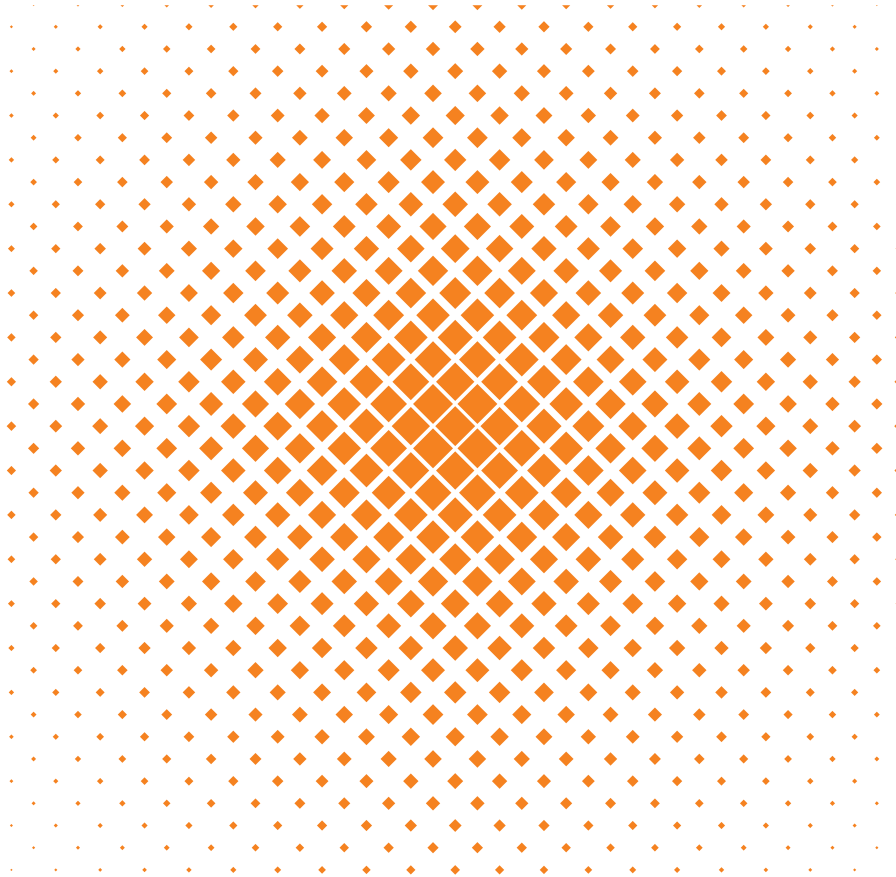




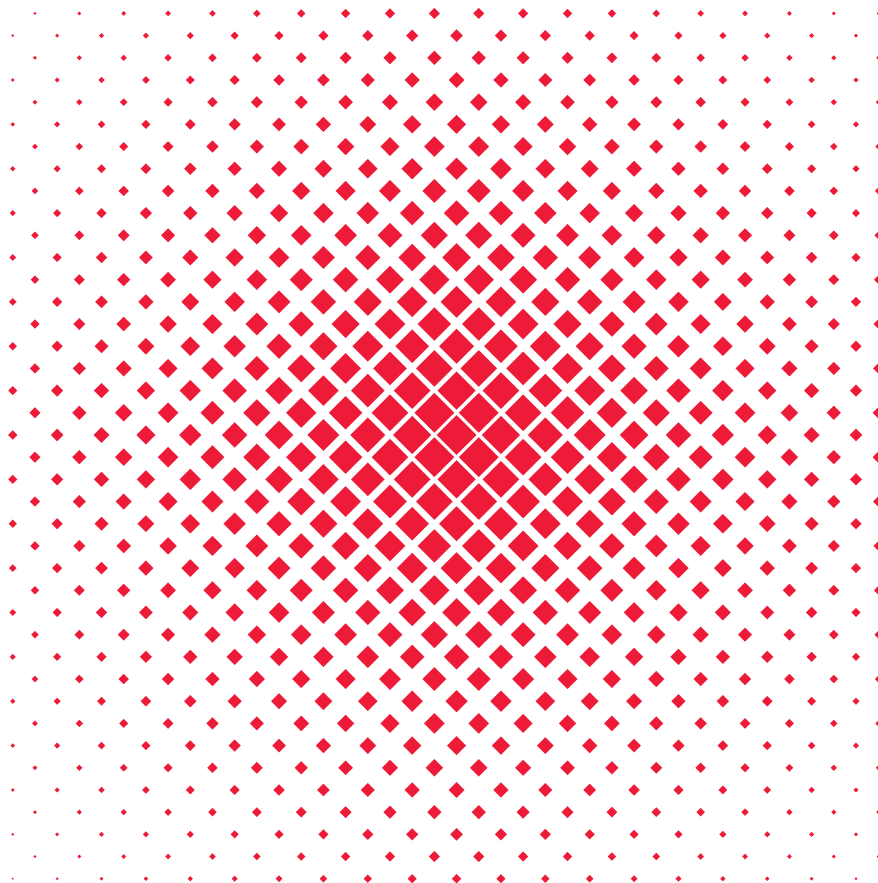
2017

The Thirty Ninth  
Annual Report



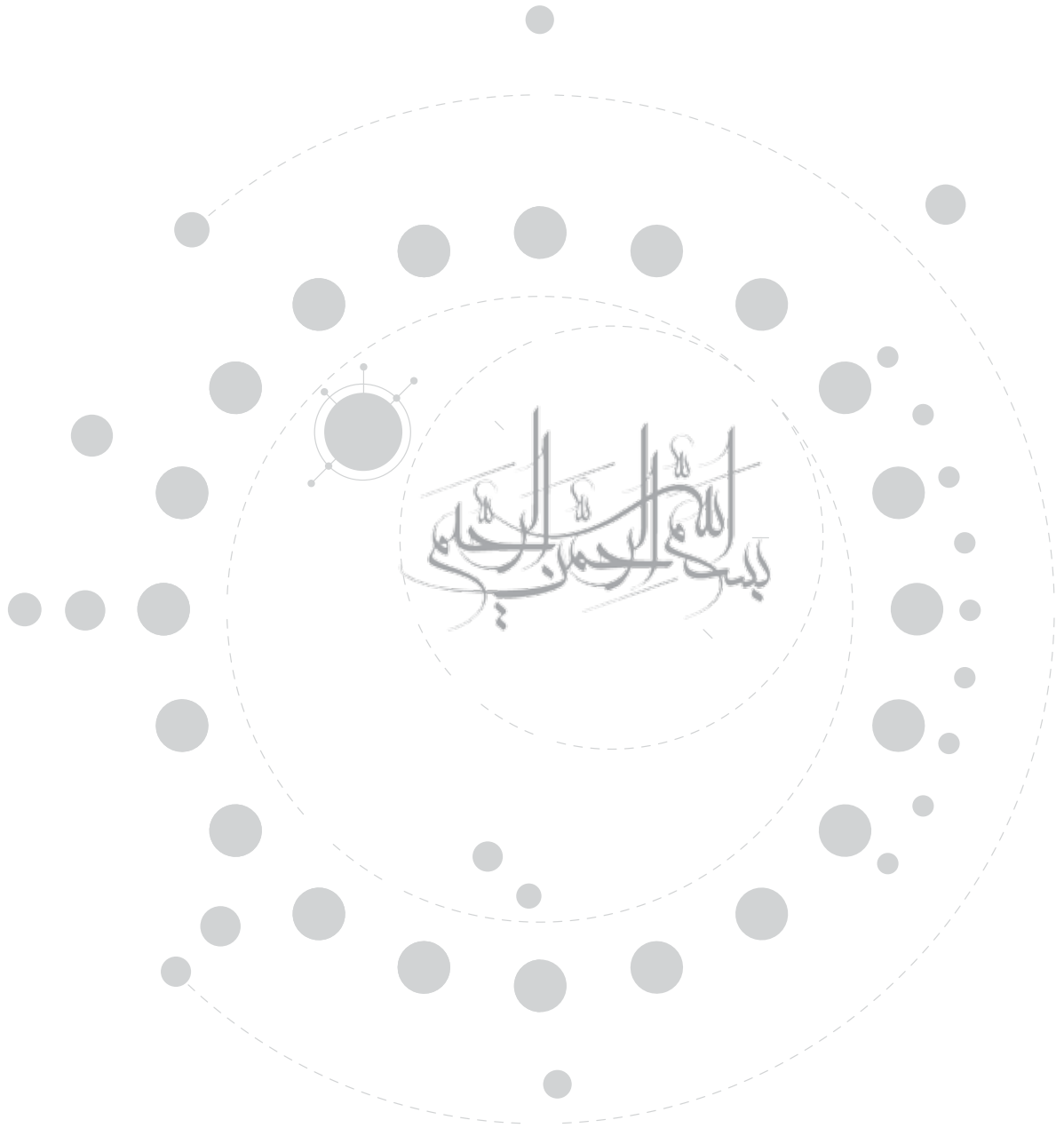


**His Majesty King Abdullah II**  
**King of the Hashemite Kingdom of Jordan**





**HRH Prince Hussein Abdullah  
Crown Prince**

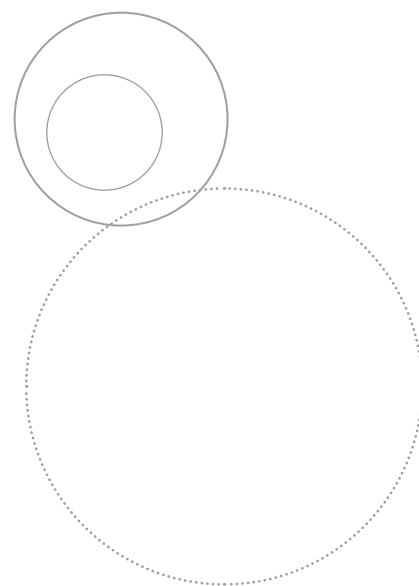




# Jordan Islamic Bank

Public Shareholding Company

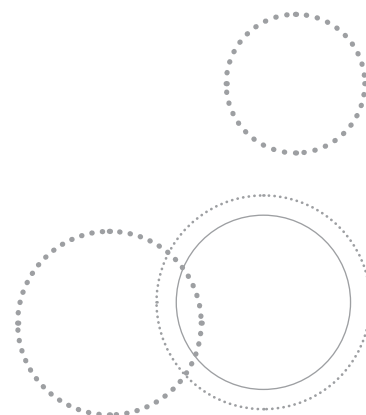
Established in Amman - the Hashemite Kingdom of Jordan and registered as a public shareholding limited liability company in the Companies Registry on 28/11/1978 under reference No. 124 pursuant to the requirements of the by-then effective Companies Law and in accordance with the provisions of Jordan Islamic Bank Law No. 13 of 1978, which was superseded by the Banks Law No. 62 of 1985 that was abolished pursuant to the Banks Law No. 28 of 2000 effective as of 02/08/2000, which included a special chapter on Islamic Banks.



## The Thirty Ninth Annual Report



Presented to the General Assembly in its ordinary meeting convened in Amman On Thursday 10th Shabaan, 1439 AH, corresponding to 26/4/2018 AD



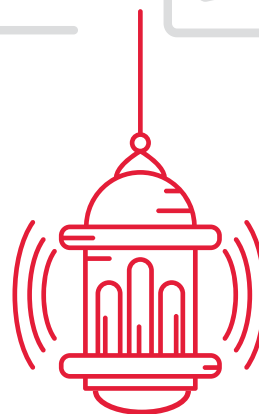




## Our Mission



**Commitment to consolidate the values of the Islamic Sharia by dealing with all people according to the teachings and principles of the Islamic Law (Sharia) to serve the public interest of the society.**

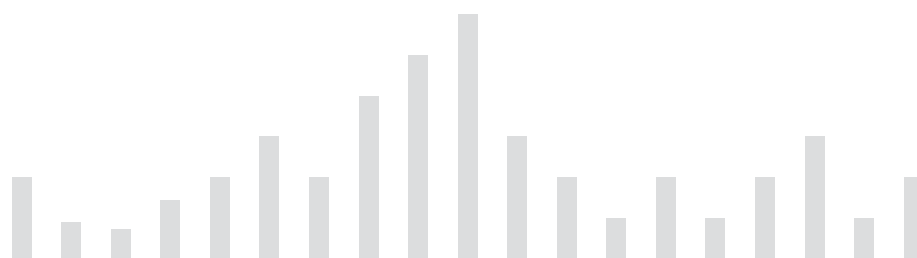
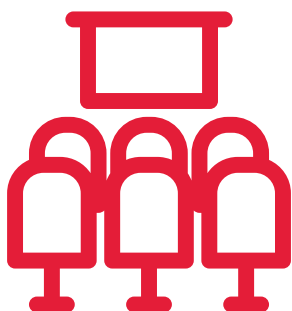


**Commitment to equally serve the interests of all stakeholders including shareholders, investors, borrowers and employees.**



**Commitment to attain the latest innovative products in banking industry and technology, as well as looking forward to gaining the trust of all people in our distinguished services that are in line with recent developments and changes within the framework of compliance with our Islamic Sharia.**





## Members of the Board of Directors

- AlBaraka Banking Group Co.  
 Represented by H.E. Mr. Adnan Ahmed Yusuf AbdulMalek
 

 Chairman  
 Board of Directors
- H.E. Dr. Hatem Hafez R. (Halawani Al -Tamimi)
 

 Vice-Chairman. Board of Directors
- AlBaraka Banking Group Co.  
 Represented by H.E. Mr. Hamad Abdulla Ali Al Oqab
 

 Member
- AlBaraka Banking Group Co.  
 Represented by H.E. Mr. Adnan Abdulla Alsulaiman Albassam
 

 Member
- AlBaraka Banking Group Co.  
 Represented by H.E. Mr. Hood Hashem Ahmed Hashem
 

 Member
- H.E. Mr. Salem Ahmad Jamil Al Khaza'aleh
 

 Member
- H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni
 

 Member
- H.E. Mr. Issa Haidar Issa Murad
 

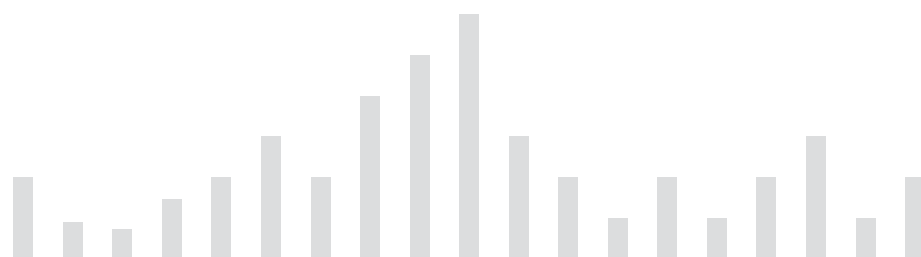
 Member
- H.E. Mrs. Malak F. R. Ghanem
 

 Member
- H.E. Dr. Nabih Ahmad Mahmoud (Salameh Alzenat)
 

 Member
- H.E. Mr. Saleh Yacoub Moh'd Hussein
 

 Member

Auditors: Messrs. Ernst & Young/ Jordan and Messrs. Ibrahim Al Abbasi and Co.



## Sharia Supervisory Board

- H.E. Dr. Mahmoud Ali Mosleh Al Sartawi Chairman

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- H.E. Dr. Abd Sattar Abdul Karim Abu Goddeh Vice-Chairman

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- H.E. Dr. "Mohammad Khair" Mohammad Salem Al-Issa Member

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- H.E. Dr. Abdul Rahman Ibrahim Zaid Al Kelani Member

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## The Management of Jordan Islamic Bank

- H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh CEO / General Manager

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- Mr. "Mohammad Majed" M. R. Allan Deputy General Manager

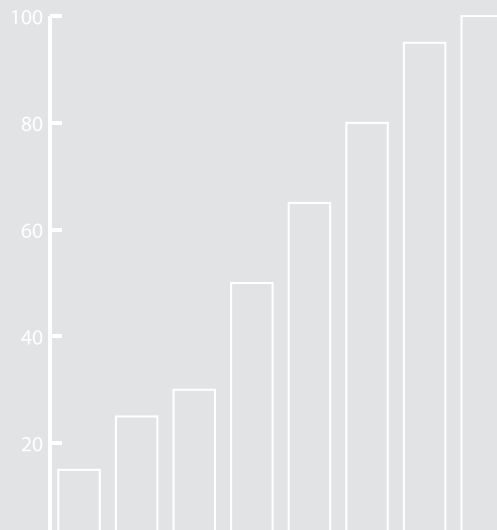
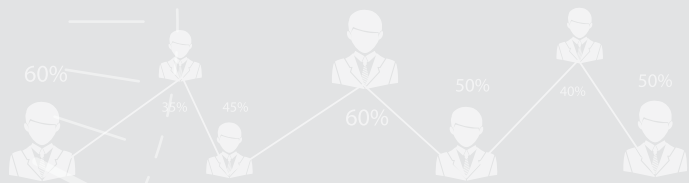
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- Dr. Hussein Said Moh'd "Ammar Saifan" Deputy General Manager

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- Mr. Naim Mohammad Najim AlKmos Assistant General Manager

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# Chairman's Message

# Chairman's Message



In the name of Allah, most Gracious, Most Merciful  
Peace be Upon You, so as Allah's Mercy and Blessings,  
All Praise be to Allah, Lord of the Worlds, and Prayers and Peace be upon His Prophet  
Mohammed His Servant and Messenger, his Kinsfolk and all his companions.

Dear Shareholders,

It gives me pleasure, on my behalf and on behalf of the members of the Jordan Islamic Bank's Board to present the annual report of the year 2017 to yourselves. Including the financial statements for the year ending on 31/12/2017.

As a result of the good performance of the Bank during the previous years, the Bank has increased its capital to JD (180) million by distributing bonus shares with a percentage of (20%) from the paid in capital in addition to the distribution of dividends with a percentage of (15%). By the end of the year, the assets of the present year amounted to JD (4.2) billions at a growth of about (2.7%) compared to the previous year. The total balances of saving schemes were about JD (3.7) billions at a growth of approximately (2%) compared to the previous year. The total assets of financial investments amounted to about JD (2.9) billions at a growth of nearly (1.6%) compared to the previous year, while the shareholders' equity amounted at JD (375) millions, and the profits of joint investment were around JD (191) millions

The Bank's profits before tax amounted to about JD (81) million, and the returns after tax amounted to about JD (54) million with a return on equity after tax of (15.09%), all in spite of the crises in international economy and the surrounding region and its negative impact on national economy. The Board of Directors recommended to the General Assembly to distribute dividends to shareholders at (15%) of the Bank's paid in capital.

During 2017, the Bank's strategy for the coming five years has been developed and updated (2018-2022) according to the most recent advances in the market and the banking field, the Board of Directors will periodically monitor the implementation of this strategy.

On the other hand, the Bank continued to develop, expand, and improve the banking services, especially the technological services such as Mobile Banking. Moreover, The Bank's new website was launched with a unique and modern design. The Bank installed and operated more ATMs all over the Kingdom to provide clients with services around the clock.


The Bank continued on its endeavor to make available alternative renewable power resources in some of its locations, by making use of solar power in generating electricity, through making use of the areas on branches roofs to install the needed cells, which contributes to more saving and decreasing the invoice of power supply as well as decreasing the high electric power loads in the Kingdom, and eventually supporting national economy and protecting nature. A tender was awarded to establish a power station in Amman to generate power that covers (85%) of the consumption of the Bank's branches, offices, and departments in the central governorates. The needed agreements and licenses were acquired to establish a power station in Irbid to cover the Bank's branches and offices consumption of electricity in the northern governorates. The two stations are to be operated in 2018, God willing.

These achievements are all attributed to the blessing of Allah, the support of those of us who believe in the mission and values of the Bank, and its clients, as well as the continuous efforts of the executive management of the Bank and its staff, we pray to Allah to bless them and reward them all for their efforts.

The Bank will continue on its endeavors while observing its values to serve its mission, meet the needs of national economy and local community, by this contributing to the good to the best extent possible.

I'd like to thank the Sharia Supervisory Board for the efforts they exerted to give us insights about banking according to sharia.

Last but not the least, I thank the Central Bank of Jordan for its active role and understanding of the special character of Islamic Banks with regard to the instructions it issues.

 **Adnan Ahmed Yusuf  
AbdulMalek**  
Chairman of the Board







**Board of  
Directors'  
Report for  
2017**



## In the Name of Allah, Most Merciful, Most Compassionate

*«Our Lord! Make not our hearts to deviate after Thou hast guided us aright, and grant us from Thee mercy; surely Thou art the most liberal Giver, » Allah the Almighty has spoken the truth*

Verse No, 8, Surat Al-Emran

### Board of Directors' Report for 2017

Peace be upon you, so as Allah Blessings and Mercy, All Praise be to Allah, Lord of the Worlds, And Prayers and Peace be upon Mohammed His Servant and Messenger and all his family and companions.

#### Dear Shareholders,

The global economy gained strength and recovery during this year, as there was an acceleration in the economic growth of European countries, Japan, China, and the USA. This recovery is a result of the economic and financial reforms taken by these countries during the previous years.

In 2017, many countries all around the world and in our region are still fighting terrorism. Bloody events continued in Syria and Iraq along with the war in Yemen, and the political crisis in Libya. These events have led to the displacement of more refugees, loss of lives, and destruction of infrastructure. The so-called Gulf crisis has also erupted, as some countries have cut off their diplomatic relations with Qatar, and the subsequent developments in this crisis.

Amid these international and regional events and the burdens resulting from the influx of the Syrian refugees, initial estimates of the Jordanian economy indicated that real Gross Domestic Product was (2.2%) in the eleven months of 2017 compared to about (2.0%) for 2016 as a whole. The estimates also indicate that the growth in 2017 will reach about (2.3%). The inflation rate has increased by (3.3%) during 2017, compared to a retro-gradation of (0.8%) in the previous year. However, unemployment increased in the third quarter of 2017 to reach about (18.5%).

The net public debt of Jordan has risen by the end of 2017 compared with its level at the end of 2016 by about JD (1.2) billion, or at (4.4%), to reach about JD (27.3) billions, at (95.3%) of the Gross Domestic Product by the end of 2017.

During 2017, the trading volume of Amman Stock Exchange recorded JD (2.9) billions, with an increase of around JD (600) million compared to the volume of trade in 2016. The market-value weighted index of free shares has decreased during 2017 by around (44) points or at (0.2%) compared to the score of last year, to reach about (2127) points. The market value of the shares listed on the Stock Exchange amounted about JD (17.0) billions by the end of 2017, with a decrease of about JD (377) millions, or (2.2%) compared to the record at the end of 2016.



With regard to the monetary policy, the Central Bank of Jordan (CBJ) continued its policy that aims at consolidating monetary stability and maintaining an appropriate level of foreign currency reserve to strengthen confidence in the Jordanian Dinar as well as to maintain a relative stability in prices level.

By the end of 2017, the balance of such reserves reached about USD (14.4) billions which is sufficient to secure the Kingdom's imports of goods and services for about (8.1) months. The policy of maintaining the Jordanian Dinar/ US Dollar exchange rate which started in October 1995 was maintained at a buying price of JD (0.708)/ USD and a selling price of JD (0.710)/USD, with some fluctuations to the Jordanian Dinar to other foreign currencies depending on the development of exchange rates of such currencies in the international markets.

During 2017, the Central Bank of Jordan (CBJ) increased the interest rate many times on the monetary policy instruments, so the repurchase price per night reached (4.5%) and the rediscount rate reached (4.75%). As regards the interest rate in the Jordanian banking market, the weighted average of interest rates on loans and advances increased at the end of October 2017 by (92) base points to reach (8.75%) above its level at the end of 2016. Meanwhile, the weighted average of interest rates on time deposits for the same period increased by (65) base points to reach (3.69%).

At the end of 2017, the net balance of the credit facilities granted by banks amounted at about JD (24.8) billions, with an increase of about JD (1.8) billion or a rate of around (8.1%) compared to level recorded at the end of 2016, as opposed to an increase of JD (1.8) billion, or (8.5%) during 2016.

At the end of 2017, the total balance of the deposits with licensed banks reached about JD (24.8) billion, with an increase of about JD (1.8) billion, or (8.1%) compared to the level recorded at the end of 2016, against an increase of about JD (1.8) billion, (8.5%) during 2016.

At the end of 2017, the total balance of the deposits with licensed banks reached about JD (33,2) billion, with an increase of about JD (299) million, or (0.9%) compared to the level recorded at the end of 2016, against an increase of about JD (302) million, (0.9%) during the same period of 2016.

Despite the current obstacles, the Bank managed by the success granted by Allah was able to achieve new growth in its various activities. The Board of Directors is pleased to introduce you to the most important achievements in 2017 as well as the future ambitions.

## First: Capital

The decision of the general assembly that was taken in the extraordinary meeting convened on 26/4/2017 has been implemented. The decision was taken to increase the Bank's capital by an amount of JD (30) million to become JD (180) million instead of JD (150) million by capitalizing an amount of JD (30) million from the retained earnings account, and distributing bonus shares to shareholders according to their share of capital by the end of 5/6/2017.

## Second: Branching

During 2017, three new offices were opened, namely Shafa Badran/Amman, Hasa/Tafeelah, Ain Al-Basha/Amman. Thus, the Bank's network of branches and offices reached (74) branches and (26) banking offices by the end of 2017.

For 2018, it is hoped that the two branching plans of 2015 & 2017 will be continued by opening Abduon branch /Amman and three offices namely: Tuurah/ Ramtha<sup>(2)</sup>, Mafraq<sup>(3)</sup>, Jubeiha<sup>(4)</sup> / Amman, which will be located in the current branch of Jubeiha, as the current branch will be moved to a new location, in addition to implementing the branching plan for 2018 by opening Western Zarqa Branch and Northern Mazar branch/ Irbid.

On the other hand, Tarek Branch / Amman was moved to a new site where the new location is more convenient to clients and ensures easier provision of banking services.

The services were also continued during the official holidays and on Fridays, Saturdays and evening periods in some branches and offices of the Bank as follows:

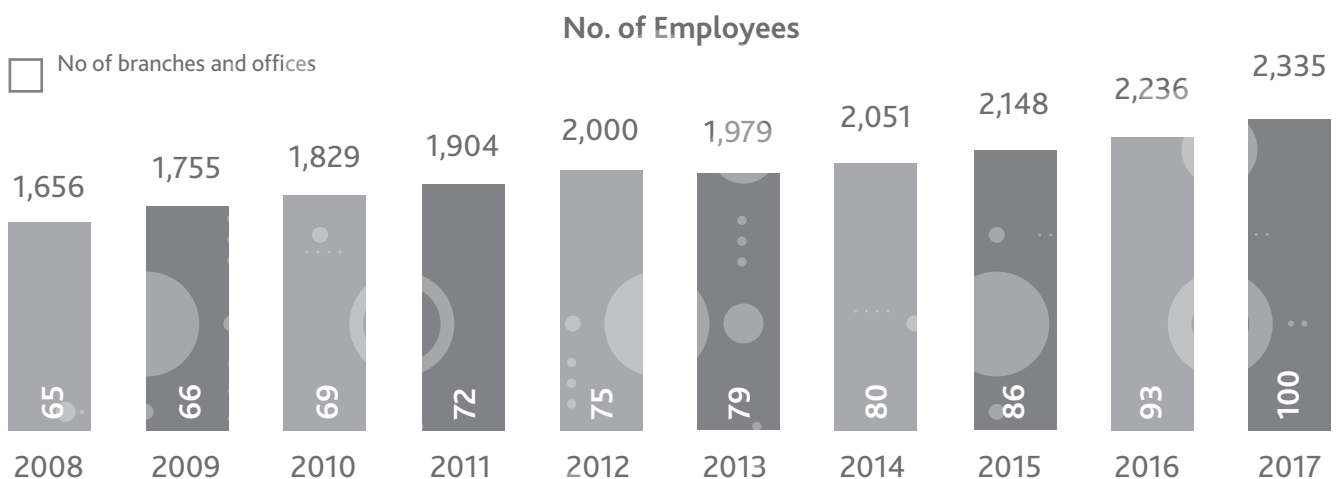
City Center/Irbid branch, and Al Istiklal Mall and Al Arifa Mall offices in the evening period and on Saturdays and Fridays.

