credit cards were combined with an offer of 0% interest payments.

D. Treasury, Investments and Financial Institutions

During 2017, the Treasury, Investments and Financial Institutions Group adopted a continuous development strategy for asset-liability management within a conservative investment policy, aiming to achieve optimal returns with minimal risks and sufficient liquidity levels. Furthermore, the Group sought to control cost of funds within a highly competitive market and focusing on maintaining capital adequacy requirements as a priority for investing available funds. The Fund Transfer Pricing (FTP) and the Asset-Liability Management (ALM) systems have been completed and will be implemented at the start of 2018 with the aim of developing a stronger business model and allowing for optimal use of resources.

The group played a major role in the activation of the domestic secondary market related to trading the local treasury bonds. New products were launched to serve VIP major corporate customers to hedge against market fluctuations such as Interest Rate Swaps and Forward Rate Agreements.

An Investor Relations (IR) unit was newly established to represent the Bank to institutional investors and fund managers regionally and internationally through IR conferences and direct communications, which in return will build a receptive capital market environment for raising future financing at favorable terms through a wide base of investors. Furthermore, providing financial and non-financial information to potential investors in a timely and accurate manner to enable the Bank to achieve the optimum share price that reflects and supports the fundamental value of Jordan Ahli Bank.

The group continued to meet the financing needs of companies and investors by providing them with key and strategic supporting services in the capital market through raising funds using both the debt and equity instruments. Jordan Ahli Bank remained to be the leader in the market in terms of private placements and issuing corporate bonds.

Furthermore, the bank issued subordinated bonds in its interest with the value of JD 25 million, and acted as a custodian, paying agent and registrar for JD 411 million incorporate bonds with a growth rate of 64% compared with last year. The department continued to issue specialized reports that are in line with investors' appetite and future tendencies, in addition to strategic internal reports to support decisions of the senior executive management.

Through its financial institutions department, the group managed to develop and expand its business operations, enabling it to offer its banking services to a wider variety of banks, in addition to attracting new regional and international financial institutions into our portfolio of global correspondents. Stretching our presence through our correspondents has strengthened our trade finance services, allowing for a more diverse source of income for the Bank. This has contributed in enhancing corresponding Banks' confidence in Jordan Ahli Bank and increasing credit limits extended to JAB in light of our growing trade finance volume. Jordan Ahli Bank has also been chosen as a main corresponding bank to several major International banks.

E. Marketing and Corporate Communications

During 2017, the Marketing and Corporate Communications Department adopted an efficient approach that allowed the bank to reach its strategic outreach goals and add many achievements to its record. In fact, the department launched and implemented several marketing and advertising campaigns using various channels; developed and managed effective marketing and communication tools; and executed sponsorships and engagements in various activities and conferences.

The department participated in numerous important activities and events to support education, especially university students by sponsoring the Amman CPC and the Jordan CPC programming competitions held at the University of Jordan, and by focusing on supporting university activities.

Furthermore, as part of the bank's programs aimed at supporting culture and the arts, the department supported the concert of Aziz Maraka held at Abdali Boulevard.

In line with the bank's support of the youth, and the spirit of leadership and innovation, the Jordan Ahli Bank contributed to the success of the EY Entrepreneur of The Year award for the second year. The award gathers entrepreneurs and business leaders to exchange expertise, communicate, and discuss issues that concern the sector as the digital world experiences radical changes. As the bank seeks to support female entrepreneurs, it expanded the scope of its leading initiative Al Nashmiat by signing a partnership agreement with the Jordanian National Commission for Women, and MoUs with the Jordan Chamber of Commerce and the Jordan Chamber of Industry. It sponsored an event organized by the Jordan Forum for Business and Professional Women on the export opportunities and challenges for women in the SME sector. The sponsorship aimed at expanding the network of female beneficiaries among SME owners and reinforcing the role women play in the economy.

The bank expanded its work to include sponsorship of various national events. It was a diamond sponsor for the Arab International Conference on Contracting and Real Estate Investment and a sponsor of the SME Forum held by the Union of Arab Banks under the title "The Road to Economic Development and Social Justice". The bank also sponsored a discussion organized by the Jordanian Strategy Forum on financial inclusion, and the announcement celebration for the African Business Association in Jordan. It signed a number of agreements, including a partnership with the Jordan Loan Guarantee Corporation and the European Bank for Reconstruction and Development (EBRD) to support SMEs, an electronic linking agreement with the Jordanian Customs Department, a collaboration agreement with Al Balka' University to implement the smart cards system and organize workshops on e-payment services and tools through the E-Bills system.

Jordan Ahli Bank was recognized for its excellence and innovation through the Banking Excellence in Financing SMEs award and the Innovation and Excellence in Promoting CSR award granted by the Union of Arab Banks, and the Excellence in FinTech award.

In the field of marketing, promotion and electronic interaction, the bank implemented many activities such as signing cooperation agreements and implementing many campaigns, including a campaign targeting its own banking products and services: campaign for purchase payments with 0% interest, a campaign to improve the corporate brand and its implementation through the You Are Ahli slogan, and savings campaigns. The bank launched many activities and events, including at shopping centers, where surprises and awards were distributed. At the end of the year, the bank launched a campaign for the Goushan savings account at Abdali Boulevard for a full month coinciding with the holidays and new year.

Jordan Ahli Bank announced a new accomplishment in IT, customer experience, customer service and communication: the launch of the Ahli Bot in English and Arabic, the first chat bot in the sector in Jordan that acts as a personal e-assistant. The bank was able to grow its account followers online: Facebook followers increased to 858,700, Twitter followers reached 36,600, the bank's YouTube channel had 4,600,000 views, LinkedIn followers reached 7,250 and Instagram followers reached 12,400.

The department will continue to interact with and support various sectors and segments to improve the bank's standing and presence. The bank will participate in various events and will excel in meeting the needs of its customers to become their first choice and preferred bank. It will also seek to increase the sale of its products and services for individuals and SMEs to improve its market share.

Credit

The Credit Department handles credit operations completely, from when the credit is granted until it's repaid, including documentation, implementation, and monitoring. It seeks to maintain the quality of the credit portfolio, collect debts in case of default and settle disputes amicably or through the competent courts. The department has four subdivisions that work collectively:

- a. Credit Management Division: Handles credit documentation and implementation. The division was structured, and its operations amended to implement transactions while preserving the bank's rights with the highest levels of competence and efficiency.
- b. Credit Control Division: The early warning process was activated to predict any defaults before they occur, therefore helping maintain the quality of the credit portfolio. The division's procedures were also amended to allow more efficient operations.
- c. Credit Review Division: The division was fully activated and is evaluating the biggest accounts within the bank's credit portfolio in Amman. These are the accounts of major corporations or SMEs. The largest accounts in the Palestine portfolio were also evaluated and the procedure was included in the division's annual work to inform the bank's higher commissions of the bank's portfolio status and facilitate the necessary measures.
- d. Credit Remedy and Recovery Division: The division was linked to the credit sector to handle the credit operation in case of account defaults. It follows-up on collections whether amicably or through litigation, which can speed-up the collection of defaulting debts and positively impact the bank's profits. The sector seeks to efficiency transfer the current credit experience to our branches in Palestine during 2018.

Finance

The Finance Department drafts and provides regular monitoring and analysis financial reports that meet the requirements of monitoring authorities and higher management. Its objectives are to monitor compliance with the work plans and estimated budgets concerning the expenditures of all departments, and to continue implementing the approved policy for current and capital spending controls at the bank (permissions, caps, approvals, exceptions, measurements, and analysis). It also actively participates in the bank's Spending Control Committee. It has completed a draft of the 2018 estimated budget and work plans and has set detailed plans for the bank's business departments and supporting departments, as well as evaluated the performance of the bank's various departments compared with the 2017 work plans and estimated budget. The Finance Department provided higher management with many analyses and studies that helped take measures and make decisions to improve the bank's performance. It also submitted studies comparing Jordan Ahli Bank's performance with that of other banks in Jordan, and reports measuring growth in the bank's business items and market share.

The Finance Department reviewed implementation procedures for incentive programs adopted at the bank and actively participated in preparing the implementation of the new IFRS standard. It further contributed to evaluating and testing the provider of implementation works, and to preparing for the implementation of smart business models including Fund Transfer Pricing and Profitability Assets Liabilities Management.

The department will capitalize on the features and characteristics of the new banking system, including the system's banking models and smart business apps. It will continue to monitor expenses, implement the bank's general policy for current and capital spending, audit and execute payments centrally for the bank's branches and departments, and follow-up on and regularly assess the success of implementing the Spending Control Committee's plans. The department will further provide monitoring entities and monetary authorities with reports and data based on the new banking system's features and the new IFRS9 standards. It will implement smart business models like the Fund Transfer Pricing and Profitability Assets Liabilities Management, will implement items of estimated budgets and monthly financial reports, conduct analysis studies to estimate results throughout the year based on monthly results, and analyze the bank's performance and compare it to that of other banks.

Supporting Sector

A. Joint Central Services Operations

The Joint Central Services Operations Department implements all banking operations for all of the bank's customers. These include: treasury operations, central accounting, commercial services, payment operations, account services, cheques, loans and facilities, deposits and payment orders, card operations, and cash management through the central monetary unit.

Throughout 2017, the bank's amended operational model was implemented successfully by centralizing most banking operations. This helped improve operational excellence. A significant decrease was registered in operational expenditures despite the increase in the number of operations compared with the previous year, the bank's amended operational model, the increase in automation to improve the quality of services provided to customers, making them faster and with a higher accuracy rate of almost 100%, and the improved level of monitoring procedures to reduce the risk of internal and external fraud. All work procedures were restructured end to end, and automation levels were increased helping improve operational excellence and customer services. The department will largely focus on innovation by making room for customers to conduct all of their banking transactions through advanced and varied e-channels in line with what global banks offer their customers.

B. Information Technology

The Information Technology Department provides IT systems and a strong IT infrastructure to complement the bank's strategy of providing high quality banking services within the required timeframe. The department complies fully with good governance practices for IT systems management while seeking a complete alignment between IT solutions and customer expectations within the bank's higher vision and objectives.

Many projects were completed in 2017 to reinforce IT and infrastructure capacities to stay up-to-date with growth and development in modern banking services. The stability and development of the T24 banking system was continued, and an automated service system was implemented to reinforce responsiveness and provide the best services. The communication network linking the bank's department and branches was updated, achieving a savings rate of 99.999%, and two projects were completed: e-services for corporate customers and e-statements.

In compliance with the bank's corporate vision and the Central Bank's requirements, the first phase of the COBIT project was completed, and many data security reforms and systems were implemented, including those related to the PCI-DSS cards security standards. Several policies and procedures were set and executed to meet monitoring requirements and keep up with technological developments.

The department will further capitalize on the T24 system and its applications to increase the automation and advancement of the latest version rolled out in Cyprus and Jordan, implement the Omni-Channel system, develop and monitor ATMS systems, implement virtual technologies, and execute many projects related to IT security and governance.

C. Internal Control

The Internal Control Department is an effective tool to implement methods, procedures and monitoring tools adopted by the bank to protect its assets and guarantee that all employees comply with policies, procedures, and monitoring controls. This helps the bank's management achieve strategic objectives efficiently and effectively. The importance of internal control relies on the important role the department plays as a second defense line protecting the work of all departments, divisions, branches, business centers, and other executive activities at the bank after the various centers complete their monitoring roles. The Internal Control Department is the monitoring entity responsible for reasonably assuring control and monitoring regulations in banking operations, limiting fraud and counterfeiting, protecting the bank's financial and non-financial assets and resources, preserving the integrity and credibility of financial statements, and making sure monitoring regulations are in line with the bank's internal policies and procedures.

In line with the recently developed operational model, and to reinforce a competent auditing environment, the Internal Control Department was restructured to increase efficiency by granting it independence within the supporting sector over the new organizational structure starting 27/7/2017. The department's most important achievements include:

- Separating the preparation of stratifications and settlements from the Internal Control Department to achieve separation of tasks;
- Institutionalizing control operations, procedures and tools for the bank's various activities and operations;
- Reasonably checking that all control and monitoring regulations are sufficient within work guidelines;
- Implementing effective monitoring methods, procedures and tools for:
 - Transfer, receipt and handing of the bank's daily wallet.
 - Operations executed through the bank's branches by implementing and activating the adopted monitoring tools.
 - Operations executed through the new banking system.
- Permanent committees at the bank.
- Contributing to making the necessary amendments to many exceptional reports identified in the new banking system.
- Contributing to centralizing many branch operations and activities to reach the required control and monitoring levels.
- Implementing and activating the appropriate work mechanism to continue bridging control gaps identified during the implementation of the adopted control tools for the bank's various activities, and to continue to remedy the remarks issued by monitoring entities regarding all activities.
- Implementing and activating the appropriate mechanism to document the results of executing the adopted control tools for the bank's activities and operations and notify stakeholders of the results.

The department will continue to implement effective monitoring methods and procedures for the operations and activities of central management departments, operations executed through automatic systems, the operations and activities of foreign branches, and those of the bank's subsidiaries.

D. Logistics

The Logistics Department seeks to provide all administrative and technical services with the utmost quality, efficiency, and professionalism to best benefit the bank and its employees. It includes the following divisions:

Engineering and Maintenance Division: It manages and supervises the expansion plan for the bank's branches and maintains branch and department infrastructures. Its achievements include:

- Implementing the strategic plan for branch expansion, establishing eight new branches in Amman, constructing the regional management building in Palestine, and implementing strategic projects like the renewable energy project, the DR project and the Al Qastal warehouses project.
- Implementing the ATM distribution plan in new sites and updating 26 ATMs.
- Implementing the prevention and contingency maintenance plan for all of the bank's buildings and branches, covering about 70 properties with the highest level of professionalism.
- Implementing the plan to reduce expenses for all division related items like maintenance contracts, electricity, etc.
- Using all resources available (human resources, furnishings, assets) to achieve new savings.

The division will implement the branch expansion plan in Jordan and Palestine and the full maintenance, prevention and contingency plan, and will manage the renewable energy project and the new general management project.

Acquired Real Estate: This division handles the marketing of real estate acquired by the bank within the frameworks and regulations set in this regard. It leverages useful real estate, concludes relevant contracts, and follows-up on their progress. It manages rental contracts and agreements regarding acquired and owned real estate.

The value of real estate sales executed by this department reached JD 8,250,622 (eight million two hundred fifty-thousand six hundred twenty-two dinars) during the period between 1/1/2017 and 31/12/2017.

The division will work on expanding acquired real estate sales activities through a comprehensive plan that seeks to register significant growth compared with 2016 and 2017. It will also draft strategies, studies and procedures for real estate management, and will sign partnership agreements with various sectors in the real estate market to further promote and market real estate available for sale.

Administrative Affairs Division: The division implements the Central Bank's plans, the evacuation and contingency plan, the branch and ATM security policy, asset inventory, and work continuity. Its accomplishments include:

- Completing all logistics plans within the evacuation, contingency and response plan according to CBJ requirements.
- Adopting and implementing security policies for old branches and projecting them onto new updated branches, a higher security policy for branches and an ATM security policy.
- Establishing a central control room in line with CBJ requirements and implementing the security code issued by the Ministry of Interior.
- Implementing the work plan resulting from the security gap analysis, including theft and fire warning systems, entrance control, and CCTV.
- Implementing the fixed assets inventory plan for all of the bank's facilities.
- Partially implementing several phases of replacing used equipment.
- Completely reviewing contracts concluded with providers.

Procurement and Contracts Division: The division meets the requirements of the bank's departments and divisions in terms of purchasing the tools, licenses, devices, and systems the departments need to guarantee work continuity and the quality of outcomes. Its achievements include:

- The division concluded purchases valued at JD 17 million.
- The division achieved JD 6 million in savings by negotiating with providers.
- The division set policies and procedures to implement operational activities within the set monitoring controls and by collaborating with Deloitte to automate procurement and contracts.
- Contracts were centralized under procurement and a list of providers was adopted and will be regularly updated as contracts are fully reviewed and followed-up on within current contracting controls for external parties.

The division will follow-up on and develop security policies at the level of branches and ATMs, will continue to conduct security gap analyses, and will implement the fixed assets inventory plan at bank level.

E. Organization and Banking Procedures Department

The Organization and Banking Procedures Department is the official entity to document the bank's policies and procedures. It acts as a reference for all instructions, circulars, models, and relevant legal approvals. The department checks that all procedures are followed and simplifies them as much as possible so that they don't affect the necessary monitoring controls, security, dual monitoring, and risk mitigation. It guarantees that procedures are compliant with banking laws and customs in force locally and internationally, and studies the models adopted at the bank and covers all legal relevant aspects.

The department has stayed up-to-date with the executive management's efforts to restructure operations and improve the operational and monitoring environment in line with the new banking system and efforts to centralize work management. All policies and procedures related to the bank's work (branches and departments) were reviewed and many were duly adopted while employees were trained to implement these procedures.

A contract was concluded to buy a new automation system for the drafting and documentation of policies and procedures, thus streamlining the department's work and increasing its efficiency and employee knowledge of procedures and policies. The department expects to achieve the following during 2018:

- Completing the due adoption of policies and procedure guides.
- Implementing modern systems and programs to help draft and develop guides and procedures in line with the guide requirements adopted by the bank. These efforts would help save time and efforts in drafting and presenting simplified reports to employees.
- Conducting a study of some of the models used at the bank. The models would be used as electronic copies on each employee's computer and would be extracted when needed to save printing costs.
- Reviewing previously adopted procedure guides to amend them as necessary in light of new instructions or new systems.

Human Resources

The bank believes that change cannot begin if human resources aren't prepared for it and that the most important factor for the success of institutions is human capital. The bank has launched a comprehensive transformation based on strategic themes, but this transformation cannot occur without qualified cadres committed to Customer Centricity, the strategy's first theme focusing on the notion that customer service is based on building an honest relationship with customers. The second theme is Operational Excellence and cannot be achieved without competent human resources. Institutions may have the best systems and policies and may apply them according to global best practices, but these tools cannot achieve success without competent employees working professionally, seriously, with discipline, and based on the idea that their job goals are part of the establishment's goals. The same applies to the third strategic theme, Innovation. Creativity and innovation cannot exist without innovative humans who propose new ideas and seek to find new ways to create tools that give institutions, as well as their products and services, an advantage and edge.

Based on the above, Jordan Ahli Bank decided to make Employee Experience as important as Customer Experience. The year 2017 marked a beginning for excellence in employee experience. A relevant initiative was launched through a Town Hall Meeting with all employees in May 2017, followed by several meetings for department and branch directors and another meeting for employees in November 2017. The latter focused on key themes that can improve employee experience and work programs that can support this goal.

In the context of this policy, all our employee practices were designed to be inclusive, to foster a sense of owning the bank's objectives, and to improve employee satisfaction in general. Incentives and awards systems were linked to efforts and performance not only on the short term but also on the medium and long terms. The individual KPI system was improved to align it with corporate performance and to cover over 80% of employees. The evaluation process can thus reflect the bank's values of transparency and objectivity to attract, motivate and keep skilled and experienced employees. The bank also focused on achieving a balance between financial and non-financial incentives based on individual performance on the short and medium terms.

To further promote the culture of performance, the bank developed balanced performance score cards for all higher management positions and work departments. This was accompanied by the development of E-Systems that allow employees to regularly view their objectives and achievements to either approve or object to the data in keeping with our commitment to institutional transparency.

One of the bank's key objectives for 2017 was to improve the efficacy of the bank's productivity. Retirement programs were suggested from those who wish to go on early retirement, the operational model was redesigned leading, among other things, to centralizing the bank's operations to better focus on customer service at branches and departments. This centralization has led to an increase in cadres as some personnel were trained to work in other business centers. The You Are Still Ahli program was launched to support employees whose service at the bank ended. The program includes the provision of benefits that help alleviate these employees' life burdens.

Moreover, the Human Resources Department focused on improving recruitment procedures by recruiting internally, preparing newcomers before they arrive and during their onboarding, and by developing inclusion programs to create an attractive environment for new employees. Recruitment channels were improved by using social media channels to attract the largest number of candidates and choosing the best among them for vacant positions.

Throughout 2017, all human resources policies and procedures were reviewed and updated in line with strategic directions to enhance the corporate environment and with the best global practices, while complying with the requirements of corporate governance.

As the bank regularly and completely reviews its organizational structure and human cadres, the review process continued in 2017 to adopt the bank's organizational structure in general and for branches, including all departments and business centers. This included a full review of the bank's human resources needs to improve work and redistribute jobs to increase efficiency and productivity.

At the beginning of the year, a contract was concluded with McLagan Hewitt and a project was launched to identify job groups and levels and link them to positions. This will form the general framework for career paths, the development policy, succession planning, grades, and basic monthly salaries to guarantee internal fairness and market competitiveness.

In terms of training and job development, the bank continued to provide trainings to increase employee competence, banking knowledge, personal and technical skills, and train employees to master their tasks based on the importance the bank gives to the human capital as a key element for the bank's sustainability and progress.

To achieve our aspirations, we bank's Training Center adopted best policies, implementation and e-education programs for training purposes. Voluntary and training programs were also offered to provide quality programs and manage talents according to training requirements in collaboration with the best companies in the field and through internal programs. During 2017, the Training Center increase training hours by 27% and average annual training hours for each employee by 45%. The programs covered various subjects in accounting, finance, auditing, communications, investment, IT, languages, management, marketing, sales and customer service, technical skills and other fields. The bank also launched e-courses and 1,200 employees participated in e-learning programs covering various topics like compliance and anti-money laundering. Training opportunities provided through the e-learning platform were estimated at 7,000 training hours.

	Progress and Accomplishment	Average Training Hours for Employees		
		2017	2016	
	+27%	4,362	3,447	Total training hours
Progress and Accomplishment				
	+12%	1,710	1,517	Female
	+38%	2,661	1,930	Male
	+45%	3,1	2,5	Average annual training hours per employee
According to gender				
	+34%	3,6	2,7	Female
	+35%	3,6	2,3	Male

The bank also worked on developing the personal professional and behavioral skills of employees, and promoting the corporate cultural, mainly compliance, integrity and transparency as they help avoid many risks for the bank.

Throughout 2017, the Training Department implemented a series of development and training programs, including:

- Program to improve the knowledge and performance of COSO employees.
- Program to improve the knowledge and performance of VIP customer service employees.
- Training program for credit officers and customer relations directors.
- Implementing an internal program for all branch employees to train them on the bank's comprehensive products, uncovering fraud and counterfeits, service quality, and opening accounts.
- A comprehensive course on public safety according to CBJ requirements.

Many other events and programs were launched for employees in Cyprus and Palestine along with the usual training courses like workshops and seminars. It should be noted that the Training Center is also open for the local community and students in Jordan, and 170 students (27 male and 143 female) have benefited from its services.

In the field of insurance, a first version of a general policy for insurance affairs was drafted in line with the bank's business development plan, its clear control frameworks and regulations, and their effects on creating and implementing monitoring tools. In collaboration with the bank's Insurance Advisor, all of the bank's insurance contracts were restructured to include additional coverage and benefits, and to improve their terms in line with current changes and developments in the insurance market on one hand and in the banking sector on the other, and in line with the bank's change and development strategy.

As a result of great developments in the fields of technology and e-operations, we have witnessed risks of piracy and cybercrime. Therefore, the bank wishes to extend its insurance coverage accordingly and has added coverage for cyber risks resulting from the hacking of the bank's electronic systems. This makes Jordan Ahli Bank a pioneer in managing these risks by signing an insurance policy that provides a safe work environment for employees.

The bank believes employees play a vital role in investing their capacities to help the bank compete, face challenges, and work hard to improve employee benefits. In recognition of employee dedication and loyalty, the bank expanded the base of employees and their families benefiting from the bank's health insurance system to include the father and/or mother of the employee.

Risk Management

Credit

Credit risks are managed through a system of policies and procedures aligned with the bank's directives, strategies and good practices. They include:

- A comprehensive policy to manage credit risks that identifies the types of risks, their control methods, and their measurement methods.
- A credit policy and work procedure that set the bases and controls for granting credit, credit concentrations, acceptable guarantee bases, and the separation of credit execution decisions from credit granting decisions to implement proper regulatory principles and procedures, as well as monitoring elements and procedures for all credit stages.
- Comprehensive regular reports that analyze the quality of the credit portfolio to identify KPIs, detect weaknesses in quality, focus on economic sectors and banking sectors, and focus on default rates.
- Credit risk categorization system to measure the credit standing of the bank's customers.

Moreover, throughout 2017, the Credit Risk Department reviewed the credit risk policy, the bank's credit policy and the credit policy for individuals. It reviewed a number of banking products, and issued recommendations, suggestions and monitoring procedures. It participated in the Technical Evaluation Committee for implementing the IFRS9 international standard and in the Automated Allocations System Implementation Committee.

It also organized a training program on credit risks and hedging credit risks within the credit officers training program. The department will continue to monitor and follow-up on credit vulnerabilities, evaluate credit risks and credit concentrations, monitor maximum acceptable risk levels, and make sure these levels stay within the limits set by the Board of Directors.

It is currently working on automating capital ratio calculations in collaboration with the banking system's operator. It further seeks to leverage the opportunities provided by the credit rating system and International Accounting Standard No. 9 requirements as part of a key step toward preparing for the implementation of the second alternative for Internal Rating Based credit risk measurement.

Basel

- The Basel Department works on calculating capital ratio according to the Basel III requirements in terms of first pillar level regulatory capital and risk-weighted assets (credit risks, market risks, operational risks) with the aim of keeping up-to-date with banking sector developments and improving capital quality.
- The department also handles stress test scenarios to analyze sensitivity at the level of single variant scenarios and multiple variant scenarios, so as to analyze findings against capital to risk adequacy, and expected profits and losses, using mild, medium, and severe level scenarios.
- The department further prepares the general framework for acceptable risk levels, which aims to manage, measure, and monitor acceptable risk levels within a governance framework approved by the Board of Directors. It does so by setting the tasks and responsibilities of the Board and of executive management, and by setting a list of acceptable risk levels for capital, assets, profitability, liquidity, credit portfolio, and investment portfolio.
- Furthermore, the department sets the policy and internal assessment report concerning capital ratio in line with Basel III requirements, which seek to improve risk management and the bank's internal environment by setting key objectives in this regard as well as measurement methods for quantitative and qualitative risk elements in line with the corporate governance guide and best practices in the field.
- The department participates in studying technical offers submitted by companies for the implementation of International Accounting Standard No. 9.
- The department develops a risk management system in line with the latest local and international developments by managing, measuring and monitoring the types of risks the bank could face. It is also working on automating capital ratio calculations using the T-insight system.

Market

The Market Risks Department manages interest risks, currency exchange risks, equity instrument risks, and risks concerning commodities through a set of policies that include a market risk management policy, a liquidity risk policy, and a bank portfolio interest risk policy. It further guarantees compliance with the Central Bank's requirements and Basel guidelines concerning market risks. It further supervises the work and tasks of the middle office.

In fact, risks are managed and controlled by monitoring investment caps adopted in investment policies approved by the Board, calculating acceptable risk levels, and submitting regulatory reports to the Market Risk and Monitoring Department. The department updated the liquidity risk policy and the interest risk policy and drafted several reports for market risks and liquidity risks. It supervises the works of the middle office through measures aimed at monitoring the investment limits set in the investment policy, and by monitoring compliance with the caps set for dealing with correspondent banks. It also monitors the credit ratings of banks and bonds; conducts the necessary studies on these banks by analyzing their budgets; gathers information and statistics on economic, fiscal, and monetary indicators; and monitors the financial centers of foreign currencies.

The department regularly reviews, and drafts monitoring reports to improve and increase the efficiency of risk monitoring and management. It will review and update the market risk management policy in line with CBJ and Basel III guidelines and economic developments. It will play a more effective role in measuring the market risks of external branches in Cyprus and Palestine.

Early Warning Unit

The Early Warning Unit monitors default indicators at the level of the banking and economic sectors by conducting periodic comprehensive studies that analyze the bank's portfolio of direct credit facilities, including growth rates and concentration levels compared with rates in the banking sector.

It also monitors risk indicators at the bank's subsidiary companies, drafts periodic reports in this regard as a result of profitability and liquidity studies for these companies, and analyses the credit indicators of the products these companies provide. It further drafts monthly reports on products targeting individuals and relevant causes of default.

Information Security

The Information Security Department works on reducing information technology risks by reinforcing the implementation of regulatory and security controls over the various systems being used. It encourages compliance with new IT security practices within the bank's business environment and increases awareness of information security by holding training and awareness workshops for employees at the bank and its subsidiaries.

Operational Risks

Operational risks are risks of loss resulting from a failure or shortcoming in internal operations, people or systems or from external events such as legal risks.

The operational risks policy covers the role of the Operational Risks Department in terms of defining, evaluating (regularly), following-up on and controlling operational risks to mitigate part or all of their negative effects. Several approaches are adopted to identify and manage these risks, including the self-assessment system for evaluating operational risks and procedures at every department and/or unit. This system creates risk files containing all types of operational risks and monitoring procedures that mitigate them, as well as self-assessments to identify weaknesses and measure the efficiency of monitoring measures. The evaluation of monitoring procedures seeks to guarantee the effectiveness and efficiency of the procedures, improve weak ones, and set new ones to mitigate or prevent risks. The department builds a database of the losses resulting from operational risks to assess vulnerability levels related to operational risks and the efficiency of the enforced monitoring procedures.

The key achievements of the Operational Risks Department this year included:

- Adopting the operational risks policy drafted by the risks and compliance committee
- Amending and adopting work procedures for the Operational Risks Department
- Holding awareness workshops for bank employees to raise their awareness and deepen their knowledge on operational risks and the importance of reporting operational risks they encounter.
- Building a database of operational risks that occur the bank after the transfer period to the new banking system passes and the system is rolled out fully according to the mechanism adopted for this purpose.
- Reviewing and evaluating the bank's procedures and policies to set acceptable monitoring controls.
- Participating in reviewing the bank's authority matrix in preparation for its adoption and approval.

Accomplishments this year

- Participating in the gap assessment phase of the COBIT project.
- Participating in the drafting of the COBIT Implementation phase of the COBIT 5 project and launching the execution phase.
- Participating in drafting the IT security requirements for and evaluating the Omi Channel for Digital Banking project.
- Launching the first preliminary steps for the data classification project at bank level.
- Holding awareness workshops for relations officers to explain the notion and mechanism of drafting a work continuity plan, and how to complete the impact analysis model.
- Update of the impact analysis model by departments and branches.
- Drafting a BIA Summary Report, which includes critical systems and department needs to continue work from an alternative site.
- Participating in the Alternative Site Evaluation and Selection Committee (Al Qastal) to set the criteria for finding an alternative location for the bank.
- Collaborating with the Business Technology Department to draft a report on the WannaCry Ransomware. The report included many preventive measures to avoid attacks.
- Holding six awareness workshops for the Joint Central Services Operations Department concerning IT risks.

The Information Security Department will continue actively contributing to the implementation and activation of security and monitoring controls to reduce IT risks in line with the bank's general strategy. It also aims to implement the information security system project on bank level, to obtain an ISO 27001 certificate in this regard, and to increase awareness among employees of safe IT practices and how to avoid increased security threats.

Compliance and Money Laundering

The Compliance, and Anti-Money Laundering/Combating the Financing of Terrorism Department aims to guarantee the bank's compliance with all monitoring requirements, laws, and global best practices to protect the bank from money laundering and terrorism funding suspicions and risks. It further manages customer complaints through a dedicated unit.

Throughout 2017, the department was able to meet regulatory requirements and implement items from the annual plans with the highest standards of banking performance. Its main achievements include:

- Implementing the e-compliance monitoring system for Jordan branches, conducting compliance tests for regulatory requirements, and submitting reports concerning these tests to the Risks and Compliance Committee.
- Purchasing an e-compliance monitoring system for Palestine branches.
- Reviewing the bank's policies, guidelines and procedures as part of an ongoing project and in line with the instructions and laws in force and with banking best practices.
- Helping departments and divisions plan for new banking products in a way that guarantees compliance and limits risks.
- Monitoring external branches and subsidiaries by acquiring monthly monitoring reports to assess violations/gaps.
- Launching an electronic system to combat money laundering and terrorism funding in Jordan branches in coordination with the Business Technology Department.
- Launching an electronic system to combat money laundering and terrorism funding in Cyprus branches in coordination with the Business Technology Department.
- Launching the GO AML system to submit reports of suspicion to the Anti-Money Laundering/Combating the Financing of Terrorism Unit in coordination with the Business Technology Department.
- Conducting offline screenings for customers in Palestine to make sure no customers are mentioned on international black lists.
- Affiliating the Customer Complaints Processing Unit with the department to grant it more independence and neutrality, and update policies and procedures in line with CBJ requirements in this regard.
- Implementing the complete e-learning compliance training system for the bank's employees in two phases to cover all compliance topics.
- Holding training workshops for employees of Frontline branches about compliance monitoring, combatting money laundering and terrorism financing, and the tax compliance law for foreign accounts.
- Increasing the department's personnel to improve the monitoring of all activities/operations.

The department also seeks to achieve many objectives, including:

- Continue to guarantee compliance with all local and foreign regulatory requirements within monitoring expectations and best banking practices.
- Continue to improve monitoring at external branches and subsidiaries (by following-up on compliance with all regulatory requirements and tightening control on financial transactions).
- Continue to limit money laundering and terrorism financing risks that the bank might face through its customers, products, or service channels.
- Increase the efficiency of the bank's procedures in terms of managing and reducing customer complaints to improve service quality and customer satisfaction.

Strategy and Project Management Office

The bank created a Strategy and Project Management Office at the start of 2017 to establish the procedure of setting strategic plans and consequently achieve the bank's vision and objectives by:

- Regularly reviewing the bank's annual plan and updating it according to internal and external changes.
- Setting annual financial and non-financial objectives and following-up on their execution.
- Setting the Project Portfolio in line with strategic objectives and setting the necessary plans to execute it.
- Informing higher management of all developments in the projects and programs implemented at the bank.
- Setting a program and project management governance framework and raising awareness among project managers of the principles and foundations of this governance.

The office set the bank's work strategy and a road map to help move the bank toward a digital phase based on three foundations: Customer Centricity, Operational Excellence, and Innovation. Executing the road map began focusing on implementing the most modern e-channel systems as a cornerstone for digital banking. The office also worked on developing KPIs to measure the alignment of projects with the strategic plan and how much they meet strategic objectives.

The Project and Programs Department issued a policies guide and instructions for project management to help supervise a number of important projects such as the Renewable Energy Project (first phase), the IT Governance Management Project (first phase), and the opening of three new branches in Jordan.

The office will continue to execute the road map for the bank's digital transformation by implementing important projects like the E-channels Management Project. It will also follow-up on the implementation of strategic objectives by monitoring various KPIs and directly managing some key projects like the IT Governance Management Project (second phase), the Renewable Energy Project (second phase), and the ERP project.

Development and Innovation

Jordan Ahli Bank was a pioneer in establishing a Development and Innovation Department to focus on improving customer services, stay up-to-date with fintech developments, and guarantee the best implementation of the bank's strategic plan. Throughout 2017, the department implemented the following activities:

- Organized the Fintech Hackathon in collaboration with the Crown Prince Foundation, Al Hussein Technical University, and the Central Bank of Jordan. The competition was part of the Your Idea event to help university students and initiative takers in IT to develop innovative ideas in the fintech field.
- Launched AhliBot, the first chat bot service for personal banking assistance in Jordan.
- Launched the first programming platform Ahli Sandbox to allow developers to deal with a comprehensive smart banking system through over 130 APIs. The information used for the applications is empirical and hypothetical, and developers aren't linked to the bank's actual system in any way.
- Organized two internal hackathons to scout for talents within the bank and allow employees to innovate, create and implement their ideas.
- The bank helped sponsor the EY Entrepreneurship of the Year award for the second year in a row.

During 2018, the department will focus on promoting and regulating internal innovation at the bank by emphasizing all activities related to customer centricity and developing the employee experience.

Internal Audit

Internal auditing is an independent and objective activity that provides confirmations and advice to add value to the institution and improve its operations. It helps achieve the institution's objectives by adopting a regulated systematic approach to evaluate and improve the effectiveness of governance, risk management, and monitoring operations.

The department worked on implementing its operational plan and several other tasks that had a great effect on the regulatory environment at the bank's local and foreign branches and at subsidiaries. Its activities included:

- Implementing CBJ instructions regarding COBIT 5.
- The Internal Audit Unit in Palestine implemented the adopted operational plan (affiliated with the Internal Audit Department in Jordan).
- The Auditing Committee's charter was updated and adopted, as were the department's ethics and conduct codes.
- Adopting a policy for dealing with external audits for the bank.
- Participating in several training programs and conferences related to auditing and banking to improve the skills of its auditors.

Shareholder Affairs

The Shareholder Affairs Department is the key link between the bank's administration and investors. It works on developing and improving relations between shareholders and management by facilitating the services provided to the latter using the latest technologies and following informed strategic plans developed with the interest of shareholders in mind. The department is currently creating a page on the bank's website to publish information related to major shareholders and investors, and to make room for their suggestions and/or complaints if any. The page will also include financial data included in the bank's annual report and key local financial indicators to meet corporate governance requirements for 2017.

The department recently replaced the old shareholder system with a new, advanced, and highly ranked system that meets the needs of both the bank and its shareholders using the ORACLE database. It also amended the comprehensive monetary allocations system that was linked to the bank's branches to allow shareholders to receive their profits any time from the branch closest to them. Furthermore, the department manages and regulates the bank's record of shares and compares it to the central record at the Securities Depository Center. It follows-up on the distribution of monetary and in-kind profits approved by the Board of Directors and General Assembly based on approved rates and as fast as possible. The department is also authorized to disclose information on the bank's ownership according to compliance guidelines issued by the Central Bank of Jordan and the Jordan Securities Commission.

The department's other responsibilities include preparing for meetings of the General Assembly and encouraging shareholders to attend them to vote for their, and the bank's, interests. It sends out invitations and annual reports, which are considered as the main source of information for shareholders, in line with the principles of transparency and good relations. The annual report is also published on the bank's website within the investor's page.

Corporate Social Responsibility and Executive Summary of the 2017 Sustainability Report

The Corporate Social Responsibility Department continued its efforts in 2017 to reinforce Jordan Ahli Bank's excellent performance in CSR in line with the bank's commitment over the previous years. It continued to communicate and actively participate with the local community to limit social challenges and achieve sustainable development in many sectors affecting a wide scope of society.

The department operates according to a set and clear strategy that seek to meet the needs of society within five pillars work foundations: supporting and empowering the community, innovation and creativity, education and youth, the environment, and art & culture, through many effective partnerships with various civil society institutions that their objectives are aligned with our strategy that focuses on linking CSR to sustainability.

The bank seeks to go beyond being a financial and banking institution, and its Board of Directors and Executive Management are aware of the importance of integrating sustainable development in banking operations and integrating sustainability principles in the bank's internal culture to guarantee an added value to stakeholders and support our customers to meet their aspirations. Based on this, the bank issued its first sustainability report that has been prepared in accordance with the latest Global Reporting Initiative (GRI) standards "Core Option". The report covers the bank's economic, social and environmental performance indicators based on our stakeholders' needs and is available on the bank's website.

Jordan Ahli Bank received the Innovation and Excellence Award by the Union of Arab Banks Committee for the bank's work in promoting corporate responsibility.

The department's most important achievements in 2017 include:

Within the framework of strategic cooperation with the Charity Clothing Bank of the Jordan Hashemite Charity Organization, the donations were distributed to 99,350 needy individuals across all the governorates and they included clothing items, footwear and children's toys through the bus provided by Jordan Ahli Bank, in addition to the in-kind donations from Ahli staff.

The bank launched the "Because you are Ahli, make a checkup test" campaign in November targeting the bank's female customers as a support to the King Hussein Cancer Foundation campaigns. The campaign was in conjunction with the global month of breast cancer. Through the campaign, the bank aimed to raise awareness on medical information among members of the society. The bank offered prizes on a daily basis based on a random draw during the month of November. The prize was free-of-charge testing for early diagnosis and included a clinical examination, mammogram, and other tests recommended by the doctor, in addition to the internal campaigns targeting employees.

The bank continued to support the Cancer Coverage Program "Rea'ya Program" of the King Hussein Cancer Foundation by harnessing all the bank's branches in the Kingdom to welcome those who wish to participate in the program and by collecting subscription from both customers and non-customers. The bank also offered the customers the possibility of installing the subscription fees without any commissions or interests.

As for empowering women socially and economically, and through the bank's partnership agreement with Princess Taghrid Institute for Development and Training, the bank provided its diamond sponsorship to the "Pure Felt" project, which offered 18 opportunities for women in the Southern Jordan Valley Region (Ghor Fifa), in addition to supporting the pilot project targeting families who do not receive family care such as orphans and in-house caregiving. As well as the cooperation with the Association of Plumbing and Cooperative Energy to clean water tanks for three nursing homes affiliated with the Ministry of Social Development, in addition to cleaning water tanks for Jordan Ahli Bank. This enables the association to achieve its goals of enabling and empowering women to engage in the labor market especially in the maintenance field of sanitary tools, which is one of the most important fields considered exclusive to men. The bank also sponsored the Conference of Promoting Women Working in Finance and Banking which was organized by the Sisterhood Is Global Institute (SIGI), with the aim of empowering women to achieve leadership in the banking sector.

To increase its impact of social development that empowers local communities, the bank cooperated with the Jordan River Foundation to support activities and programs at the Queen Rania Family and Child Center. The activities included training workshops such as the Financial Literacy Program that aimed at promoting financial education for the youth and children alike. The bank also supported establishing greenhouses for the farming families, this will encourage the families to spend quality time together whilst performing their farming duties. The cooperation also focused on educating leading women about the services and facilities offered by the bank through the "Al Nashmiat Initiative". This initiative focuses on empowering women to help them establish their businesses, improve their products, and generate income for themselves and their families. The bank also sponsored a charity gala dinner hosted by the foundation itself.

Under the agreement with Tkiyet Um Ali Association, the bank continued to support its various programs, activities and initiatives, as well as sponsor many of the programs during Ramadan. Sponsorships of 60 families from all over the Kingdom have been renewed throughout the year, in addition to distributing and providing food packages during the month of Ramadan. The bank also sponsored Ramadan iftar meals "Maw'ed Alrahman" in cooperation with Tkiyet Um Ali at its headquarters, as well as Tkiyet Um Ali story telling character. In line with supporting SMEs, the bank's SME Academy conducted free-of-charge courses and workshops for SME owners whether they have a bank account or not. In 2017, the Academy delivered several programs through various workshops for a number of employees from SMEs and civil society organizations to develop their capabilities and reduce the training expenses of these institutions.

Recognizing the sacrifices made by the martyrs of the Jordanian Armed Forces, the bank supported the fund for 3 consecutive years as of 2017. Jordan Ahli Bank distributed in-kind donations for 50 families in Mafraq governorate to help them withstand the winter. This endeavor supports the Jordanian Charity Coalition Initiative, which includes 13 charitable societies from the governorate. Through the cooperation with the Palestine International Foundation, Jordan Ahli Bank contributed to support the urgent medical needs in Palestine.

Since education and youth, and leadership and creativity are from the strategic pillars for the CSR, Jordan Ahli Bank supported the Children's Museum Jordan as one of the initiatives of Queen Rania Foundation for Education and Development, and renovated the bank's exhibits in the museum. The bank has been supporting the museum since 2007. Also the bank was a platinum sponsor for the first EDRAAK regional conference on digital education and the role of technology in the future of education. The conference was held under the title "A New Concept for Education in the Arab World", considered an important platform to provide recommendations that contribute to meeting the requirements of education and upgrading its outputs. Jordan Ahli Bank supported the open week organized by the Crown Prince Foundation during the "FikrTech" event held in Amman, "FinTech Hakathon" was launched during the event and after the evaluation of the ideas, prizes were presented to the first three winners during the last day.

Jordan Ahli Bank supported Mind Shift Academy's life skills and entrepreneurship course, which targeted the children of camps to participate in the creation of a conscious and educated generation and to provide excellent and fair learning opportunities. Also, supported Bright Engineers in the first LEGO design and programming contest held in the US city of Aarhus. In addition to supporting the Jordanian Eureka Academy team in the international ROV MATE competition where the team won the most prestigious award. The competition required the design of a submarine that performs certain underwater missions. Jordan Ahli Bank offered its support for 13th Student Conference "Together in favor of diversity". The purpose was to develop the concept of effective citizenship and improve leadership skills. The conference welcomed students from other Arab countries. The bank also sponsored Amman CPC which was held by the King Abdullah II College of Information Technology at the University of Jordan under the supervision of Jordan Programmers Association. The bank also supported the winning teams to participate in the programming competition held in Sharm El Sheikh. Within the context of promoting leadership among the youth the bank supported the second round of the annual Hakim Academy competition for Jordanian universities in the field of health computing development.

The bank entered into a strategic cooperation agreement with Al Balqa Applied University to support establishing a new building for the Faculty of Business. This is aimed to increase the capacity of the students. The bank also provided financial aid for "Student's Support Fund" as well as the best privileges to implement the smart card ID system for students and workers at the university and their various colleges. This process entails replacing the university identity card with a multi-use smart card.

To create equal opportunities for children in Jordan and help promote art and culture, the bank renewed its support to the Haya Cultural Center to help public school students across the country to visit the center and develop their creative and artistic skills. The bank supported the Creativity Festival for Children held by the Ministry of Culture. In addition to distributing school bags equipped with stationery for students, in cooperation with ZAIN as part of their initiative.

The bank cooperates annually with the Jordanian Hashemite Fund for Human Development by supporting the annual campaign organized by the Fund "Charity Campaign" and the Queen Alia Competition for social responsibility. This aims to increase awareness on the importance of compliance with traffic safety rules to reduce human and economic losses resulting from traffic accidents among the various segments of the Jordanian society.