Abdulla Ghousha and new Zarqa branches for the evening period and Saturdays.

Free zone office / Al Zarqa – Saturdays.

## Third: Staff

At the end of 2017, the number of the Bank's staff reached (2335). Below is a figure showing the development in the employees' number over the past ten years:



1- It will be opened on (18/2/2018)

2- It will be opened on (21/2/2018)

3- It will be opened on (22/2/2018)

4- It will be opened on (4 /3 /2018)

Out of its interest to improve its employees' performance, the Bank enrolled (4,570) employees in 2017 for training courses and seminars organized by the Bank's Academy for training and human resources development and internal and external specialized parties, compared to (4,199) employees in 2016 as shown in the table below:

| Description             | 2017                      |                     | 2016                      |                     |
|-------------------------|---------------------------|---------------------|---------------------------|---------------------|
|                         | No. of courses / seminars | No. of participants | No. of courses / seminars | No. of participants |
| Bank's Training Academy | 217                       | 3,171               | 234                       | 3,258               |
| Centers in Jordan       | 399                       | 1,097               | 361                       | 887                 |
| Centers abroad          | 30                        | 50                  | 33                        | 54                  |
| E-learning              | 4                         | 252                 | -                         | -                   |
| <b>Total</b>            | <b>650</b>                | <b>4,570</b>        | <b>628</b>                | <b>4,199</b>        |

These courses and seminars covered various banking, financial and administrative activities and businesses, including deposits, credits, bills of exchange, letters of guarantee, investment, financial analysis, job behavior, development of managerial skills, English language, in addition to courses focusing on Sharia issues, accounting standards of Islamic financial institutions, banking risk analysis, total quality, combating money laundering and terrorism financing, renewable energy projects, e-learning for the employees in different areas, and involving employees in social responsibility activities such as dealing with persons with disabilities and friends of police courses, in addition to health and vocational safety such as first aid, and general safety principles, and the work environment. Moreover, employees newly appointed in branches continued to receive practical training in branches.

The Bank also continued to provide training opportunities and introduce its business to new groups of educational institutions students. The number of those students reached (864) throughout 2017, compared to (1,015) students in 2016. In addition, (34) employees coming from non-Jordanian banks received training on the work of our bank, compared to having (54) employees trained in 2016.

#### **Fourth: Banking Techniques:**

During 2017, the Bank accomplished further developments and updating in the field of banking techniques, most notably of which are:

- Application of direct banking services via (Mobile-Banking).
- Launching the Bank's new web site with a unique and modern design.
- Renewing the certificate of accreditation for the protection and security of Payment Card Industry Data Security Standard (PCI-DSS).
- Updating the equipment of virtual environment and expanded the activation of their application.
- Upgrading and updating the infrastructure and operating system for the system of transfers and LCs ( SWIFT).
- Launching the (List Automation) applications for Anti- Money Laundering Services.

- Development, innovation, and accomplishment of a number of systems and products.
- Installing and operating new Automated Teller Machines (ATMs) in 2017, by this the Bank's network of ATMs reached (206) machines, with a share of ((12.8%) of all ATMs operating in the Kingdom), all connected to client accounts, the Middle East Payment Services (MEPS), and the Jordanian Automated Teller Machines Network (JONET), which comprises nearly (1,600) ATMs. In addition, the Bank's network of ATMs is linked through JONET to the International Visa Network outside Jordan.

### Fifth: Incentive Awards

- Since 1997, the Bank has continued to distribute awards to holders of Savings Accounts with a total value of around JD (150) thousand a year to cover the costs of Hajj, Umra, along with other awards.
- At the beginning of 2008, the Bank introduced awards to users of bank cards, where the awards in 2017 took the form of remittance of the full value of their purchases or part thereof with a total value of JD (223) thousand Dinars.

It is known that the Bank incurs the value of all these awards from the funds of shareholders in accordance with the legal opinion (Fatwa) given in this regard.

### Sixth: Social Role of the Bank

The Bank has continued to assume its social responsibilities, consolidate Islamic values in the normal banking transactions and positively interact with the activities of social nature. Below are some examples of the Bank's activities in this field during 2017:

#### A. Conferences and Seminars

Throughout 2017, the Bank continued to participate in conferences and seminars that aim at disseminating and developing the operations of Islamic banks.

#### B. Scientific Research and Professional Training

The Bank continued its activities in scientific research and training. The total expenditures on such activities in 2017 reached around JD (402) thousand distributed as follows:

| Description  | JD             |
|--|----------------|
| Direct expenditures of the Bank Training Academy                                       | 4,200          |
| Contribution to the costs of employees' study and training                             | 237,126        |
| Participation in the expenses of the Intitute of Banking Studies affiliated to the CBJ | 11,418         |
| Sponsorship of scientific conferences and educational institutions                     | 149,504        |
| <b>Total</b>   | <b>402,248</b> |

### C. Donations

The Bank continued to support many social and cultural events and provide donations for different relevant activities. Those events include the Jordanian Hashemite Fund for Human Development (JHFHD), Al Aman Fund for the Future of Orphans, Societal Financial Culture Dissemination Project, and the competitions organized by the Ministry of Awqaf and Islamic Holy Places, Associations of Holy Quran Memorization and collective wedding parties organized by Al-Afaf Charity Association, in addition to other social activities organized in Jordan.

The total donations provided by the Bank during 2017 for such events and activities reached around JD (880) thousand, distributed as follows:

| Description   | Number     | JD             |
|---|------------|----------------|
| Jordanian Hashemite Fund for Human Development (JHFHD)                                | 1          | 104,414        |
| The Hashemite Charity Association   | 2          | 55,000         |
| Princess Aliaa Foundation   | 1          | 8,000          |
| Al Aman Fund for the Future of Orphans  | 1          | 42,500         |
| Associations and competition of Holy Quran Memorization                               | 6          | 77,600         |
| Charity Associations and Organizations and Zakah committees                           | 63         | 307,472        |
| Scientific Conferences and educational and cultural programs                          | 11         | 108,353        |
| Mosque Commissions  | 19         | 15,085         |
| Tkiyet Um Ali   | 1          | 10,000         |
| Fund to support the families of the martyrs of the armed forces and security agencies | 1          | 100,000        |
| Societal Financial Culture Dissemination Project                                      | 1          | 51,700         |
| <b>Total</b>  | <b>107</b> | <b>880,124</b> |

### D. Al Qard Al Hasan "the Good Loan"

The Bank continued to receive deposits in "Al-Qard Al Hasan" from those wishing to lend such deposits through the Bank as good loans. At the end of 2017, the balance of this account reached around JD (1.7) million.

The Bank also continued to provide Al Qard Al Hasan for justified social purposes, such as education, medical treatment and marriage. The loans provided by the Bank in 2017 from the fund and the money allocated for this purpose, reached around JD (13.6) millions benefiting nearly (20.9) thousand citizens, compared to JD (18.6) millions in 2016 benefiting nearly (21.9) thousand citizens.

It is worth mentioning that the Bank has been granting such loans since its incorporation, where the granted loans amounted at JD (268) millions till the end of 2017, benefiting nearly (447) thousand citizens. In addition, some of these loans were granted for youth who were about to get married in cooperation with Al Afaf Charity Association. The total of such loans in 2017 reached about JD (354) thousand Dinars benefiting (354) young people compared to about JD (196) thousands benefiting (221) youngsters in 2016.

Part of these loans is granted to teachers through the agreement signed with the Jordan Teachers Association. In 2017 the total of such loans reached about JD (2.2) million Dinars benefiting (2,639) beneficiaries, compared to JD (1.7) million in 2016 benefiting (2,356) persons.

### **E. Funding Professionals and Craftsmen:**

The Bank was keen from the beginning to fund the projects and requirements of professionals and craftsmen by way of Murabaha. In 1994, the Bank developed a special program to finance this category by way of diminishing Partnership ending with the transfer of title (Musharakah Muntahia Bet- Tamleek) according to which financing is paid from the revenues generated by the project. The Bank also finances small and medium enterprises whether by financing such projects through the joint investment funds or through funds and loan Mukaradah bonds/investment by proxy accounts (investment portfolios) or through the special agreements signed with the Central Bank of Jordan in this regard.

To give more attention to these projects, in 2013 the Bank increased the capital of its subsidiary Al Samaha Financing and Investment Company to JD (8) million and amended its memorandum and articles of association to include funding projects and small craftsmen, then increased its capital to (12) Million Dinars in 2016. The funds given by the subsidiary to projects, craftsmen, professionals, and projects in women sector contribute to eliminating unemployment and preserving the existent job opportunities along with providing new job opportunities. During 2017, the subsidiary financed (106) projects for approximately JD (1.9) million.

### **F. Mutual Insurance Fund:**

The Bank continued to sponsor the Mutual Insurance Fund for the Bank debtors created in 1994. Through this fund, participants share in indemnifying the damage that may be inflicted on any of them to repay all or some of their debt to the Bank in case of death, permanent disability, or permanent insolvency. In addition, this Fund, as of 2014, kept mitigating the risks, after the approval of the Central Bank of Jordan. Throughout 2017, the number of indemnified cases reached (234), and the compensations paid in this year amounted to nearly JD (1.5) million. Since the Fund establishment until the end of 2017, the total compensation cases reached (2,484) cases, and the amount of compensations paid reached around JD (9.8) million. At the end of 2017, the Fund's balance amounted to around JD (81) million, with about (158) thousand participants and a total balance of indebtedness of around JD (1.24) billion against the Fund's balance of around JD (74) million, and a total balance of indebtedness of around JD (1.16) million in 2016.

It's worth mentioning that the Bank has expanded the umbrella of the insured people as of 1/3/ 2015, to cover all persons with indebtedness of JD (100) thousand or less (and as of 2013, the umbrella was expanded to cover financial lease in addition to Murabaha clients) instead of (75) thousand or less. The Bank expanded the umbrella of the insured to be (50) thousand Dinars or less instead of JD (40) thousand Dinars and less after being (25) thousand and less.



## G- Interaction with the Local Community

The Bank participated with the Public Security Directorate / Central Traffic Directorate in its Ramadan Campaign and during Eid Al Fitr by supporting the printing of guiding and awareness leaflets to the drivers and distributing the same all over the Kingdom to increase awareness and provide guidance and important information to minimize traffic accidents and jams, in addition to the distribution of water and dates to the drivers at the traffic lights at the time of calling for Maghrib Prayer. The Bank has participated effectively in one of the events implemented by the Public Security Directorate / Central Traffic Directorate about the modern trends in planning and engineering of traffic and traffic safety.

In addition, there is a partnership between the Bank and the Eyes Bank and the Friends Society of Jordan Eye Bank and Prevention of Blindness. This partnership is crowned on a yearly basis with an honoring lunch ceremony of the cornea donators, supporters, and volunteers and distribution of acknowledgment certificates to them for the eighth consecutive year.

## H. Energy and Environment

The Bank kept on providing alternate energy in its headquarters by utilizing the electric power generation using the solar cells, taking advantage of space on the roofs of branches for the installation of those cells, which reduce the electricity consumption and decreases the high electric loads in the Kingdom, thus contributing to the national economy and the environment protection. It is worth saying that this project began in July 2013 so that our Bank is the first Jordanian bank that utilizes the solar energy in its works. The renewable energy system is currently applied in (18) branches, and the same is being applied in other five branches in addition to two power generation systems in Bonded Centre of the Bank that provides powers supplies to the Bank's office, Bonded Centre, and Disaster Recovery Centre. Approvals and licenses were attained, and connection impact studies for establishing a power generation station in Amman was concluded to cover 85% of the electric power consumption of branches, offices, and administration of the Bank in the middle region governorates (Amman, Zarqa, and Madaba). Also, approvals and licenses were attained for establishing a power generation station in Irbid to cover the electric power consumption of Bank's branches and offices in the northern governorates (Irbid, Ramtha, Jerash, Ajloun, and Mafraq), work is in progress to operate the two stations in 2018.





**Financial  
Position**

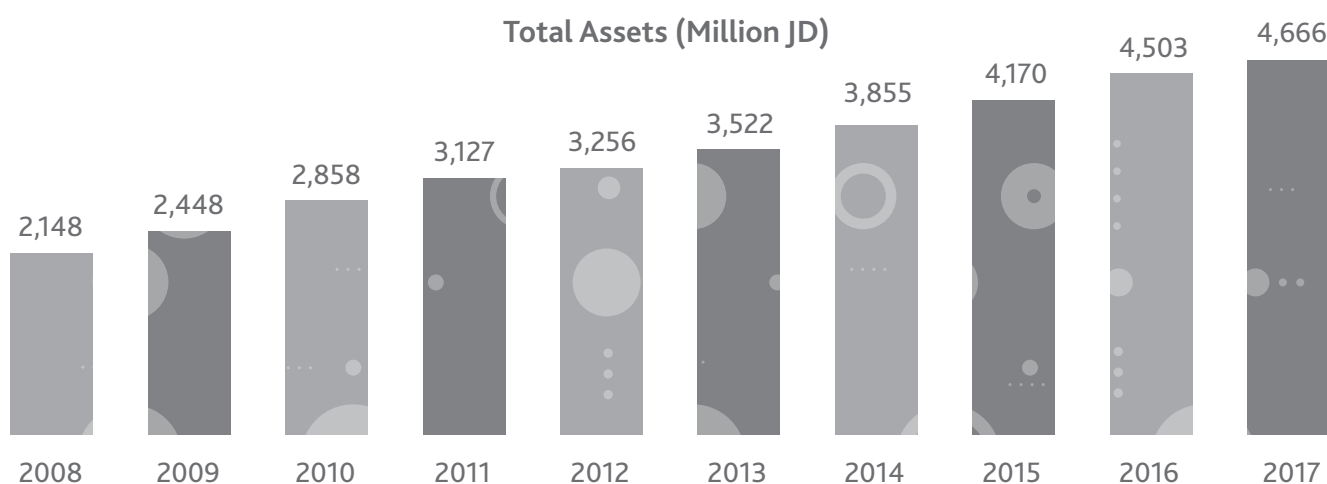
## Seventh: Financial Position

On 1/7/2017 and after obtaining the approval of the Sharia Supervisory Board and the board of directors of our Bank, the Muqarada bonds management contract (investment portfolio) was converted from Mudaraba contract to investment by proxy contract for a known amount.

### A. Total Assets:

At the end of 2017, the total assets amounted to around JD (4,666) millions (including off-balance sheet items), compared to JD (4,503) millions (including off-balance sheet items) at the end of 2016, with a growth rate of around (3.6%). Following are the relevant details in million JD:

| Year                | Total Balance Sheet | Off Balance Sheet Items |  |  |                     |       | Total   |
|---------------------|---------------------|-------------------------|--|--|---------------------|-------|---------|
|                     |                     | Restricted Investments  | Muqarada Bonds (investment portfolios) | Investment by proxy (investment portfolio) | Investment by proxy | Total |         |
| 2017                | 4,211,6             | 31.0                    | -                                      | 376.5                                      | 46.6                | 454.1 | 4,665.7 |
| 2016                | 4,099,5             | 28.8                    | 368.1                                  | -  | 6.2                 | 403.1 | 4,502,6 |
| Increase (Decrease) | 112.1               | 2.2                     | (368.1)                                | 376.5                                      | 40.4                | 51.0  | 163.1   |
|                     | 2.7%                | 7.4%                    | -                                      | -  | 648.3%              | 12.6% | 3.6%    |



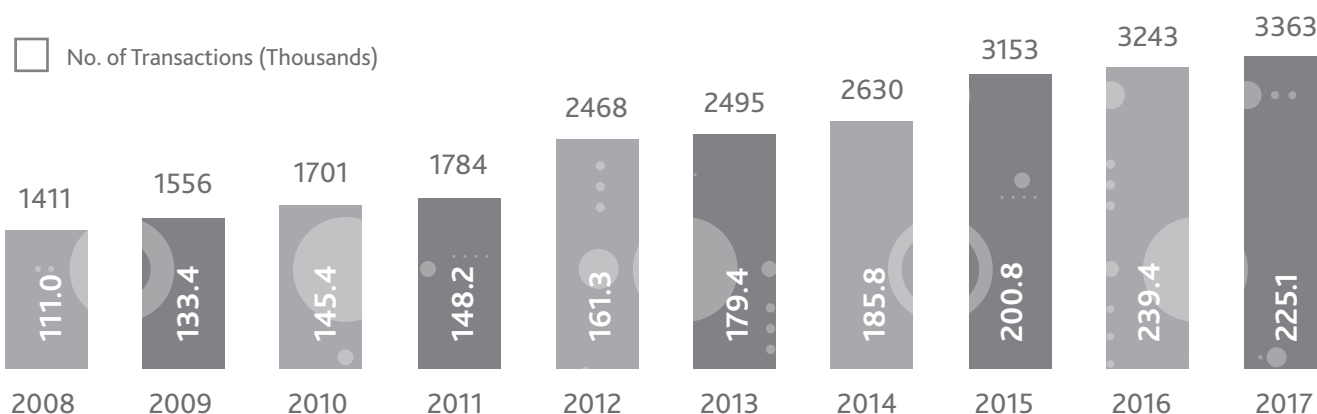
### B. Cash on Hand and at Banks

At the end of 2017, the total cash on hand and at banks amounted to about JD (1,215) million, compared to JD (1,150) millions at the end of 2016.

### C. Financing and Investment

At the end of 2017, the total balances of financing and investment amounted to around JD (3,363) millions (including off-balance sheet items), distributed to (225) thousand transactions compared to around JD (3,243) million (including off-balance sheet items) at the end of 2016, distributed to (239) thousand transactions.

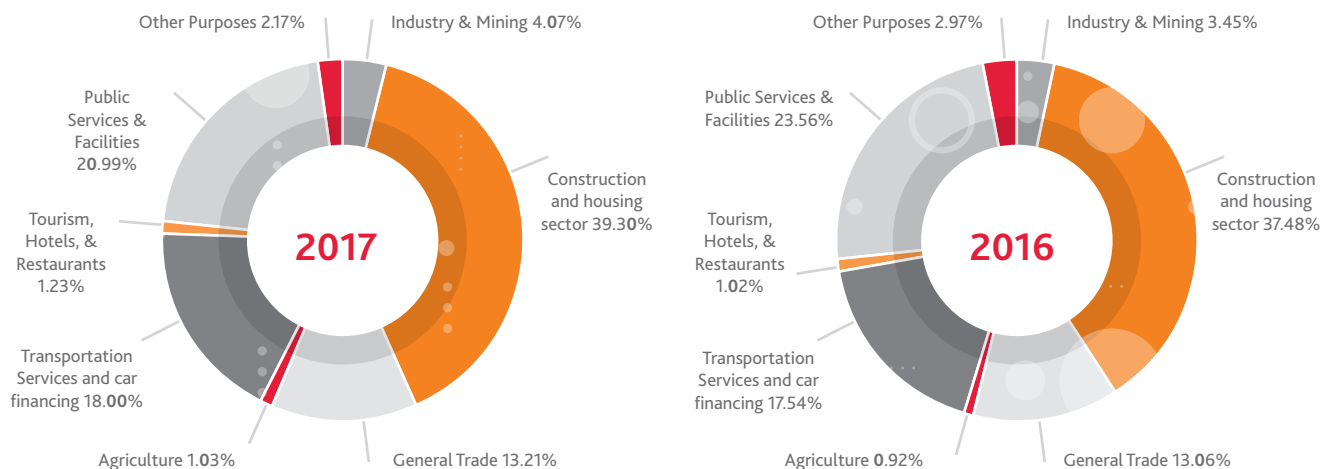
### Total Financing and Investment Balances (Million JD)



The financing operations carried out by the Bank in the domestic market during 2017 included various social and economic activities and utilities. Such finances were provided to some health facilities (hospitals, clinics and pharmaceutical companies), educational facilities (universities, schools and institutes), many industrial and real-estate projects and transportation means in addition to the finances provided by the Bank to the commercial sector.

The shares of economic sectors from the financing balances (in million JD) were as follows:

| Year | Agriculture | Industry & Mining | General Trade | Construction and housing sector | Transportation Services and car financing | Tourism, Hotels, & Restaurants | Public Services & Facilities | Other Purposes | Total   |
|------|-------------|-------------------|---------------|---------------------------------|---|--------------------------------|------------------------------|----------------|---------|
| 2017 | 28.0        | 111.0             | 359.9         | 1,070.7                         | 490.5                                     | 33.5                           | 572.0                        | 59.1           | 2,724.7 |
| 2016 | 25.0        | 93.8              | 355.1         | 1,018.7                         | 476.8                                     | 27.8                           | 640.4                        | 80.6           | 2,718.2 |



The Bank pays special attention to the basic needs of citizens in the financing operations. Following is a description of Murabaha financing provided from the funds of joint investment and Muqarada Bonds / Investment by proxy (investment portfolios) during 2017 for the most significant needs:

| Financed Needs of Individuals                  | JD (Million) | Number of beneficiaries of Financing |
|--|--------------|--------------------------------------|
| Land, housing and construction materials       | 210.0        | 15,171                               |
| Transportation means and construction vehicles | 215.8        | 20,264                               |
| Furniture                                      | 18.1         | 6,174                                |

The outstanding balance of Murabaha financing allocated for such needs from the funds of joint investment and Muqarada Bonds / Investment by proxy (investment portfolios) by the end of 2017 was as follows:

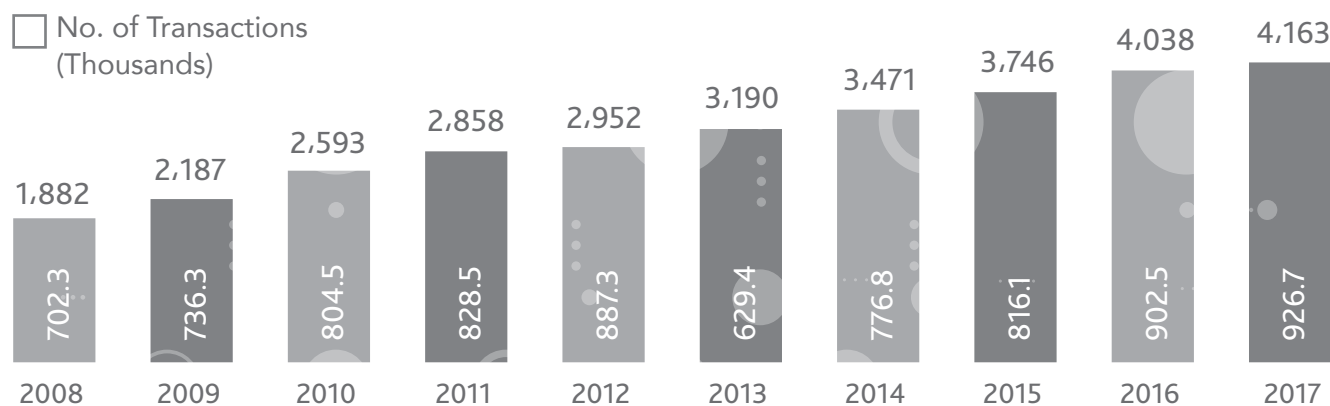
| Financed Needs of Individuals                  | JD (Million) | Number of beneficiaries of Financing |
|--|--------------|--------------------------------------|
| Land, housing and construction materials       | 481.8        | 65,138                               |
| Transportation means and construction vehicles | 530.1        | 88,348                               |
| Furniture                                      | 36.1         | 18,923                               |

Moreover, the Bank continued to direct a part of its self-funds, joint investment funds, and Muqarada Bonds / Investment by proxy (investment portfolios) funds to be invested in the capitals of national companies whose main business does not include any Sharia non-compliant activities, and which produce commodities and provide services useful to the society and the national economy. At the end of 2017, the number of companies whose capitals are invested in by the Bank reached (38), and the volume of such investment reached nearly JD (93) million.

#### D. Attracting Savings:

At the end of 2017, the total balances of saving schemes amounted to around JD (4,163) million (including the off-balance sheet items), distributed to (927) thousand active accounts compared to around JD (4,038) million (including the off-balance sheet items) at the end of 2016, distributed to (903) thousand active accounts.

#### Saving Schemes Total Balances (Million JD)

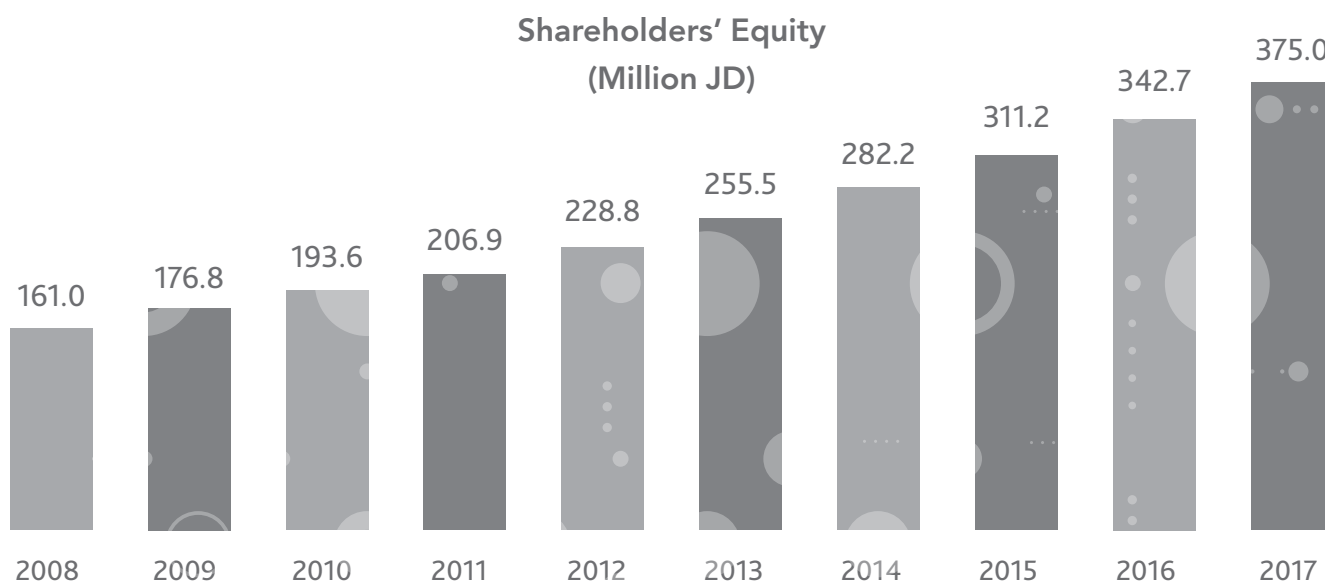


## E. Shareholders' Equity:

By the end of 2017, the shareholders' equity reached around JD (375) million compared to JD (343) million at the end of 2016. The details are as follows in million JD:

| Year                | Paid-up Capital | Statutory Reserve | Voluntary Reserve | Reserve of General Banking Risks | Fair Value Reserve-Net | Retained Earnings | Shareholders' Equity |
|---------------------|-----------------|-------------------|-------------------|----------------------------------|------------------------|-------------------|----------------------|
| 2017                | 180,000         | 76.47             | 30.70             | 1.00                             | 1.21                   | 85.58             | 374.96               |
| 2016                | 150,000         | 68.37             | 22.62             | 1.00                             | 0.61                   | 100.12            | 342.72               |
| Increase (decrease) | 30,00           | 8.10              | 8.08              | -                                | 0.60                   | (14.55)           | 32.24                |
|                     | 20.0%           | 11.8%             | 35.7%             | -                                | 98.6%                  | (14.5%)           | 9.4%                 |

The Capital Adequacy Ratio (CAR) at the end of 2017 and 2016 amounted to about (23%) and (22.02%) respectively according to the Islamic banks CAR standards issued by CBJ, i.e., a ratio exceeding the rate established by CBJ, amounting (12%) at least.



## F. Profits of Joint Investment:

The total profits of joint investment during 2017 reached around JD (191) million compared to around JD (198) million during 2016. These profits were distributed in accordance with the law and as per the decisions of the Board of Directors as follows:

| Year | In Local Currency (million JD) |                                    |                                   |                                      |   | In Foreign Currencies (equivalent to million JD) |                                    |                                   |                                      |   |
|------|--------------------------------|------------------------------------|-----------------------------------|--------------------------------------|---|--|------------------------------------|-----------------------------------|--------------------------------------|---|
|      | Total                          | Share of the Investment Risks Fund | Share of the Bank as a Speculator | Share of the Bank as a Capital Owner | Share of Unrestricted Investment Accounts | Total  | Share of the Investment Risks Fund | Share of the Bank as a Speculator | Share of the Bank as a Capital Owner | Share of Unrestricted Investment Accounts |
| 2017 | 186,96                         | 18.70                              | 82.82                             | 33.59                                | 51.85                                     | 4.27   | 0.43                               | 2.13                              | 0.01                                 | 1.70                                      |
| 2016 | 194,31                         | 19.43                              | 87.44                             | 36.20                                | 51.24                                     | 3.64   | 0.36                               | 1.82                              | 0.11                                 | 1.34                                      |

The rates of profits distribution over accounts of 2017 were as follows:

| Currency           | General Percentage | Term  | Notice | Savings |
|--------------------|--------------------|-------|--------|---------|
| Local Currency     | 3.20%              | 2.88% | 2.24%  | 1.60%   |
| Foreign Currencies | 1.04%              | 0.94% | 0.73%  | 0.52%   |

## G. Bank Profits:

In 2017, the Bank's profits before tax amounted to around JD (81) millions, while the profits after tax amounted to around JD (54.1) millions.

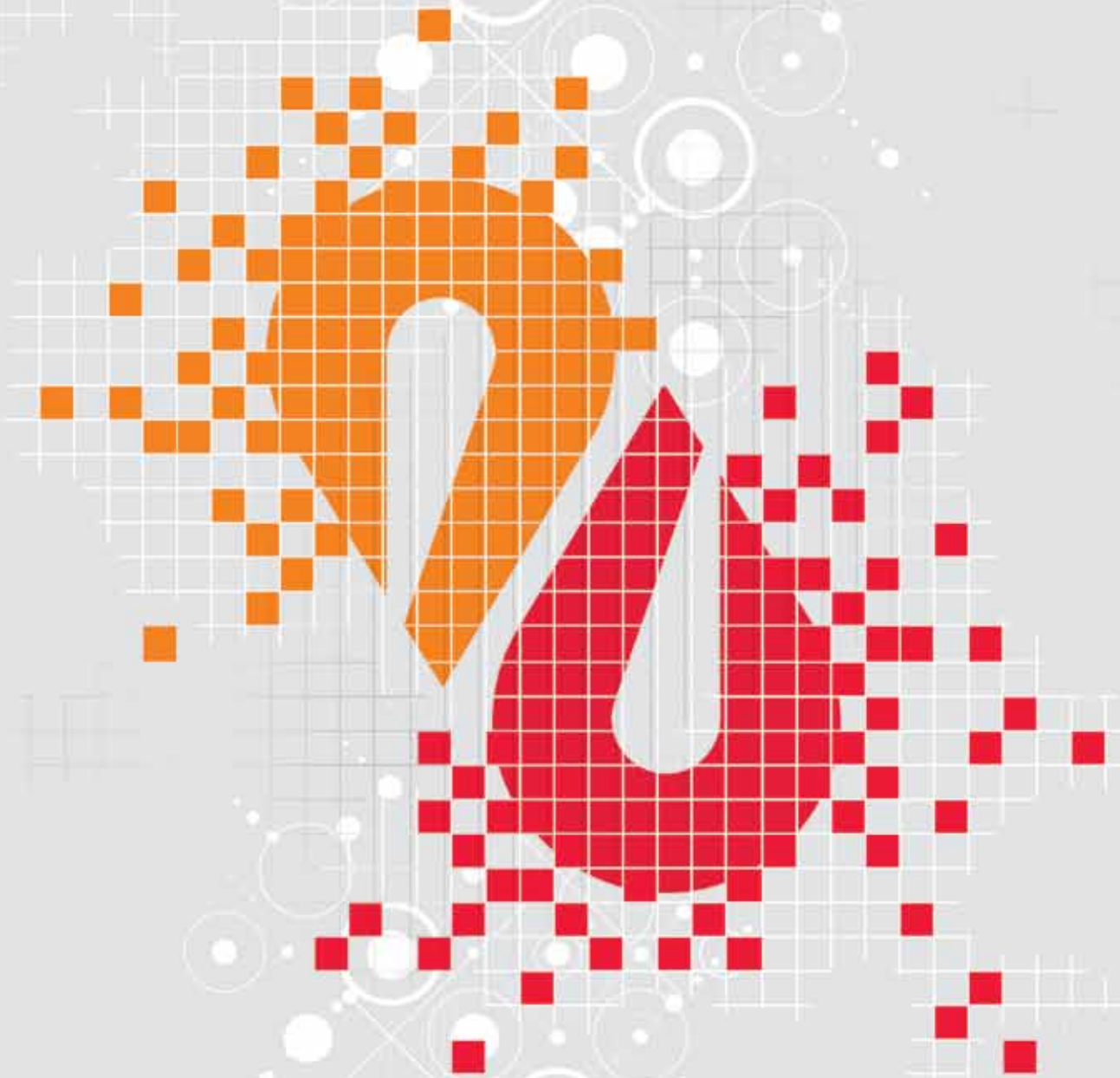


## Development of the Bank's Operations in the Past Ten Years

| Fiscal year | Total Assets (1) |                                    | Saving Schemes (2) |                      | Financing & Investment (3) |                      | Paid-up Capital | Shareholders' Equity | Joint Investment Profits | Joint investment risks fund | Profit Before Tax | Profit After Tax | General percentage of profit distribution to local currency accounts | General percentage of profit distribution to foreign currency accounts | Percentage of dividends to shareholders | Number of branches and offices | Number of employees |
|-------------|------------------|------------------------------------|--------------------|----------------------|----------------------------|----------------------|-----------------|----------------------|--------------------------|-----------------------------|-------------------|------------------|--|--|---|--------------------------------|---------------------|
|             | Total Balances   | No. of Active Accounts (thousands) | Total Balances     | Thousand transaction | Total Balances             | Thousand transaction |                 |                      |                          |                             |                   |                  |  |  |   |                                |                     |
| 2008        | 2,147.5          | 1,881.7                            | 702.3              | 1,411.2              | 111.0                      | 81.3                 | 161.0           | 101.8                | 22.9                     | 50.1                        | 35.1              | %5.70            | %2.71  | 15% In cash<br>23,076923% stock (5)                                    | 66                                      | 1,656                          |                     |
| 2009        | 2,448.1          | 2,187.5                            | 736.3              | 1,556.1              | 133.4                      | 100.0                | 176.8           | 99.8                 | 20.7                     | 38.9                        | 27.9              | %5.69            | %1.25  | 12% In cash  | 69                                      | 1,755                          |                     |
| 2010        | 2,858.1          | 2,593.0                            | 804.5              | 1,700.8              | 145.4                      | 100.0                | 193.6           | 100.8                | 14.6                     | 40.7                        | 29.1              | %3.89            | %0.72  | 15% In cash  | 72                                      | 1,829                          |                     |
| 2011        | 3,127.0          | 2,858.3                            | 828.5              | 1,784.1              | 148.2                      | 100.0                | 206.9           | 109.7                | 7.3                      | 39.7                        | 28.3              | %3.35            | %0.69  | 15% In cash<br>25% Bonus shares (6)                                    | 75                                      | 1,904                          |                     |
| 2012        | 3,255.5          | 2,952.0                            | 887.3              | 2,468.4              | 161.3                      | 125.0                | 228.8           | 144.6                | 14.5                     | 51.2                        | 36.4              | %3.94            | %0.83  | 15% In cash  | 79                                      | 2,000                          |                     |
| 2013        | 3,522.4          | 3,190.4                            | 629.4 (4)          | 2,495.2              | 179.4                      | 125.0                | 255.5           | 166.1                | 8.0                      | 64.7                        | 45.1              | %4.29            | %1.67  | 15% In cash<br>20% Bonus shares (7)                                    | 80                                      | 1,979                          |                     |
| 2014        | 3,855.2          | 3,470.8                            | 776.8              | 2,630.0              | 185.8                      | 150.0                | 282.2           | 166.4                | 17.3                     | 64.0                        | 45.1              | %3.52            | %1.45  | 13% In cash  | 86                                      | 2,051                          |                     |
| 2015        | 4,169.8          | 3,745.7                            | 816.1              | 3,152.8              | 200.8                      | 150.0                | 311.2           | 177.4                | 19.9                     | 74.7                        | 48.7              | %3.40            | %0.61  | 15% In cash  | 93                                      | 2,148                          |                     |
| 2016        | 4,502.7          | 4,037.5                            | 902.5              | 3,243.3              | 239.4                      | 150.0                | 342.7           | 197.9                | 29.6                     | 83.7                        | 54.0              | %3.39            | %0.92  | 15% In cash<br>20% Bonus shares (8)                                    | 97                                      | 2,236                          |                     |
| 2017        | 4,665.6          | 4,163.3                            | 926.7              | 3,362.7              | 225.1                      | 180.0                | 375.0           | 191.2                | 36.4                     | 80.9                        | 54.1              | 3.20%            | 1.04%  | 15% in cash (9)  | 100                                     | 2,335                          |                     |

- Including the total of balance sheet and the balances of accounts managed in favor of third parties which appear as off-balance items (restricted investments, Muqarada bonds and investment by proxy (Investment Portfolios)).
- Including the balances of trust (Amanah), unrestricted investments, cash deposits, banks, restricted investments, Muqarada bonds and investment by proxy (Investment Portfolios).
- Including the balances of financing, self-investment, receivables, joint investment, investment deposits with the Islamic banks and the invested balances of accounts managed in favor of third parties, "restricted investments, Muqarada bonds and investment by proxy".
- The decrease in number of the active accounts in 2013 is attributed to the application of the unified number to the clients in the new banking system
- Bonus shares distributed on 10/9/2009.
- Bonus shares distributed on 20/6/2012.
- Bonus shares distributed on 10/6/2014.
- Bonus shares distributed on 5/6/2017
- Proposed to be distributed.





**Future Plan of  
the Bank for the  
year 2018**

## **Eighth: Future plan of the Bank for 2018**

1. Continuing the introduction and development of new banking electronic services.
2. Extending the offering of financing facilities to individuals on Murabaha, Ijarah Muntahia Bittamlik or Istisna' basis.
3. Expanding SMEs projects financing grants.
4. Issuing / participating in Islamic Sukuk tradable in the Exchange, while continue the financing of the government needs by using this instrument and through the direct finance by Murabaha.
5. Diversifying services and introducing new financing products that meet the demands and needs of banking market and after obtaining the Sharia (legal) approval.
6. Keeping current with the developments in banking technologies, increasing the capacity of automated systems used in order to improve efficiency of services and banking transactions provided to clients.
7. Continue to develop staff competencies and skills
8. Branching plan:
  - A. Opening two new branches in "Abdoun / Amman" and "Western Zarqa / Zarqa".
  - B. Opening four offices in Turrah/ Ramtha, Mafraq, Jubeiha / Amman, and Al Mazzar Al Shamali/Irbid
9. Installing and operating new ATMs and replace the old ones, develop and improve their operating management system.
10. Enhancing corporate governance practices.
11. Continue the application of Basel II and Basel III requirements.
12. Keeping on the continuous endeavor to improving the quality of assets, risk management, and compliance control.
13. Continuing to undertake social responsibility in different areas
14. Enhancing the financial inclusion by expanding the umbrella of beneficiaries of the financial services with high quality, in order to contribute to the sustainable development along with the financial and social stability and increasing the number of the working force and reducing poverty rates and women empowerment.
15. Continuing to make available alternative energy in the sites of the Bank, by generating electrical power using solar cells.
16. Making available to our clients the products and services provided by Al Baraka Banking Group (ABG), and ensuring that services and products provided by our Bank are available to the Group's Banks' clients, all with coordination and cooperation with ABG management.





**Board of Directors  
Recommendations  
to the Ordinary  
General Assembly**

## Ninth: Ordinary General Assembly Agenda

Dear Shareholders,

We hope that this report gave an overview of the Bank's activities and achievements during 2017. The Board of Directors is pleased to present the following agenda to the General Assembly:

1. Reciting the minutes of the General Assembly's previous meeting.
2. Listening to the report of the Bank's Sharia Supervisory Board for the fiscal year ended on December 31, 2017.
3. Reciting, discussing and approving the report of the company's auditor for the fiscal year ended on December 31, 2017.
4. Reviewing the report of the Board for the fiscal year ended on December 31, 2017 as well as the future plan of the company.
5. Discussing and approving the annual balance sheet and profit and loss account, and the distribution of dividends at (15%) of the Bank's capital to the shareholders.
6. Discharging the Board members for the previous fiscal year.
7. Electing the company's auditor for the upcoming year and determine their remuneration.
8. Any other matters suggested by the General Assembly to be included in the agenda in accordance with the provisions of the law.

In conclusion, we thank Allah for His grants and donations and for the success He granted us. We provoke Allah the Glorious to give us assistance, help and constant success. We have trust in Allah and we ask His help in achieving our goals and objectives.

We would like to thank the Bank's shareholders who have participated and still participating in its development, and our generous clients for their trust in the Bank and their eagerness to deal with it to support and consolidate its position. We would like also to thank the executive management and staff who spare no effort to operate, manage and promote its position. We also thank the CBJ for their care and understanding of the particularity and business nature of the Islamic banks as regards the regulations and instructions issued thereby.

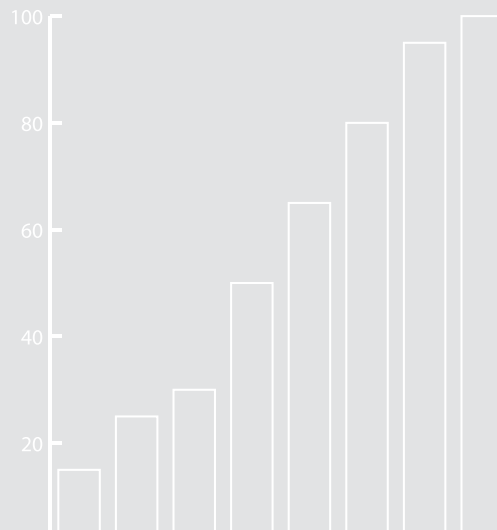
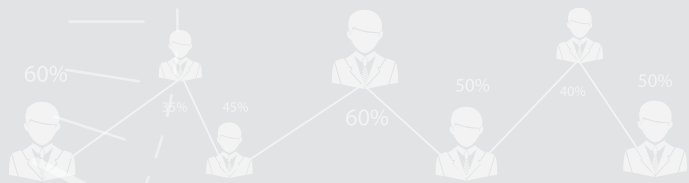
Last but not the least, we proudly and appreciably indicate the important role of our respected jurisprudent scholars for their efforts in promoting public awareness of dealing with the Bank. May Allah reward them the best.

We ask Allah to grant us mercy and prepare for us from our affair right guidance, and guide us to the right path.

Board of Directors



**Annexes to  
Board of Directors  
Report of 2017**







**Annex I**  
**“Disclosure Requirements in**  
**Corporate Governance Guide**  
**of the Bank”**

## Annex I

### “Disclosure Requirements in Corporate Governance Guide of the Bank”

#### 1- Extent of compliance with the Corporate Governance Guide

Jordan Islamic Bank always endeavors to provide the best and highest level Islamic Banking services and products, and seeks to innovate and develop new services that are compliant with the principles and teachings of the Islamic Sharia. As corporate governance provides the best rules, regulations and procedures which achieve and sustain trust in the Bank and its various activities, Jordan Islamic Bank has decided to adopt the sound practices of corporate governance and prepare the corporate governance guide in accordance with the best related international practices and in consistence with the CBJ amending Instructions for corporate governance No. (64/2016) dated 25/9/2016, noting that the Bank had, in 31/12/2007, issued its first Corporate Governance Guide.

The Bank prepared and updated the corporate governance guide and published it on its website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)) to comply with it with regard to the Board of Directors (in terms of composition, suitability, meetings, secretary's duties, Board of Directors duties and tasks, duties of the Board of Directors members and chairman, responsibility and accountability, and the committees of the Board of Directors), Top Executive Management ( in terms of the role of the CEO/General Manager, tasks, suitability and responsibility), Sharia supervisory Board ( concerning appointment of the Board, suitability, independency, meetings, tasks, responsibilities, and organization of the Board's works), monitoring and internal & Sharia control environment (monitoring and internal control systems, internal auditing department, internal Sharia auditing department, external auditing, risks department, and compliance department), relation with shareholders and the Joint Investment Account holders.

#### 2- Relation with shareholders

All legal steps are taken to encourage shareholders, including the small ones, to attend the Ordinary and Extraordinary meetings of the General Assembly, to discuss and vote either in person or by proxy. The Board of Directors members, the Sharia Supervisory Board, the external auditors and representatives of regulatory and official authorities also attend the annual meeting of the General Assembly in order to answer any questions that might be raised. Minutes of the meeting are prepared to the General Assembly to brief the shareholders on the comments that have been made in the meeting and the conclusions reached, including the results of voting and shareholders' questions and responses to them. The invitation and the agenda of the General Assembly and the minutes of the meetings of the General Assembly will be posted on the Bank's website: [www.jordanislamicbank.com](http://www.jordanislamicbank.com).

#### 3- The Joint Investment Accounts Holders Equities and their Relation with the Shareholders

The Bank preserves the rights of the joint investment accounts holders. They can be accessed by various means such as the corporate governance guide and/or the annual report and / or the Bank's website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)) which also includes the policy governing the relation between the owners of the joint investment accounts with the shareholders.

## 4- Monitoring and Internal Control Systems

**First:** The executive management responsibility for setting up and maintaining monitoring and internal control systems over the financial reporting in the Bank and maintain those systems:

- The Bank's Board of Directors and top executive management are responsible for the development of internal control procedures capable to achieve the following:
  - Accuracy and integrity of financial and operational data issued by the bank.
  - Efficient and effective performance of the Bank's operations.
  - Effectiveness of the Bank's assets and property protection procedures.
  - Compatibility with the internal working procedures and policies, as well as laws, legislation and regulations in force.

**Second:** the internal audit provides emphatic and advisory independent and objective services to the Board of Directors and executive management in order to assist them in achieving the established objectives, which would improve the effectiveness of risk management and internal control and institutional control.

**Third:** the Internal Audit Department provides reasonable assurance over the effectiveness and efficiency of the monitoring and internal control systems of the Bank and its ability to achieve the following:

- Accuracy and reliability of the financial statements.
- Operations efficiencies.
- Compliance with regulations, instructions and laws in force.
- Preserve the Bank's assets and properties.
- The work continuity under all circumstances.
- Improvement and development of monitoring and internal control, risk management and corporate control operations systems.
- Improvement and development of the operations and products to achieve the bank's goals.

**Fourth:** The Internal Audit Department's scope of work includes all work centers, activities and operations of the Bank, including its subsidiaries; it enables the Bank to assess the appropriateness and effectiveness of internal control and risk management processes and corporate control systems and cope with all its tasks and responsibilities. In addition, the internal audit Department carries out several tasks, including the following:

- Performing periodic audits based on risk-based audit approach.
- Carrying out any special assignments or consultations based on the directives of the audit committee of the Board of Directors or Chief Executive Officer / General Manager.

**Fifth:** The Top Executive Management evaluates the effectiveness of the internal control systems through the following:

- The reports presented by the Internal Audit Department to the Audit Committee of the Board of Directors at its regular meetings about the most important observations and recommendations.
- Managing the major risks facing the Bank through the Risk Management Department and the Risk Committee of the Board of Directors.
- Setting up and developing the strategies and policies, and implementing the same after the approval of the Board of Directors.

- Adopting the Bank's organizational structure, approving the same by the Board of Directors, ensuring actual compliance with the organizational structure, forming committees and delegating powers and authorities.
- Preparing and approving the annual budget by the Board of Directors, and providing periodic performance reports to the Board of Directors showing the deviation between the actual and projected performance.
- A detailed job description for the tasks and responsibilities of each position and the activity of each organizational unit.
- Implementing dual control for each activity or operation.
- Segregating and identifying duties to avoid conflict of interests and reduce risks.
- The Board and/or the Board committees' review of the reports of supervisory authorities as well as external and internal auditing, follow up on violations and relevant comments and ensure that the Bank's management remedies such violations and takes the necessary measures to ensure that such violations are not repeated.

**Sixth:** The Top Executive Management affirms that the monitoring & internal control systems on the date of preparing the financial statements contained in the annual report of the Board of Directors are sound, and the Management enforces the internal control systems constantly.

**In addition, the Board of Directors acknowledges the adequacy of the internal control and monitoring Sharia supervisory systems.**



## 5- Board meetings and details of the Board committees:

A. The Board held nine (9) meetings in 2017.

B. Details of the Board Committees are as follows:

| Description                             | Current Members Names  | Formation   | Tasks and responsibilities   | No. of meetings in 2017 |
|---|--|---|--|-------------------------|
| Corporate Governance Committee          | - Dr. Hatem Hafez R. (Halawani Al -Tamimi) (Chairman)<br>- Salem Ahmad Jamil Alkhaza'leh (Vice Chairman)<br>- Adnan Ahmed Yusuf AbdulMalek (Member)  | Formed in response to the requirements of the Corporate Governance Guide                                      | Ensuring the application of the Corporate Governance Guide   | 1                       |
| Audit Committee                         | - Malak F. R. Ghanem (Chairman)<br>- Hamad Abdulla Ali Al Oqab (Vice-Chairman)<br>- Nabih Ahmad Mahmoud (Salameh Alzenat) (Member)   | Already formed in accordance with the Banks Law and the instructions of Jordan Securities Commission          | Ensuring the adequacy of the external and internal auditing and control systems, the internal control, and the compliance with the related financial and accounting regulations  | 7                       |
| Credit Facilities Committee             | - Adnan Ahmed Yusuf AbdulMalek (Chairman)<br>- Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni (Vice-Chairman)<br>- Adnan Abdulla Alsulaiman Albassam (Member)<br>- Hamad Abdulla Ali Al Oqab (Member)<br>- Hood Hashem Ahmed Hashem (Member)  | Formed in the first years of the Bank's establishment   | Approving the banking facilities, financing and investment agreements within the authorities delegated to it by the Board  | 8                       |
| Nominations and Remunerations Committee | - Issa Haidar Issa Murad (Chairman)<br>- Adnan Ahmed Yusuf AbdulMalek (ViceChairman)<br>- Malak F. R. Ghanem (Member)  | Formed in response to the requirements of the Corporate Governance Guide                                      | Defining the capacity of the independent member, evaluating the Board and Board committee's efficiency, providing Board members with information on the important issues of the Bank, and ensuring the availability of sufficient remunerations policy | 3                       |
| Risk Management Committee               | - Saleh Yaqoub Mohammad Hussein (Chairman)<br>- Adnan Abdulla Alsulaiman Albassam (Vice-Chairman)<br>- Hood Hashem Ahmed Hashem (Member)<br>- Musa Abdel-Aziz Mohammad Shihadeh (Member)<br>- Dr. Hussein Said Moh'd (Ammar Saifan) (Member)<br>- Dr. Hosni Abdulaziz Hussein Jaradat (Member)*<br>- Dr. Menawar Atta Allah Hassan Al Mossada* | Formed in response to the requirements of the Corporate Governance Guide                                      | Ensure that policies and strategies for risks and compliance management are in place   | 4                       |
| Social Responsibility Committee         | -Salem Ahmad Jamil Alkhaza'leh (Chairman)<br>- Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni (Vice-Chairman)<br>- Dr.Hussein Said Moh'd (Ammar Saifan)<br>- Issa Haidar Issa Murad (Member)<br>- Hamad Abdulla Ali Al Oqab (Member)<br>- Musa Abdel -Aziz Mohammad Shihadeh  | Formed to confirm the Bank's care of the social side  | Supervise the Bank's implementation of the social responsibility   | 1                       |
| IT Governance Committee                 | - Hood Hashem Ahmed Hashem (Chairman)<br>- Salem Ahmad Jamil Alkhaza'leh (Vice Chairman)<br>- Adnan Abdulla Alsulaiman Albassam (Member)   | Formed as a response to governance instructions and management of information and the accompanying technology | General supervision and monitoring the operations and IT projects to ensure their adequacy and effective contribution in achieving the works and requirements of the bank  | 5                       |

\*Committee was reformed on 13/12/2017, Dr. Menawar Atta Allah Hassan Al Mossada was appointed as a member in the committee instead of Dr. Hosni Abdel Aziz Hassan Gradat who resigned from the Bank on 30/6/2017 for reaching the retirement age. Please note the following:

**C. Summary of the meetings attended by the Board of Directors and its committees during 2017:** Annex III contains a table showing the number of meetings of the board of directors and its committees during 2017 and the number of meetings attended by the members.

**D. The authorities delegated by the Board of Directors to its Committees:**

**Corporate Governance Committee:**

- Guiding and overseeing the preparation of the Corporate Governance Guide and updating it, as needed, and monitoring its implementation.
- Ensuring the application of Corporate Governance Guide.

**Risk Management Committee:**

- Reviewing risk management policies and proposing them to the Board of Directors for approval.
- Assisting the Board of Directors in managing the risks facing the Bank, (such as credit risk, market risk, operational risk, liquidity risk).
- Ensuring that there are adequate risk management systems in place such as operational risk management and customers' credit rating systems.... Etc.
- Controlling risk exposure at the level of the country, currency, time limits, counterparty, instrument, market, and sector.
- Studying the limits of risk acceptable limits (risk appetite) and proposing them to the Board of Directors for approval.
- Following-up on measuring and controlling the risks facing the Bank.
- Observing and monitoring the application of compliance policy, anti-money laundering and terrorist financing policy, economic and trade sanctions policy for the Bank, and the Foreign Account Tax Compliance Act (FATCA) ... Etc.

**Nominations and Remunerations Committee:**

- Determining independent members of the Board of Directors in accordance with the independent member conditions.
- Identifying the persons eligible for membership in the Board of Directors, top Executive Management, Sharia Supervisory Board.
- Appraising the performance of the Board, the Chief Executive Officer / General Manager of the Bank, Sharia Supervisory Board, and the Top Executive Management and giving recommendation to the Board accordingly.
- Proposing to the Board of Directors to grant annual increase, bonuses .... Etc. to all Bank's employees.

**Audit Committee:**

- Reviewing the financial statements of the Bank prior to submission to the Board; in particular, to verify the implementation of the Central Bank instructions on the required provisions.
- Reviewing accounting issues that have significant impact on the financial statements.
- Reviewing the monitoring and internal control systems of the Bank.
- Reviewing the external auditor's report on the internal control systems and information system and providing recommendations to the Board accordingly.
- Giving recommendations to the Board regarding the appointment of external auditor, the

remunerations thereof, and any conditions in the contract therewith in addition, to evaluating the independence thereof, taking into account any other work entrusted to him outside the scope of the audit mandate.