Jordan Ahli Bank translated its efforts to preserve the environment through active participation in achieving sustainability by collaborating with the Arab society for the Protection of Nature with the participation of the bank's volunteers. Volunteers planted more than 500 different citrus trees in lands of farmers from low-income backgrounds who are based in the Central Jordan Valley.

The bank also supported the activities of the Environment Club of the Rosary School under the slogan "I am environmentally friendly".

On the internal level, for the second consecutive year, the bank honored 52 employees through the honorary program which was launched in 2016 to honor employees, whose services ranged from 15-25 years for their efforts and contributions to the bank over the years. Also the bank continued in offering university scholarships for employee's children.

Through the internal volunteering program "Kulona Ahl", employees continued to have a direct positive impact on the local community in line with the bank's strategy that supports various aspects of development and sustainability issues. Volunteering hours reached 550 hours with the participation of 176 employees who volunteered in the program.

A number of employees also participated with INJAZ in different campaigns. The bank's annual blood donation campaign this year organized in collaboration with the National Blood Bank witnessed wide participation among employees and customers from all levels.

Executive Summary of the Jordan Ahli Bank Sustainability Report

Jordan Ahli Bank is happy to present the summary of its first sustainability report, offering an overview of the impact of our operations on the environment, the community, and economic development. The report represents a clear and transparent image of the bank's current status and its future commitments. Furthermore, the report seeks to engage our customers, partners, providers, employees and other stakeholders in discussing our collective role in achieving sustainable development in Jordan.

The sustainability report has been prepared according to the latest GRI standards "Core Option". We believe in the importance of sharing information with stakeholders to achieve our strategic objectives. Therefore, we have reached out to stakeholders through workshops and an electronic survey to guarantee their inclusion in identifying the material topics. Based on this, we were able to identify the relative importance of key environmental, social and economic issues at the bank, and to prioritize them according to stakeholders and beneficiaries.

We are committed to continue on our journey toward sustainability and will issue sustainability reports periodically to stay in touch with all stakeholders. For more information, please review our 2017 sustainability report on our website.

Sustainability Management

Jordan Ahli Bank is considered as one of the leading and prestigious financial institutions in the Hashemite Kingdom of Jordan. It played a fundamental role in developing the local economy and currently in driving sustainable development by supporting national objectives, mainly contributing to economic, social and environmental growth in the Kingdom.

Considering the importance of sustainable development, the bank assesses the impact of its activities on the environment and local communities. We also focus our efforts on engaging all stakeholders effectively to reach the desired achievements and performance. Furthermore, the bank not only works on reducing its negative impacts on the environment but also continuously seeks to find solutions and innovative programs that contribute to the advancement of the society, environment and the economy.

The process of regularly engaging stakeholders is vital as it constitutes a key sustainability requirement and an essential element in achieving the desired results of our activities. To improve this engagement, we are continuously seeking to develop and improve communication channels.

Identification of Material Topics

As part of the sustainability report methodology, the bank ranked environment, social and economic issues according to priorities. It reviewed in detail GRI reporting subjects and issues signaled by our peers, and we engaged stakeholders internally and externally in the process. Based on this, we determined the most important sustainability issues from the bank's point of view.

Through this process, the bank was able to identify the material topics. The material topics' performance indicators are described in this report and reflect the bank's economic, environmental and social impacts or those that strongly affect stakeholders' evaluations and decisions. According to the internal and external stakeholders' inputs, a matrix of relative importance was prepared for the assessed topics. From 32 topics of potential importance and related to sustainability for financial institutions in general, 14 were identified as material topics and are presented in the matrix of relative importance.



Economic Performance

Despite the global and regional economic and political challenges we are witnessing today, the bank was able to achieve financial growth in 2017. It registered an increase of JD 8.75 million in capital and issues bonds valued at JD 25 million. It further restructured its operations based on a new banking system to improve services and products. In 2017, the bank established the first FinTech company fully owned by a licensed bank in Jordan, Ahli FinTech, thus widening its operations to support entrepreneurs and emerging companies to help diversify the local economy and progress through innovation.

The Customer is our Focus

In 2017, the bank focused more on its customers by adding advanced administrative and technical practices to keep up with global standards. In an unprecedented move, the bank launched the first Arabic and English-speaking chat bot in the kingdom to provide fast and immediate services to customers. The chat bot can respond to customer questions any time concerning any banking and non-banking subjects and keeps them posted on the latest services, solutions, and innovative products. Thanks to these efforts, we were able to greatly improve our relationship with our customers.

All social media channels witnessed an increase in the number of users following Jordan Ahli Bank accounts

Social Media Channel	2016	2017
LinkedIn	6,131	7,408
 YouTube (views)	3,541,528	4,636,608
Twitter	35,360	36,762
 Facebook	629,547	857,262
Instagram	479	12,511

A Diversified and Prosperous National Economy

Jordan Ahli Bank is always looking for common values with its stakeholders, especially SMEs that help create jobs and stimulate the local economy.

To support start-ups and entrepreneurs, the bank established Ahli Financial Technology (FinTech) Company to develop the capabilities of financial technology in order to attract innovators and entrepreneurs in this field to accelerate and incubate emerging companies, also it conducts various activities and initiatives such as conferences, workshops and training programs that cover a variety of areas related to financial technology and the banking sector. Through this company, Jordan Ahli Bank aims to be a regional hub for innovation in the field of financial technology and leading institution in the future of banking.

Considering the importance of financial inclusion and effective impact on different social segments, the bank makes various contributions on its own or in partnership with a number of local and global entities. The bank provides financial solutions and facilities to SMEs, including the "My Project", "Finance Your Needs", and the "My Business credit card". Regular facilities are also offered with encouraging interest rates and flexible payment periods.

The bank's SME Academy holds free workshops for companies (those with or without an account at Jordan Ahli Bank). In 2017, the Academy conducted 12 workshops over 100 training hours with more than 325 participants from various social segments. The workshops covered basic topics related to the mechanisms of financing, accounting, taking strategic and financial decisions, etc.

The bank tries to stay in touch with the banking sector and external entities to find ways to support SMEs. For example, Jordan Ahli Bank granted loans from the International Bank for Reconstruction and Development and the Arab Fund for Economic and Social Development that reached a balance of more than JD 5.3 million. More than 50 SMEs benefited from these loans with more than 390 male and female Jordanian employees.

Social Impact

Investing in Our Employees

The bank's success and progress depend on its employees. To guarantee the bank's position in the market, the bank considers developing the skills of its employees as an utmost priority. The bank's employee policy aims to reinforce a sense of ownership among employees of the bank's objectives and to achieve job satisfaction in general.

Number of employees (all bank employees are employed on full-time basis)

2016	2017
1,384	1,209

Jordan Ahli Bank guarantees equality between male and female employees in all aspects such as employment opportunities, and professional development. Our employees are currently 61% male and 39% female. The bank also ensures to provide a healthy working environment that guarantees the safety of its employees. All full-time employees receive life insurance, social security, health insurance (families included), disability and inability to work, maternity leave, provident fund, and the ability to obtain all types of loans. At the end of 2017, new benefits were announced for employee with respect to annual leaves. Employees can now enjoy paternity leaves upon the arrival of a new born in addition to marital leave.

At Jordan Ahli Bank we encourage our employees to volunteer as we recognize the importance of supporting and empowering the local community, We give our employees the chance to play a constructive role in society. Throughout 2017, bank employees continued to participate in the internal volunteering program “Kulona Ahl” to positively and directly impact the local community in line with the bank's sustainability strategy.

Volunteering work: 23 activities	Volunteering hours: 550 Number of volunteers: 176
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To achieve its ambitions, the bank adopt through its employees training center, the best policies, applications and e-learning programs to develop the skills of employees and optimize their knowledge of all new developments. In 2017, the bank achieved an increase in its training hours by 27% with a 45% increase in the average of annual training hours per employee.

Average employee training hours

	2016	2017	Progress and Achievement
Total number of training hours	3,447	4,362	+27%
According to gender			
Male	1,517	1,701	+12%
Female	1,930	2,661	+38%
Average of annual training hours/employee	2.5	3.6	+45%
According to gender			
Female	2.7	3.6	+34%
Male	2.3	3.6	+53%

The bank also launched a comprehensive e-learning program that covers all topics related to essential practices and policies employees are required to know. It seeks to reinforce corporate culture, mainly compliance, integrity and transparency to help avoid risks. During 2017, 1,200 employees registered in the e-compliance program.

Local Community

Jordan Ahli Bank's social responsibility strategy seeks to meet the needs of local communities. Strategic pillars such as community empowerment and support, education and youth – which are reinforced through informed initiatives – cover various sectors and social segments to achieve a clear and positive impact that contributes to sustainable development on the local level.

Throughout 2017, we developed our programs, initiatives and activities related to social responsibility by making individual and collective contributions through many effective partnerships with various civil society institutions. The bank also invested its financial and non-financial capacities in supporting many non-profit organizations.

Preserving the Environment

Jordan Ahli Bank seeks to play a pivotal role in facing local and regional environmental challenges. It regularly monitors its environmental performance to identify and adopt informed environmental initiatives that can achieve the best results in limiting the bank's impact on the environment.

The bank's strategy in terms of the environment and its environmental responsibilities and contributions include the following:

- Operational field (managing resources and rationalize their usage)
- Human field (qualitative and engagement)
- Natural resources (general contributions)
- Financial and non-financial products and services - environmental dimension

Energy Management

The bank adopted a green vision through which it seeks to shift toward renewable energy as a main source of energy and achieve energy efficiency in all operational activities to reduce its greenhouse gas emissions.

Throughout 2017, the following initiatives were implemented to reduce energy consumption:

- Replacing all lighting units with energy saving lighting (LED) in all 55 branches and departments in addition to 4 administrative buildings. The bank is committed to using these energy-saving units in all new projects.
- Adopting advanced energy-saving air conditioning systems at all new branches (VRF system).
- Setting a plan to shift from the boiler-based heating system to a new electric system and applying it as a first step at the general administration building and will be in all branches as a second step.
- Replacing all old vehicles owned by the bank to new hybrid vehicles.

The bank also set up its Renewable Energy Project in Al Muwaqqar area with a total generating capacity of 2.5 MW, it will cover the consumption of the ATMs and all the branches and departments of Jordan Ahli Bank.

Through these initiatives, the bank clearly succeeded in improving its environmental performance in 2017

	2016	2017	Difference
Total fuel consumption used (liter)	38,403	29,643	-23%
Heating consumption (liter)	9,310	7,560	-19%
Total greenhouse gas emissions (first range) tCO2	112,56	87,568	-22%
Electricity consumption (kwh)	4,986,940	4,279,272	-14%
Total greenhouse gas emissions (second range) tCO2	3,170	2,720	-14%

Note: This data related to energy and emissions represent the bank's properties and branches in Jordan only and do not include branches in other countries.

Paper Consumption and Recycling

The bank implemented many initiatives that contributed to reducing paper consumption by 35% and increasing the use of e-services such as:

- The new banking system mechanisms
- The electronic self-service system for employees
- Sharing the monthly consumption of paper with all departments

	2016	2017	Change percentage
Total weight of paper used for printing and paper envelopes (tons)	126	81	-35%

Financial and Non-Financial Environmentally Friendly Solutions and Services

The bank's commitment to protecting the environment is not limited to its direct impact but rather its environmental responsibility covers its products and services.

Eco-Friendly Financial Solutions

- **Ahli Eco-Friendly Loan:** The loan allows individuals and SMEs to quickly and easily attain environmentally friendly products they need with 100% financing and a payment period of 48 months with 0% interest.
- **Renewable Energy Loan:** The bank collaborated with the CBJ to allow SMEs and large corporates to acquire 90% financing for renewable energy and energy efficiency projects with a limit of JD 500,000.
- **Financing Energy Saving Projects:** The bank offers a financing loan up to 80% of investment value for renewable energy and energy saving projects and/or investments in energy efficiency for companies benefiting from the Jordan renewable energy and Energy Efficiency Fund program.
- **Ahli Eco-Friendly Card:** The card allows customers to purchase environmentally friendly products with installment payments at 0% interest rate (EPP).

Non-financial Solutions

- Free consultancy services for clean and renewable energy projects.
- Supervisory services for the execution of renewable energy projects and/or energy efficiency investments.
- Initial studies for renewable energy projects and/or energy efficiency investments for beneficiaries within the Renewable Energy Promotion Fund program and energy conservation.

Strategic Plan for 2017

In drawing its 2018 strategic plan, Jordan Ahli Bank relied on the following key pillars:

- Restructuring the bank's operations to fit with the new banking system.
- Using the new banking system to improve services and products.
- Developing electronic channels and offering services through these channels.
- Focusing growth on SME and retail assets.
- Focusing growth on currency assets.
- Continuing to cut down on spending and operational expenditures.
- Managing assets and liabilities (aligning assets and liabilities, and pricing efficiency for every sector).
- Reinforcing monitoring at the bank.

Key Financial Analysis and Indicators for 2017

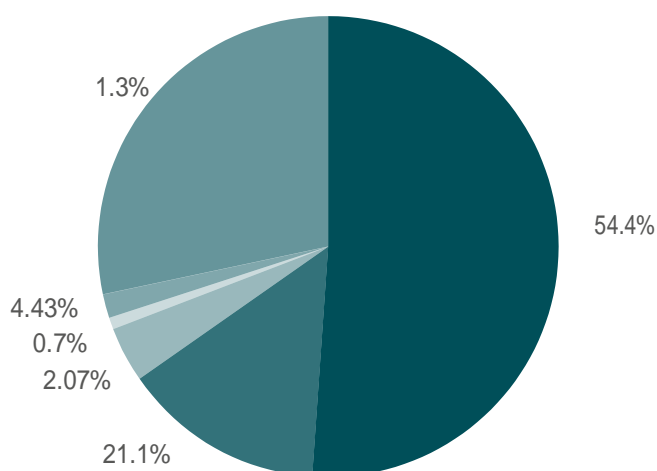
The following are details of changes to key items under assets, liabilities and contra accounts:

First: Assets

1. The total balance sheet (excluding contra accounts) amounted to JD 2,728,951,577 by the end of 2017, compared to JD 2,815,518,550 at the end of 2016, registering a decrease of JD 86,566,973. Inclusion of the contra accounts would bring the total to JD 3,294,829,904 by the end of 2017, against JD 3,316,452,710 registered at the end of 2016, amounting to a decrease of JD 21,622,806.

Bank Assets	2017	2016	Relative Change	Relative Importance	Relative Importance
				2017	2016
Cash, Balances and Deposits in Central Banks, Banks and Institutions	471,177,228	397,815,487	18.4%	17.3%	14.1%
Direct Credit Facilities – Net	1,483,922,385	1,447,236,602	2.5%	54.4%	51.4%
Investments and Securities Portfolio	576,502,139	789,897,238	-27.0%	21.1%	28.0%
Fixed Assets – Net	56,363,728	46,831,590	20.06%	2.07%	1.7%
Intangible Assets	19,787,541	21,141,035	-6.4%	0.7%	0.8%
Other Assets and Other Deferred Tax Assets	121,198,546	112,596,598	7.6%	4.43%	4.0%
Total Assets	2,728,951,577	2,815,518,550	-3.1%	100.0%	100.0%

2017 Relative Importance



 Cash, Balances and Deposits in Central Banks, Banks and Institutions	 Direct Credit Facilities – Net
 Investments and Securities Portfolio	 Fixed assets – Net
 Intangible Assets	 Other Assets and Other Deferred Tax Assets

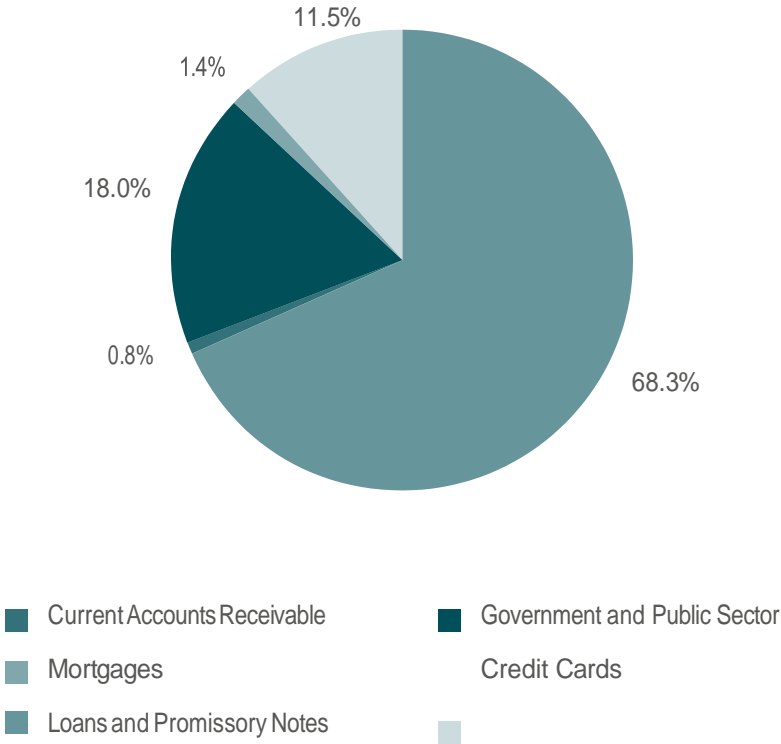
2. Cash at the fund and banks amounted to JD 471,177,228 in 2017, compared to JD 397,815,487 at the end of 2016, registering an increase of JD 73,361,741.

3. The net value of securities amounted to JD 576,502,149 at the end of 2017, compared to JD 789,897,238 at the end of 2016. This amount includes JD 542,617,540 worth of treasury bonds, treasury bills and corporate debentures, which amounted to JD 755,435,293 by 2016.

4. The balance of credit facilities (excluding allowances and interests in suspense) was JD 1,602,520,571 at the end of 2017, compared to JD 1,572,275,401 in 2016, an increase of JD 30,245,170 compared to the end of 2016. This number includes current accounts receivables amounting to JD 183,365,929 in addition to loans, promissory notes and credit cards totaling JD 1,419,154,642.

Operating Expenses	2017	2016	Relative Change	Relative Importance 2017	Relative Importance 2016
Employees' Expenses	40,184,806	43,185,981	-7.0%	40.7%	40.1%
Depreciation and Amortization	12,189,014	8,909,010	36.8%	12.4%	8.2%
Allowances for Direct Credit Facilities Decrease	11,886,286	24,031,418	-50.5%	12.1%	22.2%
Allowances for Owned Real Estate Decrease	6,052,012	3,393,389	78.3%	6.1%	3.1%
Total Operating Expenses	98,617,168	107,744,623	-5.8%	100.0%	100.0%

2017 Relative Importance



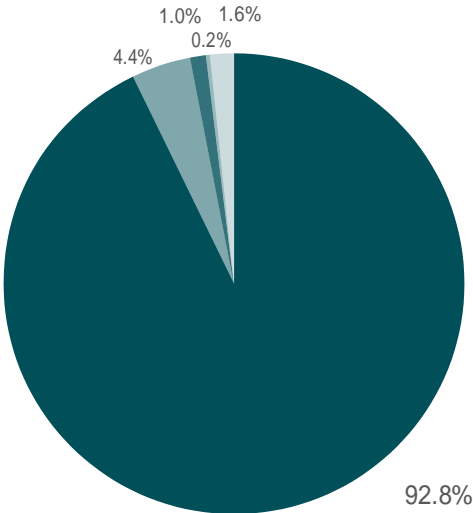
5. Net fixed assets (capital investment) amounted to JD 56,363,728 by the end of 2017, compared to JD 46,831,590 at the end of 2016.

Second: Liabilities

1. The balance of deposits in current and call accounts, savings, term and bank accounts, and cash margins amounted to JD 2,248,924,586 at the end of 2017, compared to JD 2,380,531,454 in 2016, registering a decrease of JD 131,606,959

Bank Liabilities	2017	2016	Relative Change	Relative Importance 2017	Relative Importance 2016
Deposits and Cash Margins	2,248,924,586	2,380,531,545	-5.5%	%92.8	94%
Borrowed Funds	106,776,265	88,520,033	20.6%	%4.4	3.5%
Corporate Bonds	25,000,000	0	100.0%	%1.0	0.0%
Various Allowances	3,885,125	3,392,889	14.5%	%0.2	0.1%
Other Liabilities, Income Tax Allowance and Deferred Tax Liabilities	38,179,340	40,408,679	-5.6%	%1.6	1.6%
Total Liabilities	2,422,765,316	2,512,853,146	-3.6%	%100.0	100.0%

2017 Relative Importance

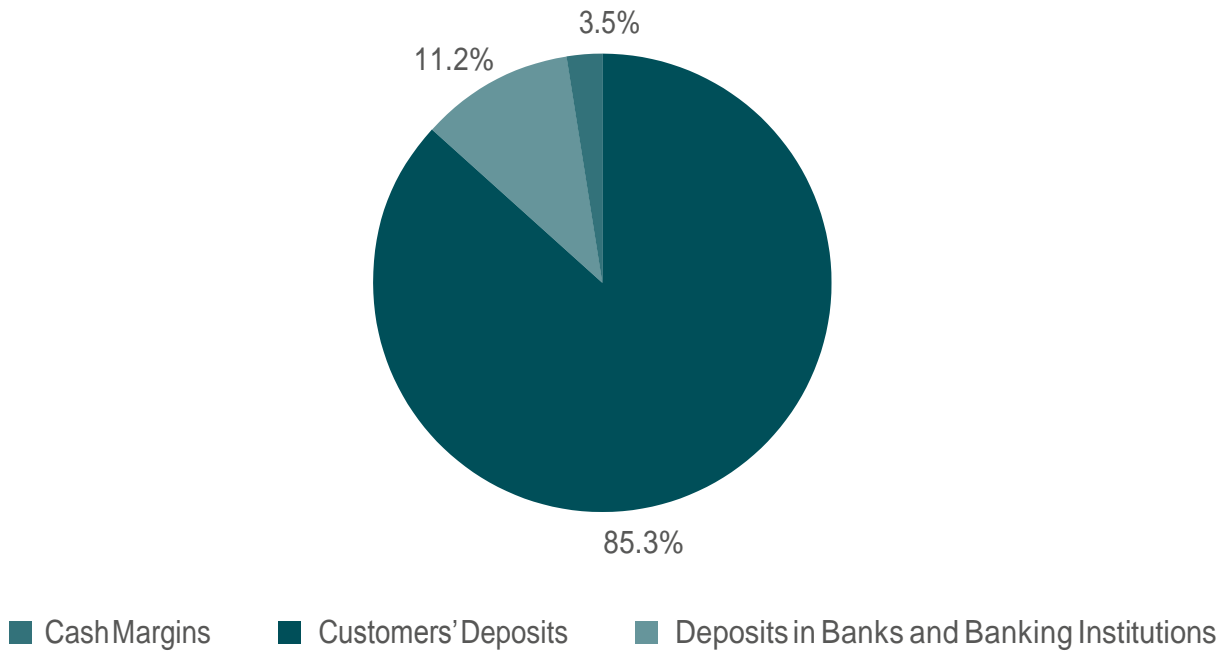


- Current Accounts Receivable
- Loans and Promissory Notes
- Government and Public Sector
- Mortgages
- Credit Cards

2. The balance of various allowances and other liabilities amounted to JD 42,064,465 by the end of 2017, compared to JD 43,801,568 at the end of 2016, registering a decrease of JD 1,737,103.

Deposits and Cash Margins	2017	2016	Relative Change	Relative Importance	Relative Importance
				2017	2016
Deposits in Banks and Banking Institutions	78,304,698	57,353,655	36.5%	3.5%	2.4%
Customers' Deposits	1,918,660,372	2,067,294,759	-7.2%	85.3%	86.8%
Cash Margins	251,959,516	255,883,131	-1.5%	11.2%	10.8%
Total Deposits and Cash Margins	2,248,924,586	2,380,531,545	-5.5%	100.0%	100.0%

2017 Relative Importance



Third: ContraAccounts

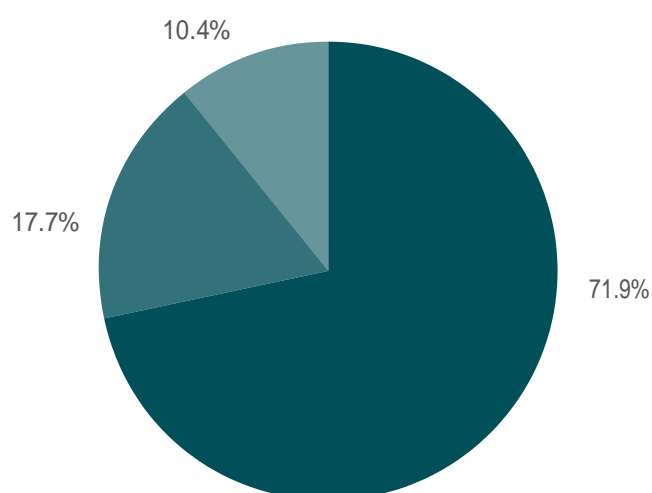
- The balance of letters of credit and acceptances increased to JD 91,505,478 by the end of 2017, compared to JD 91,392,693 in 2016.
- The balance of acceptances decreased by the end of 2017 to JD 48,713,890 compared with 55,150,734 at the end of 2016.
- The balance of non-utilized limits increased to JD 187,152,155 by the end of 2017, compared to JD 139,061,512 in 2016.
- The balance of guarantees increased to JD 238,506,804 by the end of 2017, compared to JD 215,329,221 at the end of 2016.

Fourth: Operating Income and Expenses

1. Operating Income: Operating income increased by JD 2,781,780 to reach JD 118,720,910 by the end of 2017, compared to JD 115,939,130 recorded in 2016.

Operating Income	2017	2016	Relative Change	Relative Importance	
				2017	2016
Net Interests	85,337,139	85,668,814	-0.1%	71.9%	73.9%
Net Commissions	20,991,938	21,332,904	-1.6%	17.7%	18.4%
Total Income (Expenses) Excluding Interests and Commissions	12,391,833	8,937,412	38.7%	10.4%	7.7%
Net Operating Income	118,720,910	115,939,130	2.4%	100.0%	100.0%

2017 Relative Importance

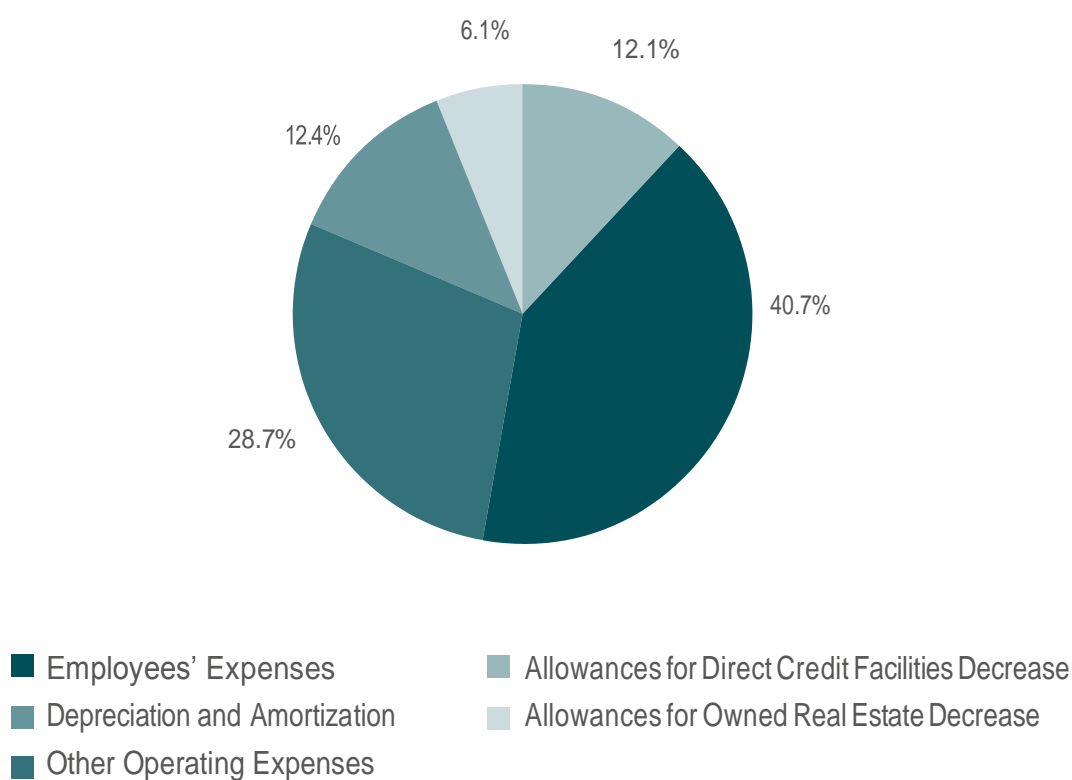


- Total Income (Expenses) Excluding Interests and Commissions
- Net Commissions
- Net Interests

2. Operating Expenses: Operating expenses decreased by JD 9,127,455 to reach JD 98,617,168 by the end of 2017, compared to JD 107,744,623 recorded at the end of 2016.

Operating Expenses	2017	2016	Relative Change	Relative Importance	
				2017	2016
Employees' Expenses	40,184,806	43,185,981	-7.0%	40.7%	40.1%
Depreciation and Amortization	12,189,014	8,909,010	36.8%	12.4%	8.2%
Other Operating Expenses	28,305,050	28,224,825	0.3%	28.7%	26.4%
Allowances for Direct Credit Facilities Decrease	11,886,286	24,031,418	-50.5%	12.1%	22.2%
Allowances for Owned Real Estate Decrease	6,052,012	3,393,389	78.3%	6.1%	3.1%
Total Operating Expenses	98,617,168	107,744,623	-5.8%	100.0%	100.0%

2017 Relative Importance



Fifth: Operating Profits

Jordan Ahli Bank's operating profits increased by 145.5% in 2017 to reach JD 20,078,927 compared with JD 8,180,948 in 2016.

FINANCIAL STATEMENTS



ahli | الأهلي

البنك الأهلي الأردني
Jordan Ahli Bank

INDEPENDENT AUDITOR'S REPORT

AM/ 4716

To the Shareholders of
Jordan Ahli Bank
Public Shareholding Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Ahli Bank and its subsidiaries "the Bank" which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of income and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Matters

The consolidated financial statements for the year ended December 31, 2016 were audited by Deloitte and Touche (Middle East) – Jordan as the sole auditor for the Bank for the year 2016. Unqualified opinion and unqualified conclusion were issued on these consolidated financial statements on February 28, 2017. Ernst & Young - Jordan and Deloitte and Touche (Middle East) – Jordan were appointed as joint auditors of the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

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

Key Audit Matters

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

Key Audit Matters

1- Adequacy of Credit Facilities Impairment Provision and Suspension of Interest

The provision for credit facilities impairment is significant to the Bank's financial statements. Moreover, its calculation requires making assumptions and management's use of estimates for the drop in credit ratings and un-collectability due to some sectors' deteriorating financial and economic conditions, inadequate guarantees, and the suspension of interest arising from default according to regulatory authorities' instructions. Moreover, the net credit facilities granted by the Bank to customers amounted to JD 1,484 million, which represent 54% of total assets as of December 31, 2017.

The nature and characteristics of credit facilities granted to customers do vary from one sector to another, and from one country to another, due to the Bank's geographical deployment. Consequently, the calculation method of the provision for credit facilities impairment varies due to diverse sectors and different risk assessments for those countries, as well as due to their legal and statutory requirements and the requirements of the Central Bank of Jordan.

How our audit addressed the key audit matters

Scope of Audit to Address Risks

The performed audit procedures included understanding the nature of credit facilities portfolios, and evaluating the reasonableness of management's estimates of the provision for credit facilities impairment, collection procedures and follow-up, as well as suspension of interest. Furthermore, we reviewed and understood the Bank's policy for calculating provisions. We also selected and reviewed a sample of performing, watch-list, and non-performing credit facilities at the Bank's level as a whole. In addition, we evaluated the factors affecting the calculation of the provision for credit facilities impairment such as evaluating available guarantees and collaterals, customers' financial solvency, management's estimates of expected cash flows, and regulatory authorities' statutory requirements. We also discussed these factors with executive management to verify the adequacy of recorded provisions. Moreover, we re-calculated the provision to be taken for those accounts and verified suspension of interest on non-performing or defaulted accounts and the Bank's adherence to the regulatory authorities' instructions, requirements and related International Accounting Standards, and assumptions used for the calculation of the provision for credit facilities impairment.

We also evaluated the adequacy of disclosure relating to credit facilities, provision for credit facilities impairment, and risks set out in Note (8).

2- Financial Assets not Listed in Active Markets

The Bank holds non-current financial assets within the financial assets portfolio through other comprehensive income statement of JD 29,401,562 as of December 31, 2017. These assets should be stated at fair value in accordance with International Financial Reporting Standard (IFRS 9).

Fair value determination of financial assets requires the Bank's management to make several judgments and assessments and to rely on non-listed prices input. Consequently, management's fair value estimation of these assets was significant to our audit.

3- Assets Foreclosed by the Bank against Debts

Assets seized by the Bank are shown at acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value based on approved bases and methods according to the requirements of the International Financial Reporting Standards. Moreover, any related impairment in their value is recorded based on recent real estate evaluations and approved by certified real estate appraisers in line with CBJ requirements.

Scope of Audit to Address Risks

Audit procedures included evaluating internal procedures relating to the determination of financial assets fair value and examination of their efficiency. In addition, audit procedures include evaluating the estimates adopted by the Bank's management to determine the fair value of non-current financial assets. Moreover, these estimates have been compared to the requirements of International Financial Reporting Standards and discussed in light of available information.

The audit procedures also included evaluating the adopted methodology, appropriateness of evaluation models, and input used to determine the fair value of financial assets. They included as well reviewing the reasonableness of the most significant input in the evaluation process through reviewing investee companies' financial statements or obtaining secondary market prices as well as other reviewed inputs.

We also evaluated the adequacy of disclosure relating to financial assets at fair value through other comprehensive income as set out in Note (9).

Scope of Audit to Address Risks

A revaluation of the foreclosed assets is required by the Bank at least once every two years to determine their fair value and to reflect the effect of their impairment (if any) in the income statement according to International Financial Reporting Standards. Moreover, our audit procedures included obtaining experts assistance to help us verify the fair value of the foreclosed assets and review the reports of the real estate appraisers hired by the management to evaluate these properties in line with CBJ requirements.

We also evaluated the adequacy of disclosure relating to assets foreclosed by the Bank against debts as set out in Note (14).

Other Information

Management is responsible for other information. Other information comprise the other information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon, which is expected to be made available to us after the date of our audit report.

Our opinion on the consolidated financial statements does not cover other information, and we do not express any form of assurance or conclusion thereon.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements.

Amman – Jordan
28 February 2018

Deloitte & Touche (Middle East) - Jordan

Ernst & Young - Jordan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31,	
		2017 JD	2016 JD
Cash and balances at central banks	4	288,714,620	201,989,051
Balances at banks and financial institutions	5	177,424,795	185,788,643
Deposits at banks and financial institutions	6	5,037,813	10,037,793
Financial assets at fair value through profit or loss	7	954,381	968,373
Direct credit facilities - net	8	1,483,922,385	1,447,236,602
Financial assets at fair value through other comprehensive income	9	29,401,562	29,011,930
Financial assets at amortized cost	10	542,617,540	754,809,955
Investments in associates and unconsolidated subsidiary company	11	3,528,666	5,106,980
Properties, equipment, and projects under construction - net	12	56,363,728	46,831,590
Intangible assets - net	13	19,787,541	21,141,035
Other assets	14	113,539,543	106,377,371
Deferred tax assets	21	7,659,003	6,219,22
TOTAL ASSETS		2,728,951,577	2,815,518,550

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Continued

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	December 31,	
		2017 JD	2016 JD
LIABILITIES:			
Banks and financial institutions deposits	15	78,304,698	57,353,655
Customers deposits	16	1,918,660,372	2,067,294,759
Cash margins	17	251,959,516	255,883,131
Borrowed funds	18	106,776,265	88,520,033
Subordinated Bonds	19	25,000,000	-
Various provisions	20	3,885,125	3,392,889
Provision for income tax	21	4,418,203	926,721
Deferred tax liabilities	21	491,607	1,002,584
Other liabilities	22	33,269,530	38,479,374
TOTAL LIABILITIES		2,422,765,316	2,512,853,146
SHAREHOLDERS' EQUITY:			
Subscribed and paid-up capital	23	183,750,000	175,000,000
Statutory reserve	24	54,023,096	52,015,203
Voluntary reserve	24	24,736,083	33,486,083
Periodic fluctuations reserve	24	2,612,649	2,394,566
Special reserve		213,054	213,054
General banking risks reserve	24	15,334,522	14,988,716
Fair value reserve - net	25	912,985	1,861,943
Retained earnings	26	24,603,872	22,705,839
Total Shareholders' Equity		306,186,261	302,665,404
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,728,951,577	2,815,518,550

CONSOLIDATED STATEMENT OF INCOME

	Note	For the Year Ended December 31	
		2017 JD	2016 JD
Interest income	27	146,723,065	139,234,932
Interest expense	28	61,385,926	53,566,118
Net Interest Revenue		85,337,139	85,668,814
Commissions revenue - net	29	20,991,938	21,332,904
Net Interest and Commissions Revenue		106,329,077	107,001,718
Foreign exchange income	30	3,333,018	3,313,517
Income (loss) from financial assets at fair value through profit or loss	31	2,203	(61,783)
Dividends from financial assets at fair value through other comprehensive income		953,223	763,627
Other revenue	32	8,103,389	4,922,051
Total Revenue Excluding Interest and Commissions		12,391,833	8,937,412
Gross Income		118,720,910	115,939,130
Expenses:			
Employees expenses	33	40,184,806	43,185,981
Depreciation and amortization	12,13	12,189,014	8,909,010
Other expenses	34	28,305,050	28,224,825
Provision for impairment in direct credit facilities	8	11,886,286	24,031,418
Provision for impairment in foreclosed assets	14	6,052,012	3,393,389
Total Expenses		98,617,168	107,744,623
Income from operations		20,103,742	8,194,507
Bank's share of associate company's (losses)	11	(24,815)	(13,559)
Income for the Year before Taxes		20,078,927	8,180,948
Income tax	21	(6,760,042)	(1,906,015)
Income for the Year		13,318,885	6,274,933
Attributable to:			
Bank's shareholders		13,318,885	6,274,933
		13,318,885	6,274,933
Earnings per share			
attributable to the Bank's shareholders:			
Basic and Diluted	35	0.073	0.034

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM. AND WITH THE ACCOMPANYING AUDIT REPORT.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2017	2016
	JD	JD
Income for the year	13,318,885	6,274,933
Other Comprehensive Income Items:		
Items not to be Subsequently Transferred to the Consolidated Statement of Income:		
(Loss) from sale of financial assets at fair value through other comprehensive income (99,070)		(286,846)
Change in fair value reserve - net	(948,958)	658,531
Gross Comprehensive Income	12,270,857	6,646,618
Gross Comprehensive Income Attributable to:		
Bank's shareholders	12,270,857	6,646,618
	12,270,857	6,646,618

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ended December 31, 2017	Subscribed	Statutory	Voluntary	Periodic	Special	General		Realized	Retained Earnings		Total Shareholders'
	and Paid-up Capital					Banking Risks	Fair Value Reserve -net		Unrealized	Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	175,000,000	52,015,203	33,486,083	2,394,566	213,054	14,988,716	1,861,943	16,486,612	6,219,227	22,705,839	302,665,404
Income for the year	-	-	-	-	-	-	-	13,351,796	(32,911)	13,318,885	13,318,885
(Loss) from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	121,412	(99,070)	-	(99,070)	22,342
Net change in fair value	-	-	-	-	-	-	(1,070,370)	-	-	-	(1,070,370)
Gross Comprehensive Income	-	-	-	-	-	-	(948,958)	13,252,726	(32,911)	13,219,815	12,270,857
Transfers to increase in Capital	8,750,000	-	(8,750,000)	-	-	-	-	-	-	-	-
Transfers during the year	-	-	-	-	-	-	-	(1,439,776)	1,439,776	-	-
Transfers to increase in reserves	-	2,007,893	-	218,083	-	345,806	-	(2,571,782)	-	(2,571,782)	-
Dividends distributed *	-	-	-	-	-	-	-	(8,750,000)	-	(8,750,000)	(8,750,000)
Balance - End of the Year	183,750,000	54,023,096	24,736,083	2,612,649	213,054	15,334,522	912,985	16,977,780	7,626,092	24,603,872	306,186,261
For the Year Ended December 31, 2016											
Balance - beginning of the year	175,000,000	51,197,108	33,486,083	2,080,497	213,054	11,693,374	1,203,412	32,507,282	6,137,976	38,645,258	313,518,786
Income for the year	-	-	-	-	-	-	-	6,311,164	(36,231)	6,274,933	6,274,933
(Loss) from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	256,549	(286,846)	-	(286,846)	(30,297)
Net change in fair value	-	-	-	-	-	-	401,982	-	-	-	401,982
Gross Comprehensive Income	-	-	-	-	-	-	658,531	6,024,318	(36,231)	5,988,087	6,646,618
Transfers during the year	-	-	-	-	-	-	-	(117,482)	117,482	-	-
Transfers to reserves	-	818,095	-	314,069	-	3,295,342	-	(4,427,506)	-	(4,427,506)	-
Dividends distributed **	-	-	-	-	-	-	-	(17,500,000)	-	(17,500,000)	(17,500,000)
Balance - End of the Year	175,000,000	52,015,203	33,486,083	2,394,566	213,054	14,988,716	1,861,943	16,486,612	6,219,227	22,705,839	302,665,404

- As of December 31, 2017, an amount of JD 7,659,003 from retained earnings is restricted against deferred tax assets according to the Central Bank of Jordan's instructions (JD 6,219,227 as of December 31, 2016).

- The general banking risks reserve and periodic fluctuations reserve cannot be used except upon approval by the Central Bank of Jordan and the Palestinian Monetary Authority.

* The General Assembly resolved, in its ordinary meeting held on April 30, 2017, to distribute 5% of the capital as Cash dividends, and 5% free shares from the voluntary reserve to shareholders for the year 2016.

** The General Assembly resolved, in its ordinary meeting held on April 27, 2016, to distribute 10% of the capital as of December 31, 2015 as cash dividends, which is equivalent to JD 17.5 million, for the year 2015.

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES:	Note	For the Year Ended December 31	
		2017 JD	2016 JD
Income for the year before taxes		20,078,927	8,180,948
Adjustments:			
Depreciation and amortization	12,13	12,189,014	8,909,010
Provision for impairment in direct credit facilities	8	11,886,286	24,031,418
Various provisions	20	1,159,884	836,558
Provision for impairment in foreclosed assets	14	519,143	2,603,231
Provision for violated foreclosed assets	14	5,532,869	790,158
Loss from revaluation of financial assets at fair value through profit or loss	31	32,911	36,231
(Gain) on the sale of properties and equipment		(15,430)	(347,255)
Bank's share of associate Company's (gains)	11	24,815	13,559
Various provisions no longer needed	20	-	(959,164)
Net interest		(2,759,138)	(3,682,554)
Effect of exchange rate fluctuations on cash and cash equivalents	30	(857,477)	(1,996,226)
Income before Changes in Assets and Liabilities		47,791,804	38,415,914
Changes in Assets and Liabilities:			
Decrease (increase) in cash and balances at central banks due after 3 months		8,224,400	(779,900)
Decrease in deposits at banks and financial institutions due after 3 months		4,999,980	4,609,717
(Increase) in balances with restricted withdrawal		(65,915)	(31,265)
(Increase) in financial assets at fair value through profit or loss		(18,919)	(538,632)
(Increase) in direct credit facilities - net		(48,572,069)	(243,944,919)
(Increase) decrease in other assets		(3,346,616)	9,877,430
(Decrease) increase in customers' deposits		(148,634,387)	285,072,034
(Decrease) in cash margins		(3,923,615)	(23,314,186)
(Decrease) increase in other liabilities		(12,309,446)	1,781,593
Net Changes in Assets and Liabilities		(203,646,587)	32,731,872
Net Cash Flows (used in) Generated from Operating Activities before Income Tax and provisions paid		(155,854,783)	71,147,786
Income tax paid	21	(4,708,336)	(9,028,571)
End-of-service indemnity paid and other	20	(667,648)	(147,711)
Net Cash Flows (used in) Generated from Operating Activities		(161,230,767)	61,971,504
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in investment in associate and subsidiary companies		1,553,499	99,259
(Increase) in financial assets at fair value through other comprehensive income		(1,948,637)	(854,731)
Decrease (increase) in financial assets at amortized cost		212,192,415	(152,952,007)
(Purchase) of properties and equipment, projects under construction, and intangible assets	12,13	(24,305,609)	(16,216,565)
Proceeds from sale of properties and equipment		3,953,381	855,896
Net Cash Flows generated from (used in) Investing Activities		191,445,049	(169,068,148)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in borrowed funds		43,256,232	42,955,469
Dividends paid to shareholders		(8,758,828)	(17,438,732)
Net Cash Flows Generated from Financing Activities		34,497,404	25,516,737
Effect of exchange rate fluctuations on cash and cash equivalents	30	857,477	1,996,226
Net Increase (Decrease) in Cash and Cash Equivalents		65,569,163	(79,583,681)
Cash and cash equivalents - beginning of the year		321,995,249	401,578,930
Cash and Cash Equivalents - End of the Year	36	387,564,412	321,995,249

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1- General

- Jordan Ahli Bank was established in the year 1955 as a Public Shareholding Limited Company under ID No. (6) on July 1, 1955 in accordance with the Companies Law for the year 1927, with headquarters in Amman. Its address is Queen Noor Street, P.O. Box 3103, Amman 11181 Jordan. The Business Bank was merged into the Bank effective from December 1, 1996. Moreover, Philadelphia Investment Bank was merged into Jordan Ahli Bank Company PSC effective from July 1, 2005.
- The General Assembly resolved, in its ordinary meeting held on April 30, 2017, to increase the capital by 5% to become 183,750,000 share/Jordanian Dinar through the distribution of free shares from the voluntary reserve. Moreover, the approval of the companies' controller was dated May 10, 2017 and the approval of the Jordan Securities Commission board was dated May 16, 2017.
- The Bank provides all banking and financial services related to its business through its main office, branches in Jordan (56 branches), external branches in Palestine and Cyprus (8 branches) and subsidiary companies in Jordan.
- The Bank's shares are listed in Amman Stock Exchange - Jordan.
- The consolidated financial statements have been approved by the Bank's Board of Directors in its meeting No. (3) held on February 22, 2018, and are subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders.

2- Significant Accounting Policies:

Basis of Preparation of Consolidated Financial Statements

- The accompanying consolidated financial statements of the Bank and its subsidiary companies are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, the prevailing local rules and rules of the countries where the Bank operates, and the instructions of the Central Bank of Jordan.
- The consolidated financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income which are stated at fair value as of the date of the consolidated financial statements. Furthermore, 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.
- The accounting policies adopted, when preparing the consolidated financial statements, are consistent with those applied in the year ended December 31, 2016, except for what is stated in note (47.a).

Basis of Consolidation and Presentation

The accompanying consolidated financial statements include the financial statements of the Bank's branches in Jordan and abroad and the following subsidiary companies under its control. Moreover, control is achieved when the Bank has the ability to control the financial and operating policies of the subsidiary companies to obtain benefits from their activities. Additionally, transactions, balances, revenues, and expenses between the Bank and its subsidiaries are eliminated. Transactions in transit are shown under "other assets" or "other liabilities" in the consolidated statement of financial position.

The Bank's subsidiary companies as of December 31, 2017 are as follows:

A- Ahli Micro Finance Company

Ahli Micro Finance Company is wholly owned by Jordan Ahli Bank. The Company's objective is to grant loans to limited income individuals. Its paid-up capital amounted to JD 6 million, total assets to JD 24,023,252, and total liabilities to JD 12,734,802 as of December 31, 2017. Its total revenue amounted to JD 7,923,607, and total expenses to JD 7,072,748 for the year ended December 31, 2017, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

B- Ahli Brokerage Company

Ahli Brokerage Company is wholly owned by Jordan Ahli Bank with a capital of JD 5 million. Its total assets amounted to JD 6,318,263, and total liabilities to JD 692,366, as of December 31, 2017. Moreover, its total revenue amounted to JD 295,264, and its total expenses to JD 351,626 for the year ended December 31, 2017.

C- Ahli Financial Leasing Company

Ahli Financial Leasing Company is wholly owned by Jordan Ahli Bank and its capital is JD 17.5 million. Its total assets amounted to JD 93,408,923, and total liabilities to JD 60,012,455 as of December 31, 2017. Moreover, its total revenue amounted to JD 5,687,362, and its total expenses to JD 2,141,857 for the year ended December 31, 2017, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

D- Ahli Financial Technology Company

Ahli Financial Technology Company is wholly owned by Jordan Ahli Bank and its capital is JD 100 thousand. Its total assets amounted to JD 96,434, and total liabilities to JD 0 as of December 31, 2017. Moreover, its total revenue amounted to JD 84, and its total expenses to JD 3,650 for the year ended December 31, 2017, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

- The financial statements of the subsidiary companies are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies followed by the Bank.
- The results of the subsidiaries are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of income up to the date of disposal, which is the date on which the Bank loses control over the subsidiaries.
- Non-controlling interests represent the portion of owners' equity not owned by the Bank in the subsidiaries.
- In case separate financial statements are prepared for the Bank as a stand-alone entity, investments in the subsidiary companies are shown in accordance with the equity method.

Sectors Information

- The business sector represents a group of assets and operations that share in providing products or services subject to risks and rewards different from those of other business sectors, and is measured according to the reports used by the executive manager and the Bank's main decision maker.
- The geographic sector relates to providing products or services in a specific economic environment subject to risks and rewards different from those of sectors operating in other economic environments.

Direct Credit Facilities

- Direct credit facilities are financial assets with specified installments, granted by the Bank or acquired and gave no market value in active markets, and are valued at amortized cost.
- The provision for the impairment of direct credit facilities is recognized when it is obvious that the amounts due to the Bank cannot be recovered, or when there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the consolidated statement of income.
- Interest and commission on non-performing credit facilities granted to customers are suspended in accordance with the instructions of the Central Bank of Jordan and applicable laws in the countries where the Bank's branches or subsidiaries operate.
- Impaired credit facilities which specific provisions have been taken against, are written off after all efforts have not succeeded to recover the assets by deducting them from the provision. Any surplus in the provision is taken to the consolidated statement of income, while debt recoveries are taken to income.

Financial Assets Measured at Amortized Cost

- Financial assets measured at amortized cost are the financial assets which the Bank's management intends to hold according to its business model to collect the contractual cash flows which comprise the contractual cash flows that are payments of principal and interest on the principal outstanding.
- Financial assets measured at amortized cost are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount is amortized using the effective interest rate method, and recorded on interest. Any allocations resulting from the decline in value of these investments leading to the inability to recover the asset or part thereof are recorded, and any impairment is recorded in the consolidated statement of income.
- Impairment in the value of these financial assets represents the difference between the book value recorded at amortized cost and the present value of the expected cash flows discounted at the effective interest rate.
- It is not allowed to reclassify any financial assets to or from this item except for the cases specified in International Financial Reporting Standards (in case any of these assets was sold before maturity date, the result of this sale is recorded in the consolidated statement of income in a separate line item along with its explanation according to the IFRS requirements regarding this issue).

Financial Assets at Fair Value through Profit or Loss

- Financial assets at fair value through profit or loss represent shares, bonds and debentures held by the bank for the purpose of trading and achieving gains from the fluctuations in market prices in the short term or trading income margin.
- Financial assets at fair value through profit or loss are initially stated at fair value at the acquisition date (purchase costs are recorded in the consolidated statement of income upon purchase). They are subsequently re-measured to fair value. Moreover, changes in fair value are recorded in the consolidated statement of income, including the change in fair value resulting from foreign currency exchange translation of non-monetary assets. 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 item except for the cases specified in International Financial Reporting Standards.
- It is not allowed to reclassify any financial assets that do not have prices in active markets and active dealings in this item. Active dealings are those that take place within 3 months from the date of acquisition.
- Dividends and interests from these financial assets are recorded in the consolidated statement of income.

Financial Assets at Fair Value through Other Comprehensive Income

- These assets represent investments in equity instruments for the purpose of keeping them to generate profits in the long term and not for trading purposes.
- Financial assets at fair value through other comprehensive income are initially stated at fair value, in addition to acquisition costs, upon purchase. They are subsequently re-measured to fair value, and the change in fair value is taken in the consolidated statement of comprehensive income and within shareholders' equity, including the change in the fair value resulting from foreign currency exchange translation of non-monetary assets. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of comprehensive income and within shareholders' equity. Moreover, the fair value reserve balance that relates to the equity instruments sold is transferred directly to retained earnings and not through the consolidated statement of income.
- There is no impairment testing on these assets.
- Dividends from these financial assets are recorded in the consolidated statement of income.

Fair Value

The fair value of a listed financial asset is based on its closing market price in an active market on the date of the consolidated financial statements.

For unlisted financial assets with no quoted market price, no active trading for some financial assets or derivatives, or no active market, its fair value is estimated by one of the following ways:

- Comparing it to another financial asset with similar terms and conditions.
- Analyzing future cash flows and using the discounted cash flow technique through adopting a discount rate used in a similar instrument.
- Adopting options pricing models.
- Long-term non-interest bearing financial assets and financial liabilities are valued according to the discounted cash flows and the effective interest rate method. The discount interest is taken to interest income within the consolidated statement of income.

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

Impairment in the Value of Financial Assets

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

The impairment is determined as follows:

- The impairment in financial assets measured at amortized cost is the difference between the book value and present value of the future cash flows discounted at the effective interest rate.
- The impairment in financial assets at fair value through profit or loss, recorded at fair value, represents the difference between the book value and fair value.
- The impairment in the financial assets recorded at cost is the difference between the book value and the present value of the expected cash flows discounted at the market interest rate of similar instruments.

The impairment in value is recorded in the consolidated statement of income. Any surplus in the subsequent period resulting from previous declines in the fair value of financial assets is taken to the consolidated statement of income except for the impairment of financial assets at fair value through the statement of comprehensive income, in which case the impairment is recovered through the fair value reserve.

Investment in Associate and Unconsolidated Subsidiary Company

- Associated companies are those companies whereby the Bank exercises significant influence over their financial and operating policies, but does not control them, and whereby the Bank owns between 20% to 50% of voting rights. Investments in associates are stated according to the equity method in the consolidated financial statements.
- In case separate financial statements are prepared for the Bank as an independent entity, investments in the associate companies are shown according to the equity method.

Properties and Equipment

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

	%
Buildings	2
Furniture, fixtures and equipment	10 – 20
Vehicles	15
Computers	20–30
Other	15–20

- When the carrying amounts of properties and equipment exceed their recoverable values, assets are written down to their recoverable values, and impairment losses are recorded in the consolidated statement of income.
- The useful lives of properties and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined previously, the change in estimate is recorded in the following years, being a change in estimate.
- Properties and equipment are derecognized upon their disposal or when there are no expected future benefits from their use or disposal.

Provisions

Provisions are booked when the Bank has an obligation on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision for Employees' End-of-Service Indemnities

- A provision for legal and contractual commitments relating to employees' end-of-service indemnities is taken according to the Bank's internal regulations on the date of the consolidated statement of financial position.
- Payments to resigned employees are deducted from the provision amount. Moreover, the required provision for end-of-service indemnities for the year is charged to 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, taxable income 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, or items not allowable for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value on which taxable income is calculated. Deferred tax is calculated, on the basis of the liability method in the consolidated statement of financial position, and the deferred taxes are calculated 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 statement of financial position, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Capital

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 any tax effect of these costs. If the issuing or purchasing process has not been completed, these costs are recorded as expenses in the consolidated statement of income.

Accounts Managed on Behalf of Customers

These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets. The fees and commissions on managing these accounts are taken to the consolidated statement of income. Moreover, a provision is taken for the decline in the value of capital-guaranteed portfolios managed on behalf of its 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 are settled simultaneously.

Realization of Income and Recognition of Expenses

- Income is realized and expenses are recognized on an accrual basis, except for interest and commission on non-performing credit facilities, which are not recognized as revenue but taken to the interest and commission in suspense account.
- Commission is recorded as revenue when the related services are provided. Moreover, dividends are recorded when realized (approved by the General Assembly).

Recognition of Financial Assets

The purchase or sale of financial assets is recognized on the trade date (the date on which the Bank commits itself to purchase or sell the financial assets).

Financial Derivatives and Hedge Accounting

Hedged Financial Derivatives

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

- **Fair value hedge:** hedge for the risk of change in the fair value of the Bank's assets and liabilities.

When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge as well as change in the fair value of hedged assets and liabilities is recognized in the consolidated statement of income.

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

- **Cash flow hedge:**

hedge for the risk of change in the current and expected cash flows 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 and within shareholders' 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 investments 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 and within shareholders' equity. On the other hand, the ineffective portion is recognized in the consolidated statement of income. 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 not available, the measurement method should be disclosed. The change in fair value is recognized in the consolidated statement of income.

Repurchase and 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. 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 credit facilities 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 rate method.

Foreclosed Assets

Assets that have been subject to foreclosure 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. As of the date of the consolidated financial statements, these assets are revalued individually at fair value. Any decline in their market value is taken as a loss to the consolidated statement of income, whereas any increase is not realized as revenue. Subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

The impairment in value of foreclosed assets is recorded based on recent and reliable assessments conducted by certified estimators for the purpose of impairment calculation, and such impairment is reviewed periodically. Since the beginning of the year 2015, a gradual provision has been taken for foreclosed assets against debts owned for more than 4 years according to the Central Bank of Jordan's instructions in that regard.

Intangible Assets

- Intangible assets acquired through merging are stated at fair value at the date of acquisition, while other intangible assets acquired otherwise 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, using the straight-line method, for a period not more than 5 years from the acquisition date and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite useful lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss, if any, is recorded in the consolidated statement of income.

- Intangible assets resulting from the Bank's operations are not capitalized. They are rather recorded in the consolidated statement of income in the same 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 intangible assets are reassessed, and any adjustment is made in the subsequent periods.
- Software and computer programs are amortized over their estimated economic useful lives at annual rates ranging from 14% to 30%.

Foreign Currency

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of these transactions.
- Financial assets and financial liabilities denominated in foreign currencies are translated 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 or losses resulting from foreign currency translation are recorded in the consolidated statement of income.
- Translation differences for non-monetary assets and liabilities denominated in foreign currencies 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 functional currencies 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 the consolidated statement of comprehensive income and within shareholders' equity. When one of these subsidiaries or branches is sold, the related foreign currency differences are included in the revenue / expenses within the consolidated statement of income.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash and balances at central banks and balances at banks and financial institutions maturing within three months, less banks and financial institutions deposits maturing within three months and restricted funds.

3- Accounting Estimates

Preparation of the consolidated financial statements and the application of the accounting policies require from the Bank's management to perform assessments and use assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and the changes in fair value of financial assets at fair value through other comprehensive income consolidated statement and within shareholders' equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

We believe that the assessments adopted in the consolidated financial statements are reasonable. The details are as follows:

- A provision for non-performing loans is taken on bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the provisions that should be taken under the instructions of the regulatory authorities, under which the Bank's branches and subsidiary companies operate. Moreover, the strictest of the two outcomes is used, and in conformity with the (IFRSs).
- Impairment loss in foreclosed assets is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors, and is reviewed periodically. Also, since the beginning of the year 2016, a gradual provision has been taken for the foreclosed assets against debts owned for a period more than 4 years according to the instructions of the Central Bank of Jordan regarding this issue.
- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision required are recorded.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.
- A provision is set for lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal studies are reviewed periodically.
- Management frequently reviews financial assets stated at fair value or at cost to estimate any impairment in their value. The impairment amount is taken to the consolidated statement of income.
- Fair value hierarchy: The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between Level 2 and Level 3 fair value measurements represents whether inputs are observable and whether the unobservable inputs are significant, which may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. The Bank deals with independent and qualified parties to prepare evaluation studies, where appropriate methods of assessment and inputs used to prepare the evaluation studies are reviewed by management.

4. Cash and Balances at Central Banks

This item consists of the following:

	2017 JD	December 31, 2016 JD
Cash in vaults	47,393,687	55,827,031
Balances at central banks:		
- Current and demand accounts	16,136,622	8,024,658
- Time and notice deposits	76,595,500	15,261,385
- Mandatory cash reserve	117,488,811	122,875,977
- Certificates of deposit	31,100,000	-
Total Balances at Central Banks	241,320,933	146,162,020
Total Cash and Balances at Central Banks	288,714,620	201,989,051

- In addition to the cash reserve at central banks, there are restricted balances amounting to JD 270,305 as of December 31, 2017 (JD 204,390 as of December 31, 2016).
- There are no balances that mature within a period exceeding three months as of December 31, 2017 (JD 8,224,400 as of December 31, 2016)

5. Balances at Banks and Financial Institutions

This item consists of the following:

	2017 JD	December 31, 2016 JD
Local Banks and Financial Institutions:		
- Current and demand accounts	169,953	300,992
- Deposits due within 3 months or less	-	49,500,000
Total Local	169,953	49,800,992
Banks and Financial Institutions Abroad:		
- Current and demand accounts	54,950,754	63,131,952
- Deposits due within 3 months or less	122,304,088	72,855,699
Total Abroad	177,254,842	135,987,651
	177,424,795	185,788,643

- Non-interest bearing balances at banks and financial institutions amounted to JD 55,120,707 as of December 31, 2017 (JD 63,143,246 as of December 31, 2016).
- There are no restricted balances as of December 31, 2017 and December 31, 2016.

6. Deposits at Banks and Financial Institutions

This item consists of the following:

Description	Local Banks and Financial Institutions		Banks and Financial Institutions Abroad		Total December 31,	
	2017 JD	December 31, 2016 JD	2017 JD	December 31, 2016 JD	2017 JD	2016 JD
Deposits maturing within a period:						
- From 3 to 6 months	5,000,000	-	-	-	5,000,000	-
- From 9 months to 1 year	-	-	37,813	37,793	37,813	37,793

- There are no restricted deposits as of December 31, 2017 (JD 5 million as of December 31, 2016).

7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	2017 JD	December 31, 2016 JD
Listed company shares	954,381	968,373
Total	954,381	968,373

8. Direct Credit Facilities - Net

This item consists of the following:

	2017 JD	December 31, 2016 JD
Individuals (retail):		
Overdraft accounts	14,877,311	14,987,764
Loans and promissory notes*	390,622,192	389,850,749
Credit cards	12,897,176	14,693,636
Real estate loans	289,076,862	260,807,630
Companies:		
a- Corporates:		
Overdraft accounts	117,979,470	129,226,465
Loans and promissory notes*	586,885,250	571,436,672
b- Small and Medium Companies:		
Overdraft accounts	50,509,148	42,249,538
Loans and promissory notes*	116,977,877	127,406,049
Government and public sector	22,695,285	21,616,898
Total	1,602,520,571	1,572,275,401
(Less): Provision for impairment in direct credit facilities	(90,477,858)	(97,303,171)
Suspended interest	(28,120,328)	(27,735,628)
Net Direct Credit Facilities	1,483,922,385	1,447,236,602

* Net after deducting interest and commissions received in advance amounting JD 19,695,650 as of December 31, 2017 (JD 19,156,300 as of December 31, 2016).

Provision for Impairment in Direct Credit Facilities

The movement on the provision for impairment in direct credit facilities is as follows:

For the Year Ended December 31, 2017	Individuals JD	Real Estate Loans JD	Companies		Total
			Corporates JD	Small and Medium Companies JD	
Balance – beginning of the year	20,956,429	2,193,064	62,453,173	11,700,505	97,303,171
Deduction (surplus) for the year from revenue	5,677,013	(465,823)	4,834,870	1,840,226	11,886,286
Used during the year (written-off)	(165,280)	(5,839)	(5,262,904)	(18,927)	(5,452,950)
Transferred to off-consolidated statement of financial position items	(2,796,098)	(4,026)	(8,137,335)	(2,450,935)	(13,388,394)
Foreign currencies evaluation difference	(50,514)	-	166,466	13,793	129,745
Balance – End of the Year	23,621,550	1,717,376	54,054,270	11,084,662	90,477,858
Provision for non-performing facilities on an individual customer basis	22,833,253	1,640,174	52,656,607	10,929,521	88,059,555
Provision for under watch facilities on an individual customer basis	788,297	77,202	1,397,663	155,141	2,418,303
Balance – End of the Year	23,621,550	1,717,376	54,054,270	11,084,662	90,477,858

For the Year Ended December 31, 2016					
Balance – beginning of the year	18,185,016	2,194,192	44,329,880	10,014,837	74,723,925
Deduction for the year from revenue	3,573,884	10,832	18,450,896	1,995,806	24,031,418
Used during the year (written-off)	(528,392)	(624)	(149,231)	(195,492)	(873,739)
Transferred to off-consolidated statement of financial position items	(45,162)	(11,336)	(186,830)	(292,803)	(536,131)
Foreign currencies evaluation difference	(228,917)	-	8,458	178,157	(42,302)
Balance – End of the Year	20,956,429	2,193,064	62,453,173	11,700,505	97,303,171
Provision for non-performing facilities on an individual customer basis	20,798,625	2,193,064	61,322,238	11,540,650	95,854,577
Provision for under watch facilities on an individual customer basis	157,804	-	1,130,935	159,855	1,448,594
Balance – End of the Year	20,956,429	2,193,064	62,453,173	11,700,505	97,303,171

Suspended interest

The movement on suspended interest is as follows:

For the Year Ended December 31, 2017	Companies				Total JD
	Individuals JD	Real Estate Loans JD	Corporates JD	Small and Medium Companies JD	
Balance – beginning of the year	6,064,699	974,958	16,333,643	4,362,328	27,735,628
Add: Suspended interest for the year	1,667,433	239,555	7,456,597	1,287,521	10,651,106
(Less): Interest transferred to income	(338,375)	(18,923)	(1,267,001)	(183,413)	(1,807,712)
Transferred to off - consolidated statement of financial position items	(1,350,043)	(110,842)	(2,418,013)	(1,049,992)	(4,928,890)
Suspended interest written-off	(215,300)	(44,127)	(3,037,285)	(188,739)	(3,485,451)
Foreign currencies evaluation difference	(58,599)	-	7,476	6,770	(44,353)
Balance-End of the Year	5,769,815	1,040,621	17,075,417	4,234,475	28,120,328

For the Year Ended December 31, 2016	Companies				Total JD
	Individuals JD	Real Estate Loans JD	Corporates JD	Small and Medium Companies JD	
Balance – beginning of the year	4,931,268	1,040,848	10,593,696	3,389,319	19,955,131
Add: Suspended interest for the year	1,513,703	55,154	6,856,900	1,613,068	10,038,825
(Less): Interest transferred to income	(158,427)	(77,777)	(58,319)	(192,419)	(486,942)
Transferred to off - consolidated statement of financial position items	(23,847)	(10,765)	(38,491)	(130,653)	(203,756)
Suspended interest written-off	(201,671)	(32,502)	(1,033,660)	(382,756)	(1,650,589)
Foreign currencies evaluation difference	3,673	-	13,517	65,769	82,959
Balance-End of the Year	6,064,699	974,958	16,333,643	4,362,328	27,735,628

Direct credit facilities before deducting provisions and suspended interest are distributed according to geographic location and economic sector as follows:

Economic Sector	Inside Jordan JD	Outside Jordan JD	December 31, 2017 JD	December 31, 2016 JD
Financial	18,899,360	-	18,899,360	22,753,979
Industrial	122,907,406	20,412,962	143,320,368	154,976,167
Trade	301,887,273	53,912,114	355,799,387	372,873,554
Real Estate	480,771,772	6,951,118	487,722,890	424,928,787
Agricultural	40,302,667	1,564,620	41,867,287	57,070,637
General Services	144,583,031	31,530,657	176,113,688	157,064,205
Shares	9,885,254	-	9,885,254	10,722,269
Individuals	289,099,523	45,774,356	334,873,879	325,781,368
Government and public sector*	-	22,695,285	22,695,285	21,616,898
Other	7,169,851	4,173,322	11,343,173	24,487,537
Total	1,415,506,137	187,014,434	1,602,520,571	1,572,275,401

* This item includes credit facilities granted to the Palestinian National Authority of around JD 22 million as of December 31, 2017, which were rescheduled based on the Palestinian Monetary Authority's approval.

- Non-performing credit facilities amounted to JD 141,574,868, which is equivalent to 8.83% of total direct credit facilities as of December 31, 2017 (JD 178,454,833, which is equivalent to 11.35% of total direct credit facilities as of December 31, 2016).
- Non-performing credit facilities after deducting suspended interest and commissions amounted to JD 116,474,549, which is equivalent to 7.40% of total direct credit facilities net of suspended interest and commission as of December 31, 2017 (JD 151,586,946, which is equivalent to 9.81% of total direct credit facilities net of suspended interest and commission as of December 31, 2016).
- There are no credit facilities granted to and guaranteed by the Government of Jordan as of December 31, 2017 and 2016.
- The balance of non-performing loans transferred to off - consolidated statement of financial position items amounted to JD 61,070,664 up to December 31, 2017 (JD 43,365,900 up to December 31, 2016). These loans are fully covered by provisions and suspended interest.
- According to the Board of Directors' resolutions, the balance of non-performing debts, in addition to their related suspended interest amounted to JD 9,251,665 have been written-off during the year 2017, which represent on-and off - consolidated statement of financial position items (JD 2,550,862 for the year 2016).
- The provisions no longer needed due to settlements, debt repayments or writing off, and accordingly, transferred to other non-performing debts amounted to JD 13,690,552 as of December 31, 2017 (JD 8,719,144 as of December 31, 2016).

9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	2017 JD	December 31, 2016 JD
Quoted Shares	11,474,277	12,303,548
Unquoted Shares	12,601,277	11,840,388
Mutual Fund *	5,326,008	4,867,994
Total	29,401,562	29,011,930

* This item represents investment in Abraj Capital Fund of US Dollars 5.6 million, which is stated at fair value as of December 31, 2017.

The total fund capital amounted to US Dollars 2 billion. Moreover, the fund capital is not guaranteed.

- Cash dividend distributions for the above-mentioned financial assets amounted to JD 953,223 for the year ended December 31, 2017 (JD 763,627 for the year ended December 31, 2016).

10. Financial Assets at Amortized Cost

The details of this item are as follows:

	2017 JD	December 31, 2016 JD
Treasury bills and bonds	484,763,654	696,556,757
Companies bonds and debentures	57,853,886	58,878,536
	542,617,540	755,435,293
Less: Impairment provision	-	(625,338)
	542,617,540	754,809,955
Bills and Bonds Analysis:		
of fixed return	542,617,540	754,809,955
Total	542,617,540	754,809,955

The maturity dates of financial assets at amortized cost are as follows:

	2017 JD	December 31, 2016 JD
During a year	204,405,318	288,171,855
From 1 to 3 years	291,327,346	325,388,559
More than 3 years	46,884,876	141,249,541
Total	542,617,540	754,809,955

11. Investment in Associate and Unconsolidated Subsidiary Company

- The Bank owns shares in an associated company and an unconsolidated subsidiary company as of December 31, 2017 and 2016. The details are as follows:

	Country of Establishment	Ownership Percentage %	Shareholders' Equity December 31,		Nature of Business	Bank's Share of Profit %	Calculation Method	Acquisition date
			2017 JD	2016 JD				
Beach Hotels and Tourist Resorts Company*	Jordan	24.815	3,528,666	3,553,481	Hotel services	24.815	Equity	2006
Ahluna for Social and Cultural Work Company**	Jordan	100	-	1,553,499	Charity	100	Equity	2006
			3,528,666	5,106,980				

* The Bank's share in the Beach Hotels and Tourist Resorts Company resulted from the merger of the National Real Estate Investments Company, which was wholly owned by the Bank, with the Beach Hotels and Tourist Resorts Company (related company). The book value of the land owned by the National Real Estate Investments Company has been adopted for merger purposes according to the approval of the General Assembly of the two merged companies. Consequently, the merger resulted in reducing the Bank's share to 46% of the owners' equity of the Beach Hotels and Tourist Resorts Company with a capital of JD 10 million after the merger. During the year 2007, the Company's capital was increased through subscriptions of the old partners and entrance of new partners at the nominal value of JD 1 per share. Consequently, paid-up capital became JD 18 million. Thus, the Bank's share in the Company decreased to 25.55% of paid-up capital. During the first half of the year 2011, the Company's capital was increased to JD 20 million. Consequently, the Bank's share in the Company was decreased to 23% from paid-up capital. During the second half of the year 2011, the Company's capital was increased to JD 27 million. Moreover, the Bank's contribution in this increase amounted to JD 2.1 million, and thus the Bank's share in the Company became 24.8%.

** According to the resolution of the partners of Ahluna for Social and Cultural Work Company in their meeting held on May 21, 2012, all partners have agreed to withdraw their shares in the Company except for Jordan Ahli Bank. Therefore, the Bank became the sole owner of the company in which the Ministry of Industry and Trade's approval was obtained on March 28, 2013. Moreover, the investment in the Company is presented according to the equity method as of December 31, 2014, which are the latest financial statements available. Moreover, the financial statements of the company have not been consolidated since then as it is a not-for-profit organization, and all its work is charitable and the entire net revenue is donated. The General Assembly resolved, in its extraordinary meeting held on October 8, 2015, to voluntarily liquidate the Company and appoint a liquidator where the companies' controller decision was issued in that matter and the Company was liquidated on July 19, 2017.

The following is a summary of the movement on investment in associated company and the unconsolidated subsidiary company:

	2017 JD	2016 JD
Balance - beginning of the year	5,106,980	5,219,798
Disposals	(1,553,499)	-
Cash dividends	-	(99,259)
Bank's share from investing in associated company's gains	(24,815)	(13,559)
Balance - End of the Year	3,528,666	5,106,980

- The Bank's voting rights in the General Assembly's decisions for these companies is based on its ownership percentage in each company.

12. Properties, Equipment and Projects Under Construction - Net

This item consists of the following:

For the Year Ended December 31, 2017	Land JD	Buildings JD	Furniture, Fixtures and Equipment JD	Vehicles JD	Computers JD	Other JD	Total JD
Cost:							
Balance - beginning of the year	8,647,319	30,106,353	33,092,986	980,509	20,706,972	8,946,066	102,480,205
Disposals	-	-	(1,767,993)	(361,889)	(7,776,830)	(337,442)	(10,244,154)
Balance - beginning of the year	-	8,189,813	26,451,798	571,431	16,598,108	5,193,908	57,005,058
Disposals	-	-	(1,639,579)	(303,228)	(4,093,844)	(269,552)	(6,306,203)
Net Book Value of Property and Equipment	9,242,390	29,982,432	9,201,722	629,812	996,027	3,442,110	53,494,493
Down payments for projects under construction	-	-	2,869,235	-	-	-	2,869,235
Net Book Value of Property and Equipment - End of the Year	9,242,390	29,982,432	12,070,957	629,812	996,027	3,442,110	56,363,728
For the Year Ended December 31, 2016							
Cost:							
Balance - beginning of the year	8,091,758	25,439,782	32,009,696	971,980	18,625,406	8,503,918	93,642,540
Additions	555,561	4,666,571	1,416,905	180,529	2,905,220	442,148	10,166,934
Disposals	-	-	(333,615)	(172,000)	(823,654)	-	(1,329,269)
Balance - End of the Year	8,647,319	30,106,353	33,092,986	980,509	20,706,972	8,946,066	102,480,205
Accumulated Depreciation:							
Balance - beginning of the year	-	7,370,642	25,688,509	566,176	14,498,373	4,813,011	52,936,711
Additions	-	819,171	1,118,211	93,254	2,477,442	380,897	4,888,975
Disposals	-	-	(354,922)	(87,999)	(377,707)	-	(820,628)
Balance - End of the Year	-	8,189,813	26,451,798	571,431	16,598,108	5,193,908	57,005,058
Net Book Value of Property and Equipment	8,647,319	21,916,540	6,641,188	409,078	4,108,864	3,752,158	45,475,147
Down payments for projects under construction	-	-	1,356,443	-	-	-	1,356,443
Net Book Value of Property and Equipment - End of the Year	8,647,319	21,916,540	7,997,631	409,078	4,108,864	3,752,158	46,831,590
Annual Depreciation rate %	-	2	10-20	15	20-30	15 - 20	

Properties and equipment include fully depreciated assets which amounted to JD 31,742,040 as of December 31, 2017 (JD 34,760,577 as of December 31, 2016). During the third quarter of the year 2017, assets that were affected by a fire incident were written off amounting JD 593,358.

13. Intangible Assets - Net

This item consists of the following:

Description	Computer Software and Applications JD	2017 Total JD	Total JD	2016 Computer Software and Applications JD
Balance-beginning of the year	21,141,035	21,141,035	1,428,562	1,428,562
Additions	5,643,263	5,643,263	23,732,508	23,732,508
Amortization for the year	(6,996,757)	(6,996,757)	(4,020,035)	(4,020,035)
Balance-End of the Year	19,787,541	19,787,541	21,141,035	21,141,035
Annual amortization rate %	14-30		14-30	

* On the first of October 2016 a new banking system was launched T24 and the old banking system was stopped.

14. Other Assets

This item consists of the following:

	2017 JD	December 31, 2016 JD
Assets foreclosed by the Bank against debts - net *	76,838,461	65,696,413
Accrued interest and commissions	9,959,540	9,554,288
Checks and transfers under collection	5,837,267	6,967,877
Foreclosed assets sold - net **	8,626,565	9,796,507
Prepaid expenses	3,126,728	2,686,002
Various debtors	4,023,624	3,598,306
Real estate for sale	13,620	55,151
Prepaid rent	1,456,198	1,634,445
Receivables - sale of a subsidiary ***	515,240	743,048
Refundable deposits ****	294,532	315,419
Duty stamps	164,477	154,537
Prepaid Income tax	-	989,257
Temporary advances	2,229,564	4,134,579
Other debit balances	453,727	51,542
Total	113,539,543	106,377,371

* The movement on assets foreclosed by the Bank against debts is as follows:

Description	Foreclosed Assets	
	2017 JD	2016 JD
Balance - beginning of the year	65,696,413	72,339,431
Additions	23,489,319	1,981,134
Disposals	(7,060,687)	(6,972,850)
Impairment loss	(519,143)	(2,603,231)
Provision for violated foreclosed assets *****	(5,532,869)	(790,158)
Recovered impairment loss	765,428	1,366,175
Recovered provision for violated foreclosed assets	-	375,912
Balance - End of the Year	76,838,461	65,696,413

- According to the Banks' Law, buildings and plots of land foreclosed by the Bank against debts due from customers should be sold within two years from the ownership date. For exceptional cases, the Central Bank of Jordan may extend this period for two additional years.

** During the year 2011, the Bank sold Land No. (879), Basin No. (3), Qatna South; and Land No. (418), Basin No. (3), Qatna South of Amman Village for installments of JD 4.4 million to the South House Trade and Investment Company. An amount of JD 3.4 million has been received during the year 2012. Moreover, during the year 2013, a provision of JD one million has been booked for the entire remaining balance since the amount is considered a doubtful debt. During the year 2015, the Bank sold the estate on Lands No. (923 and 924), Basin No. (5), Al Shailieh Qwaisme Village of Amman's southern lands, known as (Baghdad Garage), to Jamal Al Shawabkeh and Partner Company for installments of JD 3.6 million. During 2017, the sale transaction was canceled, and the Bank returned the first payment of JD 900,000 to the buyer. Additionally, during the third quarter of 2017, it was sold to the Ahli Financial Leasing Company (a subsidiary) at book value.

*** On December 29, 2014, an agreement was signed with Al Quds Company for Learning, Training and Consulting to sell the Bank's interest in Al Zarqa National College Company, including its capital share of 100% of the Company's capital. Furthermore, the investment was derecognized on June 30, 2014.

**** This item represents cash deposits in a foreign trading and financial brokerage company, under liquidation, and is currently restricted until the liquidation procedures are finalized. A provision was booked for the whole balance amounting JD 79,864 as of December 31, 2017 and 2016.

***** According to the Central Bank of Jordan's Circular No. 10/1/4076, 10/1/7096, 10/1/6841 and 10/1/2510 issued on February 14, 2017, regarding assets foreclosed against debts, a minimum of 10% is deducted as a provision for the violated foreclosed assets as of the end of the year 2016.

Moreover, additional 10% is to be taken annually until the provision reaches 50% of these properties. As a result, a provision of JD 5.5 million is booked as of December 31, 2017.

The movement on provision for violated foreclosed assets is as follows:

	2017 JD	2016 JD
Balance-beginning of the year	4,989,038	4,574,792
Additions	5,532,869	790,158
Recovered during the year	-	(375,912)
Provision for sold foreclosed assets	(484,068)	-
Balance-End of the Year	10,037,839	4,989,038

15. Banks and Financial Institutions Deposits

This item consists of the following:

	December 31, 2017			December 31, 2016		
	Inside Jordan JD	Outside Jordan JD	Total JD	Inside Jordan JD	Outside Jordan JD	Total JD
Current accounts and demand deposits	1,344,357	3,345,098	4,689,455	892,433	5,307,454	6,199,887
Time deposits	124,731	73,490,512	73,615,243	-	51,153,768	51,153,768
Total	1,469,088	76,835,610	78,304,698	892,433	56,461,222	57,353,655

- There are no banks and financial institutions deposits maturing within a period exceeding three months as of December 31, 2017 and December 31, 2016.

16. Customers Deposits

This item consists of the following:

	For the Year Ended December 31, 2017				
	Individuals JD	Corporates JD	Small and Medium Companies JD	Government and Public Sector JD	Total JD
Current accounts and demand deposits	226,152,350	98,867,459	110,764,236	12,891,130	448,675,175
Saving accounts	302,366,406	-	-	-	302,366,406
Time and notice deposits	792,831,663	227,764,238	107,922,691	39,100,199	1,167,618,791
Total	1,321,350,419	326,631,697	218,686,927	51,991,329	1,918,660,372

	For the Year Ended December 31, 2016				
	Individuals JD	Corporates JD	Small and Medium Companies JD	Government and Public Sector JD	Total JD
Current accounts and demand deposits	254,672,627	129,955,006	122,701,997	15,354,235	522,683,865
Saving accounts	257,598,870	78,469	598,102	-	258,275,441
Time and notice deposits	755,905,663	277,147,028	165,436,522	87,846,240	1,286,335,453
Total	1,268,177,160	407,180,503	288,736,621	103,200,475	2,067,294,759

- Jordanian government and public sector deposits inside Jordan amounted to JD 51,771,611, which is equivalent to 2.70% of total deposits as of December 31, 2017 (JD 103,190,383, which is equivalent to 4.99% of total deposits as of December 31, 2016).
- Non-interest-bearing deposits amounted to JD 466,949,336, which is equivalent to 24.34% of total deposits as of December 31, 2017 (JD 528,350,577, which is equivalent to 25.56% as of December 31, 2016).
- Restricted deposits amounted to JD 3,952,230, which is equivalent to 0.21% of total deposits as of December 31, 2017 (JD 1,796,457 which is equivalent to 0.09% as of December 31, 2016).
- Dormant deposits amounted to JD 56,899,761, which is equivalent to 2.97% of total deposits as of December 31, 2017 (JD 45,258,348 which is equivalent to 2.19% of total deposits as of December 31, 2016).
- Dormant deposits fund amounted to JD 667,419, which is equivalent to 0.03% of total deposits as of December 31, 2017 (JD 589,600 which is equivalent to 0.03% as of December 31, 2016).

17. Cash Margins

This item consists of the following:

	December 31,	
	2017 JD	2016 JD
Cash margins on direct credit facilities	206,328,124	207,565,613
Cash margins on indirect credit facilities	30,714,006	31,491,165
Marginal deposits	3,052,392	4,188,881
Other margins	11,864,994	12,637,472
Total	251,959,516	255,883,131

18. Borrowed Funds

This item consists of the following:

	Amount JD	Number of Installments		Installments Frequency	Guarantees	Borrowing Interest Rate	Relending Interest Rate
		Total	Remaining				
Central Bank of Jordan	4,000,000	30	30	semi-annual installments	-	3.22	6.279
Central Bank of Jordan	441,393	30	30	semi-annual installments	-	3	6.143
Central Bank of Jordan	2,511,000	14	13	semi-annual installments	-	2.5	6.143
Central Bank of Jordan	2,305,000	20	20	semi-annual installments	-	3.27	6.666
Central Bank of Jordan	16,550,868	20	20	semi-annual installments	-	1.87	4.692
Local Bank	2,850,095	1	1	-	-	1.75	-
European Bank for Reconstruction and Development (EBRD)	7,090,000	7	7	semi-annual installments	-	4.18	9 to 12
Jordan Mortgage Refinance Company	10,000,000	1	1	-	-	4.3	4.5-8.5
Local Bank (Loan to a subsidiary)	2,000,000	24	-	first of March 2018	-	5	8-9.5
Local Bank (Loan to a subsidiary)	9,444,031	24	-	August 31, 2018	-	5.5	8-9.5
Local Bank (Loan to a subsidiary)	5,000,000	36	-	36 monthly installments effective from the withdrawal date	-	5.5	8-9.5
Local Bank (Loan to a subsidiary)	5,000,000	36	-	March 31, 2019	-	5	8-9.5
Jordan Mortgage Refinance Company	30,000,000	5	5	first of July 2018, December 28, 2018, April 3, 2019, May 2, 2019, May 11, 2019, August 23, 2019 and December 18, 2019	-	4.55-4.75	8-9.5
Local Bank (Loan to a subsidiary)	465,283	36	-	36 monthly installments effective from the withdrawal date	-	5.75	15-18
Local Bank (Loan to a subsidiary)	1,648,964	36	-	36 monthly installments effective from the withdrawal date	-	5.54	15-18
Local Bank (Loan to a subsidiary)	7,281,498	36	-	36 monthly installments effective from the withdrawal date	-	5.5	15-18
Local Bank (Loan to a subsidiary)	188,133	24	-	24 monthly installments effective from the withdrawal date	-	5.54	15-18
	106,776,265						
December 31, 2016							
Central Bank of Jordan	4,000,000	30	26	semi-annual installments	-	2.13	6.279
Central Bank of Jordan	1,350,000	20	18	semi-annual installments	-	2.5	6.143
Central Bank of Jordan	1,350,000	19	19	semi-annual installments	-	2.5	6.143
Central Bank of Jordan	2,305,000	20	20	semi-annual installments	-	2.39	6.666
Central Bank of Jordan	5,910,441	20	20	semi-annual installments	-	2.5	4.692
Central Bank of Jordan	3,714,352	20	20	semi-annual installments	-	2.5	4.692
Central Bank of Jordan	4,582,181	20	20	semi-annual installments	-	2.5	4.692
Jordan Mortgage Refinance Company	10,000,000	1	1	-	-	4.3	4.5-8.5
Local Bank (Loan to a subsidiary)	7,189,625	-	-	first of March 2017	-	5	8-9.5
Local Bank (Overdraft to a subsidiary)	4,491,796	-	-	JD 5 million overdraft ceiling	5 million deposit relating to the Jordan Ahli Bank	4	8-9.5
Local Bank (Loan to a subsidiary)	5,947,557	24	-	24 monthly installments effective from the withdrawal date	-	4.25	8-9.5
Jordan Mortgage Refinance Company (Loan to a subsidiary)	30,000,000	5	5	first of July 2018, December 28, 2018, April 3, 2019, May 2, 2019 and May 11, 2019	-	4.55-4.75	8-9.5
Local Bank (Loan to a subsidiary)	944,444	24	-	24 monthly installments effective from the withdrawal date	-	7.5	15-18
Local Bank (Loan to a subsidiary)	922,647	36	-	36 monthly installments effective from the withdrawal date	-	6.75	15-18
Local Bank (Loan to a subsidiary)	1,134,113	24	-	24 monthly installments effective from the withdrawal date	-	5.45-5.85	15-18
Local Bank (Loan to a subsidiary)	4,594,544	36	-	36 monthly installments effective from the withdrawal date	-	6	15-18
Development and Employment Fund (Loan to a subsidiary)	83,333	30	-	30 monthly installments effective from the withdrawal date after the grace period of six months	-	6	15-18
	88,520,033						

Loans with a fixed interest rate amounted to JD 106,776,265 as of December 31, 2017 and JD 88,520,033 as of December 31, 2016.

19. Subordinated Bonds

This item consists of the following:

December 31, 2017	Nominal Amount JD	Maturity Date	No. of Issued Bonds		Guarantees	Interest Rate %
			Total	Remaining		
Subordinated Bonds non transferrable to shares	25,000,000	October 12, 2023	250	-	-	6.75%

During the year 2017, the bank issued subordinated bonds non-transferrable to shares for a period of six years through private subscription.

The nominal value of the bond is JD 100,000 at a variable interest rate that equals the discounted interest rate to the Central Bank of Jordan in addition to 2% margin. Moreover, the interest is paid semi-annually and the bonds mature on October 12, 2023.