- Ensuring the ability of the external auditor to verify the Bank’s compliance with the legal controls in accordance with the conditions stipulated in the engagement letter thereof.
- Providing recommendations to the Board concerning matters related to the internal audit procedures and the work of the external auditor.

#### **Credit Facilities Committee:**

- Studying the applications to obtain direct and indirect banking facilities within the powers of the Committee, and approving the same.

#### **The Social Responsibility Committee:**

- Reviewing the social responsibility report of the Bank and proposing the approval thereof to the Board.
- Leading the social responsibility program of the Bank.
- Following up on the work of the social responsibility committee of the executive management.

#### **IT Governance Committee:**

- General supervision on the IT operations, resources, and projects to ensure their adequacy and effective contribution in meeting the Bank’s requirements and operations.

## **6. The Sharia Supervisory Board Meetings:**

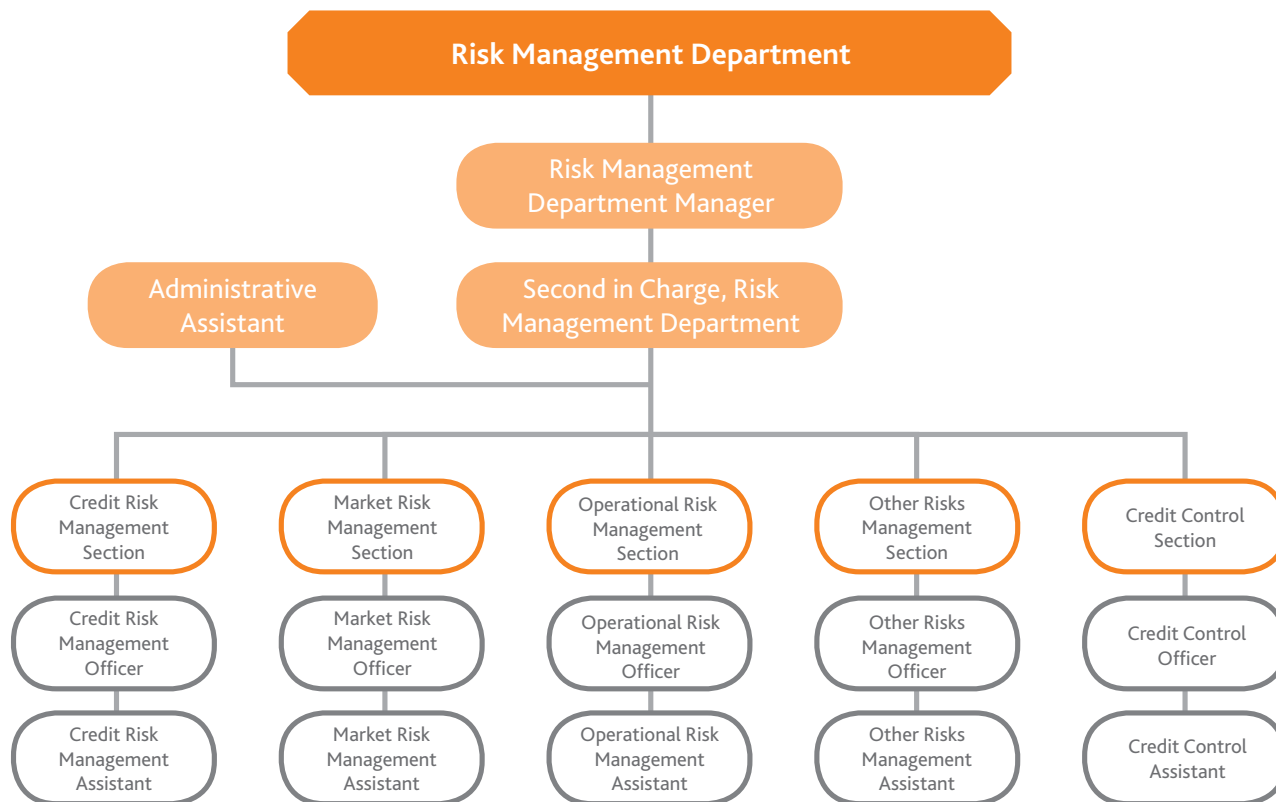
A. The Board held seven (7) meetings in 2017.

B. Summary of the meeting attendance of the Sharia Supervisory Board:

| Current Members  | No. of meetings attended |
|--|--------------------------|
| Dr. Mahmoud Ali Mosleh Sartawi (Chairman)              | 7                        |
| Dr. Abd Sattar Abdul Karim Abu Ghoddeh (Vice-Chairman) | 6                        |
| Dr. "Mohammad Khair" Mohammad Salem Al-Issa (Member)   | 7                        |
| Dr. Abdul Rahman Ibrahim Zaid Al Kelani (Member)       | 7                        |

## 7- Risk Management Department

A. According to the organizational structure of the Bank, the Risk Management Department directly reports to Risk Management Committee of the Board and indirectly to the CEO / General Manager as shown below:



B. The Risk Management Department performs a number of daily and periodic tasks, notably:

- Analysis and evaluation of the risks associated with various activities of our Bank and preparing periodic reports in this regard.
- Preparation and review of work procedures policies and documents as well as Bank's controls and activities related to the credit risk, market risk, operational risk, liquidity risk, rate of return risk, and other risks, by using of modern evaluation methods and techniques for evaluation and management.
- Preparation of acceptable risk levels (Risk Appetite) for all activities of the Bank, remitting the same for approval by the Board of Directors, and periodically comparing the realized ones with levels approved by the Board.
- Preparation of Internal Capital Adequacy Assessment Process (ICAAP) report, remitting it for the approval of the Board and submitting it to the Central Bank of Jordan on an annual basis.
- Preparation of Stress Testing scenarios on a semi-annual basis to measure the Bank's ability to withstand shocks, as per the Corporate Governance Instructions of Islamic Banks.
- Review the process of credit rating for the Bank's customers granted finances depending on the degree of their risks.
- Monitoring the credit, which include a review of the credit reports of the Bank's customers before and after the credit decision to ensure meeting the requirements of the administrative approvals to grant financing.



C. Most important developments on the risk management processes in 2017:

- Approval of the department's work plan for (2018-2019).
- Approving the general framework for the risk management department.
- The classification of the big, medium and small enterprises and persons with high financial solvency in the internal credit classification system (Moody's).
- Adjusting the organizational structure of the risk management department according to the requirements of the approved work plan and the best professional practices.
- The Risk Management Department was provided with sufficient number of employees to assist in the performance of the Department's work and the application of the new systems.

D. The Bank's risks are stated in Note (62) under the Financial Statements of the Bank for 2017.

## 8. Remuneration policy:

A. The remunerations of the Board of Directors and committees of the Board:

- The provisions of this policy shall apply in consistency with the regulations in force at the Bank and as per the instructions of the Central Bank of Jordan, the Jordanian Companies Law and the instructions of the Securities Commission.
- The scope of application includes annual bonuses, transportation allowance, members' per diem (in particular non-resident members) and committees' membership allowances.

B. The remunerations of the top executive management, and employees' incentives and bonuses:

- The provisions of this policy shall apply to the extent it is in line with the regulations in force by the Bank such as Jordan Islamic Bank Staff Regulation, and the Jordanian Labor Law No. 8 of 1996, as amended.
- The scope of work includes profit bonus, end of service remuneration, special work bonus, and annual raises which are linked to the performance appraisal, end of service benefits, moral bonus and in-kind bonus.
- In light of the results achieved by the bank in the previous year, bonuses are paid to the top executive management as follows: (50%) of the bonus in the year in which a decision has been made to disburse the bonus and the other (50%) shall be paid in the next year. Regarding the employees' bonuses, they are paid as lump sum without delay in the year in which a decision has been made to disburse the bonus.

## 9. Transparency and Disclosure:

- A. Annex IV contains the organizational structure of the Bank.
- B. The Board of Directors acknowledges their responsibility for the accuracy and adequacy of the Bank's financial statements.
- C. Annex IV contains the information required concerning each member of the Board of Directors (qualifications, experience, share in the capital of the Bank, independence, date of appointment, any memberships in boards of directors of other companies, remunerations obtained from the Bank, funds provided thereby to the Bank, and any other transaction between the Bank and the member or the associated persons).
- D. Annex IV contains the information required concerning each of the Sharia Supervisory Board members, as well as the annual remuneration thereof, and the amounts paid to each of them in form of travel expenses inside and outside the Kingdom.
- E. Annex IV contains the benefits and bonuses earned by the top executive Management in form of wages, remunerations, salaries, and bonuses ....etc. and payments made for each of them as travel and transport expenses inside the Kingdom.
- F. Dr/ Hosni Abdel Aziz Hussien Jradat has resigned from his position as the chairman of the risk department on 30/6/2017 because he reached the retirement age.
- G. Annex IV includes the names of shareholders who hold (1%) or more of the Bank's capital.
- H. The Board of directors has reviewed the consolidated report which shows the complaints of the staff during 2017; the results of the complaints evaluation report by the board were as follows:
  - 1. There is no concentration of complaints in a certain branch and/or office/ and/or person and/or service and/or a product.
  - 2. The number of complaints compared to the volume of the provided work (services/products) is acceptable.
  - 3. There were no complaints representing a violation to the instructions of the Central Bank of Jordan.

## Acknowledgement

The Board of Directors of Jordan Islamic Bank hereby acknowledges that, for the past year, none of the Board of Directors members obtained any benefits during his work in the Bank without declaring the same, either in cash or in-kind, and either for himself in person or to any person related to him.

### Member

Albaraka Banking Group Co.  
Represented by H.E. Mr. Hamad  
Abdulla Ali Al Oqab

### Vice-Chairman

H.E. Dr. Hatem Hafez R.  
(Halawani Al -Tamimi)

### Chairman

Albaraka Banking Group Co.  
Represented by H.E. Mr. Adnan  
Ahmed Yusuf AbdulMalek

### Member

H.E. Salem Ahmad Jamil  
Alkhaza'leh

### Member

Albaraka Banking Group Co.  
Represented by H.E. Mr. Hood  
Hashem Ahmed Hashem

### Member

Albaraka Banking Group Co.  
Represented by H.E. Mr. Adnan  
Abdullah Al Suleiman Al Bassam

### Member

H.E. Malak F. R. Ghanem

### Member

H.E. Mr. Issa Haidar  
Issa Murad

### Member

H.E. Mr. Nour (Moh'd Shafer)  
(Moh'd Lutfi) Mahayni

### Member

H.E. Mr. Saleh Yacoub  
Moh'd Hussein

### Member

H.E. Mr. Nabih Ahmad  
Mahmoud (Salameh Alzenat)

## Acknowledgement

The Sharia Supervisory Board of Jordan Islamic Bank hereby acknowledges that, for the past year, none of the Sharia Supervisory Board members obtained any benefits during his work in the Bank without declaring the same, either in cash or in-kind, and either for himself in person or to any person related to him.

### Chairman

Dr. Mahmoud Ali Mosleh Al Sartawi

### Vice-Chairman

Dr. Abd Sattar Abd Al Karim Abu Goddeh

### Member

Dr. Abdul Rahman Ibrahim Zaid Al Kelani

### Member

Dr. "Mohammad Khair" Mohammad Salem Al-Issa



**Annex II  
Disclosure Requirements  
According to the Terms of the  
IT Governance Guide and the  
Associated Technology**

## Annex II

### “Disclosure Requirements According to the Terms of the IT Governance Guide and the Associated Technology”

#### 1. Compliance with the terms of the IT governance guide and the associated technology:

The concept of IT governance is of great interest to all levels of government, legislation, supervisors, regulators and business organizations alike. The studies and researches revealed the advantages and benefits gained on the macroeconomic level along with the economic units as a result of applying the rules and standards of sound governance. Moreover, the profound actions taken to fix the pillars of corporate governance showed the critical role of IT governance. The proper application of the principles, rules, and methodology of IT governance is a means to protect information security and privacy in the economic institutions.

That’s why our Bank decided to implement the corporate governance practices related to this subject, along with the preparation of the IT governance guide and the associated technology based on the instructions of the Central Bank of Jordan No (65/2016) dated 25/10/2016 and publish the guide on the Bank’s website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)).

#### 2. Our Bank has applied all the instructions of the Central Bank of Jordan issued in this regard, except the following:

| Article No | The article  | Procedures taken   |
|------------|--|--|
| 7-a-5      | Ensuring the existence of a general framework to information technology risk management which is compatible and integrated into the overall and general framework of risk management in the Bank, taking into consideration and meeting all the requirements of IT governance operations mentioned in annex (3) of the instructions. | Work is underway   |
| 7-a-6      | Approving the budget of IT projects and resources in line with the Bank’s strategic objectives   | The budget shall be approved in the committee’s first meeting in 2018.   |
| 7-b-6 (4)  | Appraisal reports and compliance with the requirements of the general framework for the management and control of IT resources and projects.   | Within the evaluation phase and implementation of (COBIT 5) standard by the Bank for the preparation of appraisal reports and compliance with the requirements of the general framework. |
| 9-d-1      | IT auditing standards according to the latest update of the international standard (Information Technology Assurance Framework (ITAF)) issued by the Information Systems Audit and Control Association (ISACA).  | The Bank shall comply with this article when the instructions is in force.   |



**Annex III**  
**“The Governance Report”**  
**According to the instructions issued**  
**by Jordan Securities Commission**  
**for the Public Shareholding Companies**  
**Listed in Amman Stock Exchange for 2017**

## Annex III

### “The Governance Report”

According to the instructions issued by Jordan Securities Commission for the Public Shareholding Companies Listed in Amman Stock Exchange for 2017

1. The information and details related to the application of the provisions of the instructions and rules of corporate governance:

Jordan Islamic Bank decided to adopt the sound Corporate Governance Practices and prepare the “Corporate Governance Guide” in accordance with the best international practices in the field, and in consistence with Islamic banks corporate governance instructions No. (64/2016) dated 25/09/2016 issued by the Central Bank of Jordan; it is noteworthy to mention that The Bank prepared the corporate governance guide on 31/12/2007 for the first time.

The Bank prepared and updated a corporate governance guide and published it on its website ([www.jordanislamicbank.com](http://www.jordanislamicbank.com)) to comply with it in terms of the Board of Directors (composition, suitability, meetings, secretary’s duties, Board of Directors duties and tasks, duties of the Board of Directors' members and chairman, responsibility and accountability, and the committees of the Board of Directors), top executive management (The executive role of the CEO/General Manager, tasks, suitability and responsibility), Sharia supervisory Board (appointment of the Board, suitability, independency, meetings, tasks, responsibilities, and organization of the Board’s works), monitoring and internal control environment (monitoring and internal control systems, internal auditing department, internal Sharia auditing department, external auditing, risk management department, and compliance department), and last but not the least, relations with shareholders and the Joint Investment Account Holders.

As such, the Bank applies all the guidelines provided in the "Guidelines for Corporate Governance for Public Shareholding Companies Listed in Amman Stock Exchange in 2017 issued by the Securities Commission.



2. The table below provides the names of the natural current members of the Board of Directors, the representatives of the legal members, showing those nonexecutive and/or not independent and the board memberships of other public Shareholding Companies and resignations during 2017:

| Names of the members of the board of directors               | Names of the legal entities representing the board of directors | Executive / non-executive and independent / not independent | Membership in the board of directors of other public shareholding companies in the kingdom                        |
|--|---|---|---|
| Messrs/ Al Baraka Banking Group                              | H.E Mr/ Adnan Ahmed Yusuf AbdulMalek, Chairmain                 | Non executive and not independent member                    | None  |
|  | H.E Mr/ Hamad Abdulla Ali Al Oqab, member                       | Non executive and not independant member                    | None  |
|  | H.E Mr/ Adnan Abdulla Alsulaiman Albassam, member.              | Non executive and not independant member                    | None  |
|  | H.E Mr/ Hood Hashem Ahmed Hashem                                | Non executive and non independant member                    | None  |
| H.E. Dr/ Hatem Hafez R. "Halawani Al -Tamimi", vice chairman | -   | Non executive and independant member                        | None  |
| H.E Mr/ Salem Ahmad Jamil Alkhaza'leh, member                | -   | Non executive and independant member                        | -Real Estate Development Co.<br>- Arab East for Real Estate Investment.<br>-Arab Union International Insurance Co |
| H.E Mr/ Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni, member    | -   | Non executive and independant member                        | -The industrial, commercial, and Agricultural Co.   |
| H.E Mr/ Issa Haidar Issa Murad, member                       | -   | Non executive and independant member                        | -Jordan Press Foundation  |
| H.E. Mrs/ Malak F. R. Ghanem                                 | -   | Non executive and independant member                        | None  |
| H.E Dr. Nabeeh Ahmad Salama Al Zinat member                  | .   | Non executive and independent member                        | -Jordan Petroleum Refinery Co   |
| H.E Mr/ Saleh Yacoub Moh'd Hussein                           | -   | Non executive and independant member                        | None  |

- No resignations for the members of the Board of Directors during 2017.

### 3. Executive positions and names of persons they occupy:

| Names of the top executive management persons | Position  |
|---|---|
| Mr/ Musa Abdel-Aziz Mohammad Shihadeh         | CEO – General Manager   |
| Mr/ (Mohammad Majed) M. R. Allan              | Deputy General Manager  |
| Dr/ Hussein Said Moh'd (Ammar Saifan)         | Deputy General Manager  |
| Mr/ Naim Mohammad Najim AlKmos                | Assistant General Manager   |
| Dr/ Hosni Abdel Aziz Hussien Jaradat          | Executive Manager of the Risk Management Department, Resigned from the Bank on 30/6/2017 (retirement age) |
| Dr/ (Moh'd Fahmi)(Moh'd Khaleel) F. Al Jabari | Executive Manager of the Internal Audit Department  |
| Dr/ Abdel-Hamid Abdalla Ahmad Abu-Saqri       | Executive Manager of the Financial Department   |
| Mr/ Moh'd Fawaz Sudqi Sadeq Imam              | Executive Manager of the Treasury and the Financial Institutions Department                               |
| Dr/ Abdullah Atiyah Abdullah Atiyah           | Manager of the Internal Control Department  |
| Mr/ Ra'fat I. M. Abu-Afifeh                   | Manager of the Information Security Department  |
| Mr/ Mansour Mahmoud Mohammed Akel             | Manager of the External Operations Department   |
| Mr/ Ziad Farid Mohamad Abu Ziad               | Manager of the Compliance Department  |
| Mr/ Khalil Rebhy Khalil Al Baik               | Manager of the Shareholders Relations Unit  |
| Mr/ Raed Sobhi Mohamed Atta                   | Manager of the Central (local) Operations Department  |
| Dr/ Minwer Atallah Hassan Al Massadeh         | Manager of Risks Management Department since 19/11/2017   |
| Dr/ Ali Mohamad Ahmad Abu Al Ezz              | Manager of Internal Sharia Audit Department, and Secretary of the Sharia supervisory board                |
| Mr/ Fadi Ali Shehadeh Abd Alraheem            | Secretary of the board of directors   |
| Mr/ Mohamad Jabr Hassan Motab                 | Legal Advisor   |

### 4. Officer for Governance Applications Compliance with the Jordan Securities Commission:

| Name                                  | Position  |
|---------------------------------------|---|
| Mr/ Bassam Ahmad Abdulla Abu Ghazaleh | Manager of the Studies and Social Responsibility Department |

## 5. Committees of the board of directors, and the number of the board's and committees meetings, and summary of meetings' attendance during 2017:

| Description                               | Board of Directors      | Audit Committee | Risks management Committee | Remuneration and rewards Committee | Social responsibility Committee | Corporate governance Committee | Credit facilities Committee | IT governance Committee |
|---|-------------------------|-----------------|----------------------------|------------------------------------|---------------------------------|--------------------------------|-----------------------------|-------------------------|
| No of members                             | 11                      | 3               | 6                          | 3                                  | 5                               | 3                              | 5                           | 3                       |
| No of meetings during the year            | 9                       | 7               | 4                          | 3                                  | 1                               | 1                              | 8                           | 5                       |
| Member                                    | No of meetings attended |                 |                            |                                    |                                 |                                |                             |                         |
| Adnan Ahmed Yusuf AbdulMalek              | 9                       | Not a member    | Not a member               | 3                                  | Not a member                    | 1                              | 8                           | Not a member            |
| Dr. Hatem Hafez R. (Halawani Al -Tamimi)  | 8                       | Not a member    | Not a member               | Not a member                       | Not a member                    | 1                              | Not a member                | Not a member            |
| Hamad Abdulla Ali Al Oqab                 | 9                       | 7               | Not a member               | Not a member                       | 1                               | Not a member                   | 8                           | Not a member            |
| Adnan Abdulla Alsulaiman Albassam         | 9                       | Not a member    | 4                          | Not a member                       | Not a member                    | Not a member                   | 8                           | 5                       |
| Hood Hashem Ahmed Hashem                  | 9                       | Not a member    | 4                          | Not a member                       | Not a member                    | Not a member                   | 8                           | 5                       |
| Salem Ahmad Jamil Alkhaza'leh             | 9                       | Not a member    | Not a member               | Not a member                       | 1                               | 1                              | Not a member                | 5                       |
| Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni | 9                       | Not a member    | Not a member               | Not a member                       | 1                               | Not a member                   | 8                           | Not a member            |
| Issa Haidar Issa Murad                    | 7                       | Not a member    | Not a member               | 2                                  | 1                               | Not a member                   | Not a member                | Not a member            |
| Malak F. R. Ghanem                        | 9                       | 7               | Not a member               | 3                                  | Not a member                    | Not a member                   | Not a member                | Not a member            |
| Nabih Ahmad Mahmoud (Salameh Alzenat)     | 9                       | 7               | Not a member               | Not a member                       | Not a member                    | Not a member                   | Not a member                | Not a member            |
| Saleh Yacoub Moh'd Hussein                | 8                       | Not a member    | 4                          | Not a member                       | Not a member                    | Not a member                   | Not a member                | Not a member            |
| Musa Abdel-Aziz Mohammad Shihadeh         | Not a member            | Not a member    | 4                          | Not a member                       | 1                               | Not a member                   | Not a member                | Not a member            |
| Dr.Hussein Said Moh'd "Ammar Saifan"      | Not a member            | Not a member    | 4                          | Not a member                       | Not a member                    | Not a member                   | Not a member                | Not a member            |
| Dr.Hosni Abdel Aziz Hussien Jaradat*      | Not a member            | Not a member    | 2                          | Not a member                       | Not a member                    | Not a member                   | Not a member                | Not a member            |
| Dr. Minwer Atallah Hassan Al Massadeh*    | Not a member            | Not a member    | 0                          | Not a member                       | Not a member                    | Not a member                   | Not a member                | Not a member            |

\*The committee was reformed on 13/12/2017, Dr. Minwer Atallah Hassan Al Massadeh was appointed in the committee instead of Dr. Hosni Abdel Aziz Hussien Jaradat who resigned from the Bank on 30/6/2017 for reaching the retirement age.

6. The chairman and members of the audit committee and a brief about their qualifications and experience:

| Chairman and members of the audit committee              | Academic qualification  | Practical experience   |
|--|---|--|
| H.E. Mrs. Malak F. R. Ghanem<br>Committee chairperson    | -Master degree in Banks and Finance, Italy, 1987.<br>-Bachelor in Accounting, University of Jordan, 1976  | Financial consultant at Jordan Securities Commission. Chairperson of the instructions preparation committee of the Islamic finance Sukuk law in Jordan. Former expert in the International Monetary Fund (IMF), training expert, she worked for the Central Bank of Jordan in the position of the Banks Control Department Manager, former Board member of the Islamic Insurance Company.                                |
| H.E. Mr. Hamad Abdulla Ali Al Oqab<br>Member             | Bachelor of Accounting, University of Bahrain, 1993<br>Certified Public Accountant (CPA), 1996<br>Certified Global Management Accountant (CGMA), 2012   | Various banking experiences in the internal and external auditing, and financial control. He is currently the senior vice-Chairman and the Financial Manager at Albaraka Banking Group. He is a Board member in many of Albaraka Banking Group Banks, and the chairman of the Accounting and Auditing Standards Board at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) / Bahrain. |
| H.E. Dr. Nabih Ahmad Mahmoud (Salameh Alzenat)<br>Member | PhD, in Economy, Arab Institute of Research and Studies, Cairo, 2002.<br>Program in Investment Assessment and Management, Harvard University, 1988.<br>Master degree in Economy, University of Jordan, 1982.<br>Bachelor degree in Economy, University of Jordan, 1969. | Former General Manager of Jordanian Investment Corporation, former Chairman of the Board of Arab Potash Company, chairman and board member in many industrial, financial, and service companies, and public institutions.  |

## 7. Chairpersons and committee members of corporate governance, nomination and remunerations, and risks management committees:

| Committee                              | Names of current members  |
|--|---|
| Corporate Governance Committee         | Dr. Hatem Hafez R. (Halawani Al -Tamimi) (Chairperson)<br>Mr. Salem Ahmad Jamil Alkhaza'leh (vice president)<br>Mr. Adnan Ahmed Yusuf AbdulMalek (member)   |
| Nomination and Remunerations Committee | Mr. Issa Haidar Issa Murad (Chairperson)<br>Mr. Adnan Ahmed Yusuf AbdulMalek (vice president)<br>Mrs. Malak F. R. Ghanem (Member)   |
| Risks Management Committee             | Saleh Yacoub Moh'd Hussein (chairperson)<br>Adnan Abdulla Alsulaiman Albassam (vice president)<br>Hood Hashem Ahmed Hashem (member)<br>Mossa AbdelAziz Mohamed Shehadeh (member)<br>Dr. Hussein Said "E'mar Sai'fan (member)<br>Dr. Hosni Abdulaziz Hussein Jaradat (Member)*<br>Dr. Menawar Atta Allah Hassan Al Mossada (member)* |

\*The committee was reformed on 13/12/2017, Dr.Minwer Atallah Hassan Al Massadeh was appointed in the committee instead of Dr. Hosni Abdel Aziz Hussien Jaradat who resigned from the Bank on 30/6/2017 for reaching the retirement age.

## 8. Meetings of the audit committee with the external auditor during 2017:

- The audit committee of the board of directors met the external and internal auditors and the compliance department officer once during the year, the meeting was not attended by the top executive members.

## 9. Meetings of the Sharia Supervisory Board of The Bank with the board of directors, the audit committee, and the external auditor during 2017:

- The audit committee held two meetings with the board of directors, the audit committee of the board, and the external auditor during the year, to discuss issues of mutual concern.

**Adnan Ahmed Yusuf AbdulMalek**  
Chairman of the board of directors





**Annex IV**  
**“Disclosure Requirements in the**  
**Instructions of Jordan Securities**  
**Commission”**

## Annex IV

### “Disclosure Requirements in the Instructions of Jordan Securities Commission”

1. A. The main activity of the Bank is Islamic Banking.
- B. The statement included at the end of the report indicates the addresses of the Head Office, branches, offices, and the number of employees in each of them.
- C. By the end of 2017, the volume of the Bank’s capital investment (property and equipment, net) reached about JD (78) millions.