20. Various Provisions

This item consists of the following:

Year 2017	Balance Beginning of the Year JD	Additions JD	Used JD	Returned to Revenue JD	Balance End of the Year JD
Provision for end-of-service indemnity	3,027,634	684,644	(619,948)	-	3,092,330
Provision for legal claims against the Bank	216,160	290,200	(47,700)	-	458,660
Other provisions	149,095	185,040	-	-	334,135
	3,392,889	1,159,884	(667,648)	-	3,885,125

Year 2016					
Provision for end-of-service indemnity	2,609,731	528,871	(110,968)	-	3,027,634
Provision for the decline in foreign currencies	234,156	115,091	-	(349,247)	-
Provision for legal claims against the Bank	241,903	11,000	(36,743)	-	216,160
Other provisions	577,416	181,596	-	(609,917)	149,095
	3,663,206	836,558	(147,711)	(959,164)	3,392,889

21. Provision for Income Tax

a) Income tax provision:

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

	2017 JD	2016 JD
Balance - beginning of the year	926,721	7,557,618
Income tax paid	(4,708,336)	(9,028,571)
Income tax for the year	8,199,818	2,397,674
Balance - End of the Year	4,418,203	926,721

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

	2017 JD	2016 JD
Accrued income tax on the year's profit	8,199,818	2,397,674
Deferred tax assets for the year	(2,406,469)	(1,463,645)
Amortization of deferred tax assets	966,693	1,382,394
Deferred tax liabilities	-	(410,408)
Balance - End of the Year	6,760,042	1,906,015

- The income tax rate for banks in Jordan is 35%. Moreover, the income tax rates in the countries where the Bank has investments or branches range from 12.5% to 28.79%.
- A final settlement was reached with the Income and Sales Tax Department up to the end of the year 2013 for Jordan branches. During February 2018, the bank received a notice from the Income and Sales Tax Department demanding income tax on the bank for the year 2014 amounting JD 1,642,474. In the opinion of the management and the Bank's tax advisor, there is no need to book additional provision. Moreover, the bank will take the necessary legal procedures to file a lawsuit at court against the claimed amount, noting that the year 2015 is still under review by the Income and Sales Tax Department, and the bank has filed its income tax return for the year 2016, however, it is not reviewed yet.
- A final settlement with the Income Tax and Value-Added Tax Department has been reached for Palestine branches up to the end of the year 2016 and it is expected to finish 2017 settlements during the year 2018.
- A final tax settlement has been reached for the Bank's branch in Cyprus up to the end of the year 2016.
- A final settlement for income tax for the subsidiary company (Ahli Brokerage Company) has been reached up to the end of the year 2014. Moreover, the Company filed its tax return for the year 2015 noting that an objection was issued for that year along with a claim of JD 43k in which the Company is held liable of. In the opinion of the Company's tax advisor, there is no need to book a provision for the year 2015 as the objection is against prevailing laws, where the leased building depreciation was returned alone with no other items. The Company still awaits further procedures at court in order to book any provision needed. Additionally, the Income and Sales Tax Department did not review the income tax return for the year 2016 yet, and a provision was not booked for the year 2017 as the Company has accumulated losses that are accepted for tax purposes. In the opinion of the management and the Company's tax advisor, there is no need to book any provision for that year.
- A final settlement for income tax for the subsidiary company (Ahli Financial Leasing Company) has been reached up to the end of the year 2014. The Income and Sales Tax Department reviewed the income tax return of the Company for the year 2015 but did not issue their decision yet. Moreover, the company has filed its income tax return for the year 2016. However, the Income and Sales Tax Department has not reviewed them yet.
- A final settlement for income tax for the subsidiary company (Ahli Micro Finance Company) has been reached up to the end of the year 2014. Moreover, the company has filed its income tax returns for the years 2015 and 2016. However, the Income and Sales Tax Department has not reviewed them yet.
- A provision for income tax for the year ended December 31, 2017 has been booked for the Bank, its branches abroad, and subsidiary companies. In the opinion of the management and the Bank's tax advisor, the provision taken in the consolidated financial statements as of December 31, 2017 is adequate for meeting the expected tax liabilities, and no further liabilities will exceed the provision taken by the Bank.
- Deferred tax assets and liabilities have been calculated as of December 31, 2017 and 2016, according to the following rates:

Income tax rate	December 31,	
	2017	2016
Jordan Branches	35%	35%
Palestine Branches	28.79%	28.79%

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

	Assets JD	2017 Liabilities JD	Assets JD	2016 Liabilities JD
Balance-beginning of the year	6,219,227	1,002,584	6,137,976	1,058,399
Additions	2,406,469	160,305	1,463,645	354,593
Amortized	(966,693)	(671,282)	(1,382,394)	(410,408)
Balance - End of the Year	7,659,003	491,607	6,219,227	1,002,584

b) Deferred Tax Assets / Liabilities:

The details of this item are as follows:

2017	Beginning Balance JD	Additions JD	Amounts Released JD	Year-End Balance JD	Deferred Tax JD
Included Accounts					
a. Deferred Tax Assets					
Prioryears'provisionfor non-performingloans	2,127,492	-	(65,205)	2,062,287	593,798
Provisionfor impairmentin real estate	10,798,671	6,052,012	(1,452,091)	15,398,592	5,389,507
Provision for end- of -service indemnity	2,917,118	659,012	(567,634)	3,008,496	890,571
Provision for impairment in financial assets measured at amortized cost	625,338	-	(625,338)	-	-
Other provisions	138,648	12,125	-	150,773	43,412
Total	19,003,623	6,988,088	(2,850,394)	23,141,317	7,659,003
b. Deferred Tax Liabilities					
Fair value reserve for financial assets at fair value through other comprehensive income*	2,864,527	458,014	(1,917,950)	1,404,591	491,607
Total	2,864,527	458,014	(1,917,950)	1,404,591	491,607
2016					
Included Accounts					
a. Deferred Tax Assets					
Prioryears'provisionfor non-performingloans	3,031,893	168,813	(1,073,214)	2,127,492	612,572
Interest in suspense	2,175,444	69,361	(64,609)	2,180,196	627,747
Provisionfor impairmentin real estate	9,875,238	3,393,389	(2,469,956)	10,798,671	3,779,535
Provision for lawsuits	241,903	11,000	(36,743)	216,160	72,346
Provision for end- of -service indemnity	2,534,552	492,664	(110,098)	2,917,118	868,237
Provision for the decline in foreign currencies	234,156	115,091	(349,247)	-	-
Provision for impairment in financial assets measured at amortized cost	625,338	-	-	625,338	218,868
Total	18,824,961	4,282,529	(4,103,867)	19,003,623	6,219,227
b. Deferred Tax Liabilities					
Fair value reserve for financial assets at fair value through other comprehensive income*	1,851,404	1,013,123	-	2,864,527	1,002,584
Other	1,172,595	-	(1,172,595)	-	-
Total	3,023,999	1,013,123	(1,172,595)	2,864,527	1,002,584

* Deferred tax liabilities resulted from changes in the fair value of the financial assets at fair value through other comprehensive income which is stated as net within the fair value reserve under Shareholders' equity.

c) Summary of the reconciliation of accounting income to taxable income:

	2017 JD	2016 JD
Accounting income	20,078,927	8,180,948
Tax-exempted income	(10,098,027)	(11,944,363)
Non-deductible expenses	10,664,167	6,824,081
Taxable Income	20,645,067	3,060,666

22. Other Liabilities

The details of this item are as follows:

	December 31,	
	2017 JD	2016 JD
Accepted checks and transfers	4,893,586	9,803,241
Accounts payable to financial brokerage customers	657,689	594,886
Accrued interest	7,405,258	6,128,897
Temporary deposits	11,235,379	12,202,163
Various creditors	1,727,376	3,627,961
Accrued expenses	4,167,105	3,380,080
Interest and commissions received in advance	381,048	612,616
Checks delayed in payment	1,637,362	1,633,114
Provision for Technical and Vocational Education and Training Support Fund fees	157,255	157,255
Board of Directors remuneration	83,018	83,018
Revenues received in advance	25,988	24,079
Other liabilities	898,466	232,064
Total	33,269,530	38,479,374

23. Capital and Share Premium

- The Bank's authorized and paid-up capital amounted to JD 183.75 million divided into 183.75 million shares of JD 1 each as of December 31, 2017 (JD 175 million as of December 31, 2016).
- The General Assembly resolved, in its ordinary meeting held on April 30, 2017, to distribute 5% of paid-up capital as cash dividends and 5% free shares from the voluntary reserve to the Shareholders for the year 2016.
- The General Assembly resolved, in its ordinary meeting held on April 27, 2016, to distribute 10% of paid-up capital as cash dividends as of December 31, 2015, which is equivalent to JD 17.5 million, to the shareholders for the year 2015.

24. Reserves

The details of reserves as of December 31, 2017 and 2016 are as follows:

a. Statutory reserve

The accumulated balances in this account represent appropriations from net income before tax at 10% according to the Banks Law and the Companies Law.

This reserve cannot be distributed to shareholders.

b. Voluntary reserve

The accumulated balances in this account represent appropriations from net income before tax at a maximum of 20%. The voluntary reserve can be used for the purposes decided by the Board of Directors. Moreover, the General Assembly has the right to distribute it as dividends to shareholders in part or in full.

c. General banking risks reserve

This item represents the general banking risks reserve according to the Central Bank of Jordan instructions.

d. Periodic fluctuations reserve

it's Instructions No. (1) for the Year 2011, concerning all banks operating in Palestine on January 27, 2010. Moreover, the periodic fluctuations reserve is calculated at 15% of the net profit after tax. Additionally, the Bank continues to make this annual deduction provided that this reserve balance does not exceed 20% of paid-up capital. The reserve cannot be used for any purpose unless a prior written approval is obtained from the Palestinian Monetary Authority.

The restricted reserves are as follows:

Reserve	December 31,		Restriction nature
	2017 JD	2016 JD	
General banking risks reserve	15,334,522	14,988,716	"According to the Central Bank of Jordan Instructions"
Statutory reserve	54,023,096	52,015,203	According to Banks and Companies Laws
Periodic fluctuations reserve	2,612,649	2,394,566	According to the Palestinian Monetary Authority Instructions

25. Fair Value Reserve - Net

The details of this item are as follows:

	2017 JD	December 31, 2016 JD
Balance - beginning of the year	1,861,943	1,203,412
Sold shares	(22,342)	256,549
Deferred tax liabilities	510,977	(354,593)
Net unrealized (losses) income transferred to the consolidated statement of comprehensive income	(1,437,593)	756,575
Balance - End of the Year	912,985	1,861,943

* Fair value reserve is stated net of deferred tax liabilities of JD 491,607 as of December 31, 2017 (JD 1,002,584 as of December 31, 2016).

26. Retained Earnings

The details of this item are as follows:

	December 31, 2017 JD	2016 JD
Balance -beginning of the year	22,705,839	38,645,258
Income for the year	13,318,885	6,274,933
Distributed dividends *	(8,750,000)	(17,500,000)
Transfers to reserves	(2,571,782)	(4,427,506)
(Loss) from sale of financial assets at fair value through other comprehensive income	(99,070)	(286,846)
Balance - End of the Year	24,603,872	22,705,839

- Retained earnings include an amount of JD 7,659,003 restricted by the Central Bank of Jordan against deferred tax assets as of December 31, 2017 (JD 6,219,227 as of December 31, 2016).

* The Board of Directors recommended to the Bank's General Assembly to distribute 5% of the Bank's paid-up Capital as cash dividends which is equivalent to JD 9.2 million, and 5% free shares which is equivalent to JD 9.2 million at the date of the Annual General Assembly's meeting, for the year 2017. Such distribution is subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders. Moreover, distributed dividends to shareholders during the last year amounted to 5% as cash dividend which is equivalent to JD 8.75 million and 5% as free stocks which is equivalent to JD 8.75 million.

27. Interest Income

The details of this item are as follows:

	2017 JD	2016 JD
Direct credit facilities:		
Individuals (Retail):		
Current accounts	1,937,149	1,469,574
Loans and promissory notes	30,734,472	28,572,123
Credit cards	2,341,727	2,155,438
Real estate loans	18,150,217	14,620,978
Companies:		
Corporates:		
Current accounts	9,660,048	8,527,212
Loans and promissory notes	34,825,216	34,849,134
Small and Medium Companies:		
Current accounts	4,002,566	3,311,967
Loans and promissory notes	19,005,066	16,907,938
Government and Public Sector	1,177,982	1,358,624
Balances at central banks	799,291	1,535,510
Balances and deposits at banks and financial institutions	1,708,297	1,050,544
Financial assets measured at amortized cost	22,381,034	24,875,890
Total	146,723,065	139,234,932

28. Interest Expense

The details of this item are as follows:

	2017 JD	2016 JD
Banks and financial institutions deposits	1,699,748	605,855
Customers deposits:		
Current and demand deposits	203,270	213,456
Saving accounts	1,252,255	907,593
Time and notice deposits	42,877,304	38,922,593
Cash margins	5,996,433	6,170,997
Borrowed funds	4,457,485	2,765,523
Subordinated Bonds	374,486	-
Loan guarantee fees	4,524,945	3,980,101
Total	61,385,926	53,566,118

29. Commissions Revenue - Net

The details of this item are as follows:

	2017 JD	2016 JD
Credit commissions:		
Direct credit facilities	6,227,981	7,767,326
Indirect credit facilities	5,764,682	4,395,349
Other commissions	9,756,485	9,804,700
(Less): Commissions paid	(757,210)	(634,471)
Net Commissions Revenue	20,991,938	21,332,904

30. Foreign Exchange Income

The details of this item are as follows:

	2017 JD	2016 JD
As a result of trading	2,475,541	1,317,291
As a result of evaluation	857,477	1,996,226
	3,333,018	3,313,517

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

The details of this item are as follows:

	Realized Profit (Loss) JD	Unrealized (Loss) JD	Dividends JD	Total JD
2017				
Companies shares	2,692	(32,911)	32,422	2,203
Total	2,692	(32,911)	32,422	2,203
2016				
Companies shares	(25,552)	(36,231)	-	(61,783)
Total	(25,552)	(36,231)	-	(61,783)

32. Other Revenue

The details of this item are as follows:

	2017 JD	2016 JD
Recovered suspended interest *	2,038,370	534,306
Brokerage commission income	96,934	138,233
Income from sale of properties and equipment **	15,430	347,255
Recovery of debts previously written-off ***	1,575,984	950,689
Income from check books	175,379	153,690
Rental income of Bank's real estate	284,411	205,446
Rental income of safe deposit boxes	161,594	146,991
Income from cash boxes differences	5,931	4,245
Insurance Company Compensation ****	1,000,000	-
Recovered impairment loss from foreclosed assets sold	765,428	1,366,175
Income from previous years	1,598,324	493,553
Other income	385,604	581,468
Total	8,103,389	4,922,051

* The following are the details of recovered suspended interest:

	2017 JD	2016 JD
Recovered suspended interest	1,807,712	486,942
Recovered suspended interest from debts written-off	230,658	47,364
Total	2,038,370	534,306

** This item includes impairment loss from properties and equipment damaged by the fire incident, which had a book value of JD 593,358.

*** This account represents amounts recovered from debts, against which a full provision had been taken in the previous years.

**** This amount represents the compensation received from the insurance Company against the damage resulted from a fire incident in one of Palestine's branches. The amount received of JD 1 million is against damaged properties and equipment which had a book value of JD 593,358.

33. Employees Expenses

The details of this item are as follows:

	2017 JD	2016 JD
Salaries, bonuses and employees' benefits	32,698,104	35,283,650
Bank's contribution to social security	2,933,291	3,022,972
Bank's contribution to staff provident fund	1,718,410	1,797,145
Medical Expenses	1,371,716	1,512,289
End-of-service indemnity	684,644	528,871
Employees' training	205,873	324,398
Travel expenses	245,973	271,140
Employees' life insurance	115,530	148,945
Employees' meals	204,038	266,021
Employees' uniforms	7,227	30,550
Total	40,184,806	43,185,981

34. Other Expenses

The details of this item are as follows:

	2017 JD	2016 JD
Fees and subscriptions	5,938,204	4,412,232
Maintenance, repair and cleaning	4,724,821	4,800,997
Advertisement	2,473,508	2,288,477
Printing and stationery	810,991	976,655
Rent and key money	2,931,727	2,771,830
Studies, research and consulting expenses	562,687	1,514,400
Insurance fees	1,688,191	1,613,153
Water, electricity and heating	1,728,733	2,155,647
Legal fees	1,436,267	1,540,948
Donations	1,160,147	555,865
Transportation	731,478	634,274
Telecommunication	1,363,874	1,170,330
Miscellaneous	72,965	178,449
Other operating expenses*	185,487	1,211,100
General assembly meeting expenses	70,792	49,857
Board of Directors' expenses	743,756	960,600
Security	482,396	548,000
Professional fees	346,120	354,261
Stamps fees	56,709	6,213
Entertainment and hospitality	74,715	21,228
Expenses of land and real estate evaluations	40,139	25,848
Lawsuits provision expenses	290,200	11,000
prior year expenses	326,143	358,461
Board of Directors' remunerations	65,000	65,000
Total	28,305,050	28,224,825

* According to the board of director's decision dated July 3, 2016, suspense accounts in the banks' books which are related to the cards department have been amortized.

35. Earnings per Share for Bank's Shareholders

The details of this items are as follows:

	2017 JD	2016 JD
Income for the year	13,318,885	6,274,933
Weighted average number of shares *	183,750,000	183,750,000
Earnings Per Share attributed to the Bank's Shareholders:		
Basic & Diluted	0.073	0.034

* Weighted average number of shares to the diluted earnings per share attributed to shareholders was calculated based on the number of shares authorized for the year 2017. Moreover, the weighted average number of shares were adjusted for the year 2016 assuming that the increase in the bank's capital took place retroactively.

36. Cash and Cash Equivalents

The details of this items are as follows:

	2017 JD	2016 JD
Cash and balances at central banks maturing within 3 months	288,714,620	193,764,651
Add: Balances at banks and financial institutions maturing within 3 months	177,424,795	185,788,643
Less: Banks and financial institutions deposits maturing within 3 months	(78,304,698)	(57,353,655)
Restricted balances	(270,305)	(204,390)
Total	387,564,412	321,995,249

37. Related Party Balances and Transactions

a. The consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Company Name	Ownership %	Capital of the Company	
		2017 JD	2016 JD
Ahli Micro Finance Company	100	6,000,000	6,000,000
Ahli Financial Leasing Company	100	17,500,000	17,500,000
Ahli Brokerage Company	100	5,000,000	5,000,000
Ahli Financial Technology	100	100,000	-

The Bank entered into transactions with sister companies, major shareholders, Board of Directors members and executive management within the normal banking practices according to the commercial interest and commission rates.

	Related Party					Total December 31, 2017 JD
	Associates JD	Subsidiaries* JD	Board of Directors Members JD	Executive Management JD	Other** JD	
On-Consolidated Statement of Financial Position Items:						
Credit facilities	-	3,831,979	10,847,959	3,029,226	78,372,420	96,081,584
Customers' deposits	82,992	5,534,392	16,779,144	3,052,554	11,988,867	37,437,949
Cash margins	-	-	-	27,723	2,384,918	2,412,641
Off-Consolidated Statement of Financial Position Items:						
Indirect facilities	50,000	745,492	51,000	458	7,335,458	8,182,408
Consolidated Statement of Income:						
Interest and commissions income	4,059	141,377	504,838	162,857	4,317,814	5,130,945
Interest and commissions expense	6,240	169,502	717,404	48,123	357,586	1,298,855
	Related Party					Total December 31, 2016 JD
	Associates JD	Subsidiaries* JD	Board of Directors Members JD	Executive Management JD	Other** JD	
On-Consolidated Statement of Financial Position Items:						
Credit facilities	-	3,588,734	7,792,644	2,887,296	86,911,332	101,180,006
Customers' deposits	322,474	4,462,114	18,734,998	2,373,339	8,327,021	34,219,946
Cash margins	-	-	-	60,881	1,921,060	1,981,941
Off-Consolidated Statement of Financial Position Items:						
Indirect facilities	50,000	58,000	-	-	5,890,735	5,998,735
Consolidated Statement of Income:						
Interest and commissions income	13	60,909	317,960	133,742	5,848,976	6,361,600
Interest and commissions expense	27,515	175,006	1,933,205	34,605	312,800	2,483,131

* The transactions and balances between the bank and its subsidiaries have been excluded from the consolidated financial statements.

** This item represents companies partially owned by members of the Bank's Board of Directors, Board of Directors' relatives, and the Bank's employees.

- During the year 2015, credit facilities granted to related parties of JD 3.3 million were transferred to off-consolidated statement of financial position items. Moreover, these facilities were fully covered by provisions.
 - There are accounts receivable from a subsidiary company (Ahli Brokerage Company) of JD 2,424,160, belonging to a related party as of December 31, 2017. On October 31, 2013, the Company signed a settlement agreement with those clients to pay the obligations through an advance payment upon signing the settlement agreement, in addition to monthly installments, as well as enhancement of their guarantees.
 - According to the Board of Directors' decision on December 17, 2014, a contract was signed with the former chairman of the Board on January 15, 2015 for consulting services to the Bank for JD 30,000 monthly, in addition to health and life insurance and other benefits, for five years. The contract was terminated in the subsequent period, effective from the beginning of January 2016 against an amount of JD 940,000.
 - During the first half of 2016, an amount of JD 300 thousand was paid to the former Chief Executive Officer as an additional bonus according to a subsequent decision to the Board of Directors' decision dated December 20, 2015.
- ** According to the resolution of the partners of Ahluna for Social and Cultural Work Company in their meeting held on May 21, 2012, all partners have agreed to withdraw their shares in the Company except for Jordan Ahli Bank. Therefore, the Bank became the sole owner of the company in which the Ministry of Industry and Trade's approval was obtained on March 28, 2013. Moreover, the investment in the Company is presented according to the equity method as of December 31, 2014, which are the latest financial statements available. Moreover, the financial statements of the company have not been consolidated since then as it is a not-for-profit organization, and all its work is charitable and the entire net revenue is donated. The General Assembly resolved, in its extraordinary meeting held on October 8, 2015, to voluntarily liquidate the Company and appoint a liquidator where the companies' controller decision was issued in that matter and the Company was liquidated on July 19, 2017.
- Interest income prices range from 3.4% to 13% (Credit Cards 21%).
 - Interest expense prices range from 0% to 5.25%.

b. The following is a summary of the executive management salaries and benefits:

	2017 JD	2016 JD
Salaries and benefit	3,748,583	4,244,591
Travelling and transportation	170,424	194,980
Other	154,100	113,164
Total	4,073,107	4,552,735

⌘ Financial Instruments That Do Not Appear at Fair Value in the Consolidated Financial Statements

There are no significant differences between the carrying value and fair value of financial assets and financial liabilities at the end of the year 2017 and 2016.

⌘ Risk Management

The Bank's risk management conducts its activities (identification, measurement, management, monitoring, and controlling) through applying the best international practices in connection with risk management, administrative organization, and risk management's tools in accordance with the size of the Bank, its activities, and types of risks it is exposed to.

The organizational structure of the bank is integrated by risk management control according to each level. Moreover, the Corporate Governance Committee, at the Board of Directors' level, decides on the bank's risk policy and strategy, and ensures the management of risk. This is to ensure setting up and controlling the policies and instructions at an appropriate level for the types of risks the bank is exposed to until the achievement of the acceptable return for the shareholders without impacting the bank's financial strength. In this context, the work of the Risk Management Department is complemented by the work of the committees of executive management such as the Assets and Liabilities Committee and the Credit Facilities' Committee.

39 a. Credit Risk

The Bank's operations involve the Bank's exposure to many risks such as credit risk relating to the default or inability of the other party to the financial instrument to settle its obligations towards the Bank, which causes losses. An important duty of the Bank and its management is to ensure that these risks do not go beyond the general framework predetermined in the Bank's credit policy and maintain their levels within a balanced relationship among risk, return, and liquidity.

Credit management at the Bank is conducted by several committees from higher management and executive management. Moreover, credit facilities ceilings that can be granted to one client (individual or corporate) or related parties are specified in compliance with the ratios approved by the Central Bank of Jordan, while relying on the credit facilities distribution method to each credit manager and sector. This is performed by taking into consideration the geographic area in a manner that achieves congruence among risks, returns, and the optimal utilization of the available resources and the enhancement of the Bank's ability to diversify lending and allocate it to customers and economic sectors.

The Bank monitors credit risks by periodically evaluating the credit standing of the customers in accordance with the customers' credit valuation system based on credit risk elements and probabilities of non-payment for financial, managerial, or competition reasons. In addition, the Bank obtains proper guarantees from customers for the cases requiring that according to each customer's risk level and extension of additional credit facilities.

Moreover, the Bank monitors credit risk and is continuously evaluating the credit standing of customers, in addition to obtaining proper guarantees from them.

The Bank's credit risk management policy includes the following:

1- Specifying credit ceilings and concentrations:

The credit policy includes specific and clear ratios for the maximum credit that can be granted to a customer. Moreover, there are different credit ceilings for each administrative level.

2- Determining the risk mitigation methods:

The Bank's risk management activity depends on several methods to mitigate risk as follows:

- Collaterals and their convertibility to cash and coverage of the credit granted.
- Pre-approval of the credit facilities committee on the credit granted.
- Credit approval authority varies from one management level to another based on the customer's portfolio size, maturity, and customer's risk degree.

3- Mitigating the assets and liabilities' risks concentration:

The Bank works efficiently to manage this risk as its annual plan includes the well-studied distribution of credit focusing on the most promising sectors. In addition, credit is distributed to several geographic areas inside and outside of the kingdom.

4- Studying, monitoring, and following up on credit:

The Bank developed the necessary policies and procedures to determine the study method of credit, maintaining the objectivity and integrity of decision – making, and ensuring that credit risk is accurately evaluated, properly approved, and continuously monitored.

The general framework of the credit policy includes setting up credit approval authorities and clarifying credit limits and the method of determining the risk degree.

The Bank's organizational structure involves segregating the work units responsible for granting credit from the work units responsible for monitoring credit as regards to the credit terms, soundness of the credit decision, implementation of all credit extension terms, adherence to the credit ceilings and determinants in the credit's policy, and other related matters.

Moreover, there are specific procedures for following up on performing credit facilities to keep them performing and non-performing credit facilities to treat them.

The Bank mitigates the assets and liabilities concentration risk through distributing its activities to various sectors and geographic areas inside and outside the kingdom. Moreover, the Bank adopts a specific policy that shows the credit ceilings granted to banks and countries with high credit ratings, and reviews them continuously through the Assets and Liabilities Committee, to distribute the risks and utilize the credit evaluation. The investment policy specifies the investment allocation ratios and their determinants in order to distribute them in a way that achieves a high return and lowers the risk

Credit risk exposure (less impairment and suspended interest and before guarantees and other risk - mitigating factors):

	December 31,	
	2017 JD	2016 JD
On-the Consolidated Statement of Financial Position Items		
Balances at the Central Banks	241,320,933	146,162,020
Balances at banks and financial institutions	177,424,795	185,788,643
Deposits at banks and financial institutions	5,037,813	10,037,793
Credit facilities:		
Individuals	389,005,314	392,511,021
Real estate loans	286,318,865	257,639,608
Companies:		
Corporates	633,735,033	621,876,321
Small and medium companies	152,167,888	153,592,754
Government and public sector	22,695,285	21,616,898
Bonds, Bills and Debentures:		
Financial assets measured at amortized cost	542,617,540	754,809,955
Other assets	9,860,891	10,566,183
Total	2,460,184,357	2,554,601,196
Off the Consolidated Statement of Financial Position Items		
Letters of guarantee	238,506,804	215,329,221
Letters of credit	91,505,478	91,392,693
Letters of acceptance	48,713,890	55,150,734
Unutilized direct facility ceilings	187,152,155	139,061,512
Total	565,878,327	500,934,160

The types of guarantees against the loans and credit facilities are as follows:

- Real estate mortgages.
- Mortgage of financial instruments such as shares.
- Bank guarantees.
- Cash collaterals.
- Governmental guarantee.

Concentration in foreign currencies risk

As of December 31, 2017	Companies							Total JD
	Individuals JD	Real Estate Loans JD	Corporates JD	Small and Medium Companies JD	Government and Public Sector JD	Banks and Other Financial Institutions JD	Other JD	
Low risk	38,796,003	-	58,158,215	29,658,984	726,084,587	-	-	852,697,789
Acceptable risk	342,685,080	275,811,221	509,371,989	105,615,372	22,695,285	240,316,494	9,860,891	1,506,356,332
of which is due (*):								
Within 30 days	521,789	-	391,700	45,279	-	-	-	958,768
From 31 to 60 days	40,885	-	251,655	1,379	-	-	-	293,919
Watch list	6,806,336	5,726,221	56,710,704	8,910,294	-	-	-	78,153,555
Non-performing:								
Sub-standard	1,203,445	761,822	-	2,250,491	-	-	-	4,215,758
Doubtful	3,783,699	1,149,401	5,168,534	4,546,211	-	-	-	14,647,845
Bad debt	25,122,116	5,628,197	75,455,278	16,505,673	-	-	-	122,711,264
Total	418,396,679	289,076,862	704,864,720	167,487,025	748,779,872	240,316,494	9,860,891	2,578,782,543
Less: Interest in suspense	5,769,815	1,040,621	17,075,417	4,234,475	-	-	-	28,120,328
Impairment provision	23,621,550	1,717,376	54,054,270	11,084,662	-	-	-	90,477,858
Net	389,005,314	286,318,865	633,735,033	152,167,888	748,779,872	240,316,494	9,860,891	2,460,184,357

As of December 31, 2016	Companies							Total JD
	Individuals JD	Real Estate Loans JD	Corporates JD	Small and Medium Companies JD	Government and Public Sector JD	Banks and Other Financial Institutions JD	Other JD	
Low risk	40,381,810	-	57,671,960	27,813,407	842,718,777	-	-	968,585,954
Acceptable risk	341,971,335	256,212,750	488,791,900	105,238,782	21,616,898	254,079,634	10,566,183	1,478,477,482
of which is due (*):								
Within 30 days	113,269	-	698,533	44,690	-	-	-	856,492
From 31 to 60 days	798,282	-	123,667	155,543	-	-	-	1,077,492
Watch list	8,111,432	-	40,158,207	5,852,087	-	-	-	54,121,726
Non-performing:								
Sub-standard	2,076,057	220,427	1,627,945	4,690,588	-	-	-	8,615,017
Doubtful	1,812,378	-	11,995,180	5,158,281	-	-	-	18,965,839
Bad debt	25,179,137	4,374,453	100,417,945	20,902,442	-	-	-	150,873,977
Total	419,532,149	260,807,630	700,663,137	169,655,587	864,335,675	254,079,634	10,566,183	2,679,639,995
Less: Interest in suspense	6,064,699	974,958	16,333,643	4,362,328	-	-	-	27,735,628
Impairment provision	20,956,429	2,193,064	62,453,173	11,700,505	-	-	-	97,303,171
Net	392,511,021	257,639,608	621,876,321	153,592,754	864,335,675	254,079,634	10,566,183	2,554,601,196

Credit exposures according to the fair value of the collaterals held against credit facilities are as follows:

As of December 31, 2017	Companies					Government and Public Sector JD	Total JD
	Individuals JD	Real Estate Loans JD	Corporates JD	Small and Medium Companies JD			
Guarantees Against:							
Low risk	40,935,298	7,693,867	53,215,681	29,248,658	-	-	131,093,504
Acceptable risk	314,816,429	338,654,983	475,025,467	167,033,532	22,695,285	-	1,318,225,696
Watchlist	2,282,166	8,674,128	27,211,654	10,850,149	-	-	49,018,097
Non-performing:							
Sub-standard	324,305	224,725	-	2,418,237	-	-	2,967,267
Doubtful	9,059,224	1,179,911	6,411,857	5,175,404	-	-	21,826,396
Bad debt	4,037,547	6,573,637	34,304,092	18,048,535	-	-	62,963,811
Total	371,454,969	363,001,251	596,168,751	232,774,515	22,695,285	-	1,586,094,771
Of it: Cash Margins	80,035,954	354,171	86,111,404	39,757,562	-	-	206,259,091
Accepted letters of guarantee	5,323,583	4,755,207	33,322,872	4,078,452	-	-	47,480,114
Real estate	48,854,060	349,775,026	270,384,094	145,804,297	-	-	814,817,477
Quoted stocks	65,554	-	6,963,511	209,598	-	-	7,238,663
Vehicles and equipment	11,845,666	205,914	27,380,282	18,502,124	-	-	57,933,986
Total	146,124,817	355,090,318	424,162,163	208,352,033	-	-	1,133,729,331

As of December 31, 2016	Companies					Government and Public Sector JD	Total JD
	Individuals JD	Real Estate Loans JD	Corporates JD	Small and Medium Companies JD			
Guarantees Against:							
Low risk	71,532,750	-	77,838,985	42,114,225	-	-	191,485,960
Acceptable risk	268,784,447	240,238,065	377,668,894	220,737,472	21,616,898	-	1,129,045,776
Watchlist	5,585,256	-	7,712,283	7,606,795	-	-	20,904,334
Non-performing:							
Sub-standard	7,628,516	425,427	6,159,584	1,670,857	-	-	15,884,384
Doubtful	4,265,936	165,515	31,793,188	7,915,437	-	-	44,140,076
Bad debt	7,305,860	4,719,453	63,580,518	23,910,495	-	-	99,516,326
Total	365,102,765	245,548,460	564,753,452	303,955,281	21,616,898	-	1,500,976,856
Of it: Cash Margins	77,847,870	-	82,537,629	42,272,834	-	-	202,658,333
Accepted letters of guarantee	2,835,490	-	13,646,915	3,901,966	-	-	20,384,371
Real estate	36,300,452	240,953,580	391,907,444	166,106,851	-	-	835,268,327
Quoted stocks	221,926	-	12,996,421	-	-	-	13,218,347
Vehicles and equipment	10,775,743	-	42,900,002	56,326,195	-	-	110,001,940
Total	127,981,481	240,953,580	543,988,411	268,607,846	-	-	1,181,531,318

The Bank's management monitors the market value of those guarantees periodically. In case the value of the guarantee declines, the Bank requests additional guarantees to cover the shortage. Moreover, the Bank evaluates the guarantees against non-performing credit facilities periodically.

Scheduled Debts:

These are the debts that have been previously classified as non-performing credit facilities but taken out therefrom according to proper scheduling.

These debts have been classified as watch list and amounted to JD 6,847,095 for the year 2017 (JD 1,615,407 for the year 2016).

Restructured Debts:

Restructuring means rearranging credit facilities through adjusting the installments, prolonging the credit facilities, postponing some installments, or extending the grace period, etc. These debts have been classified as watch list debts, and amounted to JD 53,163,376 for the year 2017 (JD 22,278,472 for the year 2016).

Bonds, Bills, Debentures and Mutual Funds:

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

Rating Grade	Rating Institution	As of December 31, 2017		Total JD
		Within Financial Assets at Fair Value through other Comprehensive Income JD	Within Financial Assets Measured at Amortized Cost	
AA3	MOODYS	-	708,886	708,886
Unclassified	-	5,326,008	57,145,000	62,471,008
Governmental	Governmental & Government guaranteed bonds	-	484,763,654	484,763,654
Total		5,326,008	542,617,540	547,943,548

Rating Grade	Rating Institution	As of December 31, 2016		Total JD
		Within Financial Assets at Fair Value through other Comprehensive Income JD	Within Financial Assets Measured at Amortized Cost	
AA3	MOODYS	-	708,198	708,198
Unclassified	-	4,867,994	57,545,000	62,412,994
Governmental	Governmental & Government guaranteed bonds	-	696,556,757	696,556,757
Total		4,867,994	754,809,955	759,677,949



Concentration of Credit Risk Exposure according to Geographical distribution is as follows:

Geographical Area	Inside Jordan JD	Other Middle East Countries JD	Europe JD	Asia* JD	America JD	Other Countries JD	Total JD
Balances at the central banks	191,080,074	49,239,767	1,001,092	-	-	-	241,320,933
Balances at banks and financial institutions	20,363,761	26,373,704	99,308,304	549,776	30,829,250	-	177,424,795
Credit facilities:							
Real estate loans	284,967,887	1,350,978	-	-	-	-	286,318,865
Small and medium companies	137,139,983	15,027,905	-	-	-	-	152,167,888
Bonds, Bills, and Debentures:							
Other assets	3,109,520	6,736,547	14,824	-	-	-	9,860,891
Total 2016	2,148,751,872	246,084,221	114,870,719	549,776	44,344,608	-	2,554,601,196

* Excluding Middle East countries.

Concentration of Credit Risk Exposure according to Economic Sector is as follows:

Economic sector	Financial JD	Industrial JD	Trade JD	Real Estate JD	Services and Public JD	Agriculture JD	Shares JD	Individuals JD	Government and Public Sector JD	Others JD	Total JD
Balances at the central banks	-	-	-	-	-	-	-	-	241,320,933	-	241,320,933
Balances at banks and financial institutions	177,424,795	-	-	-	-	-	-	-	-	-	177,424,795
Deposits at banks and financial institutions	5,037,813	-	-	-	-	-	-	-	-	-	5,037,813
Credit facilities	27,765,733	136,603,453	344,983,463	477,457,680	136,210,180	41,206,950	1,941,801	287,887,989	22,695,285	7,169,851	1,483,922,385
Bonds, Bills, and Debentures:											
Financial assets measured at amortized cost	57,853,886	-	-	-	-	-	-	-	484,763,654	-	542,617,540
Other assets	9,860,891	-	-	-	-	-	-	-	-	-	9,860,891
Total 2017	277,943,118	136,603,453	344,983,463	477,457,680	136,210,180	41,206,950	1,941,801	287,887,989	748,779,872	7,169,851	2,460,184,357
Total 2016	314,305,851	153,664,664	304,703,479	404,508,325	157,270,536	56,914,203	2,685,816	248,044,699	860,293,975	52,209,648	2,554,601,196

39 b. Market Risk

Market risk is the potential loss 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 for the financial instruments that are on-and off-consolidated statement of financial position.

Within the Bank's investment policy approved by the Board of Directors, acceptable risks are set and monitored monthly by the Assets and Liabilities Committee, which provides guidance and recommendations thereon. Moreover, the available systems calculate the effect of the fluctuations in interest rates, exchange rates, and share prices.

- Interest Rate Risk

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the fair value of the financial instruments. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period. Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management's strategy.

The Bank is exposed to interest rate risks as a result of the timing gaps of re-pricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee through reviewing the report to identify interest rate risks in the short-and long-terms and take the proper decisions to restrict these risks in light of the expectations of the interest rate's trend through using all or some of the following methods:

- Repricing deposits and/or loans
- Changing the maturities and size of the assets and liabilities sensitive to interest rates.
- Buying or selling financial investments.
- Using financial derivatives for interest rate hedging purposes.

Sensitivity analysis:

Interest Rate Risk:

December 31, 2017

Currency	Change (Increase) in Interest Rate	Interest Income Sensitivity (Gain and Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	298,910	-
Euro	1	(167,704)	-
GBP	1	18,147	-
Yen	1	162,959	-
Other currencies	1	29,058	-

Currency	Change (Decrease) in Interest Rate	Interest Income Sensitivity (Gain and Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	(298,910)	-
Euro	1	167,704	-
GBP	1	(18,147)	-
Yen	1	(162,959)	-
Other currencies	1	(29,058)	-

December 31, 2016

Currency	Change (Increase) in Interest Rate	Interest Income Sensitivity (Gain and Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	1,264,578	14,902
Euro	1	87,688	-
GBP	1	(25,514)	-
Yen	1	(38,173)	-
Other currencies	1	(26,179)	-

Currency	Change (Decrease) in Interest Rate	Interest Income Sensitivity (Gain and Loss)	Owners' Equity Sensitivity
	%	JD	JD
US Dollar	1	(1,264,578)	(14,902)
Euro	1	(87,688)	-
GBP	1	25,514	-
Yen	1	38,173	-
Other currencies	1	26,179	-

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 the related impact on the profit and loss statements. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the management.

December 31, 2017

Currency	Change in Foreign Currency Exchange Rate	Effect on Profit & Loss	Effect on Shareholders' Equity
	%	JD	JD
US Dollar	-	-	-
Euro	5	766,956	-
GBP	5	(19,992)	-
Yen	5	(724,408)	-
Other currencies	5	(11,475)	-

December 31, 2016

Currency	Change in Foreign Currency Exchange Rate	Effect on Profit & Loss	Effect on Shareholders' Equity
	%	JD	JD
US Dollar	-	-	-
Euro	5	(4,520)	-
GBP	5	1,248	-
Yen	5	(4,537)	-
Other currencies	5	1,490	-

- Foreign Currencies Risks

Within its approved investment policy, the Bank's Board of Directors sets up limits for the positions of all currencies at the Bank. These positions are monitored daily through the Treasury and Investment Department and are submitted to the executive management to ensure that the currencies positions are within the approved limits.

Moreover, the Bank follows the hedging policy to mitigate the risks of foreign currencies by using financial derivatives.

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.

December 31, 2017

Indicator	Change in Indicator %	Impact on Profit and Loss JD	Impact on Owners' Equity JD
Financial markets	5	47,719	573,714

December 31, 2016

Indicator	Change in Indicator %	Impact on Profit and Loss JD	Impact on Owners' Equity JD
Financial markets	5	23,299	596,761

- Shares' Prices Risk

The Board of Directors adopts a specific policy in diversifying investments of the shares based on geographic and sectorial distribution at predetermined percentages that are monitored daily. According to this policy, it is recommended to invest in listed shares of well-reputed international markets that have a high liquidity rate to face any risks that might arise therefrom.

Interest Repricing Gap

The Bank adopts the policy of matching the amounts and maturities of assets and liabilities to narrow gaps through dividing assets and liabilities into several categories with different durations or interest rate review maturities, whichever is nearer. The Bank uses this policy to reduce risks, as it also studies the related interest rate gaps, and uses hedging policies through developed tools.

Classification is based on interest rate repricing periods or maturities, whichever is nearer.

Interest rate sensitivity is as follows:

As of December 31, 2017	Up to 1 Month JD	More than 1 Month up to 3 Months JD	More than 3 Months up to 6 Months JD	More than 6 Months up to One Year JD	More than 1 Year up to 3 Years JD	More than 3 Years JD	Non-Interest Bearing JD	Total JD
Assets								
Cash and balances at central banks	56,947,007	86,100,000	-	-	-	-	145,667,613	288,714,620
Deposits at banks and financial institutions	-	-	5,000,000	37,813	-	-	-	5,037,813
Direct credit facilities - net	109,639,603	76,874,296	98,343,280	214,819,492	243,303,609	718,058,088	22,884,017	1,483,922,385
Financial assets measured at amortized cost	11,136,351	20,709,490	-	172,559,477	291,327,346	46,884,876	-	542,617,540
Properties, equipment, and projects under construction - net	-	-	-	-	-	-	56,363,728	56,363,728
Other assets	-	-	-	-	-	-	113,539,543	113,539,543
Deferred tax assets	-	-	-	-	-	-	7,659,003	7,659,003
Total Assets	213,278,171	270,432,664	103,343,280	387,416,782	534,630,955	764,942,964	454,906,761	2,728,951,577
Liabilities								
Customers' deposits	389,237,549	326,549,729	261,625,757	254,558,504	218,958,019	-	467,730,814	1,918,660,372
Borrowed funds	-	-	-	20,316,829	86,459,436	-	-	106,776,265
Various provisions	-	-	-	-	-	-	3,885,125	3,885,125
Deferred tax liabilities	-	-	-	-	-	-	491,607	491,607
Other liabilities	-	-	-	-	-	-	33,269,530	33,269,530
Total Liabilities	440,963,454	397,890,085	276,747,083	296,685,791	471,308,519	29,375,105	509,795,279	2,422,765,316
Interest Rate Repricing Gap	(227,685,283)	(127,457,421)	(173,403,803)	90,730,991	63,322,436	735,567,859	(54,888,518)	306,186,261
Total Assets	162,965,609	161,323,705	143,439,923	419,140,375	580,287,423	838,088,442	510,273,073	2,815,518,550
Total Liabilities	820,960,415	234,089,588	184,222,390	221,069,261	480,359,347	-	572,152,145	2,512,853,146
Interest Rate Repricing Gap	(657,994,806)	(72,765,883)	(40,782,467)	198,071,114	99,928,076	838,088,442	(61,879,072)	302,665,404

Concentration in foreign currencies risk

As of December 31, 2017	USDollar JD	Euro JD	Pound Sterling JD	Japanese Yen JD	Others JD	Total JD
Assets						
Cash and balances at central banks	48,671,720	2,726,510	205,445	13	19,890,407	71,494,095
Deposits at banks and financial institutions	-	-	-	-	37,813	37,813
Financial assets at fair value through other comprehensive income	5,692,244	-	-	-	-	5,692,244
Properties and equipment, and projects under construction - net	782,922	-	-	-	-	782,922
Other assets	2,032,648	3,178	390	15,047	4,993,769	7,045,032
Liabilities						
Banks and financial institutions deposits	1,294,196	2,840,449	197,286	7,429	10,596,040	14,935,400
Cash margins	40,325,999	2,142,290	850,299	173,230	8,609,736	52,101,554
Various provisions	37,826	-	-	-	116,844	154,670
Other liabilities	1,527,011	370,746	11,547	1,221,488	(2,601,558)	529,234
Total Liabilities	421,625,397	38,447,397	9,513,036	4,881,199	93,637,658	568,104,687
Net Concentration on - the Consolidated statement of financial position	96,681	(16,754,613)	(477,256)	16,669,352	(6,268,662)	(6,734,498)
As of December 31, 2016						
Total Assets	412,347,443	24,843,125	13,362,166	940,476	92,212,567	543,705,777
Net Concentration on - the Consolidated statement of financial position	29,254,274	(9,090,112)	1,149,987	(90,747)	(2,294,570)	18,928,832

39 c. Liquidity Risks

Liquidity risk represents the Bank's inability to make available the necessary funding to fulfill its obligations on their maturities. To protect the Bank against these risks, management diversifies funding sources, manages assets and liabilities, matches their maturities, and maintains an adequate balance of cash, cash equivalents and marketable securities.

The Bank's liquidity management policy aims to enhance the procurement of liquidity at the lowest costs possible. Through managing liquidity, the Bank seeks to maintain reliable and stable funding sources at a reasonable cost rate.

Management, measurement, and control of liquidity are conducted based on normal and emergency conditions. This includes analysis of the maturity dates of assets and various financial ratios.

Fund Sources:

The Bank diversifies its funding sources to achieve financial flexibility and to lower funding costs.

Moreover, the Bank has a large customer base comprising of individuals, establishments, and corporations. Due to its financial strength, the Bank has an ability to access cash markets, which represent an additional available funding source.

The existence of the Bank in most of the cities of the Hashemite Kingdom of Jordan (56 branches) in addition to its branches in Palestine and Cyprus, enables the Bank to diversify its funding sources and not to rely on one geographical area as a source of funding.

In order to comply with the instructions of the regulatory authorities, the Bank maintains part of its customers' deposits at the central banks as a restricted cash reserve that cannot be utilized except under specified regulations. In addition, the liquidity ratios are reserved at levels higher than the minimum imposed by the central banks in the countries in which the Bank operates.

The contractual maturity dates of the assets and liabilities in the schedule have been determined based on the remaining period from the date of the consolidated statement of financial position until the contractual maturity date regardless of the actual maturities reflected by historical events relating to maintaining deposits and the availability of liquidity.

The distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity as of December 31, 2017:

Liabilities	Up to One Month JD	More than 1 Month up to 3 Months JD	More than 3 Months up to 6 Months JD	More than 6 Months up to 1 Year JD	More than 1 Year Up to 3 Years JD	More than 3 Years JD	Without Maturity JD	Total JD
Banks and financial institutions deposits	17,330,886	60,973,812	-	-	-	-	-	78,304,698
Customers' deposits	389,237,549	794,280,543	261,625,757	254,558,504	218,958,019	-	-	1,918,660,372
Borrowed funds	-	-	-	20,316,829	86,459,436	-	-	106,776,265
Various provisions	-	-	-	-	-	-	3,885,125	3,885,125
Deferred tax liabilities	-	-	-	-	-	-	491,607	491,607
Other liabilities	-	-	-	-	-	-	33,269,530	33,269,530
Total Liabilities	440,963,454	865,620,899	276,747,083	296,685,791	471,308,519	29,375,105	42,064,465	2,422,765,316
Total Assets	437,904,889	270,432,664	103,343,280	387,416,782	534,630,955	764,942,964	230,280,043	2,728,951,577

The distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity as of December 31, 2016:

Liabilities	Up to One Month JD	More than 1 Month up to 3 Months JD	More than 3 Months up to 6 Months JD	More than 6 Months up to 1 Year JD	More than 1 Year Up to 3 Years JD	More than 3 Years JD	Without Maturity JD	Total JD
Banks and financial institutions deposits	35,616,826	21,736,829	-	-	-	-	-	57,353,655
Customers' deposits	763,987,789	727,834,882	169,131,483	176,688,582	229,652,023	-	-	2,067,294,759
Borrowed funds	-	-	-	18,840,478	69,679,555	-	-	88,520,033
Income tax provision	-	-	-	-	-	-	926,721	926,721
Other liabilities	-	-	-	-	-	-	38,479,374	38,479,374

Off- Consolidated Statement of Financial Position items:

December 2017 ,31	Up to One Year	More than One Year up to 5 Years	Total
	JD	JD	JD
Letters of credit and acceptances	179,328,800	6,448,521	185,777,321
Unutilized credit facilities	178,748,994	8,403,161	187,152,155
Letters of guarantee	194,347,806	44,158,998	238,506,804
Total	552,425,600	59,010,680	611,436,280

December 2016 ,31	Up to One Year	More than One Year up to 5 Years	Total
	JD	JD	JD
Letters of credit and acceptances	247,966,760	7,739,465	255,706,225
Unutilized credit facilities	130,498,343	8,563,169	139,061,512
Letters of guarantee	202,425,625	12,903,596	215,329,221
Total	580,890,728	29,206,230	610,096,958

40 Sectors Analysis

a. Information on the Bank's Activity Sectors

- For managerial purposes, the Bank is organized into six major activity sectors as well as financial brokerage and consultation services provided by Al-Ahli Financial Brokerage Company.
- **Accounts of individuals:** includes following up on individual customers' deposits, granting them loans, debts, credit cards, and other services.
- **Accounts of small & medium companies:** includes following up on deposits and credit facilities granted to the clients of this sector, who are classified according to their deposits and facilities volume in accordance with the Bank's established policies and procedures, which conform to the regulatory authorities' instructions.
- **Accounts of corporations:** includes following up on deposits and credit facilities granted to the clients of this sector, who are classified according to their deposits and facilities volume in accordance with the Bank's established policies and procedures, which conform to the regulatory authorities' instructions.
- **Treasury:** includes providing dealing, treasury, fund management services, and long-term investments measured at amortized cost and held until the collection of contractual cash flows.
- **Investment and foreign currency management:** includes the Bank's local and foreign investments recorded at fair value in addition to foreign currency trading services.
- **Other:** includes all accounts not listed in the above-mentioned sectors. For example, shareholders' equity, investments in associates, property and equipment, and head office and its related supporting managements.

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

	Individual Funding JD	Small and Medium Companies JD	Corporations Funding JD	Treasury JD	Investments and Foreign Currencies JD	Other JD	Total	
							2017 JD	2016 JD
Gross revenue	47,673,591	19,822,758	39,806,564	5,677,887	130,513	5,609,597	118,720,910	115,939,130
Provision for impairment in direct credit facilities	(5,211,190)	(1,840,226)	(4,834,870)	-	-	-	(11,886,286)	(24,031,418)
Distributed (expenses) - net	(34,076,940)	(13,710,992)	(17,462,224)	(5,506,680)	(884,234)	(9,037,800)	(80,678,870)	(80,319,816)
Bank's share in associate companies' loss	-	-	-	-	(24,815)	-	(24,815)	(13,559)
Income for the year before taxes	8,385,461	4,271,540	17,509,470	171,207	(778,536)	(9,480,215)	20,078,927	8,180,948
Income tax							(6,760,042)	(1,906,015)
Income for the Year							13,318,885	6,274,933
Sector's assets	730,105,004	139,692,754	750,487,460	859,055,949	26,268,558	106,273,643	2,611,883,368	2,704,034,199
Assets not distributed over sectors	-	-	-	-	-	113,539,543	113,539,543	106,377,371
Sector's liabilities	1,369,273,145	251,588,977	561,750,536	200,199,323	195,210	6,488,595	2,389,495,786	2,474,373,772
Liabilities not distributed over sectors	-	-	-	-	-	33,269,530	33,269,530	38,479,374
Total Liabilities	1,369,273,145	251,588,977	561,750,536	200,199,323	195,210	39,758,125	2,422,765,316	2,512,853,146
Depreciation and Amortization							12,189,014	8,909,

b. Information on the Geographical Distribution:

This sector represents the geographical distribution of the Bank's operations. The Bank performs its operations, which represent local operations, mainly in the Kingdom. Moreover, the Bank conducts regional operations through its branches in Palestine and Cyprus. The following are the Bank's revenue, assets, and capital expenditures according to geographical distribution:

	Inside Jordan *		Outside Jordan *		Total	
	2017 JD	2016 JD	2017 JD	2016 JD	2017 JD	2016 JD
Gross revenue	104,914,115	104,888,159	13,806,795	11,050,971	118,720,910	115,939,130
Total assets	2,366,602,565	2,488,822,276	362,349,012	326,696,274	2,728,951,577	2,815,518,550
Capital expenditures	21,623,385	13,725,756	2,682,224	2,490,809	24,305,609	16,216,565

* After excluding balances and transactions between the Bank and its external branches and subsidiaries.

41. Capital Management

a. Description of what is considered as paid-up capital

Capital is categorized into paid-up capital, economic capital, and regulatory capital whereby regulatory capital is defined, according to the Banks Law, as the total value of the items determined by the Central Bank for control purposes to meet the requirements of the capital adequacy ratio as per the Central Bank of Jordan instructions. Furthermore, capital consists of two parts: Primary Capital (Tier 1) made up of paid-up capital, declared reserves (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings, excluding restricted and minority interest amounts net of loss for the period, costs of the acquisition of treasury stock, decrease in the provisions required from the Bank, and goodwill; and Support capital (Tier 2) consisting of the undeclared reserves, exchange rate differences, general banking risks reserve, instruments with debt-equity shared characteristics, support debts and 45% of the cumulative change in fair value, if positive, and 100%, if negative. A third part of capital (Tier 3) might be formed in case the capital adequacy ratio goes below 14% due to factoring capital adequacy ratio into market risks. Moreover, investments in subsidiary banks and financial institutions are deducted (if their financial statements are not consolidated), and investments in the capitals of banks and financial institutions are deducted as well.

b. Regulatory Parties' requirements concerning capital and the manner in which they are met

Instructions of the Central Bank of Jordan require that paid-up capital be not less than JD 100 million and equity-to-assets ratio be not less than 6%. Moreover, the Central Bank of Jordan instructions require that the ratio of regulatory capital to assets weighted by risks and market's risks (capital adequacy ratio) be not less than 14%, which is considered by the Bank.

Additionally, the Bank complies with Article (62) of the Banks Law, which requires the Bank to appropriate 10% of its 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 the following:

- 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 objectives

Capital management includes the optimal employment of funds to achieve the highest return on capital possible while maintaining the minimum required by laws and regulations. The Bank adopts a policy of exerting efforts to reduce the cost of funds as much as possible through finding low-cost funds, increasing the customer's base, and optimally employing these funds in acceptable risk activities to achieve the highest return possible on capital.

d. Adequacy of Capital

On October 31, 2016, the Central Bank of Jordan issued instructions on capital adequacy according to Basel III Standards and cancelled the instructions according to Basel II standards.

The Bank manages capital in a manner that ensures continuity of its operations while maximizing the return on equity to shareholders. The composition of regulatory capital, as defined by Basel III Committee, is as follows:

	2017 (In thousand JD)	December 31, 2016 (In thousand JD)
Primary Capital for Ordinary Shareholders CET 1	290,852	287,676
Regulatory adjustments (deductions from the primary capital for ordinary shareholders' equity)	(43,662)	(41,217)
Supplementary capital *	40,334	14,989
Total Regulatory x	287,524	261,448
Total Risk-Weighted Assets	2,048,138	1,961,446
Primary Capital Adequacy Ratio (CET 1) (%)	12.07	12.57
Regulatory Capital Adequacy Ratio (%)	14.04	13.33

* During October 2017, the bank issued subordinated bonds in the amount of JD 25 million for a period of six years. The bonds were issued at the discounted interest rate to the Central Bank of Jordan in addition to 2% margin. The purpose is to improve the capital adequacy.

- Primary capital is calculated net of affective investments that are above 10% in commercial entities.

42 Assets and liabilities Maturity Analysis:

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

December 31, 2017	UptoOne Year JD	More than One Year JD	Total JD
Assets:			
Cash and balances at central banks	288,714,620	-	288,714,620
Balances at banks and financial institutions	177,424,795	-	177,424,795
Deposits at banks and financial institutions	5,037,813	-	5,037,813
Financial assets at fair value through profit or loss	954,381	-	954,381
Direct credit facilities - net	522,560,688	961,361,697	1,483,922,385
Financial assets at fair value through other comprehensive income	29,401,562	-	29,401,562
Financial assets measured at amortized cost	204,405,318	338,212,222	542,617,540
Investments in associates and unconsolidated subsidiary companies	-	3,528,666	3,528,666
Properties, equipment and projects under construction - net	-	56,363,728	56,363,728
Intangible assets - net	-	19,787,541	19,787,541
Other assets	-	113,539,543	113,539,543
Deferred tax assets	-	7,659,003	7,659,003
Total Assets	1,228,499,177	1,500,452,400	2,728,951,577
Liabilities:			
Banks and financial institutions deposits	78,304,698	-	78,304,698
Customers deposits	1,699,702,353	218,958,019	1,918,660,372
Cash margins	81,693,347	170,266,169	251,959,516
Borrowed funds	20,316,829	86,459,436	106,776,265
Subordinated Bonds	0	25,000,000	25,000,000
Various provisions	3,885,125	-	3,885,125
Provision for income tax	4,418,203	-	4,418,203
Deferred tax liabilities	-	491,607	491,607
Other liabilities	-	33,269,530	33,269,530
Total Liabilities	1,888,320,555	534,444,761	2,422,765,316
Net	(659,821,378)	966,007,639	306,186,261

December 31, 2016	Up to One Year JD	More than One Year JD	Total JD
Assets:			
Cash and balances at central banks	193,764,651	8,224,400	201,989,051
Balances at banks and financial institutions	185,788,643	-	185,788,643
Deposits at banks and financial institutions	10,037,793	-	10,037,793
Financial assets at fair value through profit or loss	968,373	-	968,373
Direct credit facilities - net	503,723,237	943,513,365	1,447,236,602
Financial assets at fair value through other comprehensive income	29,011,930	-	29,011,930
Financial assets measured at amortized cost	288,171,855	466,638,100	754,809,955
Investments in associates and unconsolidated subsidiary companies	-	5,106,980	5,106,980
Properties, equipment and projects under construction - net	-	46,831,590	46,831,590
Intangible assets - net	-	21,141,035	21,141,035
Other assets	-	106,377,371	106,377,371
Deferred tax assets	-	6,219,227	6,219,227
Total Assets	1,211,466,482	1,604,052,068	2,815,518,550
Liabilities:			
Banks and financial institutions deposits	57,353,655	-	57,353,655
Customers deposits	1,837,642,736	229,652,023	2,067,294,759
Cash margins	74,855,362	181,027,769	255,883,131
Borrowed funds	18,840,478	69,679,555	88,520,033
Various provisions	3,392,889	-	3,392,889
Provision for income tax	926,721	-	926,721
Deferred tax liabilities	-	1,002,584	1,002,584
Other liabilities	-	38,479,374	38,479,374
Total Liabilities	1,993,011,841	519,841,305	2,512,853,146
Net	(781,545,359)	1,084,210,763	302,665,404

43 Accounts Managed on Behalf of Customers

The details of this item are as follows:

	2017 JD	December 31, 2016 JD
Accounts managed on behalf of customers*	15,345,697	19,954,122

* This item represents accounts with no guaranteed capital managed on behalf of customers.

These accounts do not appear within the assets and liabilities of the Bank in the consolidated statement of financial position.

44 Commitments and Contingent Liabilities

a. Commitments and contingent liabilities

The details of this item are as follows:

	2017 JD	December 31, 2016 JD
Letters of credit:		
Letters of credit - outgoing	91,505,478	91,392,693
Letters of credit-incoming	45,557,953	109,162,798
Acceptances	48,713,890	55,150,734
Letters of guarantee:		
- Payments	122,067,582	110,086,167
- Performance bonds	80,245,276	69,249,069
- Other	36,193,946	35,993,985
Unutilized direct credit facilities	187,152,155	139,061,512
Total	611,436,280	610,096,958

45 Lawsuits against the Bank

- The lawsuits filed against the Bank amounted to JD 3,161,020 as of December 31, 2017 (JD 5,606,615 as of December 31, 2016). These lawsuits are against financial claims, claims against financial and moral damage, revoking actions, labor issues and others. In the opinion of the Bank's management and its legal advisors, no liabilities exceeding the provision of JD 458,660 as of December 31, 2017 are expected to arise.
- The lawsuits filed by the Bank against others amounted to around JD 209 million, and are still awaiting respective courts' decisions.

46 Fair Value Measurement

a. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs):

Financial Assets	Fair Value December 31,		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	2017 JD	2016 JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss:						
Companies Stocks	954,381	968,373	Level 1	Quoted Shares	Not Applicable	Not Applicable
	954,381	968,373				
Financial assets at fair value through other comprehensive income:						
Quoted Shares	11,474,277	12,303,548	Level 1	Quoted Shares	Not Applicable	Not Applicable
Mutual Fund	5,326,008	4,867,994	Level 2	The fund manager's evaluation of the fair value	Not Applicable	Not Applicable
Unquoted Shares	12,601,277	11,840,388	Level 2	Through using the equity method and latest financial information available	Not Applicable	Not Applicable
	29,401,562	29,011,930				
Total Financial Assets at Fair Value	30,355,943	29,980,303				

There were no transfers between Level 1 and level 2 during the year ended December 31, 2017 and 2016.

b. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's consolidated financial statements approximate their fair values:

	December 31, 2017		December 31, 2016		Fair Value Hierarchy
	Book Value JD	Fair Value JD	Book Value JD	Fair Value JD	
Financial Assets not Calculated at Fair Value					
Deposits at central banks	76,595,500	76,627,467	15,261,385	15,262,590	Level 2
Balances and deposits at banks and financial institutions	182,462,608	182,566,595	195,826,436	195,961,063	Level 2
Direct credit facilities at amortized cost	1,483,922,385	1,488,274,399	1,447,236,602	1,449,821,971	Level 2
Other financial assets at amortized cost	542,617,540	547,903,282	754,809,955	761,548,541	Level 1 & 2
Foreclosed assets against debts	91,237,052	76,838,461	75,495,083	65,696,413	
Total Financial Assets not Calculated at Fair Value	2,376,835,085	2,372,210,204	2,488,629,461	2,488,290,578	
Financial Liabilities not Calculated at Fair Value					
Banks and financial institutions deposits	78,304,698	78,497,597	57,353,655	57,421,102	Level 2
Customer deposits	1,918,660,372	1,924,897,183	2,067,294,759	2,072,801,518	Level 2
Cash margin	251,959,516	251,969,012	255,883,131	255,911,686	Level 2
Borrowed funds	106,776,265	107,039,225	88,520,033	88,749,342	Level 2
Total Financial Liabilities not Calculated at Fair Value	2,355,700,851	2,362,403,017	2,469,051,578	2,474,883,648	

For the items listed above, the fair value of the financial assets and liabilities classified as level two has been determined in accordance with the generally accepted pricing models that reflect the credit risk of counterparties.

47. Application of new and revised International Financial Reporting Standards (IFRS)

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2017, have been adopted in these consolidated financial statements.

Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealized Losses

The Bank has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the Bank's consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The application of these amendments has had no impact on the Bank's consolidated financial statements.

Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

The Bank has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group.

IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Bank's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

b. New and revised IFRS in issue but not yet effective

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

Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28

The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Annual Improvements to IFRS Standards 2015–2017

The improvements include the amendments on IFRS 3, IFRS 11, IAS 12 and IAS 23 and they are effective for annual periods beginning on or after January 1, 2019.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

there is consideration that is denominated or priced in a foreign currency;
the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
the prepayment asset or deferred income liability is non-monetary.

The interpretation is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

Whether tax treatments should be considered collectively;
Assumptions for taxation authorities' examinations;
The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 40 Investment Property

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 28 Investment in Associates and Joint Ventures

The amendments are related to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Bank will apply IFRS 16 in the effective date. The Bank is in the process of evaluating the impact of IFRS 16 on the Bank's consolidated financial statements.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Bank adopted IFRS 9 (phase 1) that was issued in 2009 related to classification and measurement financial assets, the company will adopt the finalized version of IFRS 9 from the effective date of January 1, 2018; apply it retrospectively and recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings as of January 1, 2018.

During July 2014, the Board of International Accounting Standards issued the final version of IFRS 9 – Financial Instruments, which will replace IAS 39 – Financial Instruments (Recognition and Measurement) and all previous issues of IFRS 9. The International Financial Reporting Standard 9 gathers all three aspects of accounting related to financial instruments: Classification and Measurement, Impairment and Hedge Accounting. The Bank already implemented the first phase of IFRS 9 issued during 2009. The initial implementation of the first phase of the standard was on the first of December 2011.

The new version of IFRS 9 will be implemented on annual periods starting from the first of January 2018, and early adoption is permitted. Moreover, the standard is implemented retroactively excluding hedge accounting. Additionally, IFRS 9 exempted the companies from adjusting comparative figures.

The Bank will implement the new standard on the effective date and will not adjust comparative figures. During 2017, the Bank conducted a detailed study to evaluate the impact of IFRS 9. This detailed study was based on current available figures which could change in case new information was available after implementing the new standard in 2018. The Bank generally does not expect a major impact on the consolidated statement of financial position and the consolidated statement of shareholders' equity except for the impact of implementing the new requirements of impairment measurements according to IFRS 9. Based on the initial figures, the Bank expects, based on the study conducted by its management, an increase in the impairment provision by JD 10.5 million (+ - 10%), which will decrease the Shareholders' equity by the same amount. Additionally, the Central Bank of Jordan allowed to use the balance of the general banking risks reserve amounting JD 15.3 million to cover part of the increase in the impairment provision.

Amendments to IFRS 9 Financial Instruments

The amendments are related to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Amendments are effective for annual periods beginning on or after January 1, 2019.

IFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

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

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

The Bank intends to adopt the standard using the cumulative effect approach, which means that the Bank will recognize the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application. The Bank is continuing to analyze the impact of the changes and its impact will be disclosed in the first consolidated financial statements as of December 31, 2018 that includes the effects of its application from the effective date.

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

The Amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments are related to disclosures about the initial application of IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 7 Financial Instruments: Disclosures

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of January 1, 2021.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)

The amendments are related to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

The Amendments effective date deferred indefinitely and the adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning January 1, 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning January 1, 2019.

DISCLOSURE AND TRANSPARENCY STATEMENTS

ahli | الأهلبي

البنك الأهلبي الأردنبب
Jordan Ahli Bank



The 2017 Jordan Securities Commission Requirements and Disclosure Statements

1.A. Description of the bank's main activities

The bank provides comprehensive banking and financial services and supplies its customers with a comprehensive range of services and technological developments in the field of banking and in all economic sectors.

B. Geographic location

Jordan Ahli Bank's general management is located in Shmeisani and hosts a total of 753 employees. The bank's network of 57 branches and offices is optimally distributed among Jordan's governorates, and is particularly concentrated in Amman. The bank's branches also cover Palestine with nine branches, Cyprus with one branch. Details of the branches are presented at the end of this annual report. The total number of employees working for the bank's branches during 2017 reached 458 employees, distributed among its various branches as follows:

Branches in Jordan

Branch name	No. of employees	Branch name	No. of employees	Branch name	No. of employees
Main branch	17	Um Uthaina Souk	6	Balqa University	6
Corporate	19	Rabia	6	Bawabat Al Salt	6
Abdoun	8	CityMall	8	Al Fuhais	6
Taj Mall	5	Khalda	6	Deir Alla	7
JabalAmman	9	Sweileh	6	Zarqa	9
Mecca St.	9	Abu Nseir	6	New Zarqa	8
Sweifieh	8	Hashmi Al Shamali	6	Free Zone - Zarqa	4
VIP Banking Services	11	Hurriya St.	8	Jerash	9
Thaqafa St.	6	Sahab	7	Mafraq	8
Queen Rania Al Abdullah St.	8	Marka	8	Ramtha	8
Jabal Al Hussein	11	Dahiyat Al Yasmeen	8	Army St. - Irbid	14
Wasfi Al Tal St.	8	Ibn Khaldoun St.	5	Hashmi St. - Irbid	8
Wadi Saqra St.	7	Ruseifah	7	Karak	8
Downtown – Amman	14	Al Jubeiha	7	Tafilah	8
Middle East Circle	7	Khreibet Al Souk	8	Maan	10
Bayader Wadi Al Seer	7	Marj Al Hamam	7	Aqaba	15
Tbarbour	5	Madaba	10	Arabella Mall	6
Tlaa Al Ali	6	Industrial Zone - Irbid	6	Salt	8
Abdullah Ghosheh St.	7	Mu'tah	8	Mecca Mall	5



Branches in Palestine

Branch name	No. of employees	Branch name	No. of employees	Branch name	No. of employees
Bireh – Ramallah	14	Bethlehem	16	Shallalah St. -Hebron	3
Nablus	24	Salam St. - Hebron	19	Jenin	12
AlMasyoun	6	Beit Sahour	8	Tulkarm	6
Regional Management	71				



Branches in Cyprus

Branch name	No. of employees
Limassol	14

C. Volume of Capital Investment

As of December 31, 2017, the volume of capital investment at Jordan Ahli Bank reached JD 56.4 million.

2. As of the end of 2017, the bank's numerous subsidiaries are as follows:

No	Company name	Main activity	No. of employees	Capital (JD million)	Ownership percentage
1	Ahli Microfinance Co. LLC	Micro projects financing	210	6	100 %
2	Ahli Brokerage Co. PS	Financial brokerage	9	5	100 %
3	AlAhli Financial Leasing Co. PS	Financial leasing	12	17,5	100%
4	Ahli FinTech	Financial technology	-	0	100%

A. Brief Introduction of members of Jordan Ahli Bank's Board of Directors



Mr. Saad Nabil Mouasher
Chairman

- Appointed in 2014.
- Jordanian, born in 1974.
- Holds a master's Degree in Business Administration (MBA) from Stanford University; and a BA in Economics from Northwestern University.
- Served as Vice Chairman of the Board of Directors of Jordan Ahli Bank for over two years where he headed the Risk Management and Compliance Committee and the IT and Strategy Committee. In collaboration with the Board of Directors, he made continuous improvements to the Board's policies and procedures to better adopt good governance principles. He served as an Executive Officer at Jordan Ahli Bank with various positions, the last of which was First Deputy Director General.
- He is a board member at several national institutions, including Founding Member Deputy Chairman of the Board of Directors of the Queen Rania Foundation for Education and Development (QRF) where he was driven by his passion for education reform and development in Jordan and the Arab World. In 2012, he was appointed Chairman of the Work Committee at the Queen Rania Center for Entrepreneurship (QRCE) where he designed numerous national initiatives concerning entrepreneurship and the economy. The most notable initiative is a proposal to support the establishment of a national economic forum. He thus became a founding member of the Jordan Strategy Forum (JSF), today considered the leading economic research center and a group that can foster support with financing that is completely sourced from the private sector financing in Jordan. He founded the Nawa non-profit platform to develop and fund impactful and leading civil society initiatives. He is a Consulting Member at the international institution Endeavor Venture Corps, and a mentor for local and international entrepreneurs and start-ups.
- Non-independent member.



H.E. Dr.
Umayya Salah Toukan
Deputy Chairman
Starting 2017/1/15

- Appointed in 2017.
- Jordanian, born in 1946.
- Holds a MA in Economics from Columbia University, New York, USA with a focus on monetary economy and an MSc in Economics for Development from Oxford University, UK. He received a BA in Business Administration from the American University of Beirut. He held many positions in Jordan, including Chairman of the Studies and Research Department at the Central Bank of Jordan, Economic Advisor to the Prime Minister, and General Director of the Securities Market. He was an Economics Expert at the Arab Monetary Fund in Abu Dhabi from 1989 to 1991. On the international level, he held the positions of Jordan's Representative to the United Nations (Economic and Financial Commission) (1978-1973) and Ambassador of the Hashemite Kingdom of Jordan to the EU, Belgium, The Netherlands and Luxemburg (2000-1996).
- He was appointed Governor of the Central Bank of Jordan (2010-2001) for two consecutive terms, as member of the Senate House for several terms, and as Non-Executive Director at the Europe Arab Bank in London. He was part of an expert team working for the International Monetary Fund in 2011.
- He has been a speaker at many seminars across the MENA region, Europe and the USA discussing monetary, governance and monitoring issues in the banking sector and was a keynote speaker at the annual meeting of central bankers in Jackson Hole, Wyoming in 2010 where he talked about "Reforming the Global Monetary System".
- Independent member



Mr. Nadim Yousef
Muasher
Member

- Appointed in 1997.
- Jordanian, born in 1950.
- Holds a master's degree in Civil Engineering, from Stanford University, USA; and a BA in Architecture from England.
- Served as a Former Member of the Senate House; and a member of the Economic and Financial Affairs Committee and the Tourism Committee in 2011.
- He is Chairman of the Arab International Hotels Co. (Marriott) and affiliated companies (Business Tourism Company LLC and Beaches for Hotels and Spas Co.); Chairman of Ad Dawliya for Hotels and Malls Co. – Sheraton Hotel; and Chairman of the Jordan Investor Center Co. and the El-Zay Ready Wear Manufacturing Co. He is also Deputy Chairman of the Jordan Worsted Mills Co., and Chairman of the Board of Directors of the Jordanian Hospitality and Tourism Education Company (JHTEC).
- He previously served as a Rapporteur for the Investment Committee/Economic Advisory Council; Investment Deepening Committee
- Chairman/National Agenda; and Chairman of the National Tourism Strategic Steering Committee.
- He is the author of numerous studies and reports on the public budget, encouraging investments, income taxes, and Jordanian tourism laws.
- Was awarded the Order of the Star of Jordan (third degree) and the Equestrian Order of the Holy Sepulcher of Jerusalem.
- Non-independent member.



- Appointed in 2015.
- Lebanese, born in 1969.
- Holds a master's Degree in Banking & Financial Sciences and a BA in Economics.
- Deputy Chairman of Byblos Bank, Board Member at Byblos Bank, and Board Member at Byblos Bank Africa.
- Non-independent member

Mr. Alan Fuad Wanna
Representing Byblos Bank (Lebanon)
Member



- Appointed in 1997.
- Jordanian, born in 1957.
- Holds a master's degree in International Business Administration, from the USA; and a BA in Economics.
- Serves as Deputy Chairman and Board Member of various companies.
- Non-independent member.

Mr. Imad Yousef Mouasher
Representative, Muasher Investment and Trading Co.
Member



- Appointed in 1997.
- Jordanian, born in 1936.
- Holds a master's degree in Economics and Development Management from the American University of Beirut; tertiary education degrees from the USA, and a BA of Law from Damascus.
- Member of the Senate House; Former Minister of Industry and Trade; Chairman of the Economic and Social Council; Director General of Planning; Director General of the Jordan Investment Commission; Director of the Department of Statistics; Director General of the Jordan Phosphate Mines Co.
- Board Member of various companies with many years of experience in both the public and private sectors, and in various fields.
- Non-independent member.

**H.E. Mr.
Wasef Yacub Azar**
Representative, Jordan Investor
Center Member



- Appointed in 2016.
- Jordanian, 1982.
- Holds a master's Degree in Finance and Banking from the University of Jordan and a BA in Accounting.
- Served as a Board Member and Representative of the Social Security Corporation at the Arab Potash Company (2017/4/1 – 2016).
- Non-independent member

Mrs. Areej Suleiman Obaidat
Representing the Social Security Corporation
Member Starting 2017/5/1



- Appointed in 1997.
- Jordanian, born in 1949.
- Holds a master's degree in Construction Engineering; and a master's degree in Engineering Projects Management, from the USA.
- 1980 - Ranco Co. for Contracting and Trade; -1985-1980 - Rajai Muasher & Brothers Co
- 1988-1985 - Al Ahliyya Financial Investments Co.
- 1988 Present - Al Ahliyya National Securities Co.
- Non-independent member.

Mr. Rafik Saleh Muasher

Representative, Rajai Muasher & Brothers Co.

Member



- Appointed in 1997.
- Saudi Arabian, born in 1935.
- Holds a BA in Economics, from the American University of Beirut.
- Businessman, owner of Al Mahmoudiah Trading Co., operating in general trade and trademarks representation since 1994; Chairman and Board Member in several banks and companies.
- Non-independent member.

Mr. Mahmoud Zuhdi Malhas

Member



- Appointed in 1997.
- Egyptian, born in 1953.
- Holder of a master's degree in Financial Management and BA in Accounting
- Serves as Deputy Chairman of Al Zahid Group, Saudi Arabia; Chairman of Arab-Sudanese Truck Co.; Board Member of Arab Truck and Vehicle Saudi Co.; and Board Member of Laguna Tourism Development Co., Egypt.
- Non-independent member.

Mr. Alaadin Riad Sami

Representative, ZI&IME Co.

Member



- Appointed in 2015.
- Jordanian, born in 1959.
- Holder of a master's degree in Money and Banking, from the American University of Beirut.
- Over 27 years of experience in the banking sector.
- Served as Former Board Member at MEPS; Executive Partner at a consultancy firm
- Independent Member.

Mrs. Ibtissam (M.S.) El Ayoubi

Member



Mr. Tarek Ziyad Jallad
Member

- Appointed in 2015.
- Jordanian, born in 1979.
- Holder of a master's degree in Economics, from the London School of Economics, and a BA in Economics from Pennsylvania University.
- Held different positions in banks and companies, and a Deputy President for Jordan Tractors and Equipment CAT.
- Board Member of Jallad Group.
- Independent Member.



Dr. Tareq Mohammad Hammouri
Member
Starting 2017/2/1

- Appointed in 2017.
- Jordanian, born in 1975.
- Holds a PhD in Commercial Law from Bristol University, UK and a master's degree in Commercial Law from Edinburgh University. He holds a BA in Law from the University of Jordan and a diploma from the World Trade Organization and the Arab Monetary Fund. He has received 40 hours of training in legal mediation from the American Bar Association.
- He has held many positions, most recently Administrative, Financial and Legal Advisor at the University of Jordan and Legal Expert at the Legislation and Opinion Bureau at the Prime Ministry.
- He held the position of Dean at the Faculty of Law, University of Jordan (2014-2012).
- Chairman of the Legal Department and Associate Professor at the Faculty of Law (2012-2011).
- Partner at Hammouri & Partners Law Firm.
- Board Member at the National company For Tourism Development, the Electricity Distribution Company, the Judicial Institute of Jordan, and the Samra Electric Power Company.
- Former Board Member at the King Abdullah II Fund for Development, the Social Security Investment Fund, the Islamic International Arab Bank, the Kingdom Electricity for Energy Investments, the Al Rakaez Investment Company, and Al Fatioun Al Arab for Industry and Trade.
- He has extensive experience serving at the National Committee to Review the Arbitration Law in Jordan, as advisor to the Jordanian government, at the National Committee to Review the Companies Law in Jordan, at the National Committee to Draft and Amend the Investment Law in Jordan, and at the National Committee to Draft and Amend the System to Regulate Non-Jordanian Investments.
- He has published many studies in Jordanian and European publications.
- 1988 to date: Al Ahliyya National Securities Co.
- Independent member

Brief Introduction of independent members of Jordan Ahli Bank's Board of Directors



Dr. Omar "Ahmad Munif" Razzaz
Chairman
Starting 2017/1/15

- Appointed in 2014.
- Jordanian, born in 1961.
- Holds a post-doctoral degree from Harvard Law School; a PhD in Urban Planning from Harvard University; a master's degree in International Development and Regional Planning from MIT University; and a BA in Civil Engineering/Transportation Planning and Environmental Design from Louisiana Tech University.
- Served as a Director General of the World Bank in Washington and Beirut; Director General of Jordan's Social Security Corporation; Head of the National Strategy Technical Team; Chairman of the Jordan Privatization Committee; Chairman of the Jordan Strategy Forum (JSF).
- An Independent member.



Mrs. Reem Mudar Badran

Representative,
Social Security Corporation Until 2017/4/30

- Appointed in 2016
- Jordanian, born in 1963.
- Holds a master's degree in International Economy and Middle East Policy from Johns Hopkins University in Washington DC; and a BA in English Literature and Business Administration.
- Served as Director General of the Jordan Investment Commission; Board Member and CEO of the Kuwaiti Jordanian Holding Company; Chairman of the Board of Directors of Al Hurra for Project Development and Management; Chairman of the Board of Directors of the Kuwait Finance House; Chairman of the Board of Directors of the National Microfinance Bank; and member of numerous non-profit institutions working on women empowerment, and the support of arts, education, and youth.
- Non-independent member.



Mr. Karim Tawfik Kawar

Member
Until 2017/1/29

- Appointed in 2008.
- Jordanian, born in 1966.
- Holder of a BA in Financial Management and Computer Science, from Boston College.
- Served as Former Jordanian Ambassador to the USA; Former Managers' Committee Member at: Ideal Group, Vision Investment, Batelco Jordan, and National Equipment and Technical Services; Former Economic Advisory Board Member; Current Chairman of the Board, Kawar Group; Board Member, JWICO; Head of Managers' Committee at: Iris Guard, Nathealth, and Kawar Power Co., King Abdullah II Development Fund Board of Trustees, Jordan River Foundation Board of Trustees; Founder and President of the Management Committee for the Information Technology Companies' Society; President of Jordan Computer Society, as well as various other initiatives, societies, and groups.
- Independent member.

Brief Introduction of the members of Jordan Ahli Bank's Senior Executive Management



Mr. Mohammad Musa Daoud
CEO/General Manager

- Appointed in 2015.
- Jordanian, born in 1956.
- Holds a BA in Mathematics and Business Administration from the University of Jordan
- Currently holds the following positions:
 - Chairman of the Board of Ahli Financial Leasing Company
 - Board Member of Al Dawliya for Hotels and Malls
 - Board Member of the Association of Banks
- Has over 37 years of experience in the banking sector at Arab Bank (2015-1978) where he held various positions, the last of which was Jordan Director.
- Was previously a board member at several banks and companies:
 - Deputy Chairman of the Board of the International Islamic Arab Bank
 - Deputy Chairman of the Board of Directors of the Arab National Leasing Company
 - Board Member at the Arab Bank – Syria
 - Board Member at the Jordan Mortgage Refinance Company
 - Board Member at the Jordan Loan Guarantee Corporation
 - Board Member at the Jordan Hotels and Tourism Company



Dr. Ahmad Awad
Abdulhalim Alhussein
Deputy CEO/General Manager

- Appointed in 2015.
- Jordanian, born in 1966.
- Holds a PHD in Finance from Amman Arab University
- Currently holds the following positions:
Deputy Chairman of the Board of the Ahli Financial Leasing Company
Chairman of the Board of the Ahli Microfinance Company
Board Member at the Jordan Worsted Mills Co.
- Has over -28 year experience in credit and banking operations:
Arab Bank (2015-1994)
Cairo Bank (1994 – 1991)
Bank of Jordan (1991 – 1989)
- Previously held various positions:
Corporate Credit Director/Eastern Mediterranean at Arab Bank
Board Member at the International Islamic Arab Bank
Board Member at the Arab Bank – Syria
Board Member at the Arab National Leasing Company
Board Member at Jordan National Shipping Lines
Board Member at the Palestine Real Estate Investment Company
Board Member at the Palestine Mortgage Refinance Company



Mr. Basel Najib Al Naber
Head of Finance

- Appointed in 2016
- Jordanian, born in 1968
- Holds a master's degree in Accounting from the University of Jordan
- Held various positions at numerous institutions, including:
ABC Bank (2011-2004)
Cairo Amman Bank (2004-1996)
Jordan Ahli Bank (1996-1995)
Housing Bank for Trade & Finance (1992-1991)



Ms. Lina Al Bakhit
Head of Treasury, Investment & Financial Institutions

- Appointed in 1998.
- Jordanian, born in 1963.
- Holds a BA in Business Administration from the American University of Beirut.
- Former Head of the Treasury Department at the Jordan Investment and Finance Bank.



Mr. Mohammed Bashar
Abdulwahab Al Bakri
Head of Human Resources

- Appointed in 2003.
- Jordanian, born in 1963.
- Holds a BA in Business Administration and Economics from the University of Jordan; and a Higher Diploma in Enterprise Management.
- Held several positions, including: Chief Administration Officer for Makshaf Holding, Riyadh; and Human Resources Manager at Royal Jordanian Airlines.



- Appointed in 1994.
- Jordanian, born in 1962.
- Holds a master's degree in Accounting and Finance from the University of Juba, Sudan.
- Held several positions in the following organizations:
 - Jordan Kuwait Bank (1994 – 1988)
 - Azmi Sabri and Partners Company (1988 – 1987);
 - Ibrahim Hanna Khoury for Auditing and Accounting

Mr. Jaafar Naem Majdalawi

Head of Corporate Banking & Projects Finance



- Appointed in 1994.
- Jordanian, born in 1971.
- Holds a BA in Economics and Political Science from the University of Jordan.
- Jordan Ahli Bank since 1994.

Mr. Tarek Fuad Imaish

Head of Consumer Banking Services



- Appointed in 2017.
- Jordanian, born in 1980.
- Holds a BA in Accounting
- He has held several positions:
 - InvestBank (2014-2012)
 - National Bank of Kuwait (2012-2007)
 - Arab Bank (2007-2005)

Mr. Ammar Mohammed Saeed Al Sa'id

Small & Medium Enterprises (SMEs) Banking



- Appointed in 2013.
- Jordanian, born in 1973.
- Holds a PhD in Finance and Banking.
- Held several positions, including:
 - InvestBank (2013-2010)
 - Assistant General Manager at Capital Bank (2010-1999)
 - Officer at HSBC (1999-1995).

Dr. Michael Zaki Numan

Head of Risk / Secretary to the Board of Directors



Mr. Mouin Aziz Al Bahou
Head of Credit

- Appointed in 2004.
- Jordanian, born in 1967.
- Holds a BA in Finance and Banking from Yarmouk University.
- Held several positions, including at:
Cairo Amman Bank (2004-1995)
Grindlays Bank (1995-1992).



Mr. Khaled Zuhair Abu Esh-Shaer
Head of Compliance

- Appointed in 2016
- Jordanian, born in 1968
- Holds a master's degree in Business Administration and a master's degree in Electronic Commerce and Marketing from Victoria University
- Held several positions including at:
InvestBank (2016-2006)
Housing Bank for Trade & Finance (2002-1996)
Tomeh Abu Al Shaar Accounting Company (1996-1995)



Mr. Jwallant Vasani
Information Technology

- Appointed in 2017.
- Indian, born in 1971.
- Holds a master's degree in Business Administration.
- He has held many positions, including:
Gulf Commercial Bank, Gulf (2017-2013)
First Gulf Bank (2010-2006)



Mr. Rami Marwan Al Karmi
iHorizons (1999-1998)
Innovation

- Appointed in 2017
- Jordanian, born in 1976
- Holds a BA in Electric Engineering
- He has held many positions, including:
Venture Partners F2017-2013)03)
N2V Labs (2013-2010)
Alternatives (2005-2004)
Advisor to the Minister of Health (2004-2003)
Sigmasoft (2003-1999)



- Appointed in 2017
- Jordanian, born in 1973
- Holds a BA in Business Administration
- He has held many positions, including:
 - Gulf Commercial Bank, Gulf (2016-2011)
 - Saudi Investment Bank (2011-1999)
 - Arab Bank (1999-1997)

Mr. Rami Mohammad Da'na
Operations & Shared Services



- Appointed in 1996
- Jordanian, born in 1971
- Holds a BA in Accounting from Mutah University
- Held several positions, including at the Commercial & Industrial Company

Mr. Iyad Toufic Ammari
Internal Audit

Brief Introduction of the independent members of Jordan Ahli Bank's Senior Executive Management



- Appointed in 1995.
- Jordanian, born in 1946.
- Holds a BA in Literature; and a Diploma in Management.
- Past experience in the fields of administration, finance and legal affairs at the Jordan Radio and Television Corporation (JRTV) and the Arab States Broadcasting Union for 27 years; last held position was of Assistant Director General for Administrative and Financial Affairs at JRTV.
- His resignation was accepted on 2017/7/17.

Mr. Hani Suleiman Farraj
Head of Acquired Real Estates & Secretary to the Board of Directors until 2016/6/5



- Appointed in 1998.
- Jordanian, born in 1959.
- Holds a BA in Statistics from the University of Baghdad, Iraq.
- Served as a Statistics Unit Manager and Deposits Department Manager at the Amman Investment Bank; and as Clearance Manager at Madanat Commercial Establishment.
- His resignation was accepted on 2017/10/1

Mr. Kameel Kamal Haddad
Head of Remedial Department



- Appointed in 1997.
 - Jordanian, born in 1970
 - Holds a BA in Finance and Banking from Yarmouk University.
 - Held several positions including at Bank Al Etihad (1997 – 1994)
- His resignation was accepted on 2017/11/1

Mr. Marwan Suleiman Mufdi Shahatit

Head of Small & Medium
Enterprises (SMEs) Banking



- Appointed in 1984.
 - Jordanian, born in 1959.
 - Holds a BA in Business Administration from the American University of Beirut.
 - Jordan Ahli Bank (since 1997)
 - Business Bank (since 1990)
- Her resignation was accepted on 2017/1/1

Mrs. Hadil Khalaf

Head of Operations &
Shared Services

4. Major shareholders, owning 5% or more of Jordan Ahli Bank's capital

No.	Name	Total shares 2017	Ownership percentage	Total shares 2016	Ownership percentage
1	Byblos Bank	19,074,501	10,38%	18,166,192	10,38%
2	Social Security Corporation	18,375,000	10,00%	17,500,000	10,00%
3	Jordan Worsted Mills Co.	11,875,685	6,45%	11,290,177	6,45%
4	Jordan Investor Center Co.	10,108,381	5,50%	9,527,030	5,44%
	Total	59,412,567	32,33%	56,483,399	32,28%

5. Competition and ranking

Jordan Ahli Bank currently ranks number six in terms of assets and number six as well in terms of direct credit facilities and number four in terms of customer deposits. The bank operates in Jordan, Palestine and Cyprus and has an excellent market share in each of the aforementioned locations.

6. The bank does not rely on specific suppliers or primary customers, internally or externally, that form 10% of the bank's purchases or revenues.

7. Neither Jordan Ahli Bank nor any of its products enjoy any government protection or privilege pursuant to laws, regulations or any other means.

* Jordan Ahli Bank has no patents or franchises.

8. There have been no decisions issued by the government, international organizations or any similar institutions that have had a material impact on the bank, its products or competitiveness.

* The bank adheres to specific quality standards regarding its activities, especially those related to the quality of its services and products, in addition to the quality of internal audit activities. International quality standards do not apply to the bank.

9. A. The organizational structure of Jordan Ahli Bank and its subsidiaries

The organizational structures of the bank and its subsidiaries are outlined in the final pages of the annual report.

B. Jordan Ahli Bank's employees by numbers, categories and qualifications

Branches	Less than High School	High School	Community College	Bachelor's Degree	Graduate Diploma	Master's Degree	PhD	Total
Jordan	48	83	116	844	3	108	9	1,211
Cyprus	0	3	2	6	0	3	0	14
Palestine	6	12	20	133	0	8	0	179
Total	54	98	138	983	3	119	9	1,404

And subsidiaries

	Less than High School	High School	Community College	Bachelor's Degree	Graduate Diploma	Master's Degree	PhD	Total
Ahli Microfinance Co. LLC	2	20	29	156	0	2	1	210
Ahli Brokerage Co. PS	2	0	1	6	0	0	0	9
AlAhli Financial Leasing Co. PS	0	1	1	5	0	4	1	12

C. Training and qualification programs for Jordan Ahli Bank's employees:

The Development and Training Department organized 356 training programs, with a total of 3,651 participants, 2,162 of whom were male and 1,489 were female.

Type of program	No. of programs	Training opportunities	Male participants	Female participants
Programs within the training center	185	3185	1861	1325
Programs with local training				
companies and bodies	104	323	202	122
Training programs/Institute of Banking Studies	11	17	11	6
Programs with foreign training				
*companies and bodies	19	35	29	6
Training programs/Palestine	28	78	53	25
Training programs/Cyprus	9	11	6	5
Total	356	3651	2162	1489

Details of the training courses are as follows:

Training course	Training Domain	No. of Programs	Training opportunities	Male participants	Female participants
Audit	Audit	2	7	6	1
Financial & Accounting	Financial & Accounting	10	91	68	23
Awareness	Awareness	17	379	220	159
Certificates & Diplomas	Certificates & Diplomas	9	9	7	2
Desktop Training	Desktop Training	2	1	1	3
Language	Language	12	13	9	4
IT	IT	8	12	10	2
Operations	Operations	9	122	61	61
Credit	Credit	12	70	56	14
Risk	Risk	4	46	40	6
Compliance	Compliance	16	100	56	44
Legal	Legal	9	15	7	8
Management	Management	20	192	90	102
Selling Skills & Customer Care	Selling Skills & Customer care	6	62	33	29
Product Knowledge	Product Knowledge	59	699	406	293
Functional	Functional	48	864	494	370
Technical	Technical	122	73	49	
Soft Skills	Soft Skills	9	71	34	37
Seminars	Seminars	5	10	9	1
Summit	Summit	3	5	2	3
Workshop	Workshop	54	683	425	258
Marketing	Marketing	1	9	5	4
Human Resources	Human Resource	3	5	2	3
Investment	Investment	2	3	3	0
Conference	Conference	16	29	23	6
Forums & Awareness	Forums & Awareness	8	27	20	7
Total		356	3,651	2,162	1,489

10. There are no potential risks that may have a material effect on the bank during the coming financial year.

11. During 2017, the bank did not witness any significant process or event that affected its position.

* Description of achievements: as detailed and supported by figures in the Board's report on the bank's achievements.

12. No financial impact was recorded during 2017 from non-reoccurring operations that do not fall under the bank's main activities.

13. Timeline of the development of Jordan Ahli Bank's financial indicators during the last five years

Fiscal year	Net shareholders' equity (in JD Million)	Cash dividends (%)	Value of cash dividends (in JD Million)	Pre-tax net profit (in JD Million)	Share market price (in JD)
2013	284,3	6%	9,9	20,9	1,22
2014	308,8	10%	17,5	21,7	1,32
2015	313,5	10%	17,5	32,5	1,25
2016	302,7	5%	8,75	8,2	1,15
2017*	306,2	5%	9,187	20,1	1,18

* The General Assembly will advise to distribute 5% in cash profits among shareholders and 5% in free shares. In 2016, free shares were distributed to shareholders amounting to 5% per shareholder. In 2014, free shares were distributed to shareholders amounting to 6.06% per shareholder. In 2013, free shares were distributed to shareholders amounting to 10% per shareholder.

14- Analysis of the bank's financial position

	2017	2016
Return on shareholders' equity	4.38%	2.04%
Return on assets	0.48%	0.24%
Return on paid-up capital	7.43%	3.59%
Credit to assets ratio	54.4%	51.40%
Credit to total deposits ratio	77.3%	70.0%
Non-performing facilities to total facilities ratio	7.40%	9.81%
Profit after tax per employee	JD 8,146	JD 3,452

15- Jordan Ahli Bank's future plan is listed separately in the Board of Directors' report.

16. Audit fees for Jordan Ahli Bank and its subsidiaries in the year 2017 amounted to JD 226,045 detailed as follows:

No.	Company name	Audit fee (in JD)
1	Jordan Ahli Bank	201,225
2	Ahli Microfinance Co.	10,835
3	Ahli Brokerage Co.	6,995
4	Ahli Financial Leasing Co.	6,990
Total		226,045

17. A- Share ownership of board members and their relatives

No.	Name	Title	Nationality	No. of shares 2017	No. of shares 2016
1	Mr. Saad Mouasher	Chairman of the Board	Jordanian	2,196,468	2,091,875
	Mrs. Tania Hareb	Spouse	Jordanian	235,072	173,879
2	H.E. Dr. Umayya Salah Toukan	Deputy Chairman of the Board	Jordanian	107,000	-
3	Mr. Nadim Yousef Muasher	Member	Jordanian	6,681,816	6,363,635
	Mrs. Rania Dallal	Spouse	Jordanian	98,371	93,687
4	Byblos Bank	Member	Lebanese	19,074,501	18,166,192
	Mr. Alan Fuad Wanna		Lebanese	-	-
5	Jordan Investor Center	Member	Jordanian	10,108,381	9,627,030
	H.E. Mr. Wasef Yacub Azar	Spouse	Jordanian	103,189	98,276
	Mrs. Abla Muasher		Jordanian	96,358	91,770
6	Muasher Investment & Trading Co.	Member	Jordanian	484,653	461,575
	Mr. Imad Mouasher	Spouse	Jordanian	6,712,200	6,392,572
	Mrs. Nadine Halasa		Jordanian	92,509	88,104
7	Rajai Muasher & Brothers Co.	Member	Jordanian	11,995	11,424
	Mr. Rafik Saleh Muasher		Jordanian	2,500,00	2,500,000
8	Social Security Corporation	Member	Jordanian	18,375,00	17,500,000
	Mrs. Areej Suleiman Obaidat		Jordanian	-	-
9	Mr. Mahmoud Zuhdi Malhas	Member	Saudi Arabian	2,049,715	1,952,110
10	ZI & IME Co.	Member	Bahamian	1,428,352	1,360,336
	Mr. Alaadin Sami		Egyptian	-	-
11	Dr. Tareq Mohammad Hammouri	Member	Jordanian	2,677	-
12	Mrs. Ibtissam (M.S.) El Ayoubi	Member	Jordanian	2,100	2,000
13	Mr. Tarek Ziyad Jallad	Member	Jordanian	832,374	792,738

B. Share ownership of Senior Executive Management members and their relatives

No	Name	Title	Nationality	No. of shares 2017	No. of shares 2016
1	Mr. Mohammad Musa Daoud	Chief Executive Officer/General Manager	Jordanian	10,500	10,000
2	Dr. Ahmad Awad Abdulhalim Alhussein	Deputy Chief Executive Officer/General -Manager	Jordanian	-	-
3	Mr. Basel AlNaber	Head of Financial Administration	Jordanian	-	-
4	Ms. Lina Al Bakhit	Head of Treasury, Investment & Financial Institutions	Jordanian	5,587	5,321
5	Mr. Bashar Al Bakri	Head of Human Resources and Logistics	Jordanian	7,906	7,530
6	Mr. Jaafar Majdalawi	Corporate Banking & Projects Finance	Jordanian	16,329	15,552
7	Mr. Mouin AlBahou	Head of Credit Review	Jordanian	-	-
8	Mr. Ammar Mohammed Saeed Al Sa'id	Small & Medium Enterprises (SMEs) Banking	Jordanian	-	-
9	Mr. Tarek Imaish	Head of Consumer Banking Services	Jordanian	-	-
10	Dr. Michael Numan	Head of Risk & Secretary to the Board of Directors	Jordanian	-	-
11	Mr. Khaled Zuhair Abu Esh Shaer	Head of Compliance and Combating Money Laundering	Jordanian	-	-
12	Mr. Iyad Toufic Ammari	Acting Internal Audit Director	Jordanian	-	-
13	Mr. Jwallant Vasani	Information Technology	Indian	-	-
14	Mr. Rami Mohammed Da'na	Operations & Shared Services	Jordanian	-	-
15	Mr. Rami Marwan Al Karmi	Development and Innovation	Jordanian	-	-

C. Companies controlled by the board members and their relatives

No.	Name	Company	No. of company shares 2017	No. of company share 2016
1	Mr. Saad Mouasher	- Al Nabil for Trade & Investment Management	2,606,776	2,482,644
		- Jordan Fabrics & Worsted Mills Manufacturing Co.	4,687,507	4,464,293
		- Arab International Hotels Co.	1,442,641	1,372,838
		- Al Zay Ready Wear Manufacturing Co.	615,000	585,044
2	Mr. Nadim Muasher	- Ranko Public Contracting and Housing Co.	1,093,940	1,027,848
		- World Fashion Trading Co.	105,237	100,226
		- Jordan Investor Center Co.	10,108,381	9,627,030
3	Jordan Investor Center Co. H.E. Mr. Wasef Azar	- Middle East Insurance Co.	122,499	116,666
		- World Fashion Trading Co.	105,237	100,226
4	Mr. Imad Mouasher	Muasher Investment & Trading Co. - Arab International Hotels Co.	1,442,641	1,371,838
		- Ranko Public Contracting and Housing Co. - Jordan Fabrics & Worsted Mills Manufacturing Co.	1,093,940 4,687,507	1,027,848 4,464,293
5	Rajai Mouasher & Brothers Co. Mr. Rafiq Muasher	- Jordan Worsted Mills Co. - Arab International Hotels Co.	11,854,685 1,442,641	11,290,177 1,371,838
	6	Mr. Mahmoud Zuhdi Malhas	- Al Mahmodieh Trading	57,646
7	ZI & IME Co. Mr. Alaadin Sami	Arab International Hotels Co.	1,442,641	1,371,838

D. Companies controlled by Senior Executive Management members and their relatives

No.	Senior Executive Management member	Companies controlled by the member	Shares owned in Ahli Bank 2017	Shares owned in Ahli Bank 2016
1	Mr. Mohammad Musa Daoud	Arab International Hotels Co.	1,442,641	1,371,838
2	Dr. Ahmad Awad Abdulhalim Alhussein	Jordan Worsteds Mills Co.	11,854,685	11,290,177

18. The total salaries, benefits and remunerations granted to members of the Board of Directors and Senior Executive Management in 2017 amounted to JD 4,073,107.

A. Salaries, benefits and remunerations of members of the Board of Directors

Name	Monthly and quarterly remunerations						Committee meetings	Total
	Committee chairmanships	Other	Annual remuneration	Transport	Per-deem	Travel		
Mr. Saad Muasher	0	285,833	5,000	613	0	0	2,448	293,894
Dr. Omar Razzaz Until 2017/1/15	0	21,777	5,000	300	0	0	100	27,177
H.E. Dr. Umayya Salah Toukan Starting 2017/1/15	14,666	59,583	0	11,355	0	0	14,100	99,704
Mr. Nadim Muasher	0	0	5,000	12,000	0	0	16,700	33,700
Mr. Alan Wanna Representative, Byblos Bank	0	0	5,000	12,000	2,400	830	1,700	21,930
Mr. Imad Mouasher Representative, Muasher Investment & Trading Co.	0	0	5,000	12,000	0	0	8,200	25,200
H.E. Mr. Wasef Azar Representative, Jordan Investor Center Co.	0	0	5,000	12,000	0	0	17,600	34,600
Mr. Rafik Muasher Representative, Rajai Muasher & Brothers Co.	0	0	5,000	12,000	0	0	14,100	31,100
Mrs. Areej Suleiman Obaidat Representative of Social Security Corporation	0	0	5,000	12,000	0	0	11,900	28,900
Mr. Mahmoud Zuhdi Malhas	0	0	5,000	12,000	0	0	2,100	19,100
Mr. Alaadin Sami Representative, ZI & IME Co.	0	0	5,000	12,000	2,400	1,220	1,700	22,320
Mrs. Ibtissam El Ayoubi	11,000	26,480	5,000	12,000	0	0	21,500	75,980
Mr. Tarek Jallad	11,000	0	5,000	12,000	0	0	3,400	31,400
Dr. Tareq Mohammed Hammouri Starting 2017/2/1	11,000	0	0	11,000	0	0	12,400	34,400
Mr. Karim Tawfik Kawar Until 2017/1/29	1,000	0	5,000	1,000	0	0	2,400	9,400

B- Salaries, benefits and remunerations of members of the Senior Executive Management

Name	Job Title	Total salaries	Total benefits	Transportation and travel allowance	Per-deem	Total
Mr. Mohammad Musa Daoud	Chief Executive Officer/ General Manager	480,800	145,000	7,598	7,255	640,653
Dr. Ahmad Awad Abdulhalim Alhussein	Deputy Chief Executive Officer/General Manager	288,800	75,000	1,528	2,350	367,678
Mr. Basel Al Naber	Head of Financial Administration	130,544	7,950	-	-	138,494
Ms. Lina Bakhit	Head of Treasury, Investment & Financial Institutions	154,800	18,872	5,470	2,955	182,097
Mr. Jwallant Vasani	Information Technology Starting 1/8/2017	83,333	-	-	-	83,333
Mr. Mohammed Bashir Abdulwahab Al Bakri	Head of Human Resources	143,792	17,522	-	-	161,314
Mr. Jaafar Naem Majdalawi	Corporate Banking & Projects Finance	76,608	4,645	1,250	-	82,503
Mr. Ammar Mohammed Saeed Al Sa'id	Small & Medium Enterprises (SMEs) Banking Starting 1/11/2017	9,466	-	-	-	9,466
Mr. Tarek Fuad Imaish	Head of Consumer Banking Services	129,152	19,660	765	1,592	151,169
Dr. Michael Zaki Numan	Head of Risk & Secretary to the Board of Directors	155,024	14,175	-	-	169,199
Mr. Mouin Aziz Al Bahou	Head of Credit Review	85,664	5,200	-	900	91,764
Mr. Khaled Zuhair Abu Esh Shaer	Head of Compliance and Combating Money Laundering	76,000	6,300	1,645	1,200	85,145
Mr. Iyad Toufic Ammari	Acting Internal Audit Director	40,800	1,741	-	-	42,541
Mr. Rami Mohammed Da'na	Operations & Shared Services	105,506	-	1,750	1,200	108,456
Mr. Rami Marwan Al Karmi	Development and Innovation	99,560	-	4,100	1,500	105,160
Mr. Alaadin Ahmad	Acting Director of Business Technology Until 1/8/2017	64,208	3,855	-	-	68,093

- Salaries, benefits and remunerations of resigned members of the Senior Executive Management

Name	Job title	Total salaries	Total benefits	Transportation and travel allowance	Per-deem	Total
Mr. Hani Suleiman Farraj	Head of Acquired Real Estates	82,398	9,224	-	-	91,622
Mr. Kameel Kamal Haddad	Head of Remedial Department	106,788	8,675	-	-	116,463
Mr. Marwan Suleiman Shahatit	Head of Small & Medium Enterprises (SMEs) Banking	61,373	4,463	-	-	65,836

-Names of shareholders who own 1% or more of the Jordan Ahli Bank's capital as on 31/12/2017, with pledged shares and ultimate beneficiaries

Shareholder's name	No. of shares 2017/12/31	% of ownership	No. of pledged shares	Ultimate beneficiary
Byblos Bank	19,074,501	10,381	0	-
Social Security Corporation	18,375,000	10,000	0	-
Jordan Worsted Mills Co.	11,854,685	6,452	0	-
Jordan Investor Center Co.	10,108,381	5,501	1,386,239 3,149,997 1,479,153 4,082,400 10,097,789	Bank of Jordan Kuwait National Bank Housing Bank for Trade & Finance Société Générale Bank Total
Mr. Imad Yousef Mouasher	6,712,200	3,636	0	-
Mr. Nadim Yousef Muasher	6,681,816	3,636	0	-
Jordan Fabrics & Worsted Mills Manufacturing Co .	4,687,507	2,551	0	-
Sadiq Omar Hashim Abu Sido	3,943,680	2,146	0	-
Rajai Muasher & Brothers Co.	2,926,634	1,593	0	-
Al Nabil for Trade & Investment Management	2,606,776	1,419	0	-
Mr. Rafik Saleh Muasher	2,500,000	1,361	0	-
Mustafa Diya Habib	2,449,999	1,333	0	-
Mr. Saad Nabil Yousef Mouasher	2,196,468	1,195	0	-
Mr. Yousef Nabil Yousef Mouasher	2,100,000	1,143	0	-
Mr. Ibrahim Nabil Yousef Mouasher	2,071,994	1,128	0	-
Mr. Mahmoud Zuhdi Malhas	2,049,715	1,115	0	-

19. Total donations granted to various parties during 2017 amounted to JD 1,124,833 and are distributed as follows.

Name	Amount
Social assistance and empowerment (local development)	583,676
Education and youth	435,199
Arts and culture	11,150
Other, and business support	30,062
Internal social responsibility	32,105
Environment	1,350
Leadership and excellence	31,291
Total	1,124,833

20. Jordan Ahli Bank did not enter into any agreement, project or commitment with the Chairman of the Board, Board members, the Director General, bank employees or any of their relatives.

- Facilities granted to board members under non-preferential terms.

Board member	Facilities granted to the Board member		Notes
	Direct facilities	Cash securities (in JD)	
Mr. Rafik Issa Muasher (A) Within the Kingdom (B) Outside the Kingdom	378,845 \$1,500,000		Representative of Rajai Muasher & Brothers Co.
Mr. Imad Yousef Mouasher Within the Kingdom	1,068,301		Representative of Muasher Investment & Trading Co.
Mr. Nadim Yousef Issa Muasher (A) Within the Kingdom (B) Outside the Kingdom	3,427,851 \$1,089,000		
Muasher Investment & Trading Co. Within the Kingdom	429,133		
Jordan Investor Center Co. (A) Within the Kingdom (B) Outside the Kingdom	15,536 \$3,526,450		
Mr. Saad Nabil Mouasher Within the Kingdom	192,437	1,000	
Nadim and Imad Muasher, and Nabil Muasher's sons Within the Kingdom	796,972	5,000	
Byblos Bank Within the Kingdom		50,000	

- Facilities granted to individuals with links to board members.

Facilities granted to individuals with links to board members					
			Direct facilities	Cash securities (in JD)	Notes
Within the Kingdom	Facilities related to Mr. Nadim Muasher:	Mr. Nadim Yousef Issa Muasher	3,427,851	-	-
		Ranko Public Contracting and Housing Co.	1,663,500	-	-
		M/S Nadim and Imad Muasher, and Nabil Muasher's sons	796,972	5,000	-
		Business Tourism Co.	4,360,328	10,000	500
		Jordan Fabrics & Worsted Mills Manufacturing Co.	-	500,000	-
		Jordan Investor Center Co.	15,536	-	-
		Beaches for Hotels and Spas	-	50,000	-
		World Fashion Trading Co.	464,080	155,304	52,678
		Al Aydi Al Karima for Agricultural Products	143,344	10,000	-
		Jordanian Hospitality and Tourism Education Company	946,906	1,000	-
		Al Izdihar Center for Trade and Investment	3,289	-	-
		Al Karam for Agricultural Products	384,799	-	-
Outside the kingdom		Jordan Investor Center Co.	\$3,526,450	-	-
		Nadim Yousef Issa Muasher	\$1,089,000	-	-
Within the Kingdom	Facilities related to Mr. Rafik Muasher:	Rafik Saleh Issa Muasher	378,845	-	-
Outside the kingdom		Ahlia Stock Exchange Co.	13,103	-	-
		Rafik Saleh Issa Muasher	\$1,500,000	-	-
Within the Kingdom	Facilities related to Mr. Imad Mouasher:	Imad Yousef Issa Muasher	1,068,301	-	-
		Muasher Investment & Trading Co.	429,133	-	-
		M/S Nadim and Imad Muasher, and Nabil Muasher's sons	796,972	5,000	-
Within the Kingdom	Facilities related to Mr. Karim Tawfic Kawar	Karim Tawfic Kawar	1,000,000	-	-
		Amin Kawar & Sons Co.	477,006	-	-
		Kawar Energy Co.	178,105	-	-
		Arab Directory for Websites	81,081	-	-
Within the Kingdom	Facilities related to Mr. Saad Mouasher	Saad Nabil Mouasher	192,437	1,000	-
		Ibrahim Nabil Mouasher	192,675	-	-
		Yousef Nabil Mouasher	384,079	-	-
		Al Nabil for Trade & Investment Management	458,948	-	-

* According to the definition of "linked to" as defined by the Central Bank of Jordan, Banks Law no. 28 of 2000 as amended.

21. A. Jordan Ahli Bank supports environmental conservation activities and members of the local community by contributing to several fields. These contributions are detailed in the Corporate Social Responsibility Report within this annual report.

The Bank's Commitment to Corporate Governance Requirements

Based on the regulations of the Central Bank of Jordan and the instructions of the Jordanian Securities Commission, and under the supervision of the Board of Directors' various offshoot committees, the bank's executive management continued to monitor the full implementation of the Corporate Governance Guide adopted by the bank. In this respect, the bank exhibited its strong commitment to the regulations, adherence to governance rules, as well as continuous supervision of this compliance to ensure compliance with the guide. This includes the adoption of the Board of Directors' Charter, as well as the disclosure and supervision policy to ensure compliance with the best local and international rules and practices in this regard. The committees also continued to perform their functions according to the provisions of the Corporate Governance Guide. These committees are detailed as follows:

A. Corporate Governance Committee:

1. Mr. Tarek Jallad	Chairman of the Committee - Independent
2. Dr. Tareq Hammouri	Member - Independent
3. Mr. Saad Mouasher	Member - Non-independent
4. Mr. Nadim Muasher	Member - Non-independent
5. H.E. Dr. Umayya Toukan	Member - Independent

B. Audit Committee:

1. H.E. Dr. Umayya Toukan	Chairman of the Committee - Independent
2. H.E. Mr. Wasef Azar	Member/Representative, Jordan Investor Center Co. Non-independent
3. Mrs. Ibtissam El Ayoubi	Deputy Chairman of the Committee - Independent

C. Risk Management and Compliance Committee:

1. Mrs. Ibtissam El Ayoubi	Chairman of the Committee - Independent
2. Mr. Saad Mouasher	Member – Non-independent
3. Mr. Nadim Muasher	Member - Non-independent
4. Mrs. Areej Obaidat	Member/Representative, Social Security Corporation – Non-independent
5. CEO/General Manager	Member
6. Deputy CEO/ General Manager	Member
7. Dr. Michael Numan/Risks	Member

D. Nominations and Remunerations Committee:

1. Dr. Tarek Hammouri	Chairman of the Committee - Independent
2. H.E. Dr. Umayya Toukan	Member - Independent
3. Mr. Rafik Muasher	Member/Representative, Rajai Muasher & Brothers Co. - Non-independent
4. Mr. Mahmoud Malhas	Member - Non-independent
5. Mrs. Ibtissam El Ayoubi	Member - Independent

E. Board Facilities Committee:

1. Mr. Saad Mouasher	Chairman of the Committee - Independent
2. Mr. Rafik Muasher	Member/Representative, Rajai Muasher & Brothers Co. - Non-independent
3. Mr. Nadim Muasher	Member - Non-independent
4. Imad Mouasher	Member/Representative, Muasher Investment & Trading Co - Non-independent
5. H.E. Mr. Wasef Azar	Member/Representative, Jordan Investor Center Co. - Non-independent
6. Dr. Tareq Hammouri	Member - Independent

F. Strategies & Information Technology Governance Committee:

1. Mr. Saad Mouasher	Chairman of the Committee - Non-independent
2. H.E. Dr. Umayya Toukan	Member - Independent
3. Mr. Nadim Muasher	Member - Non-independent
4. Mrs. Areej Obaidat	Member/Representative, Social Security Corporation – Non-independent
4. Mrs. Ibtissam El Ayoubi	Member - Independent
5. Mr. Tarek Jallad	Member - Independent

* The Committees' duties are included in the Corporate Governance Guide.

Meetings schedule for the Board and its offshoot committees

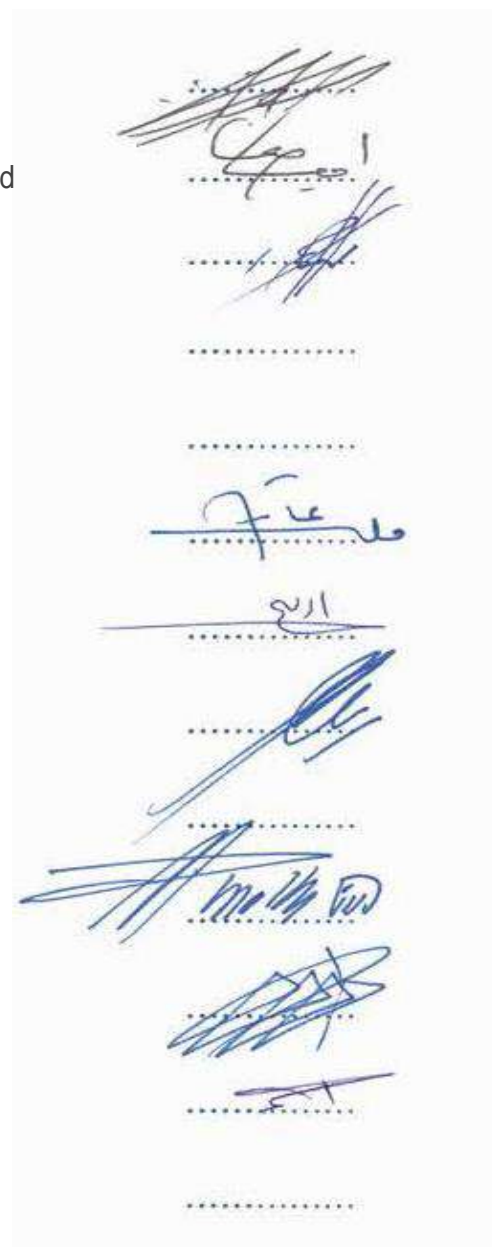
Member's name	Board meetings	Board Facilities Committee meeting	Audit Committee meetings	Nominations and Remunerations Committee meetings	Strategies & Information Technology Governance Committee meetings	Risk Management and Compliance Committee meetings	Corporate Governance Committee meetings
Mr. Saad Mouasher	9	18			4	3	1
H.E. Dr. Umayya Toukan	7		9	2			1
Mr. Nadim Muasher	9	15			3	3	1
Mr. Alan Wanna	3						
Mr. Imad Mouasher	5	14					
H.E. Mr. Wasef Azar	8	19	9				
Mr. Rafik Muasher	8	16		6			
Representative, Social Security Corporation Investment Unit	9	5			3	3	
Mr. Mahmoud Malhas	5			2			
Mr. Alaadin Sami	3						
Dr. Tareq Hammouri	6	16		5			
Mrs. Ibtissam Al Ayoubi	9		11	6	4	4	
Mr. Tarek Jallad	4				1		1
Dr. Omar Razzaz							
Resigned on 15/1/2017		1					
Mr. Karim Kwar							
Resigned on 29/1/2017	2	-	1				
Total no. of meetings	9	20	11	6	4	4	1

In line with the instructions issued by the Central Bank of Jordan concerning information and IT management and governance (no. 65/2016 dated 25/10/2016), and as part of the bank's efforts to implement the latest international IT standards, Jordan Ahli Bank developed an IT management and governance guide that was published on the bank's website on 26/3/2017 and be accessed on: <http://ahli.com/sites/default/files/reports/GovCBJ.PDF>.

Declaration from the Board of Directors

The Board of Directors of Jordan Ahli Bank, PLC, hereby confirms that, to the best of its knowledge and belief, there are no substantial issues that might affect the continuity of the bank's work during the 2018 fiscal year. It further acknowledges its responsibility for the preparation of the financial statements and confirms the existence of an effective internal control and monitoring system.

1	Mr. Saad Nabil Mouasher	Chairman of the Board
2	H.E. Dr. Umayya Salah Toukan	Vice Chairman of the Board
3	Mr. Nadim Yousef Muasher	Member
4	Mr. Alan Fuad Wanna Representative, Byblos Bank (Lebanon)	Member
5	Mr. Imad Yousef Mouasher Representative, Muasher Investment & Trading Co.	Member
6	H.E. Mr. Wasef Yacub Azar Representative, Jordan Investor Center	Member
7	Mrs. Areej Obaidat Representative, Social Security Corporation	Member
8	Mr. Rafik Saleh Muasher Representative, Rajai Muasher & Brothers Co.	Member
9	Mr. Alaadin Riad Sami Representative, ZI&IME Co.	Member
10	Mr. Mahmoud Zuhdi Malhas	Member
11	Mr. Tareq Mohammed Hammouri	Member
12	Ebtissam Mohammed Sobhi El Ayoubi	Member
13	Tarek Ziyad Jallad	Member



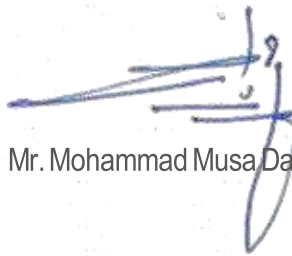
Acknowledgement

We, the undersigned, Chairman of the Board, Chief Executive Officer/Director General, and Director of Financial Administration of Jordan Ahli Bank, hereby confirm that the information and data mentioned in the bank's 2017 annual report are valid, accurate and complete.



Mr. Saad Nabil Mouasher

Chairman of the Board



Mr. Mohammad Musa Daoud

Chief Executive Officer/General Manager



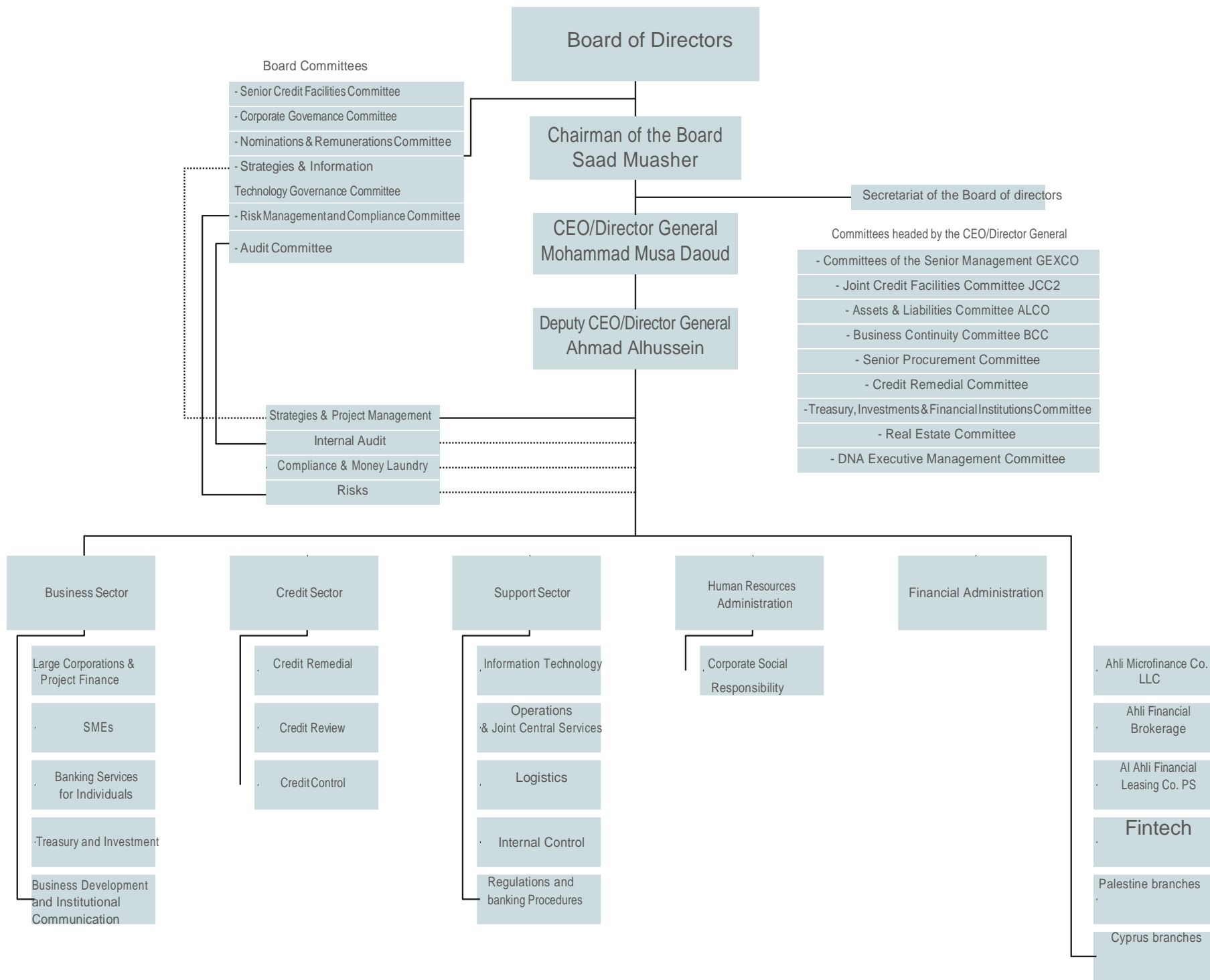
Mr. Basel Najib Al Naber

Head of Financial Administration

Declaration from the Board of Directors

The Board of Directors of Jordan Ahli Bank, PLC, hereby confirms that none of its members have received any material or in-kind benefits, either personally or through any person related to them, during the fiscal year 2017.

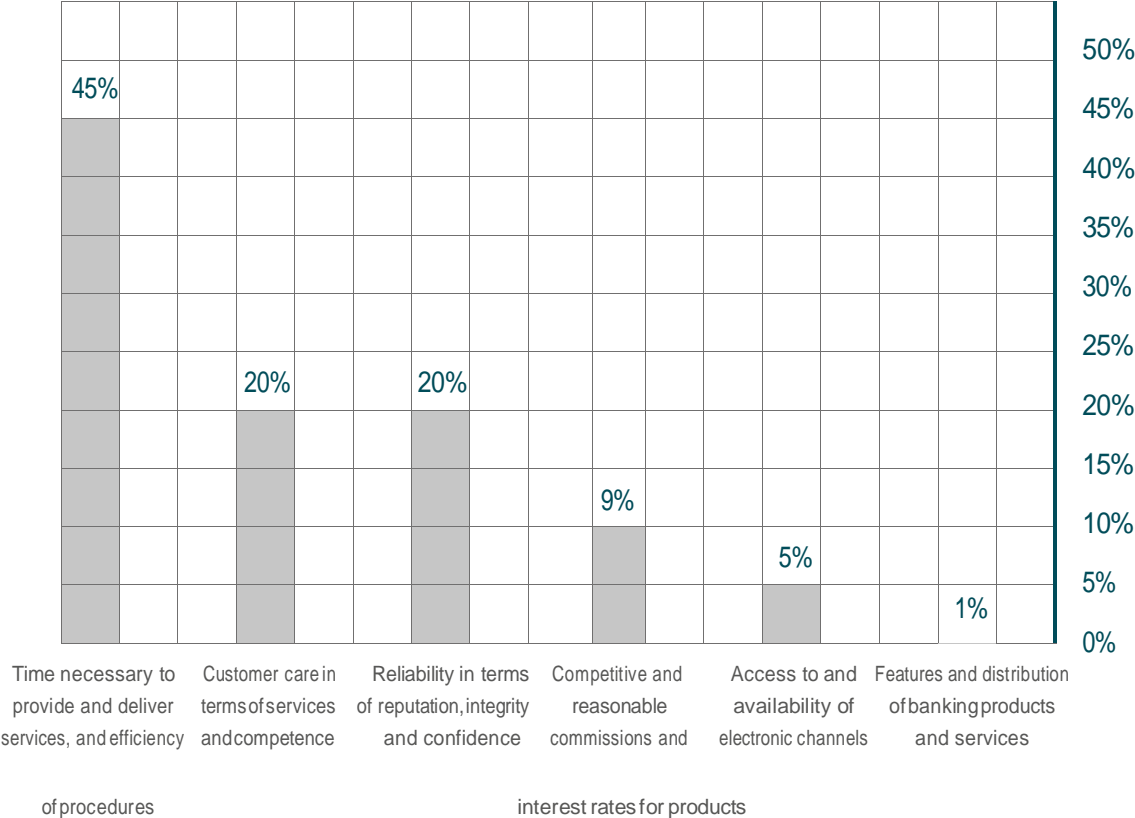
1. Mr. Saad Nabil Mouasher	Chairman of the Board	
2. H.E. Dr. Umayya Salah Toukan	Vice Chairman of the Board	
3. Mr. Nadim Yousef Muasher	Member	
4. Mr. Alan Fuad Wanna Representative, Byblos Bank (Lebanon)	Member	
5. Mr. Imad Yousef Mouasher Representative, Muasher Investment & Trading Co.	Member	
6. H.E. Mr. Wasef Yacub Azar Representative, Jordan Investor Center	Member	
7. Mrs. Areej Obaidat Representative, Social Security Corporation	Member	
8. Mr. Rafik Saleh Muasher Representative, Rajai Muasher & Brothers Co.	Member	
9. Mr. Alaadin Riad Sami Representative, ZI&IME Co.	Member	
10. Mr. Mahmoud Zuhdi Malhas	Member	
11. Mr. Tareq Mohammed Hammouri	Member	
12. Ebtissam Mohammed Sobhi El Ayoubi	Member	
13. Tarek Ziyad Jallad	Member	



Organizational Structure of Jordan Ahli Bank

Customer Complaints and Qualitative Analysis of Their Types

Customer complaints rate based on customer satisfaction elements



- Customer complaints reached a total of 1,223 complaints in 2017.
- Received complaints were handled and remedied, and the necessary measures were taken to avoid them in the future.



2017 GOVERNANCE REPORT AND CORPORATE GOVERNANCE GUIDE



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البنك الأهلي الأردني
Jordan Ahli Bank

2017 Governance Report

a. Jordan Ahli Bank is completely committed to implementing all corporate governance instructions listed for 2017 and put into force as of 22/5/2017. The bank has taken due measures to cover all items within the mentioned instructions.

b. Names of current and independent Board of Directors during 2017

No.	Member's name	Executive/Non-executive	Independent/Non-independent
1	Mr. Saad Nabil Mouasher	Non-executive	Non-independent
2	H.E. Dr. Umayya Salah Toukan	Non-executive	Independent
3	Mr. Nadim Yousef Muasher	Non-executive	Non-independent
4	Mr. Alan Fuad Wanna/Representing Byblos Bank	Non-executive	Non-independent
5	H.E. Mr. Wasef Yacub Azar/Representative, Jordan Investor Center	Non-executive	Non-independent
6	Mr. Imad Yousef Mouasher/Representative, Muasher Investment and Trading Co.	Non-executive	Non-independent
7	Rajai Muasher & Brothers Co./ Mr. Rafik Saleh Muasher	Non-executive	Non-independent
8	Social Security Corporation/ Mrs. Areej Suleiman Obaidat	Non-executive	Non-independent
9	Mr. Mahmoud Zuhdi Malhas	Non-executive	Non-independent
10	Mr. Alaadin Sami/ZI&IME	Non-executive	Non-independent
11	Dr. Tareq Mohammed Hammouri	Non-executive	Independent
12	Mrs. Ibtissam El Ayoubi	Non-executive	Independent
13	Mr. Tarek Ziad Jallad	Non-executive	Independent

Resigned members

No.	Member's name	Independent/Non-independent
1	Dr. Omar Razzaz 2017/1/Resigned on 15	Independent
2	Mrs. Reem Badran/Representative, Social Security Corporation 2017/4/Resigned on 30	Non-independent
3	Mr. Karim Kawar 2017/1/Resigned on 29	Independent

c. Honorary Board members

No.	Member's name	Executive/Non-executive	Independent/Non-independent
1	Mr. Alan Fuad Wanna/Representing Byblos Bank	Non-executive	Non-independent
2	H.E. Mr. Wasef Yacub Azar/Representative, Jordan Investor Center	Non-executive	Non-independent
3	Mr. Imad Yousef Mouasher/Representative, Muasher Investment and Trading Co.	Non-executive	Non-independent
4	Rajai Muasher & Brothers Co./ Mr. Rafiq Saleh Muasher	Non-executive	Non-independent
5	Social Security Corporation/ Mrs. Areej Suleiman Obaidat	Non-executive	Non-independent
6	Mr. Alaadin Sami/ZI&IME	Non-executive	Non-independent

d.Executive positions and their holders within Jordan Ahli Bank

No.	Member's name	Position
1	Mr. Mohammad Musa Daoud	Chief Executive Officer/General Manager
2	Dr. Ahmad Awad Abdulhalim Alhussein	Senior Deputy Chief Executive Officer/General Manager
3	Mr. Basel Al Naber	Head of Financial Administration
4	Ms. Lina Al Bakhit	Head of Treasury, Investment & Financial Institutions
5	Mr. Bashar Al Bakri	Head of Human Resources
6	Mr. Jaafar Majdalawi	Corporate Banking & Projects Finance
7	Mr. Mouin Al Bahou	Head of Credit Review
8	Mr. Ammar Mohammed Saeed Al Sa'id	Small & Medium Enterprises (SMEs) Banking
9	Mr. Tarek Imaish	Head of Consumer Banking Services
10	Dr. Michael Numan	Head of Risk
11	Mr. Khaled Zuhair Abu Esh Shaer	Head of Compliance and Combating Money Laundering
12	Mr. Iyad Toufic Ammari	Internal Audit Director
13	Mr. Jwallant Vasani	Information Technology
14	Mr. Rami Mohammed Da'na	Operations & Shared Services
15	Mr. Rami Marwan Al Karmi	Development and Innovation

e. Board members who have a seat at the boards of joint stock companies

No.	Member's name	Company name	Position
1	Mr. Saad Nabil Mouasher	Ad Dawliya for Hotels and Malls Co. – Sheraton Hotel	Member
2	H.E. Dr. Umayya Salah Toukan	AdDawliyaforHotelsandMallsCo.–SheratonHotel	Member
3	Mr. Nadim Yousef Muasher	Arab International Hotels Co.(Marriott)	Chairman of the Board
		Ad Dawliya for Hotels and Malls Co. – Sheraton Hotel	Chairman of the Board
		El-ZayReadyWearManufacturingCo.	Chairman of the Board
		Jordan Worsted Mills Co.	DeputyChairmanoftheBoard
4	Mr. Alan Fuad Wanna	None	-
5	H.E. Mr. Wasef Yacub Azar	Middle East Insurance Co.	Deputy Chairman of the Board
6	Mr. Imad Yousef Mouasher	Arab International Hotels Co.(Marriott)	Deputy Chairman of the Board
		AdDawliyaforHotelsandMallsCo.–SheratonHotel	Deputy Chairman of the Board
		Jordan Worsted Mills Co.	Chairman of the Board
7	Mr. Rafik Saleh Muasher	None	-
8	Mrs. Areej Obaidat	None	-
9	Mr. Mahmoud Zuhdi Malhas	Mediterranean Tourism Investment Company	Deputy Chairman of the Board
10	Mr. Alaadin Sami	None	-
11	Mr. Tareq Mohammed Hammouri	Electricity Distribution Company	Member
12	Mrs. Ibtissam Mohammed Sobhi El Ayoubi	None	-
13	Mr. Tarek Ziyad Jallad	None	-

F. Name of Governance Liaison Officer at the bank

Darin Robhi Abdulqader Al Shaer

G. Board of Directors offshoot committees

1. Corporate Governance Committee
2. Audit Committee
3. Nominations and Remunerations Committee
4. Risk Management and Compliance Committee
5. Board Facilities Committee
6. Strategies & Information Technology Governance Committee

H. Chairman and members of the Audit Committee and their financial and accounting qualifications

Member	Financial or accounting qualifications
1. H.E. Dr. Umayya Salah Toukan Chairman	<ul style="list-style-type: none">- Holds a MA in Economics from Columbia University, New York, USA with a focus on monetary economy and an MSc in Economics for Development from Oxford University, UK. He received a MA and BA in Business Administration from the American University of Beirut.- He held many positions in Jordan, including Chairman of the Studies and Research Department at the Central Bank of Jordan, Economic Advisor to the Prime Minister, and General Director of the Securities Market. He was an Economics Expert at the Arab Monetary Fund in Abu Dhabi from 1989 to 1991. On the international level, he held the positions of Jordan's Representative to the United Nations (Economic and Financial Commission) (1973-1978) and Ambassador of the Hashemite Kingdom of Jordan to the EU, Belgium, The Netherlands and Luxemburg (1996-2000).- He was appointed Governor of the Central Bank of Jordan (2001-2010) for two consecutive terms, as member of the Senate House for several terms, and as Non-Executive Director at the Europe Arab Bank in London. He was part of an expert team working for the International Monetary Fund in 2011.- He has been a speaker at many seminars across the MENA region, Europe and the USA discussing monetary, governance and monitoring issues in the banking sector and was a keynote speaker at the annual meeting of central bankers in Jackson Hole, Wyoming in 2010 where he talked about "Reforming the Global Monetary System".
2. H.E. Mr. Wasef Yacub Azar	<ul style="list-style-type: none">- Holds a master's degree in Economics and Development Management from the American University of Beirut; tertiary education degrees from the USA, and a BA of Law from Damascus.- Member of the Senate House; Former Minister of Industry and Trade; Chairman of the Economic and Social Council; Director General of Planning; Director General of the Jordan Investment Commission; Director of the Department of Statistics; Director General of the Jordan Phosphate Mines Co.
3. Mrs. Ibtissam ElAyoubi	<ul style="list-style-type: none">- Holder of a master's degree in Money and Banking, from the American University of Beirut.- Over 27 years of experience in the banking sector.- Served as Former Board Member at MEPS; Executive Partner at a consultancy firm

I. Chairman and members of the Nominations and Remunerations Committee, the Corporate Governance Committee, and the Risk Management and Compliance Committee

Corporate Governance Committee

1. Mr. Tarek Ziyad Jallad – Chairman
2. Dr. Tareq Mohammad Hammouri
3. Mr. Saad Nabil Mouasher
4. Mr. Nadim Yousef Muasher
5. H.E. Dr. Umayya Salah Toukan

Nominations and Remunerations Committee

1. Dr. Tareq Mohammad Hammouri – Chairman
2. H.E. Dr. Umayya Salah Toukan
3. Mr. Rafik Saleh Muasher
4. Mr. Mahmoud Zuhdi Malhas
5. Mrs. Ibtissam Mohammed Sobhi El Ayoubi

Risk Management and Compliance Committee

1. Mrs. Ibtissam Mohammed Sobhi El Ayoubi – Chairwoman
2. Mr. Saad Nabil Mouasher
3. Mr. Nadim Yousef Muasher
4. Mrs. Areej Obaidat
5. Chief Executive Officer/General Manager/Mr. Mohammad Musa Daoud
6. Senior Deputy Chief Executive Officer/General Manager/Dr. Ahmad Awad Abdulhalim Alhussein
7. Head of Risk/Dr. Michael Zaki Numan

J. Number of meetings for the Board and its offshoot committees in 2017

Member's name	Board meetings	Audit Committee meetings	Nominations and Remunerations Committee meetings	Risk Management and Compliance Committee meetings	Corporate Governance Committee meetings
Mr. Saad Nabil Mouasher	9			3	1
H.E. Dr. Umayya Salah Toukan	7	9	2		1
Mr. Nadim Yousef Muasher	9			3	1
Mr. Alan Fuad Wanna	3				
Mr. Imad Yousef Mouasher	5				
H.E. Mr. Wasef Yacub Azar	8	9			
Mr. Rafik Saleh Muasher	8		6		
Representative, Social Security Corporation Investment Unit	9			3	
Mr. Mahmoud Zuhdi Malhas	5		2		
Mr. Alaadin Sami	3				
Dr. Tareq Mohammed Hammouri	6		5		
Mrs. Ibtissam El Ayoubi	9	11	6	4	
Mr. Tarek Ziyad Jallad	4				1
Total no. of meetings	9	11	6	4	1

K. The Audit Committee held four meetings with the bank's external auditor in 2017

Chairman of the Board
Saad Nabil Muasher

Corporate Governance Guide

* Approved by the Board of Directors during its 11th meeting held on 9/12/2016

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Introduction

Corporate governance has become one of the most important modern corporate requirements for companies and establishments in world economies. It presents an important factor that reinforces the success of economic and organizational reforms currently undertaken in the context of globalization; openness of economies towards each other. As such, it is considered as one of the mechanisms to achieve managerial reform through embracing the principles of fairness, transparency, disclosure as well as accountability and control in addition to clearly specifying responsibilities and relations between all stakeholders to achieve the bank's vision and objectives. Accordingly, the importance of corporate governance is such that it is considered a platform for the development of the institutional performance that further reinforces overall trust in the bank as an investment safeguarding tool for depositors' and shareholders' savings on one hand, while on the other hand enabling the bank to effectively contribute to the development of the banking sector which is considered one of the main pillars for economic and social sustainable development.