2. The table below provides the information related to subsidiaries:

| Name of Company                               | Legal Form        | Type of Activity | Paid-in Capital (Million JD) | Percentage of the Bank's Contribution | Number of employees | Auditing fees | Address                                    |
|---|-------------------|------------------|------------------------------|---------------------------------------|---------------------|---------------|--|
| AlOmariah Schools Co                          | Limited Liability | Education        | 12.8                         | 99.4%                                 | 782                 | 4,930         | Al Barakah Quarter, Wasfi Attal St,/ Amman |
| AlSamaha Funding and Investment               | Limited Liability | Financing        | 12.0                         | 100%                                  | 32                  | 2,610         | Al Madina Al Munawarah Street / Amman      |
| Future Applied Computer Technology Co.        | Limited Liability | Services         | 5.0                          | 100%                                  | 139                 | 2,900         | Wasfi Attal St,/ Amman                     |
| Sanabel AlKhair For Financial Investments Co. | Limited Liability | Brokerage        | 5.0                          | 100%                                  | 12                  | 4,060         | Housing Bank Complex/ Amman                |



3. A. The table below provides the names of the natural current members of the Board of Directors, the representatives of the legal members, and an overview about each of them, showing those nonexecutive and/or not independent:

| Name of Member   | Academic Qualification  | Practical Experience  |
|--|---|---|
| <p>H.E. Mr. Adnan Ahmed Yusuf AbdulMalek Bahraini Citizen, Chairman Representative of Al-Baraka Banking Group/ Bahrain, Non-executive and non-independent member Chairman as of 29/4/2007 Board member as of 28/10/2000 Date of birth: 1/1/1955.</p> | <p>Master in Business Administration, University of Hull, United Kingdom in 1998</p>  | <p>He joined the banking industry in 1975 in the US Banks. He joined the Arab Banking Corporation (ABC) as a deputy CEO and the Chairman of the Board of Directors. In 2000, he became the Chief Executive Officer of Albaraka Banking Group. In 2002, he was appointed the Chief Executive Officer of Bahrain Islamic Bank. On 1st August 2004, he was reappointed as the Chief Executive Officer of Albaraka Banking Group. He is the chairman and vice-chairman of many banks of Albaraka Banking Group in many countries. He obtained many awards and medals.</p> |
| <p>H.E. Dr. Hatem Hafez R. (Halawani Al -Tamimi) Jordanian Citizen, Vice-Chairman. Non-executive and independent member Vice - Chairman as of 28/4/2015 Board member as of 28/4/2015 Date of birth: 7/2/1948</p>                                     | <p>PhD., in Industrial and Energy Management, University of Stirling, Scotland, 2001 Bachelor degree in Mechanical Engineering, Egypt, 1971</p>   | <p>Former Minister of Industry, Trade and Supply, Former Minister of Information Technology and Communications, former Minister of Water and Irrigation, Former chairman and board member in some companies.</p>  |
| <p>H.E. Mr. Hamad Abdulla Ali Al Oqab Bahraini Citizen Board member, Representative of Albaraka Banking Group / Bahrain. Non-executive and non-independent member Board member as of 29/4/2007 Date of birth: 1/1/1970</p>                           | <p>Bachelor of Accounting, University of Bahrain, 1993 Certified Public Accountant (CPA), 1996 Certified Global Management Accountant (CGMA), 2012</p>  | <p>Various banking experiences in the internal and external auditing, and financial control. He is currently the senior vice-Chairman and the Financial Manager at Albaraka Banking Group. He is a Board member in many of Albaraka Banking Group Banks, and the vice-chairman of the Accounting and Auditing Standards Board at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) / Bahrain.</p>  |
| <p>H.E. Mr. Adnan Abdulla Alsulaiman Albassam Bahraini citizen, Board member Representative of Albaraka Banking Group / Bahrain Non-executive and non-independent member. Board member as of 26/4/2011 Date of birth: 12/10/1968</p>                 | <p>Bachelor in Accounting from Southern Oregon University, USA, 1994 Certified Public Accountant (CPA), 1999</p>  | <p>He worked in the field of accounting and auditing, He is currently a delegated member in Al-Bassam Investment Company. He is a Chairman / board member in many companies. He is also a board member in a number of Albaraka Banking Group banks.</p>   |
| <p>H.E. Mr. Hood Hashem Ahmed Hashem Bahraini citizen, Board member, Representative of Albaraka Banking Group / Bahrain Non-executive and non-independent member Board member as of 26/4/2011 Date of birth: 15/5/1965</p>                           | <p>Master in Business Administration, Britain, 2005 Bachelor in Computer Science and Engineering, Saudi Arabia, 1989 Certified International Projects Manager (CIPM), 2008 Certified Information Systems Auditor (CISA), 2006</p> | <p>He worked in the field of information technology management and systems analysis. He is currently the consultant for information technology management at Albaraka Banking Group. He is a Board member in a number of Albaraka Banking Group banks.</p>  |

| Name of Member  | Academic Qualification   | Practical Experience   |
|---|--|--|
| <p>H.E. Mr. Salem Ahmad Jamil Alkhaza'leh<br/>Jordanian citizen,<br/>Board member<br/>Non-executive and independent member<br/>Board member as of 28/4/2015<br/>Date of birth: 1/2/1963</p>                 | <p>Master in Philosophy,<br/>University of Jordan, 1992<br/>Higher Diploma in philosophy<br/>studies, University of Jordan,<br/>1987.<br/>Bachelor of Law, University of<br/>Jordan, 1985</p>  | <p>Former Minister of Legal Affairs, former Minister of<br/>Industry and Trade, former Minister of Public Sector<br/>Development, Former President of the audit bureau,<br/>in addition of many other positions in the public and<br/>private sectors.</p>   |
| <p>H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi)<br/>Mahayni<br/>Jordanian citizen,<br/>Board member<br/>Non-executive and independent member<br/>Board member as of 26/4/2011<br/>Date of birth: 1/1/1956</p> | <p>- Master of Islamic economy<br/>- American Open University,<br/>Washington 2016.<br/>Bachelor of Islamic and Arabic<br/>Studies, American Open<br/>University, Washington 2013<br/>Diploma degree in Accounting,<br/>Damascus 1981<br/>Studied in the Faculty of<br/>Civil Engineering, Damascus<br/>University, 1977</p> | <p>Businessman, Board Chairman and member in a<br/>number of companies.</p>  |
| <p>H.E. Mr. Issa Haidar Issa Murad<br/>Jordanian Citizen,<br/>Board member<br/>Non-executive and independent member<br/>Board member as of 28/4/2015<br/>Date of birth: 23/6/1964</p>                       | <p>Bachelor degree in Economy,<br/>Business Management and<br/>Accounting, University of<br/>Jordan, 1985.</p>   | <p>Member in the Jordanian Senate,<br/>President of Amman Chamber of Commerce,<br/>member of many economic and social institutions,<br/>member of Board of Directors in a number of<br/>companies.</p>   |
| <p>H.E. Mrs. Malak F. R. Ghanem<br/>Jordanian Citizen,<br/>Board member<br/>Non-executive and independent member<br/>Board member as of 28/4/2015<br/>Date of birth: 28/10/1954</p>                         | <p>Master degree in Banks and<br/>Finance, Italy, 1987.<br/>Bachelor in Accounting,<br/>University of Jordan, 1976.</p>  | <p>Financial consultant at Jordan Securities<br/>Commission. Chairperson of the instructions<br/>preparation committee of the Islamic finance Sukuk<br/>law in Jordan. Former expert in the International<br/>Monetary Fund (IMF), training expert, she worked<br/>for the Central Bank of Jordan in the position of the<br/>Banks Control Department Manager, former Board<br/>member of the Islamic Insurance Company.</p>                       |
| <p>H.E. Dr. Nabih Ahmad Mahmoud (Salameh<br/>Alzenat)<br/>Jordanian Citizen,<br/>Board member<br/>Non-executive and independent member<br/>Board member as of 28/4/2015<br/>Date of birth: 7/11/1946</p>    | <p>PhD., in Economy, Arab<br/>Institute of Research and<br/>Studies, Cairo, 2002.<br/>Program in Investment<br/>Assessment and Management,<br/>Harvard University, 1988.<br/>Master degree in Economy,<br/>University of Jordan, 1982.<br/>Bachelor degree in Economy,<br/>University of Jordan, 1969.</p>                   | <p>Former General Manager of Jordanian Investment<br/>Corporation, former Chairman of the Board of Arab<br/>Potash Company, chairman and board member in<br/>many industrial, financial, and service companies,<br/>and public institutions.</p>   |
| <p>H.E. Mr. Saleh Yacoub Moh'd Hussein<br/>Jordanian Citizen,<br/>Board member<br/>Non-executive and independent member<br/>Board member as of 28/4/2015<br/>Date of birth: 25/6/1949.</p>                  | <p>Higher Studies Diploma in<br/>Finance and Economy, 1977,<br/>Sorbonne University, Paris.<br/>Diploma degree in finance and<br/>economy, Institute of Public<br/>Administration, 1977, Paris.<br/>Bachelor degree in Economy<br/>and Statistics, 1970, University<br/>of Jordan</p>  | <p>Former Deputy Governor of the Central Bank of<br/>Jordan, former director of Securities Depository<br/>Centre, former advisor at the Jordan Securities<br/>Commission and the International Monetary<br/>Fund, former board member of the Social Security<br/>Corporation, former executive director at the Islamic<br/>Development Bank, Jeddah, Chairman and member<br/>of the boards of directors in many companies and<br/>enterprises.</p> |

B. Below are the names and positions of the Sharia Supervisory Board and an overview about each of them:

| Names of the Member of Sharia Supervisory Board Members   | Academic Qualification  | Practical Experience  |
|---|---|---|
| <p>H.E. Dr. Mahmoud Ali Mosleh Al Sartawi<br/>Chairman of the Sharia Supervisory Board<br/>Chairman since 26/5/2015.<br/>Member of the Sharia Supervisory Board<br/>since 26/4/2005.<br/>Date of birth: 22/9/1943</p> | <p>PhD., in (comparative jurisprudence), Al-Azhar University, 1976,<br/>Master degree in comparative jurisprudence, Al-Azhar University, 1972.<br/>Bachelor degree in Islamic Sharia, Al-Azhar University, 1967.</p>  | <p>Professor of Comparative Jurisprudence at the world Islamic Sciences and Education University, Former Dean of Faculty of Sharia and Former Professor in the comparative Jurisprudence at University of Jordan, lecturer in many universities, member of the Sharia supervisory board at the Islamic Insurance Company and Jordan Engineers Association, member in many committees, advisor to the authorship of Islamic Education books at the Ministry of Education, he was awarded Al Hussein Medal of First Class in serving Islam.</p> |
| <p>H.E. Dr. Abd Sattar Abdul Karim Abu Goddeh,<br/>Vice-Chairman of Sharia Supervisory Board since 26/5/2015<br/>Member of Sharia Supervisory Board since 27/9/1994<br/>Date of Birth: 28/1/1940</p>                  | <p>PhD., in Islamic Sharia (comparative jurisprudence), Al-Azhar University, 1975<br/>Master degree in Hadith Science, Al-Azhar University, 1967.<br/>Master degree in Islamic Sharia, Al-Azhar University, 1966<br/>Bachelor degree in Law, Damascus University, 1965.<br/>Bachelor degree in Islamic Law, Damascus University, 1964</p> | <p>Advisor and manager of development and research, and the chairman of the unified Sharia supervisory board of Albaraka Banking Group, member of the International Islamic Fiqh Academy, Jeddah, member of the International Sharia Zakat Board, Sharia Board member at the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He is an author of many books.</p>   |
| <p>H.E. Dr." Mohammad Khair" Mohammad Salem Al-Issa<br/>Sharia Supervisory Board member since 25/4/2012<br/>Date of birth: 8/4/1957.</p>  | <p>PhD., in the Holy Quran Interpretation and Science, Omdurman University, 1999.<br/>Master degree in the Holy Quran Interpretation and Science, University of Jordan, 1990.<br/>Bachelor degree in Religion Principles, Islamic University in Madinah, 1979</p>   | <p>Member of General Iftaa Department in Jordan, former Mufti for the Public Security, former religion preacher and lecturer at the Police Academy, lecturer in many universities, he has many books and researches, former member of the Sharia supervisory board at an Islamic Insurance Company (Albarakah for Takaful).</p>   |
| <p>H.E. Dr. Abdul Rahman Ibrahim Zaid Al Kelani<br/>Sharia Supervisory Board member since 28/4/2015<br/>Date of birth: 14/8/1970.</p>   | <p>PhD., in jurisprudence, University of Jordan, 1996.<br/>Master degree in jurisprudence, University of Jordan, 1993.<br/>Bachelor degree in jurisprudence, University of Jordan, 1990.</p>  | <p>Dean of Islamic Jurisprudence, University of Jordan, expert at the International Islamic Fiqh Academy, member of the central Sharia supervisory board of the Islamic Sukuk, head of Jordan Islamic Scholars League, former member, president, and teacher at many institutions and universities. He has many researches and books.</p>   |

C. Below are the names and positions of the senior management with executive authorities and an overview of each of them:

| Names of the Senior Management Members  | Academic Qualification  | Practical Experience  |
|---|---|---|
| <p>H.E. Mr. Musa Abdel-Aziz<br/>                     Mohammad Shihadeh<br/>                     CEO/ General Manager<br/>                     Date of birth: 12/12/1941</p> | <p>Master in Business Administration 1979,<br/>                     University of San Francis Co., / USA<br/>                     Bachelor of Commerce, Arab University of<br/>                     Beirut, 1969</p>  | <p>He joined the banking sector in 1961 and he is currently the General Manager of Jordan Islamic Bank. He is a Chairman and Board member in a number of industrial, trading, investment, educational and insurance shareholding companies, and banks. He is member of economic and social societies, committees, and forums.</p> |
| <p>Mr. (Mohammad Majed)<br/>                     M. R. Allan<br/>                     Deputy General Manager<br/>                     Date of birth: 24/2/1953</p>          | <p>Bachelor of Business Administration, Arab<br/>                     University of Beirut, 1986<br/>                     Higher Diploma in Banking and Finance,<br/>                     Institute of Banking Studies, Amman, 1978</p>   | <p>He joined the banking industry in 1974. In 1980, he joined Jordan Islamic Bank. Currently, he holds the position of Deputy General Manager and a Board member in one of the companies.</p>   |
| <p>Dr. Hussein Said Moh'd<br/>                     "Ammar Saifan"<br/>                     Deputy General Manager<br/>                     Date of birth: 26/11/1963</p>    | <p>PhD, Islamic Banks, 2006 Master in Banking<br/>                     and Finance Sciences / Islamic Banks, 1994<br/>                     Bachelor of Accounting / Economics and<br/>                     Statistics, 1985</p>   | <p>He joined the Bank in 1987 and currently holds the position of Deputy General Manager. He is also a Board member in more than one company</p>  |
| <p>Mr. Naim Mohammad Najim<br/>                     ALKmos<br/>                     Assistant General Manager<br/>                     Date of birth: 27/2/1965</p>         | <p>Master degree in Business Administration,<br/>                     2014<br/>                     Bachelor degree in Computer Engineering,<br/>                     1990</p>  | <p>He worked for the Bank for 8 years. Then he worked for Consulting company and Al-Rajhi Bank/KSA. In 2009, he rejoined the Bank and is currently holds the position of Assistant General Manager. He is board member in more than one company.</p>  |
| <p>Dr. Hosni Abdul Aziz Hussein<br/>                     Jaradat<br/>                     Executive Director<br/>                     Date of birth: 15/2/1957</p>          | <p>PhD degree in Islamic Banking, 2009<br/>                     Master degree in Islamic Banking, 1995<br/>                     Bachelor of Economics, 1979</p>   | <p>He worked for investment and consulting enterprises. He joined the Bank in 1987. He held the position of Executive Director of Risk Management Department. He resigned on 30/6/2017 for retirement age.</p>  |
| <p>Mr.(Moh'd Fahmi)(Moh'd<br/>                     Khaleel) F. Al Jabari<br/>                     Executive Director<br/>                     Date of birth: 16/10/1964</p> | <p>PhD in Islamic Banks, 2016,<br/>                     Master in Business Administration, 2011<br/>                     Bachelor in Financial and Banking Sciences, 2007<br/>                     Diploma in Financial and Banking Sciences, 1985<br/>                     Certified Islamic Public Accountant (CIPA), 2009<br/>                     Certified Control Systems Auditor(CICA), 2008<br/>                     Certified Control System (CCS), 2008</p> | <p>He joined the Bank in 1988. He currently holds the position of Internal Auditing Department Executive Manager. He is a Board member in more than one company.</p>  |
| <p>Dr. Abdel-Hamid Abdalla<br/>                     Ahmad Abu-Saqri<br/>                     Executive Director<br/>                     Date of birth: 6/10/1963</p>       | <p>PhD, Islamic Banks, 2010 Master in Islamic<br/>                     Banks, 2001<br/>                     Bachelor of Accounting and Economics, 1986<br/>                     Certified Public Accountant (JCPA), 2005</p>  | <p>He started the banking work in 1988. He joined the Bank in 1992 and currently holds the position of Financial Department Executive Director. He is a Board member in more than one company.</p>  |

| Names of the Senior Management Members   | Academic Qualification   | Practical Experience   |
|--|--|--|
| <p>Mr. Moh'd Fawaz Sudqi Sadeq Imam<br/>Executive Director<br/>Date of birth: 15/12/1962</p> | <p>Master degree of Banks and Finance Management, 2006.<br/>Bachelor degree of Accounting, 1985, USA.</p>  | <p>He started his banking work in 1985. He joined the Bank in 1995 and worked in the Bank's branches for 17 years. After that, he joined Wahda Bank / Libya. In 2012, he rejoined the Bank. He currently holds the position of Treasury and Financial Institutions Executive Director. He is a company Board member.</p> |
| <p>Dr. Abdullah Atiyeh Abdullah Atiyeh<br/>Date of birth: 21/5/1969</p>                      | <p>PhD., in Philosophy, Islamic Banking, 2015.<br/>Master degree in Business Administration, Finance and Banks, 2007.<br/>Bachelor in Banking and Finance, 2005,<br/>Diploma In Banking, financial, and Islamic studies, 2002.<br/>Diploma, in Banking and Finance, 1989.<br/>CAMS certificate, 2017<br/>CICS certificate, 2014.</p> | <p>He joined the Bank in 1993. He currently holds the position of Internal Control Department Manager.</p>   |
| <p>Mr. Ra'fat Ismail Mohammad Abu Afifeh<br/>Date of birth: 27/6/1979</p>                    | <p>Master degree in Computer Science, 2005<br/>Bachelor degree in Computer Science, 2002.<br/>ISA Certificate, 2015.<br/>CIISA certificate, 2006.</p>  | <p>He worked in the banking sector inside and outside Jordan. He joined the Bank in 2008. He currently holds the position of Information Security Department Manager.</p>  |
| <p>Mr. Mansour Mahmoud Mohammed Akel<br/>Date of birth: 10/9/1966</p>                        | <p>Bachelor in Accounting, 1999.<br/>Diploma in Accounting, 1987.<br/>CIB Certificate, 2011.</p>   | <p>He joined the Bank in 1989. He currently holds the position of Foreign Operations Department Manager.</p>   |
| <p>Mr. Ziad Farid Mohammad Abu Ziad<br/>Date of birth: 3/3/1968</p>                          | <p>Master in Islamic Banks, 2005.<br/>Bachelor in Accounting, 1992.<br/>CAMS Certificate, 2008.<br/>Arab Certified Accountant Certificate, 1997.</p>   | <p>He worked in Talal Abu Gazaleh company. He joined the bank in 1995 and currently holds the Position of Compliance Department Manager. He is a board member in more than one company.</p>  |
| <p>Mr. Khalil Rebhi Khalil Al Baik<br/>Date of bith: 15/10/1965</p>                          | <p>Master in Islamic Banking 2008<br/>Bachelor in Banking and Finance, 2003.<br/>Certified Islamic Public Accountant (CIPA), 2009</p>  | <p>He joined the Bank in 1990, and he is the Shareholders relations Unit Manager since 17/2/2016</p>   |
| <p>Mr. Raed Subhi Mohammad Atta<br/>Date of birth: 23/9/1973</p>                             | <p>Master in Islamic Banks, 2008<br/>Bachelor in Accounting, 1995.<br/>CIB Certificate, 2010.</p>  | <p>He joined the Bank in 1995. He currently holds the position of Central (Local) Operations Department Manager.</p>   |
| <p>Dr. Menawar Atta Allah Hassan Al Mossada<br/>Date of birth: 10/1/1963</p>                 | <p>PhD., in Islamic Banks, 2013<br/>Master of Accounting, 2006<br/>Bachelor of accounting, 2004<br/>Bachelor of economics, 1986</p>  | <p>He started working in the banking sector in 1988, he joined the bank in 2006, he is currently the manager of the risks management department since 19/11/2017.</p>  |
| <p>Dr. Ali Mohamad Ahmad Abu El Izz<br/>Date of birth: 22/10/1979</p>                        | <p>PhD., In jurisprudence, 2010<br/>Master in jurisprudence and legal studies, 2006.<br/>Bachelor in jurisprudence, 2001.<br/>CIMA Certificate, 2016.<br/>Professional executive master degree in Islamic finance, 2015<br/>CIPA certificate, 2013<br/>CIB certificate, 2011. CSAA certificate, 2010</p>                             | <p>He joined the Bank in 2009. He currently holds the position of the Sharia Internal Auditing Department Manager, and the Secretary of the Sharia Supervisory Board.</p>  |
| <p>Mr. Fadi Ali Shehadeh Abdulrahim Date of birth: 1/6/1978</p>                              | <p>Diploma of Secretariat and Office Management, 1998</p>  | <p>He joined the Bank in 1999. He currently holds the position of the Secretary-General of the Bank's Board of Directors.</p>  |

## D. Profile of the legal counselor of The Bank:

| Name   | Academic qualification | Practical experience  |
|--|------------------------|---|
| Mr. Mohammad Jabr Hassan Mite'b<br>Date of birth: 5/2/1967 | Bachelor in Law, 1994  | He practiced the attorney profession since 1995. He is a local and international arbitrator. He became the legal advisor of the Bank in 2011. |

## E. Officer for Governance applications Compliance with the Jordan Securities Commission profile:

| Name  | Academic qualification   | Practical experience  |
|---|--|---|
| Mr/ Bassam Ahmad Abdulla Abu Ghazaleh<br>Date of birth: 12/9/1971 | -Master of financial management, 2008.<br>-Bachelor of statistics and computer, 1993 | He joined the Bank in 1994, he is currently the manager of the studies and social responsibility department |

## 4. Following are the names of shareholders holding 1% or more:

| Name                                     | At the end of 2017 |               |           | At the end of 2016 |               |           |
|--|--------------------|---------------|-----------|--------------------|---------------|-----------|
|  | Ownership          | No. of shares | Mortgaged | Ownership          | No. of shares | Mortgaged |
| Albaraka Banking Group Co./ Bahrain      | 66.005%            | 118,809,000   | -         | 66.005%            | 99,007,500    | -         |
| Social Security Corporation              | 5.001%             | 9,002,079     | -         | 5.001%             | 7,501,733     | -         |
| Hussein bin Mohsen bin Hussein Al Harthi | 2.117%             | 3,809,984     | -         | 2.117%             | 3,174,987     | -         |
| Hani Masud Darweesh Ahmad                | 1.327%             | 2,389,352     | -         | 1.327%             | 1,991,127     | -         |
| Hajj Fund                                | 1.268%             | 2,282,919     | -         | 1.268%             | 1,902,433     | -         |

## 5. The Bank's market share of the banks' activities in Jordan at the end of 2016 and 2017 were as follows:

| Item  | At the end of 2017 | At the end of 2016 |
|---|--------------------|--------------------|
| Total Assets at our Bank/ Total Assets of the banks   | 9.5%               | 9.3%               |
| Total Balances of savings schemes at our Bank/ Total client deposits at banks                   | 12.5%              | 12.2%              |
| Total balances of financing and investment at our Bank/ total direct credit facilities of banks | 13.6%              | 14.2%              |

6. There is no reliance on certain suppliers and/or major clients (locally and abroad) constituting 10% and more of the total purchases and / or sales or revenues.

7. The Bank does not enjoy any government protection or privileges. It did not obtain any patent or franchise.

8. The Government, international organizations or any other institutions have not issued any decisions with any material impact on the Bank's business, products or competition capacity.

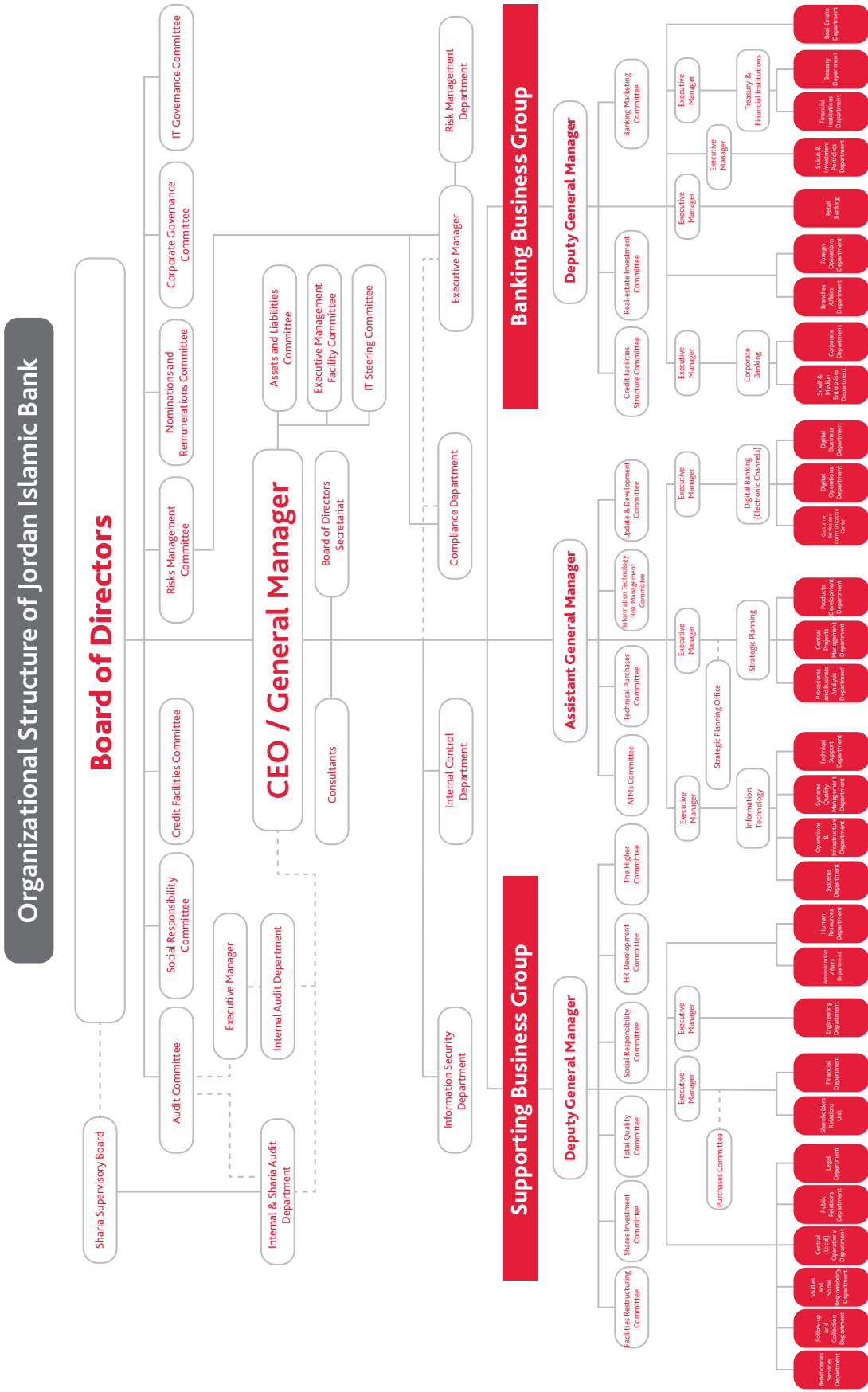
**It is worth mentioning that Jordan Islamic Bank obtained a number of distinguished ratings in 2017 from many international rating agencies including:**

- Standard & Poor's: (B+/stable/B), the same rating of the Kingdom.
- Fitch rating: (BB-/negative/B).
- Capital Intelligence: Financial Strength Rating (FSR):(BBB-) and FCRs :(BB-/B/stable)
- Islamic International Rating Agency (IIRA):  
 "Stable (BB+/A-3" for foreign currencies, "Stable (BBB- /A-3) for local currency at the international scale, (Stable/A+(jo)/A1(jo)) at the national scale, and AA (SQR) for Sharia Quality Rating, indicating the Bank's compliance with the Islamic Sharia rules in its transactions as the first and biggest Islamic bank in Jordan observing the application of the Sharia aspects.