The Organization of Economic Cooperation and Development (OECD) defines corporate governance as a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the Board and management to pursue objectives that are in the interests of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently. Therefore, effective corporate governance is considered the basis for institutional success, whereby it provides the appropriate tools and practices for the Board of Directors and the Executive Management to achieve the corporate strategic objectives and creates an environment of effective control; hence it is highly regarded as a key to win the trust of all stakeholders.

Consequently, Jordan Ahli Bank's Board of Directors has decided to adopt the guidelines for corporate governance, which will be later referred to as the guide, which was prepared according to the corporate governance guidelines issued by the Central Bank of Jordan and best international practices as pertained in Basel Committee recommendations on corporate governance, in addition to implementing the requirements of the regulatory authorities in other countries that host the bank's branches. Moreover, the Board is committed to implementing the Corporate Governance Guide in accordance with the Jordanian banking environment and the legislative and legal framework governing the bank.

With the guide in place, the bank wishes to achieve the guiding principles to deal with all stakeholders with the utmost fairness and transparency, in addition to accurate disclosure with regards to the bank's administrative and financial status. The guide will also emphasize the principles of accountability towards the relations between the Executive Management and the Board of Directors as well as the relations between the Board of Directors on one hand and shareholders and stakeholders on the other hand through verifying the existence of a clear separation of responsibilities and authority delegation.

Legal Framework and Guide Preparation Resources

The Corporate Governance Guide was prepared in accordance with the following laws and regulations:

- Banks Law no. 28 of 2000
- Companies Law no. 22 of 1997
- Securities Law no. 76 of 2002
- Amended Corporate Governance Instructions for Banks no. 63/2016 dated 1/9/2016 issued by the Central Bank of Jordan
- Basel Committee Regulations

Definitions

Central Bank	Central Bank of Jordan
The Bank	Jordan Ahli Bank
The Board	Jordan Ahli Bank's Board of Directors
Corporate Governance	The system of rules by which the bank is directed and controlled, and which identifies the bank's corporate objectives and the framework for attaining them, the safe operation of the bank's business, securing the interests of depositors, shareholders and other stakeholders, and compliance with the bank's bylaws and internal policies.
Suitability	The fulfillment of certain requirements and criteria by the members of the Board and senior executives.
Independent Member	A board member who is not subject to any influences that might limit his ability to make objective decisions in the bank's interests. An independent member must fulfil the terms mentioned in Article 6/D of the Corporate Governance instructions issued by the Central Bank of Jordan
Executive Member	Member of the Board, who in turn participates in the daily management of the work.
Senior Executive Management	The Senior Executive Management comprises the General Manager, Deputy General Manager, Assistant General Manager, Financial Manager, Operational Manager, Risk Management Manager, Internal Audit Manager, Treasury (Investment) Manager and Compliance Manager, in addition to any employee who has executive authority parallel to any authority of the above-mentioned and is directly functionally associated with the General Manager.
Subsidiary	A company comprising one person or more with joint interest and not less than 50% in seed capital, or influential interest that allows them to control its management or its general policy.

Affiliates	Are companies in which the bank practices effective influence on the financial and operational policies (without the bank controlling it) and holds between 20% to 50% of voting rights.
Third Party	A third party is considered relevant to the bank if either of them (the person or the bank) has directly or indirectly controlling interest on one another, (the bank's subsidiaries are regarded as third party), or if the party is an executive person at the bank or has joint interest with one of the executives, or if the person was a spouse of one of the executives or is a relative or spouse of one of the executives up to the third degree or has a joint interest with any of the above-mentioned.
Affiliate	A person controlling another person or vice versa or both persons being controlled by a third person.
Concerned party	Two or more people who form one banking risk due to the control of one person on the other, to ownership of one of them of no less than 40% of the other's capital, to a mutual exchange of guarantees, to the fact that the payment of their loans comes from the same source, to taking loans for the same project, or due to other similar cases. The parties concerned are considered as one person.
Control	The ability to effectively influence the work or decisions of another person directly or indirectly.
Controlling Interest	The control of not less than 10% in seed capital of a legal person.
Major Shareholder	The person who directly or indirectly holds 5% or more in seed capital of the bank.
Stakeholders	Any party that has interest or concern in the bank, such as depositors, shareholders, employees, debtors, customers or competent regulatory authorities.

Conflict of Interest	Any relationship that exists between any of the Board members or the bank's employees or the clients or suppliers or competitors that limits their ability to fully perform their duties and responsibilities objectively and the end result of this relationship is to achieve personal benefit, either morally or materialistically, on the account of the bank.
Auditor	All the auditors (normal people) grouped under the name of an auditing firm, which audits the bank's accounts, and is registered under the list the Central Bank issues annually.
Internal Capital Adequacy Assessment Process (ICAAP)	A future operation to evaluate the capital adequacy of all the risk elements the bank might face whether it was expected or unexpected. The risk elements include the first risk pillar (credit, market, operational), the second risk pillar (liquidity, interest in the bank's portfolio, credit concentrations, strategies, reputation and business cycle) and the specific risk elements (Corporate Governance, Board of Directors, Executive Management, risk management, internal audit and internal controls).
Stress Tests	A group of hypothetical scenarios that cover all types of risks (credit, market, operational, concentrations, liquidity) designed to evaluate the bank's ability to continue under normal conditions and stressful situations by assessing the extent of unexpected losses and its impact on the profit and loss, the bank's financial status and strategic and contingency plans.
Acceptable Risk Document	It is the document that specifies the acceptable levels of risks the bank might face.
Compliance Risks	Risks of legal or regulatory penalties, financial risks, or risks to the bank's reputation that result from non-compliance with laws, regulations, instructions, orders, codes of conduct, standards, and proper banking practices.

Chapter 1

Corporate Governance Stakeholders

1. Shareholders:

Aiming at reinforcing adequate corporate governance, the bank, represented by its Board of Directors has taken considerable measures to protect shareholders' rights and their equal treatment according to the following criteria:

- The bank shall disclose and provide material information on its activities to all stakeholders through its website, annual report as well as its shareholders' relations section.
- The bank shall encourage shareholders to participate in the Annual General Assembly by clarifying their rights, and publishing documents concerning the meetings, including the full text of invitations and the minutes of meetings on the bank's website.
- Separate voting shall be taken into consideration on every issue raised during the General Assembly's annual meeting.
- The board shall limit the influence of shareholders with controlling interests.
- The board shall put in place adequate procedures to ensure a clear separation between the authorities of shareholders with controlling interests on one side and the executive management on the other side, whereby none of the shareholders with controlling interests is to hold a position in the bank's Senior Executive Management.
- The bank shall separate between the Chairman of the Board and the General Manager position, while observing that there is no family relation between the Chairman or any of the Board members or major shareholders and the General Manager below fourth degree.
- The bank shall develop a system to evaluate the performance of the Board and its members, whereby it facilitates continuous communications between the Board and shareholders.

2. Board Members:

Board members are any member of the Jordan Ahli Bank's Board of Directors, whether in their personal status or as representatives of moral persons. They have the responsibility of managing the bank on behalf of the shareholders. Their responsibilities and tasks shall be subject to the relevant rules, regulations and internal policies governing the bank.

3. Bank Employees:

All bank employees have the task to apply executive measures and 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 understanding of the operations of the bank, the industry, the market and pertinent risks.

4. Customers and external parties:

The various parties having contractual relations with the bank, such as customers, suppliers and creditors. The relationship between them and the bank is governed by a set of policies and approved procedures.

Chapter 2

Board of Directors

1. Composition of the Board

The composition of the Board shall comply with the following:

- The board shall comprise of no less than eleven members elected by the bank's General Assembly.
- The bank always accounts that none of the Board members is an executive member.
- The board shall have a minimum of four independent members.
- The bank defines the independent member as a board member who is not subject to any influences that might limit his ability to make objective decisions in the bank's interests. An independent member must fulfil the terms mentioned in Article 6/D of the Corporate Governance instructions issued by the Central Bank of Jordan:

1. Has not been an executive member of the Board during the three years preceding the date of his election.
2. Has not been employed by the bank or any of its subsidiaries in the three years prior to his election.
3. Is not a relative (up to the second degree) of any of the other members of the Board or any board member of the subsidiaries of the bank or a relative of any of the bank's major shareholders.
4. Is not a relative of any of the Senior Executive Management members of the bank or any of the Senior Executive Management members of the subsidiaries of the bank up to the second degree.
5. Is not a partner or employee of the external auditor of the bank or has been such a partner or employee during the past three years preceding the date of his election as member of the Board and is not a relative (up to the first degree) with the partner responsible for the audit.
6. Is not a major shareholder in the bank or a representative or associate of a major shareholder in the bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, and is not a major shareholder of one of the bank's subsidiaries or in the group owning the bank.
7. Has not been a member of the Board of Directors of the bank or any of its subsidiaries for more than eight consecutive years.
8. Has not obtained, personally or through any other company in which he is a board member or owner or a major shareholder, credit facilities from the bank in excess of 5% of the bank's share capital, nor is a guarantor of a facility which amount is in excess of the said percentage.
9. Has adequate knowledge and experience in the financial and banking sectors.
 - The board is elected through secret ballot by the General Assembly according to the provisions of the Companies Law. It shall perform the tasks and responsibility of managing the bank's affairs for four years starting the date of its election.
 - An independent member shall lose his independent status after eight years of being appointed an independent member.
 - Neither the Chairman nor any of the Board members, or major shareholders may be related to the Director General up to the fourth degree.

2. Composition of the Board

- Members of the Board shall attend board meetings in person. If unable to attend in person, a member may express his view by video or telephone, after receiving approval to do so from the Chairman, but may not vote or sign the minutes of the meeting.
- Minutes of board meetings are noted accurately and fully without any reservations from any member. The bank must appropriately keep these records.
- The Senior Executive Management shall provide sufficient and accurate information to board members regarding the items on the meeting agenda and related documents and must do so sufficiently ahead of the meeting. The Chairman shall confirm that this is done.

3. Responsibilities and Duties of the Board of Directors

The Board of Directors shall have the following duties and responsibilities:

- Specify the strategic objectives of the bank, instruct the executive management to set a strategy for achieving these objectives and approve the strategy and relevant work plans.
- Set the Bank's corporate values, and clear plans for responsibility and accountability regarding the bank's activities; and instill a culture of compliance with ethical standards, integrity and professional conduct among managers, while also reflecting these standards in the bank's code of conduct.
- Adopt strategies, policies, and organizational structures for the bank and its affiliates clarifying administrative affiliation, including board committees and executive management. Comply with similar instructions issued by central banks or the regulatory authorities in the countries where the affiliated companies operate and inform these authorities of the relations and links between the bank and its affiliate units, and of the adequacy of corporate governance within the group. Adopt a guide for corporate governance at the level of the group in line with instructions issued in this regard in the country of the mother company (Jordan) and in the countries where the affiliated companies operate. In case of any conflict between the two, the bank shall refer to the Central Bank to settle the issue.
- Adopt the appropriate policies and procedures necessary to monitor and control the bank's performance.
- Oversee and monitor the executive management and its performance, ensure the financial soundness and solvency of the bank; ensure the availability of appropriate policies, plans and procedures that comprehensively cover the bank's activities in line with relevant legislation; and ensure their circulation on all administrative levels and their continuous review.
- Adopt a policy to monitor and review the executive management by setting KPIs to determine, measure, and monitor performance and progress toward key objectives.
- Bear the ultimate responsibility for the bank's business including its financial status, and its compliance with the requirements of the Central Bank and such other regulatory authorities. The board shall also be ultimately responsible for safeguarding the interests of the stakeholders, ensuring that the bank is being operated in accordance with its bylaws and internal policies and that effective supervision and control measures over the activities of the bank, including those outsourced, are always available.

- Adopt sufficient procedures to ensure clear separation of powers between shareholders with controlling interests on the one part and executive management of the bank on the other, in order to reinforce sound corporate governance. The board shall also attain proper mechanisms to limit the influence of shareholders with controlling interests, which shall include but are not limited to:
 - No shareholders with controlling interests may hold any position in the Senior Executive Management.
 - The Senior Executive Management's authority comes from the Board alone and it can only work within the framework of the assignment given to it by the Board.
- Allow direct communication between the members of the Board of Directors and its committees with the executive management and the Secretary of the Board and facilitate the performance of their duties including seeking the assistance, at the expense of the bank and upon the approval of the Chairman of the Board, of third parties.
- Attend meetings of the Board and its committees as necessary as well as General Assembly meetings.
- Ensure that the acts of the members of the Board do not influence the decisions of the executive management apart from through deliberations during the meetings of the Board or its committees.
- Be informed of and stay up to date with the legislation and principles related to the banking sector and the bank's operational environment, and external developments related to the bank's work, including appointment requirements for the bank's Senior Executive Management.
- Approve and annually review the internal control systems of the bank and ensure that the internal and external auditors review the structure of these systems once a year at least.
- Take the necessary measures to remedy weaknesses in the internal control systems or any other issues raised by the external auditor.
- Ensure the availability of sufficient and reliable MIS systems that cover all the bank's activities.
- Determine the banking operations that require the approval of the Board of Directors, subject always to limiting the scope of operations requiring the Board's approval in order not to prejudice the supervisory role of the Board, and subject also to not granting the Board any executive authorities including the granting of credit to a single board member including the Chairman.
- Ensure that the bank's credit policy, in addition to being comprehensive, includes a corporate governance evaluation system for its corporate clients, in particular the public shareholding companies whereby the risk is evaluated by points of weakness and strength according to their implementation of sound corporate governance practices.
- Ensure that the bank adopts social initiatives in the field of environment, health and education; and provide funding for SMEs with suitable terms and prices.
- Appoint the Secretary of the Board and define his responsibilities and duties.
- Appoint the Director General, the Auditing Director, the Risk Management Director, and the Compliance Director; and accept their resignation or termination of services based on recommendations from the concerned committee. Obtain a no objection certificate from the Central Bank for the resignation or termination of services.
- Guarantee and reinforce the independence of internal auditors and grant them an appropriate position in the bank's employment ladder. Provide these internal auditors with support, and guarantee that they are qualified to perform their duties, including their right to access all records, information and communications regarding any bank employee, so they can perform their duties and draft their reports without any external intervention.

- Adopt and circulate the Internal Audit Charter, which shall include the duties, authorities and responsibilities of the Audit Department.
- Guarantee the independence of external auditors at the beginning of their work and throughout.
- Guarantee the independence of the Risk Management Department at the bank by having the department send its reports to the risk and Risks and Compliance Committee. Grant the department all needed authorities and powers to facilitate acquiring all information from the bank's various departments and cooperation with other committees to carry on its tasks.
- Adopt and monitor the execution of a risk management strategy, which includes acceptable risk levels, guarantees that the bank is not exposed to high risks, and knowledge of the bank's operational environment and relevant risk. Guarantee the availability of the necessary tools and infrastructure for risk management to enable the bank to determine, measure, control, avoid, and monitor all types of risks the bank may be exposed to.
- Guarantee that the Risk Management Department regularly conducts stress tests to measure the bank's ability to tolerate shocks and face high risks. The Board plays a key role in adopting the assumptions and scenarios used, discussing the tests' results, and approving the measures to be taken based on these results.
- Adopt an internal evaluation method to assess the adequacy of the bank's capital. This method must be comprehensive, effective and capable of identifying all the risks the bank may face. It must take into consideration the bank's strategic plan and capital plan. The method shall be regularly reviewed, and compliance monitored, and the bank's capital must be maintained at an adequate level to face all possible risks.
- Before approving the expansion of any of the bank's activities, take into consideration the risks involved, and the abilities and qualifications of the Risk Management Department's employees.
- Adopt a policy to guarantee the bank's compliance with all relevant legislation, regularly review it, and ensure its implementation.
- Adopt the duties and responsibilities of the Compliance Management Department.
- Guarantee the independence of the Compliance Management Department, and continuously ensure that it is staffed with sufficient and trained personnel.

The Board's Orientation Program

The Board of Directors offers its new members the opportunity to attend its Orientation Program organized through the Board's Secretary to help continuously develop their skills and knowledge each according to his background in the banking sector. The program covers the following subjects:

- The bank's organizational structure, corporate governance, and code of conduct.
- Corporate objectives and plans, the bank's strategies, and its policies.
- The bank's financial standing.
- The bank's risk structure and its risk management framework.
- Information on the bank's activities as compared with other local banks.

4. Chairman of the Board

In addition to supervisory tasks mentioned in Article 3 above, the Chairman of the Board of Directors shall have the following duties:

- Encourage a positive and constructive relationship between the Board of Directors and the bank's executive management.
- Promote critical discussions of issues deliberated by the Board, and ensure different views are expressed and discussed during the decision-making process, and that votes are cast.
- Ensure that board members are provided with and sign the minutes of previous meetings and ensure the timely provision of board meetings' agendas and documents, provided that the said agendas contain sufficient information about the items that will be discussed. The Secretary of the Board shall be responsible for providing the Board members with the documents.
- Ensure the availability of a charter that sets out the Board of Directors' mandate and scope of work.
- Encourage thorough discussions of strategic and critical issues during board meetings.
- Provide each board member, upon his election, with the laws and regulations that govern the banks' activities as well as the instructions of the Central Bank of Jordan, including this Corporate Governance Guide and a manual outlining the rights, responsibilities and duties of the member and the responsibilities and duties of the Secretary of the Board.
- Provide each member with a comprehensive summary of the bank's activities upon his election or request.
- Discuss, with each new member and in cooperation with the bank's legal counsel, the duties and responsibilities of the Board, in particular: issues pertaining to legal and regulatory requirements, the term of board membership, the dates of meetings, responsibilities and duties of board committees, remuneration amounts, and the possibility of obtaining independent technical and specialized advice when necessary.
- Accommodate the Board members' needs for continuous improvement and learning and give new board members the opportunity to participate in the Orientation Program, taking into consideration their banking backgrounds. The program covers at a minimum the bank's organizational structure, corporate governance and code of conduct, corporate objectives and the bank's strategic plan and approved policies, in addition to the financial position of the bank as well as the bank's risk structure and risk management framework.
- Inform the Central Bank of Jordan of any material information that might negatively affect the suitability of any of its board members.

5. Regulating the Board's Operations

- The board shall meet at least 6 times per year.
- The Chairman is entitled to call for a meeting in the event of any developments.
- The Secretary of the Board shall provide all board members with the meeting agenda, at least a week prior to the meeting date, ensuring that the agenda includes all relevant information on the topics to be discussed during the meeting, and the progress on the decisions taken in previous meetings.
- Board members must attend the meetings in person.
- If unable to attend, any board member can present his perspective through video or telephone, after approval of the Chairman, in which cases such member will not be entitled to vote or sign the minutes of the meeting.

- The Secretary of the Board shall attend and fully and accurately minute the deliberations and proceedings of the meetings of the Board and its committees along with any reservation that may be voiced by any member. The Secretary shall also note down all deliberations, suggestions, objections, reservations, and results of voting on board resolutions.
- Such records, minutes and decisions shall be duly and properly kept by the Secretary of the Board.
- The Chairman shall ensure that the Senior Executive Management provides all board members with adequate and accurate information prior to board meetings.
- The Secretary of the Board ensures that all attendees sign the Board's minutes.
- If a member is unable to attend, the votes of present members shall be counted.
- The Chairman must attend the meetings and is entitled to assign any other board member to head the meeting in case he was unable to attend.

6. Limits of the Board's Responsibilities and Accountability

- The board shall have clear limits for responsibility and accountability, to which it commits and ensures all the bank's administrative levels commit to as well.
- The board shall ensure that the organizational structure clearly demarcates responsibilities and authorities, and at least includes the following regulatory levels:
 - The board and its committees
 - Separate administrations for risk, compliance, and auditing that don't practice daily executive tasks.
 - Units/employees that don't participate in the bank's daily activities (such as credit review and middle office employees)
- The board shall ensure that the Senior Executive Management fulfils its responsibilities regarding the bank's daily operations, contributes to implementing corporate governance, assigns powers to employees, builds an effective administrative structure that reinforces accountability, and executes tasks across the bank's various fields of activity in line with the policies and procedures adopted by the Board.
- The board adopts appropriate regulatory controls that enable it to hold the Senior Executive Management accountable.
- The positions of Chairman of the Board and Director General cannot be combined. The Chairman of the Board, board members, or major shareholders cannot be related to the Director General below the fourth degree.

7. Secretary of the Board

In addition to acting as a liaison between the Board of Directors and the executive management, the Secretary of the Board shall be responsible for the following:

- Attend all meetings of the Board and recording all deliberations, suggestions, objections, reservations, and results of voting on board resolutions.
- Set the dates of the Board's meetings in coordination with the Chairman.
- Ensure that all board members sign the minutes of the meetings and board resolutions.
- Monitor the implementation of board resolutions, and follow-up on topics postponed from previous meetings.
- Keep records and documents of board meetings.
- Take all necessary measures and ensure that the draft resolutions intended to be issued by the Board are consistent with the applicable rules and regulations.
- Prepare for General Assembly meetings and coordinate with the Board's committees in this regard.
- Submit suitability attestations signed by each of the Board members to the Central Bank.

8. Director General/CEO

In addition to the duties mentioned in legislation, the Director General shall:

- Set the bank's strategic direction.
- Implement the bank's strategies and policies.
- Implement the Board's decisions.
- Provide guidance for the implementation of short and long-term work plans.
- Convey the bank's message and strategy to employees.
- Inform the Board of all important aspects of the bank's operations.
- Manage the bank's daily operations.

Chapter 3

The Board's Offshoot Committees

In order to organize the Board's workflow and increase its efficiency and competency, the Board has formed different committees delegated with certain powers and responsibilities in line with the regulations of the Central Bank of Jordan regarding corporate governance and the bank's strategies and objectives. Nevertheless, the presence of these committees does not exempt the Board of Directors from its direct responsibilities towards the bank. The following is considered when forming these committees:

- The board committees must have an odd number of members for voting purposes.
- Each committee deriving from the Board of Directors must have no less than three members appointed by the Board based on a recommendation from the Nominations and Remuneration Committee, including the committee's chairman, unless mentioned otherwise in the committee's charter.
- A charter is drafted for each committee and approved by the Board. It specifies each committees' duties, responsibilities and powers and indicates the nature of the committee (permanent or temporary).
- Every member must show credibility, integrity, competency, necessary experience, dedication, commitment and devotion for the bank.
- Every member should have the knowledge, experience and qualifications that will assist him/her in taking suitable decisions independently and objectively.
- The committees emanating from the Board meet on a regular basis according to the charter approved by the Board.
- The bank discloses the names of the different committee members as well as the duties and responsibilities of each in the bank's annual report.
- The committees periodically submit their reports, recommendations and results to the Board.
- No board member may head more than one of the following committees: Corporate Governance Committee, Audit Committee, Nominations and Remuneration Committee, Risk and Compliance Committee. No board member may head more than two committees deriving from the Board, which are:
 - Corporate Governance Committee
 - Audit Committee
 - Risk and Compliance Committee
 - Senior Facilities Committee (Executive Committee)
 - Strategy and IT Committee
 - Nominations and Remuneration Committee

1. Corporate Governance Committee

The Corporate Governance Committee comprises three members from the Board of Directors, of whom at least two members are independent, including the Chairman of the Board.

The Head of the Committee may also summon any employee from the Senior Executive Management to attend the meetings (without the right to vote). The Committee shall have the following duties:

- Operate according to a charter adopted by the Board of Directors to set its tasks, authority, and responsibilities.
- Provide guidance and supervision in preparing the Corporate Governance Guide.
- Monitor the implementation of the Corporate Governance Guide and report to the Board of Directors on the extent of compliance with the Guide.
- Promote and emphasize the concepts of Corporate Governance in the bank.
- Recommend the Corporate Governance Guide for the Board to approve.
- Review, amend and update the Corporate Governance Guide on a yearly basis or when needed in accordance with the Central Bank of Jordan's instructions and in line with the needs and policies of the bank.
- Ensure that the Guide is published on the bank's website for the public to view.
- Ensure the availability of a Code of Conduct that sets the bank's corporate values, demarcates responsibility and accountability, and reinforces ethical behavior, integrity, and professional conduct for the bank's directors.

2. Audit Committee

The Audit Committee comprise at least three board members with the majority of members, including the Head of the Committee, as independent members. The Head of the Committee may not head any other committee deriving from the Board.

- The committee operates according to a charter adopted by the Board of Directors to set its tasks, authority, and responsibilities.
- The Audit Committee's members should have academic qualifications and practical experience in the fields of accountancy, finance or any other specializations or similar areas that are relevant to the bank's business.
- Provided that such authority is granted to the Audit Committee in its charter, the committee may obtain any information from the executive management and may summon any executive or director to attend its meetings.
- The committee shall submit recommendations to the Board regarding the external auditor's appointment/termination of appointment, remuneration, and other terms of engagement considering any non-audit services that he have performed, in addition to assessing the independence of the external auditor.
- The Audit Committee shall meet, at least once a year, with each of the bank's external auditor, internal auditor and compliance officer, without the presence of the executive management.
- The committee monitors and reviews the procedures that enable an employee to report any error in financial reports or any other matters confidentially. The committee ensures the availability of the necessary arrangements for an independent investigation, makes sure to follow the results of the investigation and ensures they are addressed objectively.
- The activities of another committee may not overlap with those of the Audit Committee.

- The committee exercises its role in accordance with the banks' laws, the Corporate Governance Guide and other relevant laws and regulations to include the following at least:
- The scope, results and adequacy of the bank's internal and external audits.
- Accounting issues that have a material impact on the bank's financial statements.
- The bank's internal controls.
- Ensure the availability of sufficient resources and qualified cadres for managing and training the Internal Audit Department.
- Rotate internal auditors to audit all the bank's activities every three years at a minimum.
- Ensure that internal auditors do not perform any executive duties.
- Make sure that all the bank's activities are subject to auditing including outsourced activities.
- The committee has direct supervision over the Internal Audit Department, which reports directly to the Head of the Audit Committee.
- Evaluate the performance of the Internal Audit Department manager and employees and determine their remunerations.
- Ensure that the Internal Audit Department is capable of carrying out the following tasks at least:
- Ensure the availability of adequate internal controls at the bank and its subsidiaries and that such controls are being adhered to.
- Ensure the bank and its subsidiaries' compliance with internal policies, international standards and relevant regulations.
- Ensure adherence to the Corporate Governance Guide.
- The committee submits its reports, recommendations and findings to the Board of Directors.

3. Nominations and Remuneration Committee

The Nomination and Remuneration Committee shall be comprised of three board members, two of whom at least shall be independent including the Head of the Committee. The committee's duties are as follows:

- The committee operates according to a charter adopted by the Board of Directors to set its tasks, authority, and responsibilities.
- Recommend qualified candidates for the membership of the Board of Directors, taking into consideration the candidates' qualifications and skills. In case of re-nomination, the regular attendance of such candidate of board meetings and active participation in the meetings shall be taken into consideration.
- Recommend to the Board qualified candidates for appointment to Senior Executive Management jobs.
- Ensure that board members attend workshops or seminars related to banking topics with particular emphasis on risk management, corporate governance and other topics covering the latest developments in the banking industry.
- Define and annually review the criteria applicable to independent members, taking into consideration the definition of an independent member mentioned in Article 6/D of the Corporate Governance instructions issued by the Central Bank of Jordan no. 63/2016. The definition is mentioned in this guide.
- Set specific standards to evaluate the performance of the Board and the Chief Executive Officer objectively.

- Provide, upon request, background information and summaries to the members of the Board regarding certain significant matters about the bank and ensure that members remain informed with regards to material developments in the banking industry.
- Ensure that a Performance Incentives Policy is in place and that the policy is being implemented and periodically reviewed. The committee shall also recommend the compensation and benefit plan for the Chief Executive Officer and other senior executive managers.
- Ensure that every Board and Senior Executive Management member possesses credibility, integrity, competency, necessary experience, commitment and devotion for the bank.
- Annually evaluate the Board, committees and members' conduct and inform the Central Bank of Jordan of its findings.
- Set an annual evaluation mechanism that includes key performance indicators to assess the performance of the Chief Executive Officer. The evaluation criteria shall include the bank's administrative and financial performance, and the achievement of medium and long-term goals and strategies. The committee shall inform the Central Bank of Jordan of its findings.

4. Risk and Compliance Committee

The Risk and Compliance Committee comprises of three members, one of whom shall be an independent member. Members of the Senior Executive Management are permitted to join. The committee shall have the following duties:

- The committee operates according to a charter adopted by the Board of Directors to set its tasks, authority, and responsibilities.
- Review the bank's risk management framework.
- Review the bank's risk management strategy prior to being approved by the Board.
- Ongoing monitoring of developments that might affect the bank's risk management and submitting regular reports to the Board.
- Identify any variance between the actual risk taken by the bank and acceptable risk as approved by the Board.
- Set the appropriate conditions to identify and regularly report to the Board on any risk factors with major effect on the bank, or any other activities that might put the bank at a risk level higher than the acceptable risk approved by the bank and follow up on identified issues.
- Ensure that the bank and its subsidiaries comply with all banking legislation and with the bank's policies with regards to compliance control, combatting money laundering and the funding of terrorism, international sanctions, and the FACTA law.

5. Senior Facilities Committee (Executive Committee)

The Senior Facilities Committee comprises of at least five members of the Board of Directors. One of its members may be independent provided he is not a member of the Audit Committee.

- The committee operates according to a charter adopted by the Board of Directors to set its tasks, authority, and responsibilities.
- The committee has the right to obtain any information from the executive management and has the right to summon any executive to attend any of its meetings as stipulated in its charter.
- Limits are set for the authority the Senior Facilities Committee has in terms of granting, amending, renewing, or setting the structure of credit facilities so that the Board of Directors has a clear image of prerogatives in this regard.

- The committee's powers are limited to making suitable decisions concerning the facilities recommended by the Executive Management Committee for approval.
- Quorum at the committee's meeting shall be set at the presence of at least four members. Decisions are made with the approval of the majority of members regardless of the number of those present.
- The committee regularly reports to the Board about details of the facilities it approved.
- Committee members must attend meetings and vote in person. If a member's presence is not possible, he can voice his opinion by video or telephone and may vote and sign the meetings provided this process is duly documented.
- The Board of Directors may assign some or all of the committee's authorities with regards to amending the terms or structure of facilities granted to the above mentioned Executive Management Committee. Facilities committees must be informed of the decisions made concerning these facilities.

6. Strategy and IT Committee

The Strategy and IT Committee comprises of at least three members and shall have the following duties:

- The committee operates according to a charter adopted by the Board of Directors to set its tasks, authority, and responsibilities.
- Issue recommendations to the Board of Directors concerning the bank's general strategy, including IT objectives, guide the Senior Executive Management in setting a strategic plan to achieve these objectives and in having the Board approve the plan, and adopt work plans in line with this strategy within an effective execution framework.
- Review and approve Balanced Scoreboards to assess the performance of the Senior Executive Management in line with the bank's approved strategy.
- Review KPIs concerning issues of strategy, finance, quality, and quantity as proposed by the CEO/Director General, and issue recommendations to improve the efficiency of strategic plans and reinforce alignment in executing these plans within an effective systematic framework in preparation for the Board's approval of said plans.
- Follow-up on and support the development of a corporate identity that reflects the bank's strategy.
- Adopt strategic objectives for IT issues and their corresponding regulations, including for steering committees within the Senior Executive management, especially the IT Steering Committee. Support, in doing so, the achievement of the bank's strategic objectives and the achievement of the highest added value for IT projects and investments, while ensuring that the appropriate tools and criteria are used to monitor the former, such as IT Balanced Scorecards, Return on Investment calculations, and the impact on increasing operational and financial efficiency.
- Adopt a general framework for managing, controlling, and regulating IT projects and resources in line with the relevant best international practices, especially the Control Objectives for Information and Related Technology (COBIT). The framework must meet the objectives and requirements of Instructions no. 65/2016 issued by the Central Bank of Jordan by sustainably meeting corporate objectives, fulfilling the appropriate IT objectives matrix, and cover IT governance operations as mentioned in the instructions.
- Adopt a corporate objectives matrix and its relevant IT objectives as mentioned in Instructions no. 65/2016 issued by the Central Bank of Jordan. The criteria of the matrix shall be considered as the minimum requirements and sub-objectives shall be identified to achieve it.
- Adopt a responsibility matrix (RACI Chart) for key IT governance operations as mentioned in Instructions no. 65/2016 issued by the Central Bank of Jordan and deriving sub-instructions in terms of the entity(ies) or party(ies) initially Responsible, ultimately Accountable, those Consulted, and those Informed for operations subject to these instructions. The COBIT 5 Enabling Processes criterion shall be taken into consideration.

- Ensure that a general framework for IT risks is in place and is aligned and complements the overall risk framework at the bank. The IT risk framework shall take into consideration and shall seek to fulfill the bank's strategy in guaranteeing a minimal level of control over risks, protecting customer interests, and fulfilling all IT governance operations as mentioned in Instructions no. 65/2016 issued by the Central Bank of Jordan.
- Approve the budget for IT projects and resources in line with the bank's strategic objectives.
- Supervise and follow-up on IT operations, resources, and projects, and follow-up on their efficiency and contribution to meeting the bank's requirements.
- Review IT audit reports and take the necessary measures to remedy any problems.
- Submit recommendations to the Board on the measures that should be taken to remedy any problem.
- Any other tasks assigned to it by the Board of Directors.

Chapter 4

Suitability

1. Suitability of Board Members

- The Board of Directors adopts an effective strategy to guarantee that its members possess the minimum requirements and standards to fulfill the membership criteria. The said policy is subject to review whenever necessary. Adequate procedures are set to ensure that all board members fulfill their suitability requirements, and that they continue to do so.
- The Chairman and board members must meet the following requirements:
 - Must not be less than twenty-five years of age.
 - Must not be a member of the Board of any other bank in Jordan, or a general manager, regional manager, or an employee of any other bank in Jordan unless the other bank is a subsidiary of the Jordan Ahli Bank.
 - Must not be the bank's lawyer, legal advisor or auditor.
 - Must have a bachelor's degree at a minimum, specializing either in economics, finance, accounting, business administration or any other related field, whereby the Nomination and Remuneration committee is permitted to consider adding new specialties if combined with an experience that is related to banking.
 - Must not be a government employee or an employee of an official public institution unless he is a representative of that entity.
 - Must not be a member of the Boards of more than five public shareholding companies in Jordan, whether in a personal capacity or as a representative of a legal entity.
 - Must possess a minimum expertise of five years in banking, finance or similar specializations.
 - The Chairman and board members must each sign a Suitability Attestation in the form approved by the Central Bank of Jordan in its corporate governance instructions.
- The Chairman shall ensure that any critical information that may adversely affect the suitability of any board member is disclosed to the Central Bank of Jordan.

2. Suitability of Senior Executives

- The board shall develop an effective policy to ensure the suitability of members of the Senior Executive Management, whereby it includes the minimum requirements to fulfill the membership criteria. The said policy is subject to review whenever necessary. The board shall also develop adequate procedures to ensure that all members fulfill their suitability requirements and that they continue to do so.
- The Board of Directors shall appoint a Chief Executive Officer who possesses a high level of integrity, technical competence and banking experience after obtaining the approval of the Central Bank of Jordan.
- The approval of the Board of Directors must be obtained when appointing, terminating the position, or accepting the resignation of any of the Senior Executive Management members.
- The board shall ensure that any critical information that may adversely affect the suitability of any senior executive is disclosed to the Central Bank of Jordan.
- The Following conditions should be fulfilled by an appointed senior executive:
 - Should not be a member of the Board of Directors of any other bank in Jordan unless the other bank is a subsidiary of Jordan Ahli Bank.
 - Should be dedicated full-time to the management of the bank's business.
 - Should have, at a minimum, a bachelors' degree in economics, finance, accounting, business administration or any other related field.
 - Should have a minimum of five years of experience in banking or any related field, except for the position of Chief Executive Officer, in which a minimum of ten-year experience in banking is required.
 - A "No Objection" letter should be obtained from the Central Bank of Jordan prior to the appointment of any Senior Executive Management member. The bank, prior to the appointment of a senior executive, must obtain from the candidate his Curriculum Vitae along with any academic certificates, certificates of expertise, certificate of good conduct and any other necessary documentation. The member will also be asked to sign the approved Suitability Attestation form and the bank will provide the Central Bank of Jordan with a copy thereof along with the Curriculum Vitae.

Chapter 5

Performance Evaluation and Remuneration

1. Evaluating the Performance of the Board and their Remunerations

The mechanism to evaluate the performance of board members is an important tool in guaranteeing good performance for the Board and its committees. Therefore, specific and approved principles must be followed during the evaluation process to ensure assessment criteria are objective. The mechanism must take into consideration the following:

- The extent to which members acquired skills, knowledge and expertise that effectively regulate the bank's work.
- The extent to which members communicate with internal and external stakeholders at certain times.
- How clear the structure of committees deriving from the Board is, and how much members are provided with the necessary data and tools to perform their tasks effectively.
- The extent to which members focus on the important aspects at the right time.
- The extent to which members have a team spirit and seek to find the right level of confidence and challenge.
- The Chairman of the Board's role as an effective board leader.
- The extent of continuous development and improvement for the Board and its members as a group and as individuals.

The general framework for the performance assessment policy for board members, and their financial remunerations

The Board of Directors shall develop a mechanism to evaluate its performance and that of its members, provided that the mechanism must at least include the following:

- The Nomination and Remuneration Committee shall be responsible for evaluating, on an annual basis, the performance of the Board as a whole, its committees and its members, and inform the Central Bank of the results of the evaluation.
- The board shall set specific goals and define the role of the Board to achieve these goals in a measurable manner.
- The board shall identify key performance indicators based on plans, strategic goals, the Board's charter and the charters of its committees and use them to measure the general performance of the Board.
- Communication between the Board and the shareholders, and the regularity of this communication.
- Regularity of the meetings of the Board of Directors with the Senior Executive Management.
- The member's participation in the Board's meetings, comparing his performance with that of other board members, and receiving the members' feedback as a means to improve the evaluation process.
- The board shall set measures to determine the remunerations granted to its members based on the approved evaluation system.
- The board's incentives program links financial incentives to performance and meeting the Board's objectives is linked to the bank's annual objectives. This encourages the Board to exert all efforts to improve the efficiency and impact of corporate performance, and to direct all capacities toward achieving the bank's general goals and improving corporate governance.
- This program is implemented at the end of every fiscal year after the incentive amounts are allocated in the estimated budget approved by the Board. The payment of these incentives must fully fulfill the adopted goals.

Evaluation form for the Board of Directors and its members

- The Nomination and Remuneration Committee prepares a form for evaluation, the review of evaluation criteria, and the weights attributed to each criterion.
- This model evaluates board members and the Board's performance. Below are examples of criteria covered by the form:
- Aspects relating to individual contributions, challenges, independence of opinions, integrity, training, and development.
- The quality of decisions or recommendations issued by the committee(s) in which the member participates. This includes but is not limited to:
 - The member's commitment to attending committee meetings, and regular attendance.
 - The impact of the member's contribution in the committee(s) in which he participates.
 - Allowing ideas provided by management to the Board to be discussed.
- Evaluation levels vary between 1 and 5.
- The Nomination and Remuneration Committee sends the form to all board members for self-evaluation and submission to the Chairman of the Board.
- The Nomination and Remuneration Committee provides support and advice to every board member.
- The Chairman of the Board meets with each board member individually to review their self-assessments and discuss weak points (points that require development and improvement).
- The final forms are sent to the Nomination and Remuneration Committee for approval.

- The Nomination and Remuneration Committee calculates the results of the Board members' performance based on the weights set for each evaluation criterion.
- The Chairman of the Board informs the Board members of the evaluation results.
- The Central Bank of Jordan is informed of the results and of final recommendations through an official letter issued by the Nomination and Remuneration Committee.

2. Evaluating the Performance of Senior Executives and their Remunerations

- The board shall, on an annual basis, evaluate the performance of the Director General according to an evaluation mechanism set by the Nomination and Remuneration Committee, which includes key performance indicators. The Director General's evaluation includes the following criteria:
 - The bank's financial and administrative performance.
 - The extent to which the bank's medium and short-term plans and strategies are achieved.
- The Nomination and Remuneration Committee informs the Central Bank of Jordan of the findings.
- The board shall adopt a system to measure the performance of the bank's executives who are not members of the Board and are not the Director General. This system should include at a minimum the following:
 - Attribute appropriate weights to criteria to measure the extent of commitment to the framework of risk management, internal controls and regulatory requirements.
 - The total revenue and profitability shall not be the sole measurement indicator; risks related to basic operations, customer satisfaction, and other indicators should also be considered when possible.
 - One's position of power must not be abused, and the presence of conflicts of interest.
- The Nomination and Remuneration Committee is responsible for setting an objective and transparent remuneration policy for the Executive Management. The policy must be approved by the Board.
- The Remuneration Policy should include the following key points:
 - To be structured to retain and recruit qualified and experienced executives, and to motivate them and promote their performance.
 - To be designed to ensure that it will not be used in a manner that might affect the soundness and reputation of the bank.
 - To take into consideration the risks, liquidity, profits and timing.
 - To ensure that remunerations are not based on the performance of the current year only, but also on the medium and long-term performance (3-5 years).
 - To reflect the goal, value and strategy of the bank through clear KPIs.
 - To define the form of the remuneration such as fees, salaries, allowances, bonuses, share options or any other form of benefits.
 - The possibility of postponing the payment of a reasonable proportion of the remuneration. The amount of such proportion and the postponement period will depend on the nature of the work, the risks associated therewith and the concerned executive's activities.
 - Executives of supervisory departments (risk management, audit, compliance, etc.) should not be given remunerations based on the performance of their respective departments.

Chapter 6

Conflict of Interest

1. Conflict of Interest

To ensure that there is no conflict of interest between board members and the bank or between the executive management and the bank, Jordan Ahli Bank has adopted a special policy that covers all related aspects and entities (administrative, regulatory, Board of Directors).

- The board shall adopt procedures to handle conflicts, of interest that may arise from the bank's position within a banking group and disclose any such conflicts that may arise as a result of inter-group relationships.
- The board shall ensure that the Senior Executive Management implements the adopted policies and procedures.
- The board shall adopt controls to manage the transfer of information within the various departments to prevent using such information for personal gain.
- The board shall ensure that the executive management exercises high integrity and avoids conflict of interest.

2. Transactions with Stakeholders

- The board shall adopt specific policies and procedures for transactions with various stakeholders that include a clear definition of the different stakeholders while taking into consideration the legislations, conditions, approval procedures and the mechanism overlooking such dealings and transactions, whereby ensuring the adherence to the set policies and procedures.
- Regulatory departments at the bank shall ensure that all dealings with stakeholders are carried out according to the related policies and procedures.
- The Audit Committee shall review all stakeholders' dealings and transactions and present them to the Board of Directors.

3. Code of Conduct

The Code of Conduct is a key document that regulates the bank's transactions – in relation to all activities – with stakeholders. It governs work ethics, values, and controls.

- The board shall adopt the code of conduct and circulate it among all executives. The code shall include the following:
 - Executives are not to use any internal and confidential information related to the bank for their personal benefit.
 - Rules and procedures that govern dealings with stakeholders.
 - Cases that may lead to conflicts of interest.
- The Compliance and Anti-Money Laundering/Combating the Financing of Terrorism Department shall be responsible for drafting the code of conduct, and for answering any questions about it. It shall update it regularly and whenever necessary.

4. Confidential Reporting Policy

- The bank sets and adopts policies and procedures for reporting illegal activities/fraud/manipulation/conspiracy in a way that allows employees to contact higher management (Audit Committee) to report any concerns they may have about possible violations or fraud. The procedure allows the opening of an independent investigation into the concerns, including follow-up, to protect these employees and reassure them that they wouldn't face any threats or punishments in case their concerns are proven to be unsupported.
- The Audit Committee reviews and monitors the procedures enabling employees to secretly report any error in financial reports or any other matter. It guarantees that the necessary procedures are in place to provide an independent investigation and ensure follow-up on the investigation's findings and the implementation of objective remedies.

Chapter 7

Control, and Internal and External Audit Systems

The Board of Directors shall adopt the bank's internal control systems are in place and that the duties of the different departments are clearly specified in order to attain adequate control in accordance with the set duties and responsibilities assigned to the following departments:

1. Internal Audit

The audit Committee deriving from the Board of Directors ensures that the bank's Internal Audit Department is capable of fulfilling, among others, the following duties:

- To ascertain that there are adequate internal controls for the activities of the bank and its subsidiaries, and to ensure compliance therewith.
- To ascertain adherence to internal policies, international standards and procedures, and applicable laws and regulations.
- To audit the bank's financial statements and administrative reports while ensuring accuracy, credibility, and timeliness (and that they cover important issues such as allocations and defaulting debts).
- To assess compliance with the Corporate Governance Code.
- To examine the comprehensiveness and accuracy of stress tests in accordance with the methodology approved by the Board.
- To ensure the accuracy of procedures used for the internal evaluation of the bank's capital adequacy (ICAAP).

2. External Audit

- The Audit Committee deriving from the Board of Directors shall choose the best auditing firms and shall guarantee the regular rotation of the external auditor among auditing firms, and companies affiliated, allied, or linked to them in any way. The rotation must happen no later than every seven years.
- The seven-year period shall be computed starting implementation in 2010.
- The new external auditing firm (when rotation is implemented) shall work jointly with the old firm for the first year.
- Apart from the joint auditing task, the old external auditing firm shall not be re-elected before at least two years from the date of its last election.
- The independence of the external auditor is assessed annually by the Audit Committee.

3. Risk Management

- The Risk Management Department shall have the following duties:
 - Prepare and review the bank's risk management framework to be approved by the Board.
 - Implement the risk management strategy and develop policies and procedures to manage all types of risks.
 - Develop methodologies to identify, measure, monitor and control all types of risks.
 - Monitor the compliance of the bank's executive departments to the set levels of acceptable risk.
 - Report to the Board of Directors through the Risk Management Committee and send a copy of the report to the Senior Executive Management. The report shall include information on the bank's actual risk profile for all its activities compared with the risk appetite. It shall also follow-up on measures taken to remedy any problems.
 - Verify the compatibility of the risk measurement methodologies with the applied management information systems.
 - Review and analyze all types of risks that the bank may face.
 - Submit recommendations to the Risk Management Committee on risk exposures and any exceptions to the risk management policy.
 - Provide the necessary information about the bank's risks for use in the bank's disclosures.
- The Audit and Compliance Committee deriving from the Board of Directors shall check that violations related to acceptable risks are remedied, including holding the Senior Executive Management accountable for such violations.

4. Compliance

- Monitoring compliance is considered an independent duty that seeks to guarantee the compliance of the bank and its internal policies to all laws, regulations, instructions, resolutions, codes of conduct, standards, and safe practices issued by local and international regulatory entities.
- The Board of Directors, represented by the Risk and Compliance Committee, shall ensure the independence of the Compliance Department and that adequate and well-trained personnel are being employed.
- The Compliance Department forms part of and reports to the Risk and Compliance Committee deriving from the Board of Directors. It shall have intermittent communication with the bank's executive management to provide them with copies of these reports.
- The Compliance Department has many duties, including:
 - Manage "compliance risks" that the bank faces within the limits of the laws, regulations, and standards in force and their amendments.
 - Continuously monitor compliance at the bank, test this compliance using adequate and sufficient tools, and issue reports in this regard.
 - Adopt a training, development and awareness plan to increase awareness about subjects related to compliance and professional conduct, and answer employee questions about compliance.
 - Act as a link and liaison center between the bank and concerned regulatory entities.
 - Monitor the bank's operations to combat money laundering and the funding of terrorism, in line with recognized best practices and within the framework of international sanctions systems.
 - Comply with the FACTA law.
 - Receive and timely resolve customer complaints, and issue recommendations to the concerned entities to take the necessary measures to avoid their reoccurrence.

Chapter 8

Stakeholder Rights, Disclosure and Transparency

In order to guarantee the rights of stakeholders, and meet disclosure and transparency requirements, the Board of Directors shall guarantee the following:

- The board shall ensure that all financial and non-financial information that are of interest to the stakeholders are published.
- A mechanism shall be developed to guarantee communication with stakeholders by disclosing and providing relevant information about the bank's activities through:
 - General Assembly meetings
 - Annual Report
 - Quarterly financial reports which enclose financial data, and the Board's report on the bank's share trading and the bank's financial status during the year
 - The bank's website
 - Shareholders' division
- A part of the bank's website shall be designated to clarify shareholders' rights and to encourage them to attend and vote at the General Assembly meetings. Also, the documents of the General Assembly meetings, including the invitation and minutes of meetings, shall be published on the website.
- The board shall ensure that the bank's financial disclosures are consistent with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Central Bank of Jordan's regulations, and other relevant legislations. Also, the executive management shall remain well informed of changes and updates on the related International Financial Reporting Standards.
- The board shall ensure that the annual report includes the following information:

Disclosures that allow current and potential stakeholders to be informed of operation results and the bank's financial standing.

 - Summary of the organizational chart of the bank.
 - Summary of the roles and responsibilities of board committees, and the authorities delegated to each committee.
 - Useful information to stakeholders as identified in the Corporate Governance Guide and the extent of compliance with the Guide.
 - Information about each board member in terms of his qualifications, experience, shareholding, status (independent –non-executive, etc.) membership in board committees, date of appointment, any other board memberships in the Boards of other companies and remunerations of all forms for the previous year in addition to loans granted to the member by the bank and any other transaction that has taken place between the bank on the one part and the member or stakeholders on the other.
 - Information about Risk Management Department, including its structure and nature of its operations and its development.
 - Number of board and Board Committee meetings and attendance of each member at such meetings.
 - Names of each board member and senior executive who have resigned during the year.
 - Summary of the remuneration policy and full disclosure of all forms of remuneration to board members and executive management individually for the previous year.

- A list of shareholders who own 1% or more of the share capital of the bank, the ultimate beneficiary owner of such shareholdings or any part thereof, in addition to a clarification as to whether the shareholdings are wholly or partially pledged.
- Attestations from all board members confirming that he or any of the members' relatives did not receive any benefits from the bank during the previous year which has not been previously disclosed.
- The annual report shall include a statement to the effect that the Board is liable for the accuracy and completeness of the financial statements of the bank and all other information in the report in addition to the adequacy of the internal control systems. It shall also include a report from the Board in relation to the bank's traded shares and the financial status throughout the year.

Chapter 9

General Provisions

- The Chairman of the Board shall extend an invitation, sufficiently ahead of time, to the Central Bank of Jordan to attend General Assembly meetings for the CBJ to name its representative.
- The Chairman of the Board shall provide the Central Bank of Jordan with the minutes of General Assembly meetings no later than five days after the General Corporate Controller or his representative approves the minutes.
- At least 30 days before the date of the General Assembly meeting, the bank shall inform the Central Bank of Jordan of its wish to nominate an external auditor for election (or reelection) by the General Assembly.
- The bank shall provide the Central Bank of Jordan with the number of shares pledged by the bank's shareholders who own 1% or more of the bank's capital, and the party to which they are pledged.
- The bank shall provide the Central Bank of Jordan with information on board members and committees, and Senior Executive Management members, according to approved forms. This information must be sent semi-annually and whenever amended.
- The bank shall provide the Central Bank of Jordan with information on department members and executive entities, and Senior Executive Management departments at subsidiary companies inside and outside the Kingdom, according to approved forms. This information must be sent semi-annually and whenever amended.
- The Central Bank of Jordan may summon any candidate to a senior executive position at the bank for a personal interview before his appointment, and may, as it deems necessary, summon any board member for an interview.
- The Central Bank of Jordan may appoint any external entity to evaluate the bank's governance at the expense of the bank.
- The Central Bank of Jordan, may at any time, summon Audit Committee members, the Internal Audit Department Director, or the Compliance Department Director to discuss any issue related to their work.
- The Central Bank of Jordan shall a maximum limit of independent members for the Board's structure as it deems necessary.

- The Central Bank of Jordan may consider any member non-independent according to specific criteria even if all terms in Article 6/D of its Corporate Governance instructions apply.
- This guide shall take into consideration the Corporate Governance instructions as a minimum requirement in line with its needs and policies. The guide shall be adopted by the Board and a copy shall be sent to the Central Bank of Jordan.
- This guide reflects the bank's perspective on corporate governance in terms of notions, importance and key principles in line with legislation and international best practices.
- This guide shall be reviewed and updated regularly and whenever necessary.
- This guide shall be published on the bank's website www.ahli.com. The bank shall disclose the existence of this guide in its annual report and shall disclose information of interest to stakeholder and its commitment to implementing the guide's content.

SUBSIDIARIES



ahli | الأهلي

البنك الأهلي الأردني
Jordan Ahli Bank

Overview

The Ahli Microfinance Company is wholly owned by Jordan Ahli Bank and was established as a limited liability company on July 20th, 1999 with a capital of JD 750,00 per share. The company's capital grew at several stages and currently stands at JD 6 million per share as on 24 May 2016. The company aims to invest its funds and funding sources in financing small enterprises in financial, industrial, commercial, tourism and services sectors. The Ahli Microfinance Co. is considered to be the first company engaged in financing small enterprises in the private sector.

Achievements in 2017

During the fourth quarter of 2017, the company launched the e-fawateer.com service as an electronic service that allows clients to pay their bills.

The company's customers increased by 17.7% in 2017 to become around 38,680 customers, and its assets grew by 15.5% in 2017 compared to 2016 to become JD 24.02 million.

The company's loan portfolio also grew by 12.9% compared with 2016 to become JD 20,569,222 while its growth in profit reached 16.17% compared with the same period the previous year. Equity grew to reach JD 11.3 million at the end of 2017.

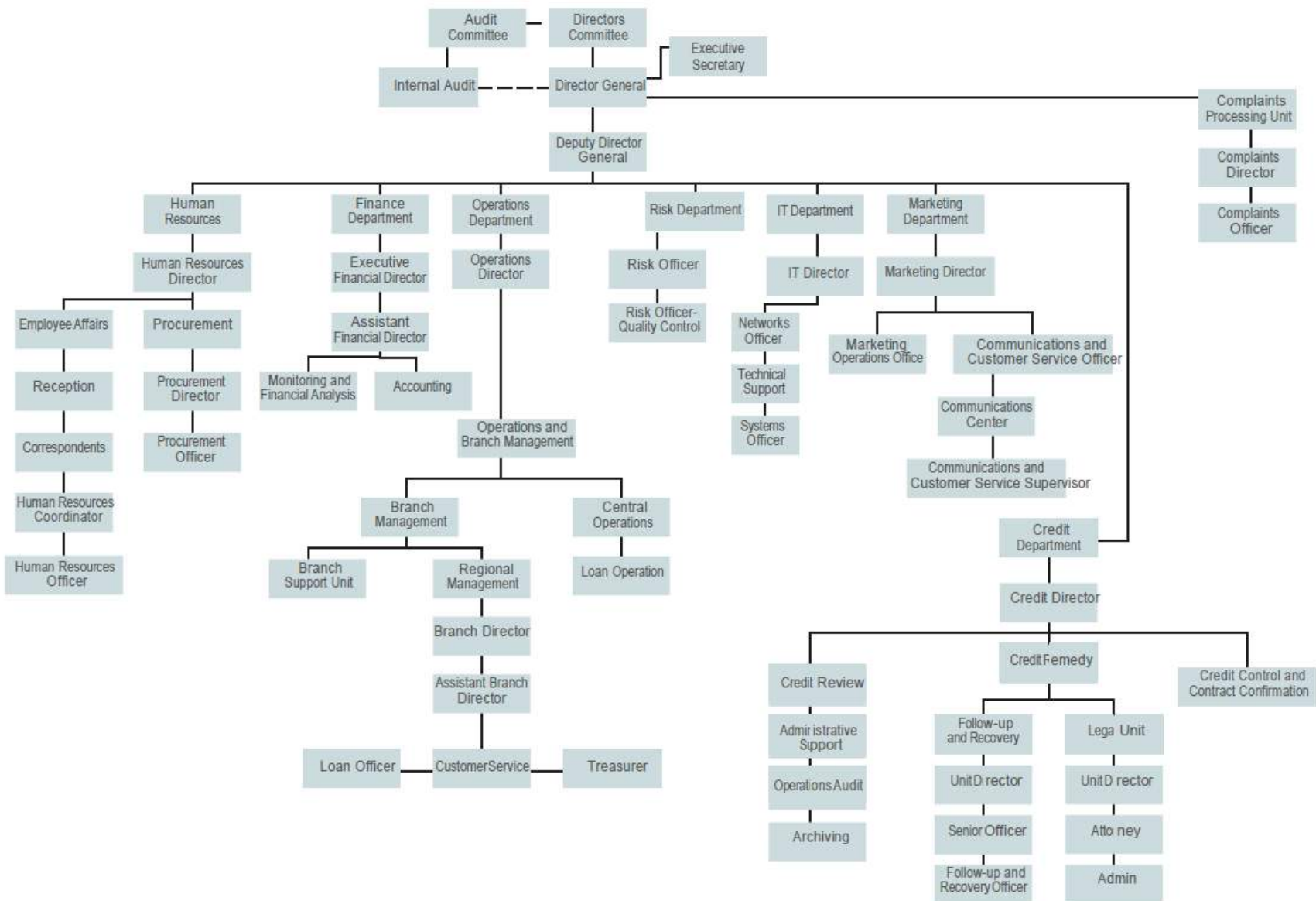
A new branch was opened in Jabal Al Nasr during Q4 in 2017, making the overall number of branches 24.

Plan for 2018

The 2018 plan seeks to reach 44,506 active customers, registering a growth of 15.1%. It also seeks to increase the JD 24.02 million in assets the company currently registers to JD 26.01 million at the end of 2018, an increase of 8.2%. The loan portfolio should increase from its current JD 20.5 million to JD 24.05 million at the end of 2018, registering a growth of 17.3%; the company's net profits should grow from its current JD 1.4 million to JD 1.5, a growth 7.3%; and equity should grow by 13.3% from JD 11.3 million to JD 12.8 million at the end of 2018.

- The 2018 annual plan requires the opening of three new branches in Jerash, Mafraq, and Deir Alla during Q1, Q2 and Q3 of 2018, increasing the number of branches to 27

Organizational structure



Overview

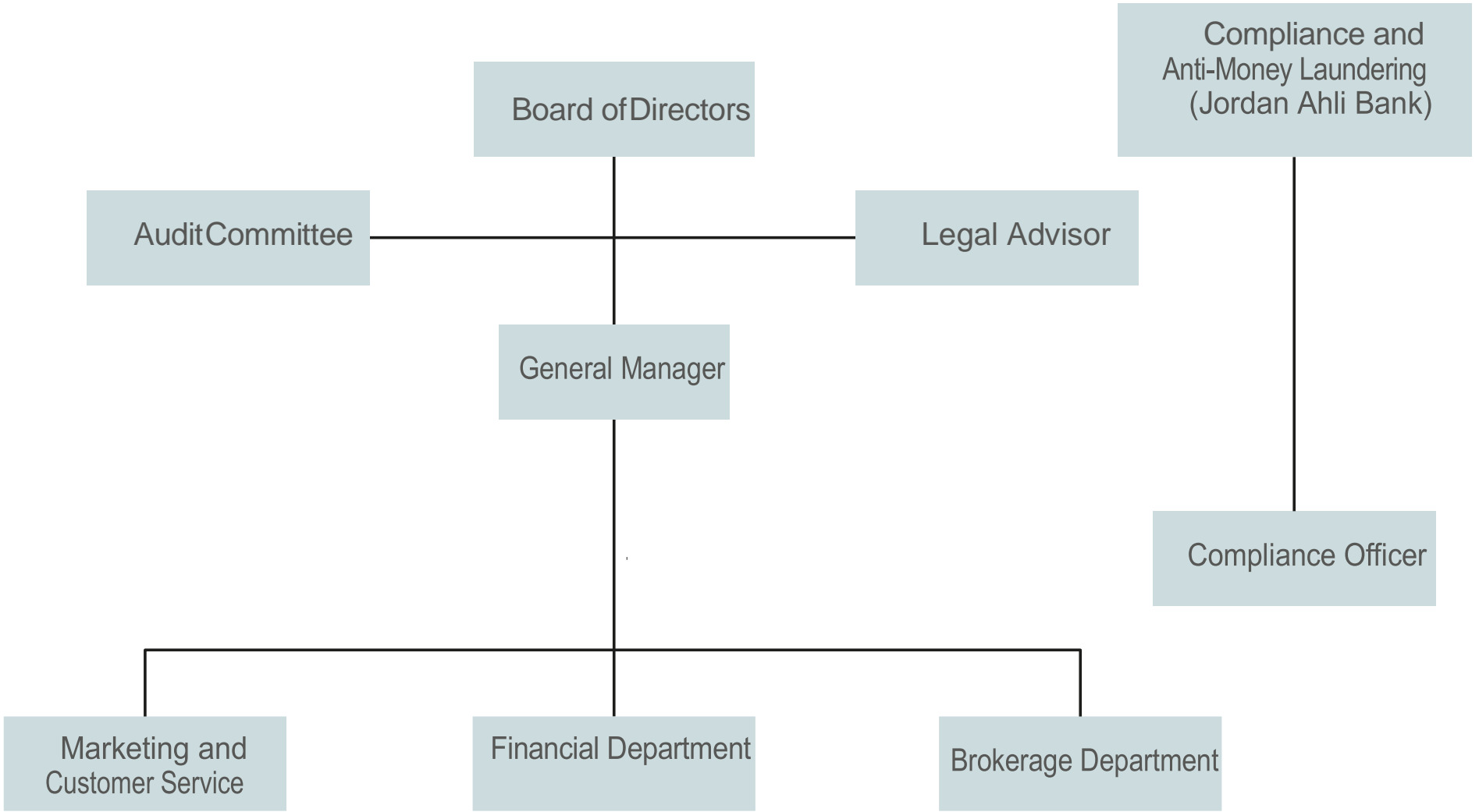
The Ahli Brokerage Company is wholly owned by Jordan Ahli Bank and was established as a private limited company. The company's capital currently stands at JD5 million. It is engaged in providing brokerage services and trading in securities listed in the Amman Stock Exchange. The company also holds licenses to carry out brokerage operations and provide financing services on the sidelines.

Achievements in 2017

Considering prevailing challenges and the circumstances in the region and the Arab world in general and their impact on the Kingdom in particular; and considering the resulting hesitancy of investors to enter capital markets as feasible alternative opportunities are found in the money market, the decline in liquidity levels, and the negative impact this has had on corporate performance among financial service companies in Jordan; Ahli Brokerage Company has adopted a conservative strategy and has been able to deal with these challenges with a high level of professionalism. It has been able to reduce the loss by 77% at the end of 2017 to reach JD 56,362 compared to JD 242,609 in 2016. The company succeeded in maintaining a good solvency ratio of 112.50% by the end of 2017 compared to 108.8% in 2016, thus exceeding the minimum of 75% required by the Jordan Securities Commission (JSC). This ratio testifies to the company's ability to adhere to the requirements issued by regulatory authorities.

Plan for 2018

- Increase the company's market share in terms of trading and reinforce its competitive position in the capital market by expanding its activities to diversify investment services, attract new customers, and meet their needs in the capital market. Such activities include:
 - Activate brokerage in neighboring markets after obtaining the necessary licenses.
 - Expand the company's activities to include custodian services after obtaining the necessary licenses.
- Increase innovation and creativity in providing financial technological services to attract customers and improve operational efficiency, thus increasing revenues.
- Achieve a growth of 20% in overall revenues and a decrease of 27% in overall expenditures.





Overview

The Ahli Financial Leasing is a private joint company wholly owned by Jordan Ahli Bank. It was established in 2009 with a capital of JD 10 million and its capital currently stands at JD 17.5 million. The company aims to offer comprehensive services ranging from financial leasing to non-traditional and alternative financial solutions based on a modern financing method that covers all production sectors, whether individuals or corporate. It does so by funding capital sources such as real estate, equipment, industrial machines, medical equipment, transport media, etc. using assets as a key source for repayment and as a guarantee, and financial and technical studies for the funded assets. During a short period of time, Ahli Financial Leasing was able to become one of the most important, prominent and distinguished companies in the field.

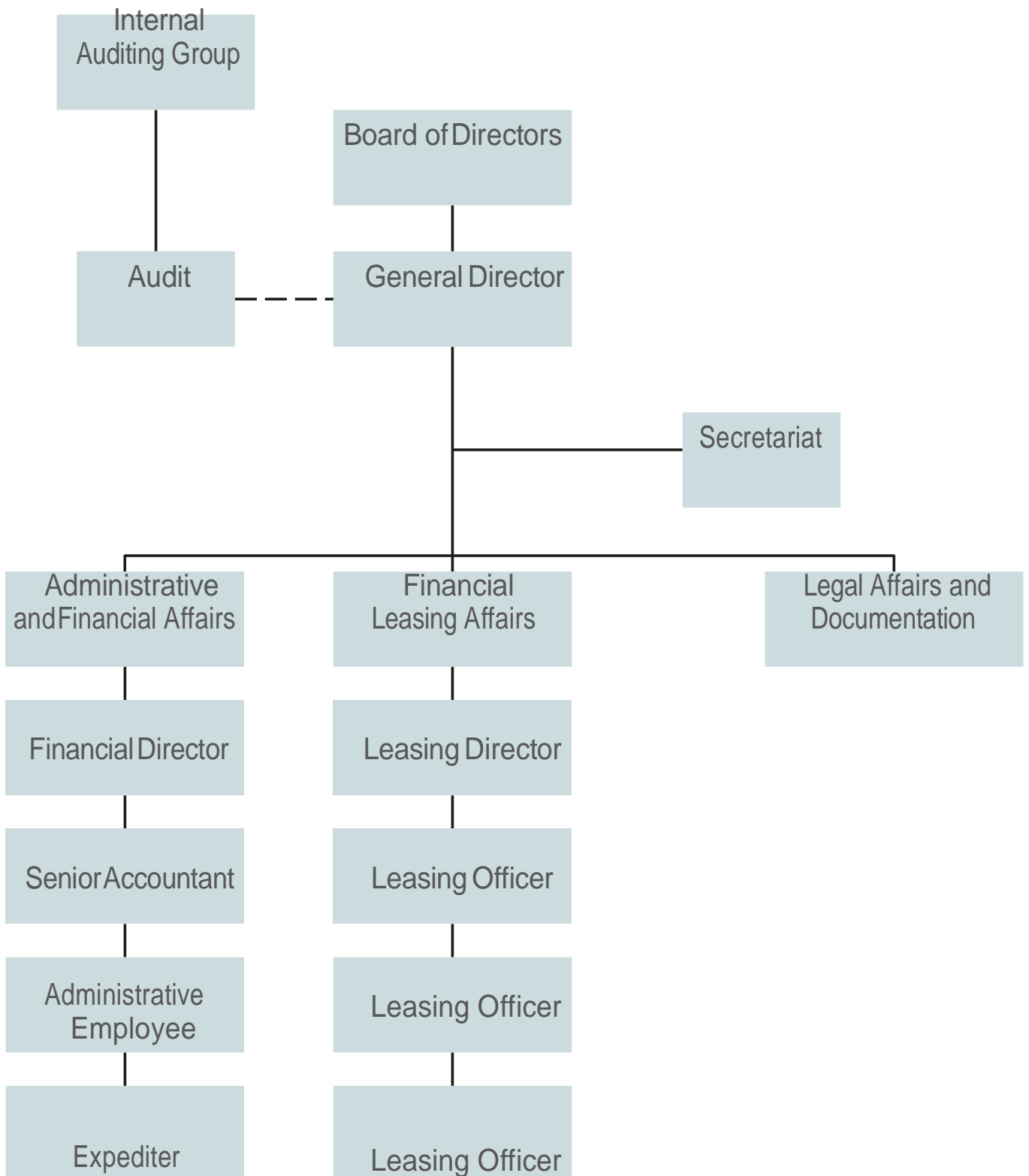
Achievements in 2017

- JD 37.888 million was granted in financial leasing through 285 new financial leasing contracts.
- The company achieved a 14% growth before tax in its net profits, making its net profits before tax JD 4.729 million compared to JD 4.141 million in 2016.
- Assets witnessed a 12.25% growth and the company's loan portfolio grew by 4% in 2017.
- The company moved to its new location in Abdali Boulevard.
- A new product was launched: Lease ending with ownership with terms compliant with the Sharia.

Plan for 2018

- Expand the customer base by attracting new clients through a scale up of meetings in the capital and in Zarqa with the real estate sector in collaboration with the Corporate Investors Association.
- Launch an electronic platform to market and promote real estate and housing funded by the company, and any other real estate the company's clients might want to promote.

Organizational structure



Overview

The term FinTech was coined to describe a new field of financial services. It quickly spread to include any technological innovation used to serve any financial or banking sector, this covering many fields like investment, individual banking solutions, financial education, financial literacy, etc. Ahli Fintech was established in 2017 as a private joint company wholly owned by Jordan Ahli Bank. Its current capital stands at JD 100,000 and its aims to support, develop and invest in fintech.

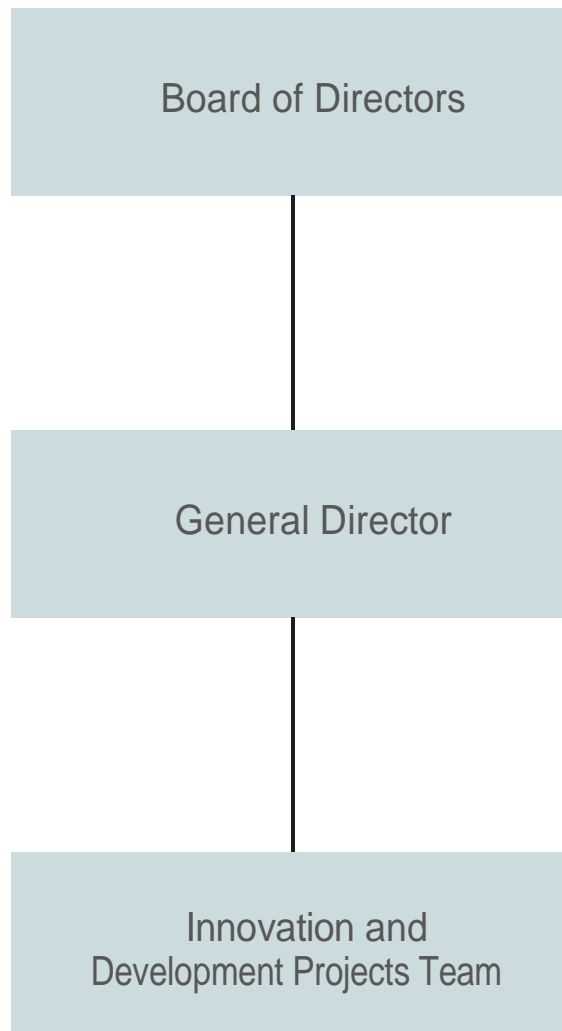
Achievements in 2017

1. The company's registration according to the law was completed.
2. Organized the Fintech Hackathon in collaboration with the Crown Prince Foundation, Al Hussein Technical University, and the Central Bank of Jordan. The competition was part of the Your Idea event to develop innovative ideas in the fintech field.
3. The AhliBot was launched, the first personal assistance bot provided by Jordan banks.
4. Ahli Sandbox was launched as a platform to allow developers to deal with a comprehensive smart banking system through over 130 APIs. The information used for the applications is empirical and hypothetical, and developers aren't linked to the bank's actual system in any way.

Plan for 2018

1. Launch the first session of the Fintech start-up Incubator program.
2. Launch a competition to develop and foster fintech ideas and innovation (hackathon).

Organizational structure



Jordan Ahli Bank Branches and Offices within the Hashemite Kingdom of Jordan

Main Branch

Shmeisani - Queen Noor Street
Phone
5807677

Thaqafa Street Branch

Shmeisani - Thaqafa Street
Phone
5807679

Major Corporations Branch

Shmeisani – Yacub Sarruf Street
Phone
4603124

Tlaa Al Ali Branch

Tlaa Al Ali – Khalil Al Salem Street
Phone
4603120

Queen Rania Street Branch

Sport City Circle - Arab Printers Bldg.
Phone
5807659

Al Bayader Branch

Bayader Wadi Al Ser - Main Street
Phone
4603106

Sweifieh Branch

Sweifieh - Haddad Commercial Complex
Phone
4603105

Abdulla Ghosheh Street Branch

7th Circle - Abdulla Ghosheh Street
Phone
4603104

Ibn Khaldoun Branch

Ibn Khaldoun (AlKhaldi St.) Building No. 67
Phone
5807675

Jabal Amman Branch

Jabal Amman - Third Circle -
beside InterContinental hotel
Phone
5807676

Khalda Branch

Khalda Center - Amer Bin Malik Street
Phone
5807663

City Mall Branch

Khalda - Medical City Street - City Mall
Phone
4603107

Mecca Street Branch

Mecca Street
Phone
5807669

Mecca Mall Branch

Abdullah ad-Dawud Street – Mecca Mall
Phone
4603103

Abdoon Branch

Abdoon - Cairo Street
Phone
460309

Um Uthaina Market Branch

Um Uthinah Market - Shat Al Arab Street
Building No. 14
Phone
5807668

Al Rabieh Branch

Amman - Al Hay Al Tijari Street - Al Yarmouk
Plaza Complex
Phone
4603125

Taj Mall Branch

Abdoon - Prince Hashem Street - Inside Taj Mall
Phone
4603108

Marj Al Hamam Branch
Princess Taghreed Street
Phone
5807670

Wasfi Al Tal Street Branch
Wasfi Al Tal Street - Muhtaseb Building
Phone
5807664

Jabal Al Hussein Branch
Jabal Al Hussien - Beer Al Sabe Street
Phone
5807662

Wadi Saqra Street Branch
Wadi Saqra - Arar Street Building No. 238B
Phone
5807678

Jubeiha Branch
Yajuz Street
Phone
5807665

Sweileh Branch
Main Street - Building No.6B
Phone
5807667

Abu Nusayr Branch
Abu Nusayr – Karama Street
Phone
5807666

Al Fuhais Branch
Al Fuhais - Al Hijaz Street
Phone
4603128

Dahiyet Al Yasmeen Branch
Bader Place - Dahiyet Al Yasmin - Jabal Arafat
Street Building No. 9
Phone
5807671

City Center Branch
Down Town - Reda Street
Phone
5807656

Hurrieh Street Branch
Al Hurriyeh Street - Um Al Qaser neighborhood
Phone
5807673

Middle East Circle Branch
Al Wehdat
Phone
5807655

Sahab Branch
Sahab - Prince Hasan Street
Phone
5807674

Khreibet Al Souq Branch
Madaba Street - Near Taibeh Bridge
Phone
5807672

Al Hashmi Al Shamali Branch
Northern Hashmi - Prince Rashed Street
Phone
5807657

Marka Branch
Marka - Main Street - Opposite the Military
Hospital
Phone
5807658

Tabarbour Branch
Tabarbour – Omar Al Fakhani Street
Phone
4603112

Al Salt Branch
Al Salt - Municipality Street
Phone
05-3903465

Al Salt Gate Branch
Salt Town entrance - next to the Palace of
Justice
Phone
05-3903469

Al Balqa Applied University Branch
Al Salt
Phone
05-3903470

Deir Alla Branch

Deir Allah - Main Street
Phone
05-3903467

Madaba Branch

Madaba - King Hussien Street – near the
Municipality Building
Phone
05-3903466

Zarqa Branch

Al Zarqa - Al Sa'adeh Street
Phone
05-3903463

New Zarqa Branch

New Zarqa - Al Kurdi Plaza
Phone
05-3903473

Free Zone Branch

Zarqa – Free Zone
Phone
05-3903471

Al Ruseifah Branch

Ruseifah - King Hussein Street
Phone
05-3903464

Irbid Branch

Irbid – Army Street
Phone
02-7201642

Irbid Industrial Zone Branch

Industrial City
Phone
02-7201644

Al Hashimi Street Branch – Irbid

Irbid - Al Hashimi Street
Phone
02-7201647

Arabella Mall Branch

Irbid – King Abdullah Street
Phone
02/7201646

Al Ramtha Branch

Al Ramtha – Bank Street
Phone
02-7201651

Mafraq Branch

Mafraq – Municipality Street
Phone
02-7201650

Jerash Branch

Jerash - King Abdullah Street
Phone
02-7201649

Tafilah Branch

Tafilah – Main Street
Phone
03-2090998

Karak Branch

Karak – Italian Hospital Street
Phone
03-2090997

Mu'tah Branch

University Street
Phone
03-2090996

Aqaba Branch

Aqaba – Tunisian Hammams Street
03-2090992

Maan Branch

Maan – King Hussein Street
Phone
03-2090995

Jordan Ahli Bank Branches and Offices Abroad

Palestine Branches

Regional Management of Palestine Branches
Naji Al Ali Street - Masyoon – Ramallah
Director's phone: 2959340/2/00972
Director's assistant phone: 2959006/2/00972
Department phone: 2959343/2/00972
Fax: 2959341/2/00972
P.O. Box 550 Ramallah, Palestine
Email:
regional@ahlibank.com.ps
info@ahlibank.com.ps
Website: www.ahli.com/palestine

Nablus Branch

Commercial Center B, Building No. 8
Director's phone 2374501/9/00972
Phone: 2/1/2382280/9/00972
Fax: 2382283/9/00972
P.O. Box 40
Email: nablus@ahlibank.com.ps

Hebron - Shallaleh Street Branch

No. 15, Shalala Street
Director's phone 2224804/2/00972
Phone: 3/2/2224801/2/00972
Fax: 2224805/2/00972
P.O. Box 623
Email Shallaleh@ahlibank.com.ps

Hebron - Salam Street Branch

Salam Street
Director's phone 2212770/2/00972
Phone: 4/2226713/2/00972
Fax: 2226712/2/00972
P.O. Box 718
Email: salam@ahlibank.com.ps

Ramallah Branch

Zahra Street
Director's phone 2986310/2/00972
Phone: 4/2986313/2/00972
Fax: 2986311/2/00972
P.O. Box 550
Email: ramallah@ahlibank.com.ps

Al Masyoon Branch

Naji Al Ali Street - Masyoon – Ramallah
Director's phone 2981674/2/00972
Phone: 29881644/2/00972
Fax: 2981642/2/00972
P.O. Box 550
Email: almasyoon@ahlibank.com.ps

Bethlehem Branch

Mahd Street
Director's phone: 2770353/2/00972
Phone: 2/2770351/2/00972
Fax: 2770354/2/00972
P.O. Box 807
Email: bethlehem@ahlibank.com.ps

Beit Sahour Branch

Mahmoud Abbas Street (YMC previously)
Director's phone 22769078/2/00972
Phone: 6/5/22769074/2/00972
Fax: 2769012/2/00972
P.O. Box 31
Email: bait.sahour@ahlibank.com.ps

Tulkarm Branch

Main Street opposite the Al Quds Open University
Director's phone 92689720/2/00972
Phone: 92689727/2/00972
Fax: 92689725/2/00972
P.O. Box 11
Email: tulkarm@ahlibank.com.ps

Jenin Branch – Haifa Street

Haifa Street – Al Bariq Building, Al Samudi 4 near the Governorate Building
Director's phone 2436377/4/00972
Phone: 6/5/2436384/4/00972
Fax: 2436380/4/00972
P.O. Box 99 Jenin

Jordan Ahli Bank – Cyprus

Jordan Ahli Bank – Cyprus

Pecora Tower. 2nd Floor Anextartisias Str1
P.O. Box 3303 53587 Limassol-Cyprus
Phone: 356669/25/00357
Fax: 356673/25/00357
Email: jnb@cytanet.com.cy
info@ahlibank.com.cy
humanresources@ahlibank.com.cy
treasury@ahlibank.com.cy

Front office

Phone: 871123/25/00357
Reuters Code: JNBC
Swift Code: JONB CY 21

Jordan Ahli Bank ATM locations

1	Main Branch	Shmeisani/Queen Noor Street/General Administration building
2	Jabal Amman	Jabal Amman/Third Circle/beside InterContinental hotel
3	Sweifieh Branch	Sweifieh/Haddad Commercial Complex
4	Mecca Street Branch	Amman/Mecca Street
5	Abdulla Ghosheh Street Branch	7th Circle/Abdulla Ghosheh Street
6	Queen Rania Street Branch	Amman/Sport City Circle/Arab Printers Bldg.
7	City Center Branch	Amman/Reda Street
8	Thaqafa Street Branch	Shmeisani/Thaqafa Street
9	Hurrieh Street Branch	Al Hurriyeh Street/Um Al Qaser neighborhood
10	Abdoon Branch	Abdoon - Cairo Street
11	Marj Al Hamam Branch	Princess Taghreed Street
12	Jabal Al Hussein Branch	Jabal Al Hussien/Beer Al Sabe Street
13	Wasfi Al Tal Street Branch	Wasfi Al Tal Street/Muhtaseb Building
14	Al Bayader Branch	Bayader Wadi Al Ser/Main Street
15	City Mall Branch	Khalda - Medical City Street/City Mall
16	Jubeiha Branch	Yajuz Street
17	Wadi Saqra Street Branch	Wadi Saqra/Arar Street Building No. 238B
18	Dahiyet Al Yasmeen Branch	Bader Place-Dahiyet Al Yasmin/Jabal Arafat Street Building No. 9
19	Um Uthaina Market Branch	Um Uthinah Market/Shat Al Arab Street/Building No. 14
20	Taj Mall Branch	Abdoun/Prince Hashem Street/Inside Taj Mall
21	Al Rabieh Branch	Amma/Al Hay Al Tijari Street/Al Yarmouk Plaza Complex
22	Tlaa Al Ali Branch	Tlaa Al Ali/Khalil Al Salem Street
23	Abu Nusayr Branch	Abu Nusayr/Karama Street
24	Middle East Circle Branch	Al Wehdat
25	Sweifieh Branch	Sweifieh/Haddad Commercial Complex/Bldg. 6B
26	Sahab Branch	Sahab/Prince Hasan Street
27	Marka Branch	Marka/Main Street/Opposite the Military Hospital
28	Khalda Branch	Khalda Center/Amer Bin Malik Street
29	Al Hashmi Al Shamali Branch	Northern Hashmi/Prince Rashed Street
30	Tabarbour Branch	Tabarbour/Omar Al Fakhani Street
31	Mecca Mall Branch	Abdullah ad-Dawud Street/Mecca Mall
32	Irbid Branch	Army Street/Jordan Ahli Bank Bldg.
33	Industrial Zone Branch - Irbid	Yazaji Street/near Mitsubishi
34	Al Ramtha Branch	Al Ramtha/Bank Street
35	Al Hashimi Street Branch - Irbid	Irbid/Al Hashimi Street

36	Arabella Mall Branch	Irbid/King Abdullah Street/inside the mall
37		
38	Al Salt Branch	Al Salt/Municipality Street
39	Al Salt Gate Branch	Salt Town entrance/next to the Palace of Justice
40	Deir Alla Branch	Deir Allah/Main Street
41	AlBalqaAppliedUniversityBranch	Al Salt/inside the university campus
42	Al Fuhais Branch	Al Fuhais/Al Hijaz Street/near the Baccalaureate School
43	Zarqa Branch	Al Zarqa/Al Sa'adeh Street
44	New Zarqa Branch	New Zarqa/Al Kurdi Plaza
45	Al Ruseifah Branch	Ruseifah/King Hussein Street
46	Aqaba Branch	Aqaba/Tunisian Hammams Street
47	Khreibet Al Souq Branch	Khreibet Al Souq/Madaba Street
48	Madaba Branch	Madaba/near the Municipality Building
49	Maan Branch	Maan/King Hussein Street
50	Jerash Branch	Jerash/King Abdullah Street
51	Tafilah Branch	Tafilah/Main Street
52	Karak Branch	Karak/Italian Hospital Street
53	Mu'tah Branch - Karak	University Street
	MafraqBranch	Mafraq/Municipality Street opposite the electronic department

Jordan Ahli Bank ATM locations outside branches

1	Ahli Brokerage Co.	Shmeisani/opposite Wahbi Tamari Kindergarten
2	Credit bldg./Philadelphia	Shmeisani/Yacub Sarruf Street
3	Amman Chamber of Industry Bldg.	Jabal Amman/2nd floor/Amman Chamber of Industry Bldg.
4	Data Cleansing Department	7th circle Beside DHL
5	KingHusseinBusinessPark(ATMshop)	Amman/Al Jandaweel/Al Shaeb Street
6	Plaza Super Stores	Shmeisani/Queen Rania Street/Inside al mukhtar mall building
7	Safeway Seventh Circle	Seventh Circle/Safeway Building
8	Amman Mall	Tlaa al Ali/Amman Mall
9	Keswani Station	Al Madina Al Munawara Street/Keswani Station
10	Al Salam Market	Al Jandaweel/Inside Al Salam Market Building
11	Safeway Shmeisani	Shmeisani/Safeway Building
12	Sheraton Hotel	Fifth Circle/Inside Sheraton Hotel
13	Cozmo Seventh Circle	Seventh Circle/Inside Cozmo Building
14	Marriott Hotel Amman	Al Shmeisani/Inside Marriott Hotel
15	Corner Supermarket	Fourth Circle/Behind Belgium Embassy
16	Maxim Mall	Jabal Al Hussien/Firas Circle
17	Safeway Whole Center	Muqabalein/Inside Safeway building
18	Israa University	Airport Road/Inside the university
19	Al Hussein Cancer Center	University of Jordan Street/inside the center
20	Al Barakeh Mall	Sweifieh/Inside Al Baraka Mall
21	Mukhtar Mall	Queen Rania Street/Inside al mukhtar mall building
22	ATM shop	Jabal Amman/1st circle/Rainbow Street
23	LandMark Hotel Amman	Amman/Jabal Amman
24	Ministry of Industry & Trade	Amman/Jabal al Hussein
25	Shafa Badran Licensing Center	North Amman/Drivers and Vehicles Licensing Department
26	Children's Museum	Amman/Hussein Gardens/King Abdullah Street
27	Plaza Mall	Al Hashmi Northern/inside Plaza mall building
28	Licensing Center Marka	Marka/licensing center building
29	Safeway Marj Al Hamam	Marj Al Hamam/Princess Taghreed Street/Al Jundi Circle
30	Department of Civil Status and Passports	Tabarbur/next to the Arab Open University
31	Jordan University	Jordan University Street/opposite the university mosque/Khalifa Complex
32	Central Traffic Department - Al Mahatta	Al Mahatta/Army Street
33	Ahwar mall/Carrefour	Tabarbour/Tarek Traffic Lights
34	Safeway - Jordan University	Safeway/Jordan University/near the university main gate
35	Tafilah Mall	Opposite Tafilah Technical University
36	Manaseer Station - Karak	Al Muluk Street/Main road leading to Mu'ta University
37	Manaseer Station - Mark	Marka/Army Street/Pepsi Bridge
38	Manaseer Station - Quds Street	Amman/Quds Street

39	Manaseer Station-AlHosn	Irbid/Hosn Main Street
40	Safeway Shafa Badran	Shafa Badran/Opposite to Applied Science University
41	Al Hussein Medical City	Amman/King Abdulla Bin Al Hussein Street
42	Avenue Mall	Sweifieh/Avenue Mall
43	Istiklal Mall	Istiklal Street/Istiklal Mall
44	Galleria Mall	Sweifieh/Galleria Mall
45	Days Inn Hotel	Al Rabieh/Omar Bin Abdul Aziz Street
46	Manaseer Station – Sports City Street	Opposite the Royal Cultural Center
47	Izmir Mall	Northern Hashmi/Prince Rashed Street
48	Amman Civil Airport Marka	Marka/Amman Civil Airport
49	Umniah Head Office - inside the building	Shmeisani
50	Orthodox Club	Abdoun/inside the club
51	Safeway Khalda	Khalda/Isa Al Subaie/Opposite to Sadeen Hotel
52	Wasfi Al Tal Market/Irbid	Wasfi Altall Martyr Building - Next to the Palace of Justice
53	Safeway Irbid	Irbid/inside the mall
54	Irbid City Center	Irbid/inside the mall
55	Dead Sea Spa	Dead Sea
56	Manaseer Station – Saru Street	Opposite Al Ahliyya Amman University
57	Marriott Dead Sea	Dead Sea/Marriott Hotel
58	Al Salt Licensing Center	Al Salt city entrance/near the Palace of Justice
59	Snax Supermarket - Amman Al Ahliyyeh	Al Ahliyya Amman University/Al Salt/Saru Street
60	Khalid Markets/Zarqa	Zarqa/Army Street
61	Safeway Zarqa	New Zarqa/inside the mall
62	InterContinental Hotel Aqaba	Aqaba/InterContinental Hotel
63	Safeway Aqaba	Aqaba/inside the mall
64	Aqaba Market	Aqaba/previous Jordan Ahli Bank Bldg.
65	Carrefour madaba - Farah Complex	Al Yarmouk Street/Opposite to Al Shakhathreh station
66	Maan – Trading Complex	Maan/Moawiya Bin Abi Sofyan Street
67	Total Gas Station Akroush	Safout/Jarash Highway
68	Mobile ATM	