**The Bank also obtained many international awards and certificates of appreciation in 2017, notably:**

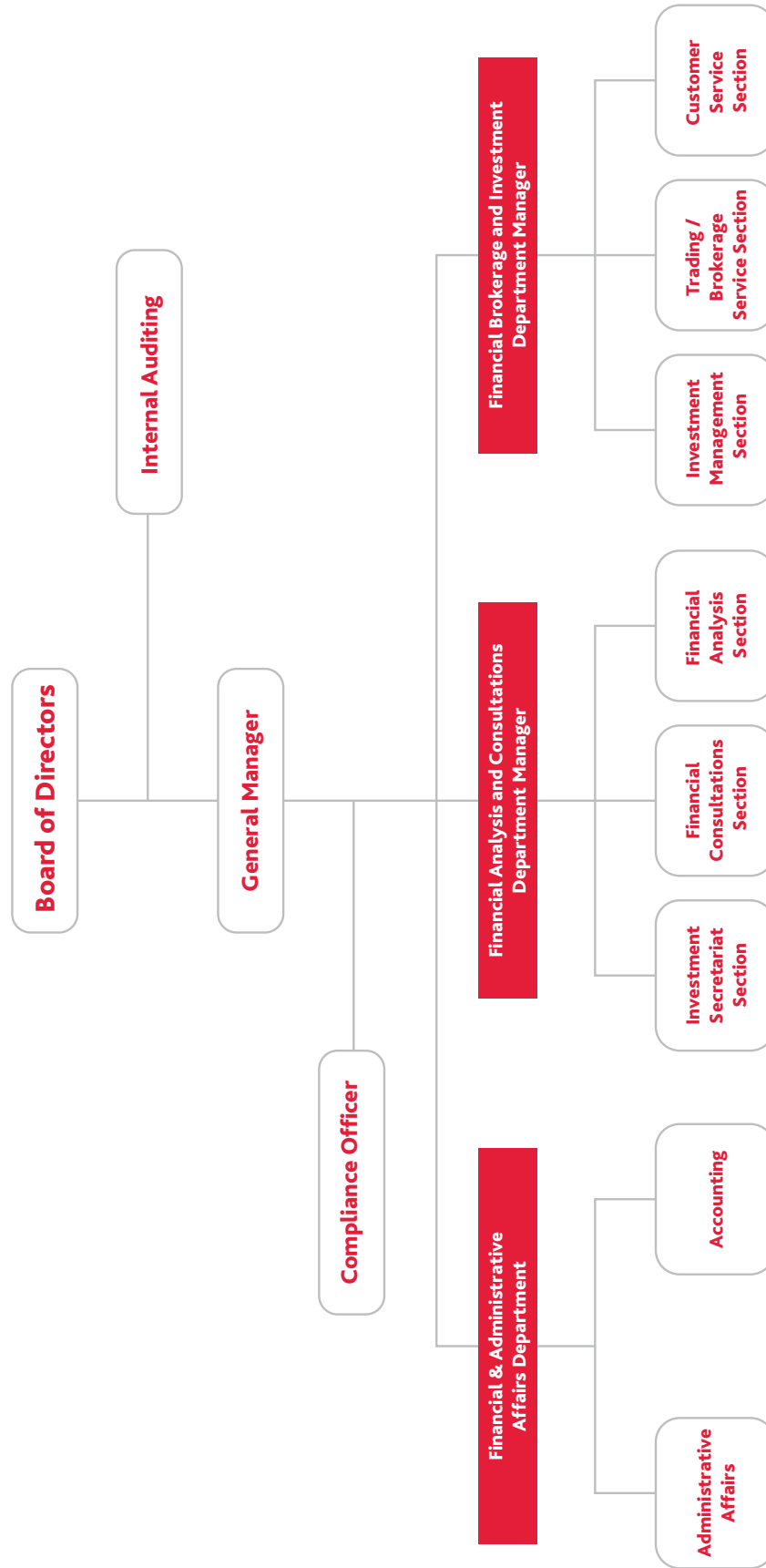
- Award from the General Council For Islamic Banks And Financial Institution (CIBAFI)
  - Award from the General Council for Islamic Banks and Financial Institutions for 2017, "Social responsibility and the environment" which is granted for the first time by the Council.
- An award from Regional Social Responsibility Net Work (member of The United Nations global compact program)
  - Financial Responsibility Award for Corporate Social Responsibility of Islamic Banks in 2017
- An award form Global Finance Magazine - NewYork
  - The best Islamic Financial Institution – Jordan 2017.
- Three awards from World Finance Magazine - London
  - The best banking group – Jordan 2017.
  - The best Islamic Bank – Jordan 2017.
  - Business Leadership and Prestigious Contribution Award in Islamic Finance – on the global level 2017 to the CEO/ General Manager.
- An award form the Banker Magazine – London
  - The best Islamic Bank – Jordan 2017.
- Award from Emeafinance Magazine - London
  - The best Islamic Bank – Jordan 2016.
- Arab Best Award – Morocco
  - The best Arabic Bank – Jordan 2017.
- CEO/General Manager was selected among the 100 successful personalities in business and finance in the Middle East 2017.
- Award from Islamic Finance News\Malaysia.
  - The best Islamic Bank – Jordan 2016.

9. (A)





**The Organizational Structure of Sanabel AlKhair  
For Financial Investments Co. Ltd**



B. By the end of 2017, the total number of employees was (2,335) employees distributed by academic qualification as follows:

| PhD | Master | Bachelor | Diploma | General Secondary Certificate | Below General Secondary Certificate level |                               |                        |                 |       | Total |
|-----|--------|----------|---------|-------------------------------|---|-------------------------------|------------------------|-----------------|-------|-------|
|     |        |          |         |                               | Employees                                 | Professionals/<br>Technicians | Office boys/<br>Guards | Service workers | Total |       |
| 10  | 79     | 1,347    | 353     | 80                            | 3   | 113                           | 245                    | 105             | 466   | 2,335 |

While the distribution of the subsidiaries employees in 2017 was as follows:

| Company  | PhD | Master | High Diploma | Bachelor | Diploma | General secondary certificate | Less than general secondary certificate | Total |
|--|-----|--------|--------------|----------|---------|-------------------------------|---|-------|
| AlOmariah Schools Co. Ltd.                         | 6   | 43     | 26           | 395      | 63      | 24                            | 225                                     | 782   |
| AlSamaha Funding and Investment Co. Ltd.           | -   | 3      | -            | 21       | 2       | 1                             | 5                                       | 32    |
| Future Applied Computer Technology Co. Ltd.        | -   | 3      | -            | 119      | 14      | 2                             | 1                                       | 139   |
| Sanabel AlKhair For Financial Investments Co. Ltd. | -   | -      | -            | 7        | 3       | -                             | 2                                       | 12    |

C. The Board's report included qualification and training programs for the Bank staff.

10. The Bank is exposed to some risks due to the nature of its business. Such risks are outlined in note No (62) of 2017 consolidated financial statements.
11. The Board's report included the achievements accomplished by the Bank supported by numbers, and a description of the important events of the Bank during the fiscal year 2017.
12. There is no financial effect of operations of non-recurrent nature, which are not part of the Bank's main activity.

13. Below are the details of the realized distributed profits, net shareholders equity as well as the prices of securities during the years 2013-2017:

| Year | Realized profits (Before Tax) (JD) | Dividends distributed for the year (JD)   | Net shareholders equity at the end of the year (JD) | Prices of issued securities/closing rate at the end of the year |      |
|------|------------------------------------|---|---|---|------|
|      |                                    |   |   | JD  | Fils |
| 2013 | 64,680,715                         | Distributing JD 18,750,000 in cash at 15% of the capital, and to distribute bonus shares at 20%.* | 255,459,471   | 3   | 420  |
| 2014 | 63,971,706                         | Distributing JD 19,500,000 in cash at 13% of the capital  | 282,212,524   | 3   | 680  |
| 2015 | 74,685,076                         | Distributing JD 22,500,000 in cash at 15% of the capital  | 311,154,659   | 3   | 550  |
| 2016 | 83,747,933                         | Distributing JD 22,500,000 in cash at 15% of the capital and bonus shares at 20%**                | 342,719,762   | 3   | 860  |
| 2017 | 80,938,755                         | The Board of Directors recommended to distribute JD 27,000,000 in cash at 15% of the capital      | 374,958,618   | 3   | 650  |

\*Bonus shares were distributed on 10/6/2014.

\*\*Bonus shares were distributed on 5/6/2017.

14. Analysis of the Bank's financial position and the results of its operations:

| Year | Shareholders Equity/ Deposits | financing & Investment/ Deposits | financing & Investment/ Assets | Deposits/ Assets | Profits before Tax/ Average Assets | Profits before tax/ Average Shareholders' Equity | Profits after Tax/ Average Shareholders' Equity | Profits after Tax/ Average Paid-up Capital |
|------|-------------------------------|----------------------------------|--------------------------------|------------------|------------------------------------|--|---|--|
| 2017 | 10.09%                        | 78.94%                           | 69.65%                         | 88.22%           | 1.95%                              | 22.56%   | 15.09%  | 32.81%                                     |
| 2016 | 9.40%                         | 79.18%                           | 70.42%                         | 88.93%           | 2.12%                              | 25.62%   | 16.52%  | 36.01%                                     |

15. The Board's report provided the future plan of the Bank.

16. The auditing fees of the Bank in 2017 reached JD (140) thousand, while the auditing fees of subsidiaries are disclosed in item (2) above.

17. A. Following is a detailed description of the number of securities issued by the company and owned by the Board members and their relatives (wife and minor children):

| Name  | Position      | Nationality | Number of shares at the end of 2017 | Number of shares at the end of 2016 |
|---|---------------|-------------|-------------------------------------|-------------------------------------|
| Albaraka Banking Group represented by:              | -             | Bahraini    | 118,809,000                         | 99,007,500                          |
| H.E. Mr. Adnan Ahmed Yusuf AbdulMalek               | Chairman      | Bahraini    | -                                   | -                                   |
| H.E. Mr. Hamad Abdulla Ali Al Oqab                  | Member        | Bahraini    | -                                   | -                                   |
| H.E. Mr. Adnan Abdullah Al Sulaiman Al-Bassam       | Member        | Bahraini    | -                                   | -                                   |
| H.E. Mr. Hood Hashem Ahmed Hashem                   | Member        | Bahraini    | -                                   | -                                   |
| H.E. Dr. Hatem Hafez R. (Halawani Al -Tamimi)       | Vice-chairman | Jordanian   | 12,000                              | 10,000                              |
| Mr. Salem Ahmad Jamil Alkhaza'leh                   | Member        | Jordanian   | 6,000                               | 5,000                               |
| H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni  | Member        | Jordanian   | 18,000                              | 15,000                              |
| H.E. Mr. Issa Haidar Issa Murad                     | Member        | Jordanian   | 6,000                               | 5,000                               |
| Spouse of Mr. Issa Haidar Issa Murad                | -             | Jordanian   | 5,172                               | 4,310                               |
| H.E. Mrs. Malak F. R. Ghanem                        | Member        | Jordanian   | 6,000                               | 5,000                               |
| H.E. Dr. Nabeeh Ahmad Salameh Al Zainat             | Member        | Jordanian   | 13,500                              | 6,000                               |
| Spouse of Dr. Nabih Ahmad Mahmoud (Salameh Alzenat) | -             | Jordanian   | 2,345                               | 1,740                               |
| H.E. Mr. Saleh Yacoub Moh'd Hussein                 | Member        | Jordanian   | 5,000                               | 5,000                               |
| Spouse of Mr. Saleh Yacoub Moh'd Hussein            | -             | Jordanian   | -                                   | 1000                                |

B. Below is a statement for the number of securities issued by the Company and owned by the senior management with executive authority and their relatives "wife and minor children" in details:

| Name   | Position   | Nationality | Number of shares at the end of 2017 | Number of shares at the end of 2016 |
|--|--|-------------|-------------------------------------|-------------------------------------|
| H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh             | CEO/ General Manager   | Jordanian   | 120,000                             | 85,000                              |
| - Spouse of H.E. Mr. Musa Abdel-Aziz Mohammad Shihadeh | -  | Jordanian   | 15,000                              | 12,000                              |
| Mr. (Mohammad Majed) M. R. Allan                       | Deputy General Manager   | Jordanian   | 40,000                              | 30,000                              |
| Dr. Hussein Said Moh'd (Ammar Saifan)                  | Deputy General Manager   | Jordanian   | -                                   | -                                   |
| Spouse of Dr. Hussein Said Moh'd "Ammar Saifan"        | -  | Jordanian   | 14,400                              | 12,000                              |
| Mr. Naim Mohammad Najim AlKmos                         | Assistant General Manager  | Jordanian   | -                                   | -                                   |
| Dr. Hosni Abdel Aziz Hussein Jaradat                   | Risk Management Manager, resigned from the Bank on 30/6/2017 for reaching the retirement age | Jordanian   | -                                   | -                                   |
| Dr. (Moh'd Fahmi)(Moh'd Khaleel) F. Al Jabari          | Internal Auditing Manager  | Jordanian   | -                                   | -                                   |
| Dr. Abdel-Hamid Abdalla Ahmad Abu-Saqri                | Financial Department Manager   | Jordanian   | -                                   | -                                   |
| Mr. Moh'd Fawaz Sudqi Sadeq Imam                       | Treasury and financial institutions Executive Manager  | Jordanian   | -                                   | -                                   |
| Dr. Abdullah Atiyeh Abdullah Atiyeh                    | Internal Control Manager   | Jordanian   | -                                   | -                                   |
| Mr. Rafat Ismail Mohammad Abu Afifeh                   | Information Security Manager   | Jordanian   | -                                   | -                                   |
| Mr. Mansour Mahmoud Mohammed Akel                      | Foreign Operations Dept. Manager   | Jordanian   | -                                   | -                                   |
| Mr. Ziad Farid Mohammad Abu Ziad                       | Compliance Manager   | Jordanian   | -                                   | -                                   |
| Mr. Khalil Rebhi Khalil Al Baik                        | Shareholders Relations Unit Manager  | Jordanian   | -                                   | -                                   |
| Mr. Raed Subhi Mohammad Atta                           | Central (local) Operations Manager   | Jordanian   | -                                   | -                                   |
| Dr. Menawar Atta Allah Hassan Al Mossada               | Manager of the risks management department, since 19/11/2017                                 | Jordanian   | -                                   | -                                   |
| Dr. Ali Mohammad Ahmad Abu El Izz                      | Internal Sharia Audit Manager and Secretary of Sharia Supervisory Board                      | Jordanian   | -                                   | -                                   |

| Name                             | Position      | Nationality | Number of shares at the end of 2017 | Number of shares at the end of 2016 |
|----------------------------------|---------------|-------------|-------------------------------------|-------------------------------------|
| Mr. Fadi Ali Shehadeh Abdurrahim | BOD Secretary | Jordanian   | -                                   | -                                   |

C. Below is a statement about the number of securities issued by the Company and owned by the legal counselor and his relatives "wife and minor children" in details:

| Name                           | Nationality | Number of shares at the end of 2017 | Number of shares at the end of 2016 |
|--------------------------------|-------------|-------------------------------------|-------------------------------------|
| Mr. Mohamad Jabr Hassan Mot'ab | Jordanian   | -                                   | -                                   |

- D. There are no companies controlled by the Board members or senior management staff with executive authority and their relatives.
- E. The Sharia Supervisory Board members do not hold shares in the Bank.
- F. Below are the finances given by the Bank to each member of the Board of Directors and any other transactions made between the Bank and the member or related persons.

| Name   | Direct Financing (JD) | Indirect Financing (JD) |
|--|-----------------------|-------------------------|
| Albaraka Banking Group represented by:   | -                     | -                       |
| H.E. Mr. Adnan Ahmed Yusuf AbdulMalek  | -                     | -                       |
| H.E. Mr. Hamad Abdulla Ali Al Oqab   | -                     | -                       |
| H.E. Mr. Adnan Abdullah Al Sulaiman Al-Bassam  | -                     | -                       |
| H.E. Mr. Hood Hashem Ahmed Hashem  | -                     | -                       |
| H.E. Dr. Hatem Hafez R. (Halawani Al -Tamimi)  | -                     | -                       |
| Mr. Salem Ahmad Jamil Alkhaza'leh  | -                     | -                       |
| H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni<br>- Industrial Commercial Agricultural Company, INTAJ (Chairman) | 6,629,946             | 2,421,040               |
| H.E. Mr. Issa Haidar Issa Murad Issa Murad and Sons Co. Vice Chairman  | 102,927               | 19,200                  |
| Mrs. Malak F. R. Ghanem  | 15,266                | -                       |
| Dr. Nabih Ahmad Mahmoud (Salameh Alzenat)  | -                     | 1,000                   |
| Mr. Saleh Yacoub Moh'd Hussein   | 27,064                | -                       |

18. A. Bellow are the benefits and remunerations that the Board Chairman and members received as salaries, fees, remunerations...etc., and the amounts paid for each one of them as travel and transportation expenses inside and outside the Kingdom during the fiscal year 2017:

| Name   | Board Membership Remuneration (JD) | Board Committees Membership Remuneration (JD) | Transportation Allowances (JD) | Travel Expenses (JD) | Per diem Allowances (JD) | Total  |
|--|------------------------------------|---|--------------------------------|----------------------|--------------------------|--------|
| Albaraka Banking Group Co. represented by:         |                                    |   |                                |                      |                          |        |
| H.E. Mr. Adnan Ahmed Yusuf AbdulMalek              | 5,000                              | 8,400   | 24,000                         | 5,676                | 4,793                    | 47,869 |
| H.E. Mr. Hamad Abdulla Ali Al Oqab                 | 5,000                              | 11,200  | 24,000                         | 7,701                | 5,751                    | 53,652 |
| H.E. Mr. Adnan Abdullah Al Sulaiman Al Bassam      | 5,000                              | 11,900  | 24,000                         | 7,433                | 5,751                    | 54,084 |
| H.E. Mr. Hood Hashem Ahmed Hashem                  | 5,000                              | 11,900  | 24,000                         | 7,755                | 5,751                    | 54,406 |
| H.E. Dr. Hatem Hafez R. (Halawani Al -Tamimi)      | 5,000                              | 700   | 24,000                         | -                    | -                        | 29,700 |
| H.E. Mr. Salem Ahmad Jamil Alkhaza'leh             | 5,000                              | 8,400   | 24,000                         | -                    | -                        | 37,400 |
| H.E. Mr. Nour (Moh'd Shaher) (Moh'd Lutfi) Mahayni | 5,000                              | 6,300   | 24,000                         | -                    | -                        | 35,300 |
| H.E. Mr. Issa Haidar Issa Murad                    | 5,000                              | 2,100   | 24,000                         | -                    | -                        | 31,100 |
| H.E. Mrs. Malak F. R. Ghanem                       | 5,000                              | 7,000   | 24,000                         | -                    | -                        | 36,000 |
| H.E. Dr. Nabih Ahmad Mahmoud (Salameh Alzenat)     | 5,000                              | 4,900   | 24,000                         | -                    | -                        | 33,900 |
| H.E. Mr. Saleh Yacoub Moh'd Hussein                | 5,000                              | 2,800   | 24,000                         | -                    | -                        | 31,800 |

B. Below are the benefits and remunerations that the senior management staff of the bank, with executive authorities received as wages, salaries and remunerations...etc, and the amounts paid for each as travel and transportation expenses inside and outside Jordan during the fiscal year 2017:

| Name  | Total Salaries | Bonuses | Travel and Transportation Expenses | Board Membership Remuneration | Total   |
|---|----------------|---------|------------------------------------|-------------------------------|---------|
| Mr. Musa Abdel-Aziz Mohammad Shihadeh/ CEO –General Manager *                           | 574,412        | 225,030 | 23,355                             | 3,500                         | 826,297 |
| Mr. (Mohammad Majed) M. R. Allan / Deputy General Manager*                              | 276,308        | 57,600  | 2,184                              |                               | 336,092 |
| Dr. Hussein Said Moh'd "Ammar Saifan"/ Deputy General Manager*                          | 279,033        | 65,372  | 19,669                             | 2,100                         | 366,174 |
| Mr. Naim Mohammad Najim AlKmos / Assistant General Manager                              | 203,734        | 40,123  | 10,016                             |                               | 253,873 |
| Dr. Hosni Abdul Aziz Hussein Jaradat / Manager of Risks Management Dept.**              | 35,671         | 127,510 | 3,000                              | 1,400                         | 167,581 |
| Dr. (Moh'd Fahmi)(Moh'd Khaleel) F. Al Jabari / Manager of Internal Audit Dept          | 47,958         | 2,600   | 2,752                              |                               | 53,310  |
| Dr. Abdel-Hamid Abdalla Ahmad Abu-Saqri / Manager of Financial Dept.                    | 55,773         | 3,000   | 2,032                              |                               | 60,805  |
| Mr. Moh'd Fawaz Sudqi Sadeq Imam / Manager of Treasury & Financial Institutions Dept.   | 59,997         | 3,300   | 10,824                             |                               | 74,121  |
| Dr. Abdulla Atieh Abdulla Atieh/ manager of internal control Dept.                      | 29,810         | 1,600   |                                    |                               | 31,410  |
| Mr. Ra'fat I. M. Abu-Afifeh/ Manager of information security Dept.                      | 47,261         | 1,600   | 285                                |                               | 49,146  |
| Mr. Mansour Mahmoud Mohammed Akel / Manager of Foreign Operations Dept.                 | 27,986         | 1,450   |                                    |                               | 29,436  |
| Mr. Ziad Farid Mohammad Abu Ziad/ Compliance Department Manager                         | 33,364         | 6,573   | 3,000                              |                               | 42,937  |
| Mr. Khalil Rebhi Khalil Al Baik/ Manager of Shareholders Relations Unit until 16/2/2016 | 25,869         | 1,509   |                                    |                               | 27,378  |
| Mr. Raed Subhi Mohammad Ata/ Manager of Central (Local) Operations Dept                 | 26,046         | 1,400   |                                    |                               | 27,446  |
| Dr. Minwer Atallah Hassan Al Massadeh/ Manager of risks management Dept.***             | 26,530         | 1,700   | 1,971                              |                               | 30,201  |
| Dr. Ali Mohammad Ahmad Abu Elizz/ Manager of Internal Sharia Audit Dept.                | 31,861         | 1,400   | 567                                |                               | 33,828  |
| Mr. Fadi Ali Shehadeh Abdulrahim/ Board Secretary                                       | 30,642         | 2,390   |                                    |                               | 33,032  |

\* Each one of them uses a private car provided by the Bank

\*\* Resigned from The Bank on 30/6/2017 for reaching the retirement age.

\*\*\* He was appointed as a manager for the risks management department starting from 19/11/2017.

C. Below are the benefits and remunerations that the legal counselor of the bank, received as wages,



salaries and remunerations...etc, and the amounts paid as travel and transportation expenses inside and outside Jordan during the fiscal year 2017:

| Name                           | Total Salaries | Travel and Transportation Expenses | Total  |
|--------------------------------|----------------|------------------------------------|--------|
| Mr. Mohamed Jabr Hassan Mot'eb | 51,000         | 2,653                              | 53,653 |

D. Below are the annual remunerations of the Sharia Supervisory Board chairman and members, and the amounts paid to each of them as travel and transportation expenses inside and outside the Kingdom in 2017:

| Name   | Annual Allocations | Daily Allowances | Travel expenses | Total  |
|--|--------------------|------------------|-----------------|--------|
| H.E Dr. Mahmoud Ali Mosleh Al Sartawi            | 18,000             | 773              | 750             | 19,523 |
| H.E Dr. Abd Sattar Abdul Karim Abu Goddeh        | 18,000             | 2,235            | 3,348           | 23,583 |
| H.E Dr. " Mohammad Khair" Mohammad Salem Al-Issa | 18,000             | -                | -               | 18,000 |
| H.E Dr. Abdul Rahman Ibrahim Zaid Al Kelani      | 18,000             | 932              | 844             | 19,776 |

19. The Board's report included a statement of donations and grants paid by the Bank during the fiscal year 2017.
20. Note No; (59) in the Bank's consolidated financial statements shows the contracts, projects and agreements signed by the company with other subsidiaries, sister companies, affiliates, Chairman, Board members, General Manager, or any employee in the company or their relatives.
21. The Board's report included details on the Bank's contribution to protect the environment and local community through its different activities.



## Acknowledgements

The Board of Directors of Jordan Islamic Bank hereby acknowledges that:

- A. There are no substantive issues that might adversely affect the Bank's sustainability during the next fiscal year.
- B. Its responsibility for the preparation of the financial statements and the provision of effective control system in the Bank.

Member  
Albaraka Banking Group Co.  
Represented by  
**H.E. Mr. Hamad Abdulla  
Ali Al Oqab**

Vice-Chairman  
**H.E. Dr. Hatem Hafez R.  
(Halawani Al -Tamimi)**

Chairman  
Albaraka Banking Group Co.  
Represented by  
**H.E. Mr. Adnan Ahmed  
Yusuf AbdulMalek**

Member  
**H.E. Salem Ahmad Jamil  
Alkhaza'leh**

Member  
Albaraka Banking Group Co.  
Represented by  
**H.E. Mr. Hood Hashem  
Ahmed Hashem**

Member  
Albaraka Banking Group Co.  
Represented by  
**H.E. Mr. Adnan Abdullah  
Al Sulaiman Al Bassam**

Member  
**H.E. Malak F. R. Ghanem**

Member  
**H.E. Mr. Issa Haidar  
Issa Murad**

Member  
**H.E. Mr. Nour (Moh'd  
Shaher) (Moh'd Lutfi)  
Mahayni**

Member  
**H.E. Mr. Saleh Yacoub  
Moh'd Hussein**

Member  
**H.E. Mr. Nabih Ahmad  
Mahmoud (Salameh Alzenat)**

## Acknowledgements

We, the undersigned, hereby acknowledge the validity , accuracy and completeness of the information and data contained in this annual report.

**Financial Department  
Manager  
Dr. Abdel-Hamid Abdalla  
Ahmad Abu-Saqri**

**CEO/ General Manager  
H.E Mr. Musa Abdel-Aziz  
Mohammad Shihadeh**

**Chairman of the Board  
Albaraka Banking Group  
Represented by H.E Mr.  
Adnan Ahmed Yusuf  
AbdulMalek**



**Report of the Sharia  
Supervisory Board  
for the Fiscal Year Ending  
31/12/2017**

## **Jordan Islamic Bank**

### **Head office**

Date: 1, Jumada I, 1439 H

Corresponding to: 18th January, 2018

### **Report of Sharia Supervisory Board for the fiscal year ending on 31/12/2017**

All Praise be to Allah, Lord of the Worlds, And Prayers and Peace be upon our Prophet Mohammed and his Family and Companions

To: Messrs/ Shareholders of the Jordan Islamic Bank.  
Peace be Upon You, so as Allah's Mercy and Blessings,,,

**As per the Banks Law of Jordan No. 28 of the Year 2000 and the provisions thereof concerning Islamic Bank, and the Bank's Articles of Association, the Sharia Supervisory Board hereby provides the following report:**

The Sharia Supervisory Board has audited the principles and the contracts used concerning the transactions and the applications that the Bank made available during the fiscal period ending on 31/12/2017, and conducted the needed supervision to give the opinion thereof as regards the Bank's compliance with the teachings of Islamic Sharia'a, the specific fatwas, decisions, and guidelines that we had issued in order to verify the Bank's compliance therewith.

It is the duty of the management to exercise the Bank's business in accordance with the provisions of Islamic Sharia and to ensure that, our responsibility is limited to giving independent opinion based on our observance of the Bank's operations and to report this to yourselves.

We have done our audit, which consisted of examining the authentication and the procedures applied by the Bank, we examined each type of the transactions through the Internal Sharia Audit Department.

We planned and performed our supervision in order to receive all information and clarifications that we deemed necessary to give us reasonably sufficient evidence that the Bank did not breach the teachings and principles of Islamic Sharia.

**In our opinion:**

- A. Contracts, operations, and transactions of the Bank during the year ending on 31/12/2017 that we reviewed was made in accordance with the teachings and principles of Islamic Sharia
- B. Distribution of profit and charging the loss to the Investment Profit Accounts and the Investment Risks Fund is consistent with the fundamentals that we approved in accordance with the teachings and principles of Islamic Sharia.
- C. All amounts that the Bank received from sources or in manners that is not consistent with the teachings and principles of Islamic Sharia were excluded from the Bank's review, and they were given to charity.
- D. The duty of dispensing Zakat is vested with shareholders, no authorisation is given to the bank to dispense it directly, there exist no law for this regard, nor the Articles of Association or the General Assembly decisions provides so, nor there is any authorisation given by the shareholders in this regard, therefore, a shareholder shall dispense the Zakat imposed on the shares thereto when the Sharia conditions and requirements for this regard are met, taking into consideration the following:
  - Where intention upon share purchase or subscription was trading, Zakat shall be based on the market value of the shares and the dividends distributed.
  - Where intention upon share purchase or subscription was to receive dividend and not to trade, Zakat is imposed on the distributed dividend, in addition to the Zakat- subject assets corresponding to such shares with the Bank, on the basis of investigation and estimation.

The Sharia Supervisory Board would like to thank the Bank's management and staff for giving due attention to the observance of the teachings and principles of Islamic Sharia, for thier good management, and for the good results of the Bank.

Grace be to Allah, the Lord of Worlds

Date: 1 Jamada I, 1439 H

Corresponding to: 18th of January, 2018

Chairman of Sharia Supervisory Board

**Dr. Mohamad al Saratawy**

Vice chairman

**Dr. AbdulSattar Abu Ghodda**

Member

**Dr. Mohamad Khair Al Issa**

Member

**Dr. AbdulRahman Al Kilani**





**Auditor's Report**



Ernst & Young Jordan  
P.O. Box 1140  
Amman 11118  
Jordan  
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Fax: +962 6 5538300 www.ey.com/ME



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Jordan Islamic Bank**  
**Public Shareholding Company**  
**Amman - Jordan**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

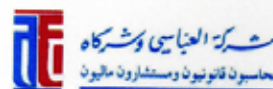
We have audited the consolidated financial statements of Jordan Islamic Bank (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated statement of sources and uses of funds of Al Qard Al Hasan fund for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

**Basis for Opinion**

We conducted our audit in accordance with Auditing Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). 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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





## Other Matter

The consolidated financial statements for the year ended 31 December 2016 were audited by Ibrahim Abbasi & Co. as the sole auditor of the Group for the year 2016. Unqualified opinion was issued on the consolidated financial statements on 8 February 2017. Ernst & Young – Jordan and Ibrahim Abbasi & Co. were appointed as joint auditors of the Bank for the year 2017 in accordance with Central Bank of Jordan regulations for corporate governance.

## Key Audit Matters

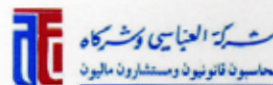
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

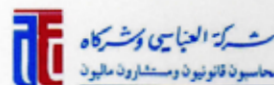
**Key Audit Matter 1:** Impairment of receivables and financing (deferred sales receivables, other receivables, finances, Ijarah Muntahia Bittamleek receivables and Al Qard Al Hasan) and Investment Risk Fund. Refer to the note 7, 9 and 15 of the consolidated financial statements for impairment of receivables and financing disclosures and for note 30 for the investment risk fund disclosure.

Impairment of customers receivables and financing (deferred sales receivables, other receivables, finances, Ijarah Muntahia Bittamleek receivables and Al Qard Al Hasan) is one of the areas that impacts the Group's results, additionally it requires a high level of judgment for the identification of default events and impairment loss measurement.

Our audit procedures included the assessment of controls over the granting, booking and monitoring processes of receivables and financing, and impairment provisioning process, including consideration of Central Bank of Jordan (CBJ) requirements, to validate the operating effectiveness of the key controls in place, which identify the impaired receivables and financing and the required provisions against them. As part of the control testing procedures, we assessed whether the key controls in the above processes were designed, implemented and operated effectively.



|  |  |
|--|--|
| <p>The Bank appropriates 10% of net revenues from jointly financed facilities which is transferred to the investment risk fund in accordance with Central Bank of Jordan regulations.</p> <p>Judgment is applied on the inputs of impairment measurement process including the valuation of collaterals and the determination of the default date, and accordingly calculating the impairment loss starting from the date thereof.</p> | <p>In addition to testing the key controls, we selected samples of receivables and financing outstanding as at 31 December 2017 and critically assessed the criteria for determining whether an impairment event had occurred that would require an impairment provision.</p> <p>We inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral.</p> <p>We assessed collateral valuation techniques against the group's valuation guidelines.</p> <p>Our selected sample also included non-performing receivables and financing where we assessed the valuation of collaterals, and tested the impairment provision required based on the date of default.</p> <p>We have recalculated the amounts transferred to the investment risks fund in accordance with Central Bank of Jordan regulations.</p> <p>We also assessed whether the consolidated financial statement disclosures appropriately reflect the requirements of AAIOFI.</p> |
| <p><b>Key Audit Matter 2:</b> Suspension of profit on non- performing deferred sales receivables, other receivables, finances and Ijarah Muntahia Bittamleek receivables. Refer to the note 7 of the consolidated financial statements</p>   |  |
| <p>Profit is suspended after 90 days from impairment event (default date) in accordance with Central Bank of Jordan regulations.</p> <p>Judgment is applied as to determining when the default date occurred which affects the amount of profit to be suspended.</p>   | <p>Our audit procedures included selecting a sample from the schedules of non-performing deferred sales receivables, other receivables, finances and Ijarah Muntahia Bittamleek receivables and profit in suspense, and tested suspended profit including recalculation in accordance with CBJ regulations, and assessing the criteria used by management in determining the impairment event.</p>   |



#### **Other information included in the Group's 2017 annual report.**

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2017 annual report is expected to be made available to us after the date of the auditor's report.

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

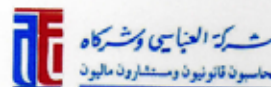
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **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 Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group's or to cease operations, or has no realistic alternative but to do so.

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



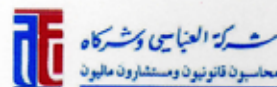
### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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 exist. 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 ISAs, we exercise professional judgment 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 that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Group's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes 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 reasonable be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

The Group maintains proper books of accounts which are in agreement with the consolidated financial statements

Ernst & Young – Jordan

  
 Mohammad Al-Karaki  
 Partner  
  
 Amman - Jordan

Amman – Jordan  
7 February 2018

Ibrahim Abbasi & Co.

  
 Ahmed M. Abbasi  
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**Consolidated  
Financial Statements**  
DECEMBER 31, 2017

**Jordan Islamic Bank**  
**Public Shareholding Company**  
Amman – Jordan

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**Statement (A): Consolidated Statement of Financial Position As of December 31, 2017**

| Description   | Notes | 2017                 | 2016                 |
|---|-------|----------------------|----------------------|
|   |       | JD                   | JD                   |
| <b>Assets</b>   |       |                      |                      |
| Cash and balances with central banks  | 4     | 1,138,666,950        | 1,090,770,170        |
| Balances at banks and financial institutions  | 5     | 54,124,633           | 41,713,931           |
| Investment accounts at banks and financial institutions   | 6     | 21,979,000           | 17,725,000           |
| Deferred sales receivables and other receivables –Net   | 7     | 2,021,613,041        | 2,044,488,509        |
| Ijarah Muntahia Bittamleek assets – Net   | 8     | 590,844,435          | 565,944,539          |
| Financing - Net   | 9     | 30,980,357           | 30,064,026           |
| Financial assets at fair value through owner's equity – self financed                                       | 10    | 10,528,825           | 7,544,141            |
| Financial assets at fair value through joint investment accounts holders' equity                            | 11    | 52,359,226           | 54,536,797           |
| Financial assets at amortized cost  | 12    | 63,134,800           | 37,760,000           |
| Investments in associates   | 13    | 8,383,116            | 7,658,670            |
| Investments in real estate  | 14    | 120,212,403          | 110,249,076          |
| Al Qard Al Hasan – Net  | 15    | 8,997,535            | 7,966,851            |
| Property and equipment- Net   | 16    | 78,028,966           | 71,633,380           |
| Intangible assets   | 18    | 1,548,078            | 2,028,836            |
| Other assets  | 19    | 10,217,365           | 9,435,770            |
| <b>Total Assets</b>   |       | <b>4,211,618,730</b> | <b>4,099,519,696</b> |
| <b>Liabilities, Joint Investment Accounts Holders' Equity, Non-controlling interests and Owner's Equity</b> |       |                      |                      |
| <b>Liabilities</b>  |       |                      |                      |
| Due to banks and financial institutions   | 20    | 5,012,040            | 8,812,042            |
| Customers' current and on demand accounts   | 21    | 1,127,717,067        | 1,199,334,692        |
| Cash margins  | 22    | 47,906,977           | 47,919,206           |
| Accounts payable  | 23    | 812,999              | 1,162,406            |
| Other provisions  | 24    | 6,750,000            | 6,500,000            |
| Income tax provision  | 25    | 23,760,966           | 25,425,244           |
| Deferred tax liabilities  | 26B   | 650,528              | 327,556              |
| Other liabilities   | 27    | 19,369,671           | 15,450,746           |
| <b>Total Liabilities</b>  |       | <b>1,231,980,248</b> | <b>1,304,931,892</b> |

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

| Description   | Notes      | 2017                 | 2016                 |
|---|------------|----------------------|----------------------|
|   |            | JD                   | JD                   |
| <b>Joint investment accounts holders' equity</b>  |            |                      |                      |
| Unrestricted investment accounts  | 28A        | 2,534,960,630        | 2,389,772,737        |
| Investment accounts holders' reserve in subsidiaries and associates   | 28B        | 17,634,860           | 14,445,401           |
| Fair value reserve  | 29A        | 7,684,540            | 11,210,857           |
| Deferred tax liabilities  | 26A        | 4,137,828            | 6,036,616            |
| <b>Total joint investment accounts holders' equity</b>  |            | <b>2,564,417,858</b> | <b>2,421,465,611</b> |
| <b>Non-controlling interests</b>  | <b>28B</b> | <b>165,487</b>       | <b>130,070</b>       |
| <b>Total joint investment accounts holders' equity and non-controlling interests</b>                              |            | <b>2,564,583,345</b> | <b>2,421,595,681</b> |
| Investment risk fund  | 30         | 36,350,487           | 29,619,452           |
| Income tax provision of investment risk fund  | 30         | 3,746,032            | 652,909              |
| <b>Equity</b>   |            |                      |                      |
| <b>Owner's equity</b>   |            |                      |                      |
| Paid-in capital   | 31         | 180,000,000          | 150,000,000          |
| Statutory reserve   | 32         | 76,471,380           | 68,370,796           |
| Voluntary reserve   | 32         | 30,701,752           | 22,617,024           |
| General banking risks reserve   | 32         | 1,000,000            | 1,000,000            |
| Fair value reserve  | 29B        | 1,208,122            | 608,319              |
| Retained earnings   | 33         | 85,577,364           | 100,123,623          |
| <b>Total Owner's Equity</b>   |            | <b>374,958,618</b>   | <b>342,719,762</b>   |
| <b>Total Liabilities, Joint Investment Accounts Holders' Equity, Non-Controlling Interests and Owner's Equity</b> |            | <b>4,211,618,730</b> | <b>4,099,519,696</b> |
| <b>Accounts Managed for Others:</b>   |            |                      |                      |
| Restricted investments  | 55         | 30,967,389           | 28,824,979           |
| Muqarada bonds (Investments Portfolio)  | 56         | -                    | 368,099,076          |
| Al Wakala Bi Al Istithmar (Investments Portfolio)   | 57         | 376,477,843          | -                    |
| Al Wakala Bi Al Istithmar   | 58         | 46,562,499           | 6,222,149            |

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

**Statement (B): Consolidated Income statement For the Year Ended December 31, 2017**

| Description  | Notes     | 2017                | 2016                |
|--|-----------|---------------------|---------------------|
|  |           | JD                  | JD                  |
| Deferred sales revenues  | 34        | 141,057,074         | 148,057,339         |
| Financing revenues   | 35        | 433,116             | 404,490             |
| Gain from financial assets at fair value through joint investment accounts holders' equity | 36        | 2,292,653           | 3,071,244           |
| Gain from financial assets at amortized cost   | 37        | 1,598,251           | 315,230             |
| Dividends from subsidiaries and associates   | 38        | 86,760              | 880,849             |
| Revenues from investments in real estate   | 39        | 797,170             | 4,736,711           |
| Revenues from leased and Ijarah Muntahia Bittamleek assets                                 | 40        | 43,535,584          | 40,362,962          |
| Revenues from other investments  | 41        | 1,429,855           | 116,491             |
| <b>Revenues of joint investment accounts</b>   |           | <b>191,230,463</b>  | <b>197,945,316</b>  |
| Net income of subsidiaries   | 42        | 2,447,991           | 2,139,889           |
| Share of profit from investments in associates   |           | 722,110             | 609,411             |
| <b>Total revenues of joint investment accounts</b>   |           | <b>194,400,564</b>  | <b>200,694,616</b>  |
| Share of unrestricted investment accounts holders'   | 43        | (53,554,642)        | (52,582,840)        |
| Share of investment accounts holders' from income of subsidiaries                          |           | (2,440,386)         | (2,132,391)         |
| Share of non-controlling interests from income of subsidiaries                             |           | (7,605)             | (7,498)             |
| Share of profit from investments in associates   |           | (722,110)           | (609,411)           |
| Share of investment risk fund  | 30        | (19,123,046)        | (19,794,532)        |
| <b>Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal</b>       | <b>44</b> | <b>118,552,775</b>  | <b>125,567,944</b>  |
| Bank's self-financed revenues  | 45        | 26,213              | 268,683             |
| Bank's share of restricted investments revenues as Mudarib                                 | 46        | 2,349,375           | 1,675,677           |
| Bank's share of restricted investments revenues as Wakeel                                  | 46        | 2,473,446           | 55,554              |
| Banking services revenues  | 47        | 19,646,690          | 18,816,158          |
| Foreign currency gain  | 48        | 2,035,964           | 1,838,963           |
| Other income   | 49        | 1,886,036           | 1,368,314           |
| <b>Gross income</b>  |           | <b>146,970,499</b>  | <b>149,591,293</b>  |
| Employees expenses   | 50        | (37,392,734)        | (34,977,676)        |
| Depreciation and amortization  | 17        | (7,736,280)         | (9,143,961)         |
| Other expenses   | 51        | (20,652,730)        | (19,421,723)        |
| Assets impairment loss –self   | 15        | -                   | (1,600,000)         |
| Other provisions   | 52        | (250,000)           | (700,000)           |
| <b>Total expenses</b>  |           | <b>(66,031,744)</b> | <b>(65,843,360)</b> |
| <b>Profit before income tax</b>  |           | <b>80,938,755</b>   | <b>83,747,933</b>   |
| Income tax   | 25        | (26,799,702)        | (29,728,858)        |
| <b>Profit after income tax</b>   |           | <b>54,139,053</b>   | <b>54,019,075</b>   |
| <b>Basic earnings per share (EPS)</b>  | <b>53</b> | <b>JD/Fils</b>      | <b>JD/Fils</b>      |
|  |           | <b>0/301</b>        | <b>0/300</b>        |

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

**Statement (C):**  
**Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2017**

| Description  | 2017              | 2016              |
|--|-------------------|-------------------|
|  | JD                | JD                |
| Profit after income tax                                      | 54,139,053        | 54,019,075        |
| <b>Add: Other comprehensive income items, net after tax:</b> |                   |                   |
| Change in fair value reserve of financial assets – Net       | 599,803           | 46,028            |
| <b>Total comprehensive income for the year</b>               | <b>54,738,856</b> | <b>54,065,103</b> |

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

## Statement (D): Consolidated Statement of Changes in Equity For the Year Ended December 31, 2017

| For the year ended 31 December 2017                      | Paid-in capital | Statutory reserve | Voluntary reserve | General banking risk reserve* | Fair value reserve** | Retained earnings | Total        |
|--|-----------------|-------------------|-------------------|-------------------------------|----------------------|-------------------|--------------|
|  | JD              | JD                | JD                | JD                            | JD                   | JD                | JD           |
| <b>Balance at 1 January 2017</b>                         | 150,000,000     | 68,370,796        | 22,617,024        | 1,000,000                     | 608,319              | 100,123,623       | 342,719,762  |
| Profit for the year after tax                            | -               | -                 | -                 | -                             | -                    | 54,139,053        | 54,139,053   |
| Change in fair value reserve                             | -               | -                 | -                 | -                             | 599,803              | -                 | 599,803      |
| <b>Total comprehensive income for the year after tax</b> | -               | -                 | -                 | -                             | 599,803              | 54,139,053        | 54,738,856   |
| Capital increase   | 30,000,000      | -                 | -                 | -                             | -                    | (30,000,000)      | -            |
| Transferred to (from) reserves                           | -               | 8,100,584         | 8,084,728         | -                             | -                    | (16,185,312)      | -            |
| Dividends***   | -               | -                 | -                 | -                             | -                    | (22,500,000)      | (22,500,000) |
| <b>Balance at 31 December 2017</b>                       | 180,000,000     | 76,471,380        | 30,701,752        | 1,000,000                     | 1,208,122            | 85,577,364        | 374,958,618  |

\* The general banking risks reserves amounting to JD 1,000,000 as at 31 December 2017 is restricted from use without prior approval of the Central Bank of Jordan.

\*\* The fair value reserve balance of JD 1,208,122 as at 31 December 2017 is restricted from use.

\*\*\* On 26 April 2017, the General Assembly approved the distribution of cash dividends at 15% of the paid-in capital amounting to JD 22,500,000 and shares dividends at 20% of the paid-in capital amounting to JD 30,000,000 as a capital increase from the retained earnings.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

| For the year ended 31 December 2016                      | Paid-in capital    |                   | Statutory reserve | Voluntary reserve |                | General banking risk reserve* |                    | Fair value reserve** |    | Retained earnings |    | Total |    |
|--|--------------------|-------------------|-------------------|-------------------|----------------|-------------------------------|--------------------|----------------------|----|-------------------|----|-------|----|
|  | JD                 | JD                |                   | JD                | JD             | JD                            | JD                 | JD                   | JD | JD                | JD | JD    | JD |
| Balance as at 1 January 2016                             | 150,000,000        | 59,988,116        | 14,272,844        | 700,000           | 562,291        | 85,631,408                    | 311,154,659        |                      |    |                   |    |       |    |
| Profit for the year after tax                            | -                  | -                 | -                 | -                 | -              | 54,019,075                    | 54,019,075         |                      |    |                   |    |       |    |
| Change in fair value reserve                             | -                  | -                 | -                 | -                 | 46,028         | -                             | 46,028             |                      |    |                   |    |       |    |
| <b>Total comprehensive income for the year after tax</b> | -                  | -                 | -                 | -                 | <b>46,028</b>  | <b>54,019,075</b>             | <b>54,065,103</b>  |                      |    |                   |    |       |    |
| Transferred to (from) reserves                           | -                  | 8,382,680         | 8,344,180         | 300,000           | -              | (17,026,860)                  | -                  |                      |    |                   |    |       |    |
| Dividends***   | -                  | -                 | -                 | -                 | -              | (22,500,000)                  | (22,500,000)       |                      |    |                   |    |       |    |
| <b>Balance at 31 December 2016</b>                       | <b>150,000,000</b> | <b>68,370,796</b> | <b>22,617,024</b> | <b>1,000,000</b>  | <b>608,319</b> | <b>100,123,623</b>            | <b>342,719,762</b> |                      |    |                   |    |       |    |

\* The general banking risk reserve amounting to JD 1,000,000 as at 31 December 2016 is restricted from use without prior approval of the Central Bank of Jordan.

\*\* The fair value reserve balance of JD 608,319 as at 31 December 2016 is restricted from use.

\*\*\* On 27 April 2016, the General Assembly approved the distribution of cash dividends at 15% of the paid-in capital amounted to JD 22,500,000.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

**Statement (E): Consolidated Statement of Cash Flows For the Year Ended December 31, 2017**

| Description  | Notes     | 2017                 | 2016                 |
|--|-----------|----------------------|----------------------|
|  |           | JD                   | JD                   |
| <b>Cash flows from Operating Activities</b>  |           |                      |                      |
| Profit before tax  |           | 80,938,755           | 83,747,933           |
| <b>Adjustments for non-monetary items:</b>   |           |                      |                      |
| Depreciation and amortization  |           | 7,736,280            | 9,143,961            |
| Investment risk fund   |           | 9,824,158            | 7,198,102            |
| Employees' vacation provision  |           | 250,000              | 100,000              |
| Employees' end of services provision   |           | -                    | 600,000              |
| Assets impairment provision – self   |           | -                    | 1,600,000            |
| Provision of repossessed real estate   |           | (3,090)              | 8,582                |
| Impairment provision of repossessed real estate  |           | 271,983              | 257,512              |
| Impairment provision for financial assets – self   |           | 1,818,373            | -                    |
| Gain on sale of property and equipment   |           | (24,453)             | (101,563)            |
| Exchange rates effect on cash and cash equivalents   |           | (1,244,309)          | (1,072,271)          |
| <b>Profit before change in assets and liabilities</b>  |           | <b>99,567,697</b>    | <b>101,482,256</b>   |
| <b>Change in assets and liabilities</b>  |           |                      |                      |
| Increase in investment accounts at banks and financial institutions maturing after 3 Months            |           | (4,254,000)          | (10,280,500)         |
| Decrease in deferred sales receivables and other receivables   |           | 22,875,468           | 32,369,286           |
| Increase in financing  |           | (916,331)            | (2,350,200)          |
| Increase in Ijarah Muntahia Bittamleek assets  |           | (24,899,896)         | (82,848,664)         |
| Increase in Al Qard Al Hasan   |           | (1,030,684)          | (3,417,275)          |
| Increase in other assets   |           | (781,595)            | (901,800)            |
| (Decrease) increase in customers' current and on demand accounts                                       |           | (71,617,625)         | 86,048,646           |
| Decrease in accounts payable   |           | (349,407)            | (409,289)            |
| (Decrease) increase in cash margins  |           | (12,229)             | 4,328,614            |
| Increase (decrease) in other liabilities   |           | 3,918,925            | (5,265,066)          |
| <b>Net change in assets and liabilities</b>  |           | <b>(77,067,374)</b>  | <b>17,273,752</b>    |
| <b>Net cash flows from operating activities before income tax</b>                                      |           | <b>22,500,323</b>    | <b>118,756,008</b>   |
| Income tax paid  | 25        | (28,463,980)         | (26,761,729)         |
| <b>Net cash flows (used in) from operating activities</b>  |           | <b>(5,963,657)</b>   | <b>91,994,279</b>    |
| <b>Cash flows from Investing Activities</b>  |           |                      |                      |
| Proceeds from sale of financial assets at fair value through owner's equity - self                     |           | -                    | 250,000              |
| Purchase of financial assets at fair value through owner's equity - self                               |           | (2,061,909)          | (18,816)             |
| Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity |           | 3,593,432            | 15,525,893           |
| Purchase of financial assets at fair value through joint investment account holders' equity            |           | (5,128,678)          | (16,823,847)         |
| Purchase of financial assets at amortized cost - Net   |           | (27,439,000)         | (37,760,000)         |
| Proceeds from sale of financial assets at amortized cost - Net   |           | 2,064,200            | -                    |
| Proceeds from sale of investment in associates   |           | 22,295               | 7,421,276            |
| Purchase of investment in associates   |           | -                    | (14,248)             |
| Proceeds from sale of real estate investments  |           | 2,910,734            | 6,929,956            |
| Purchase of real estate investments  |           | (16,673,615)         | (8,173,843)          |
| Proceeds from sale of property and equipment   |           | 28,272               | 1,149,839            |
| Purchase of property and equipment   |           | (13,000,927)         | (15,953,940)         |
| Purchase of intangible assets  |           | (654,000)            | (1,266,046)          |
| <b>Net cash flows used in investing activities</b>   |           | <b>(56,339,196)</b>  | <b>(48,733,776)</b>  |
| <b>Cash flows from Financing Activities</b>  |           |                      |                      |
| Increase in unrestricted investment accounts holders' equity   |           | 147,666,028          | 166,736,123          |
| Dividends paid   |           | (22,500,000)         | (22,500,000)         |
| <b>Net cash flow from financing activities</b>   |           | <b>125,166,028</b>   | <b>144,236,123</b>   |
| <b>Net increase in cash and cash equivalents</b>   |           | <b>62,863,175</b>    | <b>187,496,626</b>   |
| Exchange rates effect on cash and cash equivalents   |           | 1,244,309            | 1,072,271            |
| Cash and cash equivalents at the beginning of the year   | 54        | 1,123,672,059        | 935,103,162          |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>54</b> | <b>1,187,779,543</b> | <b>1,123,672,059</b> |

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.

## Statement (F): Consolidated Statement of Sources and Uses of the Funds of Al Qard Al Hasan Fund For the Year Ended December 31, 2017

| Description   | 2017              | 2016              |
|---|-------------------|-------------------|
|   | JD                | JD                |
| Beginning balance   | 12,466,851        | 9,049,576         |
| <b>Sources of the Fund:</b>                                       |                   |                   |
| Sources the Bank is authorized to use                             | 10,852,602        | 13,372,351        |
| Sources from outside the Bank                                     | 1,725,402         | 1,787,393         |
| <b>Total sources of the fund for the year</b>                     | <b>12,578,004</b> | <b>15,159,744</b> |
| <b>Uses of the Fund:</b>  |                   |                   |
| Education   | 2,091,502         | 1,387,855         |
| Medical treatment   | 988,755           | 805,254           |
| Marriage  | 327,370           | 285,770           |
| Overdraft accounts  | 7,875,209         | 10,951,652        |
| Social advances for the Bank's employees                          | 2,325,852         | 2,151,404         |
| The Fund's contribution to the Jordan Loans Guarantee Corporation | -                 | 2,995,084         |
| <b>Total uses for the year</b>                                    | <b>13,608,688</b> | <b>18,577,019</b> |
| <b>Ending balance</b>   | <b>13,497,535</b> | <b>12,466,851</b> |
| Less: Impairment provision – self financed                        | (4,500,000)       | (4,500,000)       |
| <b>Ending balance – Net</b>                                       | <b>8,997,535</b>  | <b>7,966,851</b>  |

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them.





# **Notes to the Consolidated Financial Statements**

## 1. General Information

- Jordan Islamic Bank ("the Bank") was established as a Jordanian public shareholding company on 28 November 1978 pursuant to the provisions of the companies law No. (12) of 1964. Head office is located in Amman.
- The Bank offers banking, financial, and investment services on an interest-free basis in compliance with the rules and principles of the Islamic Shari'a through its head office, 74 branches and 26 banking offices in the Kingdom as well as its subsidiaries. The Bank's transactions are governed by the applicable Bank's Law.
- Jordan Islamic Bank shares are listed on the Amman Stock Exchange – Jordan.
- The consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (1) held on 7 February 2018 and it is subject to the approval of the General Assembly and the Central Bank of Jordan.
- The Bank's Shari'a Supervisory Board reviewed the consolidated financial statements in its meeting No. 1/2018 held on 18 January 2018 and issued their annual report thereon.
- According to the Bank's articles of association and in compliance with the principles and rules of the Islamic Shari'a and the general Banks' Laws, the Bank has appointed the Shari'a Supervisory Board which constitutes four members according to the shareholder's General Assembly decision. The opinion of Shari'a Supervisory Board shall be binding to the Bank, and it is responsible for monitoring the Bank's activities and operations in terms of compliance with Shari'a principles and is responsible for furnishing a Shari'a opinion on the format of contracts necessary to undertake the Bank's activities, and issue an annual report for the shareholder's General Assembly.

## 2. Significant Accounting Policies

### Basis of preparation of the financial statements:

- The accompanying consolidated financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in conformity with applicable laws and regulations of the Central Bank of Jordan.
- The Bank applies the standards issued by the Accounting and Auditing Organization for Islamic Financial institutions.
- The consolidated financial statements are prepared on the historical cost basis except for the financial assets at the fair value through owner's equity, the financial assets at the fair value through the joint investment account holders' equity, financial assets at amortized cost and investment in real estate held for use.
- The consolidated financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.
- A distinction should be made between owner's equity and joint investment accounts holders'.
- Investment risks fund is used to cover the impairment in financing and investments accounts funded by the unrestricted investments accounts.

- The standards issued by the International Accounting Standards Board and the interpretations released by the International Financial Reporting Interpretations Committee shall be applied in case of the absence of an Islamic standard until a replaceable standard is issued by Accounting and Auditing Organization for Islamic Financial Institutions.
- The term unrestricted investment accounts, wherever mentioned, refers to joint investment accounts.

### Basis of consolidation of the financial statements:

- The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds and subject to the Bank's control. Control exists when the Bank has power to govern the financial and operational policies of subsidiaries in order to obtain benefit from their activities. All intra-company transactions, balances, revenues and expenses are eliminated.
- The financial statements of subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.
- The results of subsidiaries operations are consolidated in the consolidated income statement from the acquisition date, being the date the Bank obtains control over subsidiaries. The results of operations for disposed subsidiaries shall be consolidated within the consolidated income statement until the date of disposal, which is the same date on which the Bank's loses control over subsidiaries.
- The non-controlling interests represent the portion not owned by the Bank or by the unrestricted investment accounts of the subsidiaries owner's equity.
- Investments in subsidiaries are accounted for at cost when the Bank issues separate financial statements.
- The Bank has the following subsidiaries as at 31 December 2017:

| Company name  | Paid-in capital | Bank's ownership percentage | Nature of business | Country of incorporation | Acquisition date |
|---|-----------------|-----------------------------|--------------------|--------------------------|------------------|
|   | JD              |                             |                    |                          |                  |
| Al Omariah Schools Company Ltd.                         | 12,825,000      | 99.4%                       | Education          | Amman                    | 1987             |
| Al Samaha Financing and Investment Company Ltd.         | 12,000,000      | 100%                        | Financing          | Amman                    | 1998             |
| Future Applied Computer Technology Company Ltd.         | 5,000,000       | 100%                        | Services           | Amman                    | 1998             |
| Sanabel Al-Khair for Financial Investments Company Ltd. | 5,000,000       | 100%                        | Brokerage          | Amman                    | 2005             |

## Segment Information:

Business segment represents a group of assets and operations of the Bank that are engaged together in providing products or services that are subject to risks and rewards different from those related to other business sectors, and are measured in accordance with the reports used by the General Manager and operating decision maker of the Bank.

Geographical segments are associated to products and services in a specific economic environment subject to risks and rewards different from those sectors operating in other economic environments.

## Basis of distributing joint investments profit between owner's equity, unrestricted investment accounts holders' and restricted investments accounts holders':

- 10% shall be distributed to the investment risks fund pursuant to Article (55) of the Jordanian Banks Law (2016: 10%).
- The Bank's share as Mudarib was allocated at 44.3% instead of 45% for Jordanian Dinars and 50% for foreign currencies' total joint investments profit (2016: 45% for Jordanian Dinars, 50% for foreign currencies).
- The remaining balance is distributed between the unrestricted investment accounts and the Bank's invested funds, each according to its percentage of contribution, taking into consideration that the priority for funds investment relates to the unrestricted investment accounts holders'.
- Joint investment accounts share in the results of the investment earnings which are distributed to all investors each by its percentage of participation and conditions of the account agreement signed the Bank and the investor.
- **Joint investment accounts participate in the profit as follows:**
  - 50% of the annual average balance of saving accounts.
  - 70% of the annual average balance of notice accounts.
  - 90% of the minimum balance of term deposit accounts.
- The Bank bears all administrative expenses, except Insurance expenses on Ijarah Muntahia bittamleek assets that is paid from jointly income.
- On 1 July 2017, the management of Muqarada bonds contract (Investment Portfolio) was switched from Mudaraba contract to Al Wakala Bi Al Istithmar contract after obtaining the approval of the Shari'a Supervisory Board and Board of Directors of the Bank, the liquidation of the rights and obligations of the Muqarada bonds (Investment Portfolio) was made on 30 June 2017.
- The Bank's fees as Wakeel was deducted at a rate of 1.2% instead of 1.5% of the Al Wakala Bi Al Istithmar account's capital as at 31 December 2017. The general percentage of profits distributed to the Al Wakala Bi Al Istithmar accounts holders' was 3.64% as at 31 December 2017.
- Bank's share as a Mudarib was deducted at a rate of 25% as at 30 June 2017 of the total Muqarada bonds (Investment Portfolio) profits while the Bank's share as a Mudarib was deducted at a rate of 5% as at 30 June 2016 and 15% as at 31 December 2016 of the total Muqarada bonds (Investment Portfolio) profits. The general percentage of profits distributed to the Muqarada bonds holders' (Investment Portfolio) was 3.69% as at 30 June 2017, compared to 3.40% and 3.62% as at 30 June 2016 and 31 December 2016 respectively.
- Profit was distributed to Al Wakala Bi Al Istithmar/Muqarada bonds (Investment Portfolio) accounts holders' after deducting the Bank's fees as Wakeel/ Bank's share as Mudarib.

- Restricted investment accounts are managed through Mudaraba contracts.
- Bank's share as Mudarib was deducted at rates between 7.7% to 25% of restricted investment accounts in Jordanian Dinars profit and at a rate of 40% of restricted investment accounts' in foreign currencies profit. Additionally, general profit rate distributed to foreign currencies restricted investments accounts was 0.6% as at 31 December 2017 (2016: 0.3%).
- Profit was distributed after deducting the Bank's share as Mudarib on the restricted investment accounts each according to its contribution percentage.

### Shari'a non-compliant revenues, gains, expenses and losses:

The Bank recognize these amounts in a separate account within the other liabilities and shall be distributed to charitable activities as determined by the Shari'a Supervisory Board.

### Zakah:

The responsibility of Zakah payment rests on the shareholders, unrestricted and restricted investment accounts holders' and participants in Al Wakala Bi Al Istithmar Muqarada bonds (Investments Portfolio) upon the fulfilment of Zakah required conditions.

- The percentage of Zakah is 3.3% per share.

### Deferred sales receivables:

#### 1. Murabaha Contracts:

- **Murabaha:** is selling a commodity for the same purchase price plus an agreed predetermined profit margin computed based on a percentage of the price or fixed amount, and it represent one of Boy'ou Amanah types that depends on disclosing the purchase price or cost.
- **Murabaha to the purchase orderer:** is the transaction whereby the Bank sells a commodity to its customer (purchase orderer) with a markup on its purchase price (or cost) after identifying that increment (Murabaha profit). It's also called Banking Murabaha.
- The Bank applies the commitment to the promise principle in Murabaha to the purchase orderers contracts in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions.
- Deferred sales profit (by which the buyer will pay a lump sum price that matures at a future date or instalments paid at various subsequent dates) is recognized through the proportional allocation of this profit to the future financial periods until the maturity date of the contract, regardless whether the payment is settled or not.
- Deferred sales receivables are recognized when the transaction takes place at its face value, and are measured at the end of the financial period on the basis of the net realizable expected cash value.

#### 2. Istisna'a contracts:

- **Istisna'a:** is a sale contract between Al-Mustasni' (the buyer) and Al-Sani' (the seller) whereby Al-Sani' based on the order of Al-Mustasni' under takes to have manufactured or otherwise acquire a prescribed commodity (Al- Masnoo') upon delivery in return for an agreed upon price and method of settlement, whether at the time of contracting, by instalments or deferred to specific future time. It's a condition that Al- Sani' provide the material and/or labor of Al - Masnoo'.

- **Parallel Istisna'a:** is conducting two separate contracts, one with the customer in which the Bank represents Al-Sani' and the other with Al-Sani' (contractor) in which the Bank represent Al- Mustasni'. Profit is achieved through the price difference in the two contracts, in most cases one contract is immediately effective (with Al-Sani') and the second is deferred (with the customer).
- Istisna'a costs include direct and indirect costs of the Istisna'a activities that can be allocated on objective basis for certain contracts. General and administrative expenses, marketing expenses, and research and development costs shall not be included in Istisna'a costs.
- Istisna'a costs incurred during the financial period, as well as pre-contract costs shall be recognized in Istisna'a in progress account in (Istisna'a) or in Istisna'a cost account (in Parallel Istisna'a).
- In cases where Al-Mustasni' (the buyer) fails to settle the agreed upon price in full and agree to make repayment through instalments during the execution of the contract or after the completion of the contract, deferred profit shall be recognized and offset against Istisna'a receivables balance in the Bank's statement of financial position. This treatment shall be applied whether the percentage of completion method or completed contract method is used in recognising Istisna'a revenues. Deferred profit recognized shall be allocated over the future financial periods whereby each financial period shall carry its portion of profit irrespective of whether cash is received or not.
- Istisna'a contracts are presented in the total amounts paid by the Bank since contract inception, while parallel Istisna'a contracts are presented in the net contractual value. Any impairment in the value compared to the expected realizable cash value is recognized in the consolidated income statement.
- Any additional costs paid by the Bank in Parallel Istisna'a as a result of breaching the contractual obligations are recognized as losses in the consolidated income statement and shall not be recognized in the calculation of the Istisna'a costs account.
- In case the bank retains Al- Masnoo', the asset is measured at the lower of expected realizable cash value or cost. Any difference between these values shall be recognized in consolidated income statement for period in which it was occurred.

#### **Assets available for deferred sale:**

- This item represent assets acquired by the Bank for the purpose of selling these assets on a deferred basis (instalments). This type of selling assets is also called instalment-bargain sale to distinguish it from Murabaha to the purchase orderer.
- At contract inception, the assets available for deferred sale shall be recognized and measured at cost (purchase price and any direct expenses related to acquisition of the assets).
- Assets available for deferred sales shall be revaluated at fair value at the end of the financial period, the change in the value, if any shall be measured as the difference between the book value and the fair value. Unrealized profits (losses) shall be recognized in the fair value reserve account.
- Profits of the deferred sales shall be recognized on an accrual basis and proportionally allocated over the period of the contract. Profits related to future financial periods shall be recognized in deferred sales profit account.
- Deferred sales receivables shall be recognized at contract inception and measured at their face value (contracted value).

## Musharaka financing

- **Musharaka financing:** is providing funds by the bank and its clients whereby each party contributes funds in equal or varying degrees to establish a new project or share in an existing one, whereby each of the parties becomes an owner of the capital on a permanent or declining basis and shall have its due share of profits. Losses are allocated to each party in proportion of its contributed capital and it is not permissible to stipulate otherwise. Musharaka is divided into Constant Musharaka and Diminishing Musharaka Muntahia Bittamleek.
- Bank's share in Musharaka capital is recognized when it is paid to the managing partner or made available in the Musharaka account and is measured at the amounts paid (monetary) or at fair value (non-monetary). Any difference in the fair value of the non-monetary item and its book value at the time of contracting shall be recognized as profit or loss.
- Bank's share in the Constant Musharaka capital shall be measured at the end of the financial period at historical cost.
- Bank's share in Diminishing Musharaka capital shall be measured at the end of a financial period at historical cost net of the historical cost of any share sold at agreed upon fair value. Differences between these values shall be recognized as profit or loss in the consolidated income statement.
- Bank's profit or loss share in Musharaka financing transactions initiated and ended during the financial period is recognized after liquidation. However, if Musharaka continues for more than one financial period, Bank's share of profits is recognized upon realization through partial or full settlement between the Bank and the partner for that period to the extent profits are being distributed; Bank's share of losses for a financial period shall be recognized in its accounts for that period to the extent such losses are being deducted from Bank's share of the Musharaka capital.
- Losses incurred due to the partner's misconduct or negligence is borne by the partner and shall be recognized as receivables.
- At the end of the financial period, the financed assets shall be recognized at the lower of the cost or expected realizable cash value, and the difference shall be recognized as financing impairment provision.
- Non-performing deferred sales profit shall be suspended in accordance with Central Bank of Jordan regulations.
- Deferred sales receivables and finances funded by unrestricted investment accounts are written-off in case of unsuccessful collection procedures within the investment risk fund account (except for receivables granted/financed and written-off during the same year which is charged to investment revenues account within the consolidated financial statements). Collected amounts from receivables/finances previously written-off are added to the investment risk fund (except for amounts charged to the investment revenues within the consolidated income statement).
- Deferred sale receivables and facilities funded by the bank's self funds whereby an impairment provision is allocated to, shall be written-off through deduction from the provision in case of unsuccessful collection procedures. Any surplus in the gross provision, if any shall be transferred to the consolidated income statement, and the amounts collected from previously written off receivables/facilities shall be added to revenues.

### **Financial assets at fair value through profit or loss:**

- Financial assets at fair value through profit or loss, are those purchased with the intent to resell in the near future to generate gains as a result of changes in market prices of such investments.
- They are initially recognized at the fair value of consideration given (transaction costs are recorded in the consolidated income statement) and subsequently re-measured at fair value. All realized and unrealized gains or losses are transferred to the consolidated income statement including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.
- Profits realized and dividends received are recorded in the consolidated income statement.

### **Financial assets at fair value through owner's equity– self financed:**

- These assets represent investments in equity instruments funded by the Bank's self funds in order to hold them in the long term.
- These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within owner's equity.
- Gains and losses resulting from the sale of these assets is recognized within the retained earnings in accordance with Central Bank of Jordan regulations.
- Any impairment loss in the value of these assets shall be recognized within the consolidated income statement.
- Impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the shareholders' equity.
- Gains derived from these financial assets is recognized within the consolidated income statement at the date of distribution.
- Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.
- Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement, and cannot be retrieved in subsequent periods.

### **Financial assets at fair value through joint investment account holders' equity:**

- These assets represent investments in equity instruments and funded by joint investments accounts in order to hold them in the long term.
- These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within joint investment account holders' equity.
- Gains and losses resulting from the sale of these assets and impairment losses is recognized within the consolidated income statement including amounts previously recognized in joint investments accounts holders' equity



- The impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the joint investment accounts.
- Gains derived from these financial assets is recognized within the consolidated income statement at the date of distribution.
- Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.
- Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement, and cannot be retrieved in subsequent periods.

### Financial assets at amortized cost:

- This item represent financial assets invested based on contractual cash flows and is not held for trading or recognized as financial assets at fair value through income statement. Cash flows constituting of variable or constant return on the outstanding principal amount and profit.
- These instruments are initially measured at cost plus acquisition expenses.
- These assets are measured using the effective profit method at the end of financial period. All gains and losses arising from amortization process are recognized in the consolidated income statement.
- In the case of impairment in the value of these financial assets which might lead to the inability to recover the principal fully or partially are recognized within the consolidated income statement (in case the investment is self-financed) and within investment risk fund (in case the investment is jointly financed).

### Investments in associates:

- An associate is an entity in which the Bank has significant influence over its financial and operating policies and is not controlled by the Bank, where the Bank hold a rate between 20% to 50% of the voting rights.
- The Bank's investment in associates is accounted for using the equity method of accounting.
- In case of preparing the Bank's separate financial statements, the investment in associates is presented at fair value.

### Ijarah and Ijarah Muntahia Bittamleek:

Ijarah is the transfer of ownership of the right to benefit of using an asset for a consideration and is divided into:

- **Operating Ijarah:** is Ijarah contract that do not end up with the transfer of ownership of leased assets to the lessee.
- **Ijarah Muntahia Bittamleek:** is Ijarah contract that end up with the transfer of ownership of the leased assets to the lessee and might take more than one form in accordance with the Financial Accounting Standard issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

- Assets acquired for Ijarah shall be recognized upon acquisition at historical cost including all expenditures necessary to bring the asset to its intended use. Leased assets are depreciated according to the depreciation policy used by the Bank.
- When the recoverable amount from assets acquired for Ijarah is lower than its carrying amount, the assets are written down to its recoverable amount, and an impairment is recognized in the consolidated income statement.
- Ijarah revenues shall be allocated proportionately to the financial periods of the Ijarah contract.
- Maintenance expenses incurred in relation to the leased assets are recognized when incurred.

### **Investments in real estate:**

- This item represent a property held to earn periodical income or for capital appreciation or both.
- Investments in real estate held for use shall be recognized either at cost model or at fair value model.
- Investments in real estate "held for use" are recorded at cost in accordance with the cost model less the accumulated depreciation and any impairment provision. Fair value is measured for investments in real estate "held for use" under fair value model, any unrealized gains arising from the change in the fair value of investment in real estate shall be recognized in the fair value reserve.
- Any unrealized losses resulting from the revaluation of the fair value of investments in real estate carried using fair value model shall be recognized in the fair value reserve, to the extent of the available balance of this reserve. In case such losses exceed the available balance, the unrealized losses shall be recognized in the consolidated income statement.
- In cases where unrealized losses has been recognized in previous financial periods and unrealized gains were achieved during subsequent periods, unrealized gains shall be recognized in the consolidated income statement to the extent of previously recognized losses in the consolidated income statement, any surplus shall be recognized in the fair value reserve.
- The realized profits or losses resulting from the sale of any investment in real estate shall be measured at the difference between the book value and net proceeds from the sale. The resulting profit or loss together with any related available balance in the fair value reserve shall be recognized in the in the consolidated income statement.
- If either the cost model or the fair value mode is used, the model shall be applied to all investments in real estate.
- Investments in real estate "held for sale" shall be carried at the lower of its carrying value or fair value less costs to sell, and any adjustments differences shall be recognized in the consolidated income statement. Investments in real estate "held for sale" are not depreciated.
- Investments in real estate shall be classified as "held for sale" if they are expected to be sold within 12 months from the acquisition date. If the investments were not sold within this period, it shall be reclassified as mentioned above.
- The Bank recognizes all its investments in real estate "held-for-use" in accordance with the fair value model.

### Joint investment risks fund:

- The Bank appropriates at least 10% of the joint investments profit achieved during the period, this percentage increases based on the Central Bank of Jordan regulations, the amended percentage is applicable at beginning of the subsequent year. The balance of investment risk fund revolves to Zakah fund after covering all expenses and losses for which the fund was established for. Thus, the investors do not have any rights in the amounts deducted and accumulated in the investment risk fund, as these amounts are allocated to cover the losses of the joint investment operations.
- Losses incurred in joint investment operations that were initiated and ended during the same year will be covered from the profits of other joint investment operations of the same year, if losses exceeded profits in the same year, they will be covered from the investment risk fund.
- If joint investment operations were initiated and continued from preceding years, and the results of these investment operations were determined in a specific year to be losses, such losses shall be covered from the investment risks fund.

### Fair value of financial assets:

- Closing prices (purchasing assets/selling liabilities) on the date of consolidated financial statements in active markets represents the fair value of quoted financial instruments. In the absence of quoted prices or when there is no active market, fair value is normally based on comparison with the current market value of a highly similar financial instruments.
- When the fair value of an investment cannot be reliably measured, it is stated at cost after the writing down any impairment.

### Impairment of financial assets:

- The Bank assesses at the date of the consolidated financial statements whether any objective evidence exists that a financial asset or a group of financial assets is individually or collectively impaired. If such evidence exists, the recoverable amount is estimated in order to determine the amount of impairment loss.

### Fair value of non-financial assets measured at fair value:

- Market prices represent the fair value for non-financial assets at the date of consolidated financial statements (when active markets of such assets are available). In cases where market prices are not available, they are assessed by taking average value of three assessments of experienced and certified parties.

## Depreciation:

### A. Depreciation of assets available for investment

- Assets available for investment shall be depreciated in accordance with the Bank's adopted policy for the investment in these assets. These assets shall be depreciated over its useful life using straight-line basis.

### B. Property and Equipment

- Property and equipment are measured at cost less accumulated depreciation and any impairment. Depreciation is calculated (except for lands) using the straight-line method over their estimated useful lives when property and equipment are ready for use.

| Item                              | Depreciation rate |
|-----------------------------------|-------------------|
| Buildings                         | 2%                |
| Equipment, furniture and fixtures | 5%-20%            |
| Vehicles                          | 15%               |
| Computers                         | 35%               |

- The useful lives of property and equipment are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.
- The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated income statement.

## Intangible assets:

- Intangible assets are classified based on the assessment of their useful lives to definite and indefinite. Intangible assets with definite lives are amortized over the useful economic life, and amortization is recognized in the consolidated income statement, while intangible assets with indefinite useful lives are assessed for impairment at the date of consolidated financial statements and any impairment in their value is recorded in the consolidated income statement.
- Intangible assets arising from the Bank's operations are not capitalized and are recorded in the consolidated income statement for the same year.
- Any indications of impairment of intangible assets are reviewed at the date of consolidated financial statements; in addition, the useful lives of these assets are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

| Item     | Amortization rate |
|----------|-------------------|
| Software | 50%               |

### Repossessed assets by the bank against debts:

- Repossessed assets are presented in the consolidated statement of financial position within investments in real estate at fair value.

### Provisions:

- Provisions are recognized when the Bank has a present obligation (legal or constructive) at the date of the consolidated financial statements arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.
1. **End of service indemnity provision**
    - End of service indemnity provision shall be calculated pursuant to the provisions of the labor law and the Bank's bylaws.
  2. **Employees' vacation provision**
    - Employees' vacation provision shall be calculated pursuant to the Bank's bylaws, and shall be calculated in accordance with the accrual basis.

### Income tax:

- Tax expense comprises current taxes and deferred taxes.
- Current tax is calculated based on taxable profits, which may differ from accounting profits published in the consolidated financial statements. Accounting profits may include non-taxable profits or non-deductible expenses which may be exempted in the subsequent financial years.
- The Bank calculates a provision for income tax in accordance with Income Tax Law No. (34) of 2014, and the International Accounting Standard No. (12), which requires recognition of deferred taxes arising from timing difference in fair value reserve, which may result in deferred tax liabilities.
- Deferred tax is the amounts expected to be paid or received as a result of temporary timing differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.
- The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

### Costs of issuing or purchasing the Bank's Stocks:

- Any costs resulting from issuing or purchasing the Bank's stocks shall be charged to the retained earnings (on a net basis after the tax effect of these costs, if any). If the issuance or purchasing is not completed, these costs shall be recorded as expenses in the consolidated income statement.

### Accounts managed for customers:

- This item represent the accounts managed by the Bank on behalf of its customers and shall not be recognized as part of the Bank's assets. Charges and commissions of managing these accounts shall be recognized in the consolidated income statement.

### **Offsetting:**

- Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **Revenues and expenses recognition:**

- Revenues and expenses are recognized based on accrual basis except for revenue on non-performing deferred sales and non-performing facilities which transferred to the revenue in suspense account and not recognized within the consolidated income statement.
- The commissions shall be recognized as revenues when service is rendered, and the dividends of companies' stocks shall be recognized upon realization (approved by the General Assembly of Shareholders).

### **Trade date accounting:**

- Sale or purchase of financial assets is recognized at the trade date (the date that the Bank commits to purchase or sell the asset).

### **Foreign Currencies:**

- Transactions in foreign currencies during the year shall be recorded at the prevailing exchange rate at the date of the transaction (Al Taqabud).
- Monetary assets and liabilities in foreign currencies are translated to the functional currencies at the rates of exchange prevailing at the consolidated statement of financial position date as published by the Central Bank of Jordan.
- Non-monetary assets and liabilities in foreign currencies carried at fair value are translated at the date in which the fair value was determined.
- Any gains or losses are recognized within the consolidated income statement.
- Translation gains or losses on non-monetary items carried at fair value (such as shares) are recognized within the fair value reserve.

### **Cash and cash equivalents:**

- Cash and cash equivalents consists of cash and balances with central banks and balances at banks and financial institutions with a maturity of three months, net of due to banks and financial institutions that matures within three months and restricted balances.

### 3. Use of estimates

- The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in shareholders' equity and unrestricted account holders' equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ as a result of changes in conditions and circumstances of those estimates in the future.

#### We believe that our estimates in consolidated financial statements are reasonable and detailed as follows:

- Impairment provision of deferred sales and finances receivables: the Bank appropriate 10% of joint investments accounts net revenues and are transfer it to the investment risk fund in accordance with the provisions of Article (55) of the Banks Law and compared with provisions as required by the Central Bank of Jordan.
- Income tax provision: the fiscal year is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically revaluates the financial assets carried at cost in order to assess any impairment. Impairment on financial assets is allocated in accordance to the financing party.

### 4. Cash and balances with central banks

This item consists of the following:

| Description   | 2017                 | 2016                 |
|---|----------------------|----------------------|
|   | JD                   | JD                   |
| Cash in vaults                                      | 136,043,532          | 120,387,742          |
| <b>Balances at the Central Bank of Jordan:</b>      |                      |                      |
| Current accounts                                    | 751,127,150          | 724,292,888          |
| Statutory cash reserve                              | 251,496,268          | 246,089,540          |
| <b>Total balances at the Central Bank of Jordan</b> | <b>1,002,623,418</b> | <b>970,382,428</b>   |
| <b>Total</b>  | <b>1,138,666,950</b> | <b>1,090,770,170</b> |

- In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on balances and current accounts held with the Central Bank of Jordan.
- Amounts of JD 24,530,369 and JD 46,777,481 were deducted as at 31 December 2017 and as at 31 December 2016 respectively, which represent cash balances for accounts managed on behalf of others that are not invested yet.

- There are no balances maturing within more than three months as at 31 December 2017 and 31 December 2016.
- There were no restricted balances except for the statutory cash reserve as at 31 December 2017 and 31 December 2016.

## 5. Balances at banks and financial institutions

This item consists of the following:

| Description  | Local banks and financial institutions |              | Foreign banks and financial institutions |                   | Total             |                   |
|--|--|--------------|--|-------------------|-------------------|-------------------|
|  | 2017                                   | 2016         | 2017                                     | 2016              | 2017              | 2016              |
|  | JD                                     | JD           | JD                                       | JD                | JD                | JD                |
| Current and on demand accounts                         | 1,560                                  | 1,560        | 40,948,938                               | 30,761,387        | 40,950,498        | 30,762,947        |
| Unrestricted accounts maturing within 3 months or less | -                                      | -            | 13,174,135                               | 10,950,984        | 13,174,135        | 10,950,984        |
| <b>Total</b>   | <b>1,560</b>                           | <b>1,560</b> | <b>54,123,073</b>                        | <b>41,712,371</b> | <b>54,124,633</b> | <b>41,713,931</b> |

- In compliance with Islamic Shari'a rules and the Bank's Articles of Association bylaws, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.
- There were no restricted balances at the local and foreign banks and financial institutions as at 31 December 2017 and 31 December 2016.

## 6. Investment accounts at banks and financial institutions

This item consists of the following:

| Description                        | Foreign banks and financial institutions |                   |
|------------------------------------|--|-------------------|
|                                    | 2017                                     | 2016              |
|                                    | JD                                       | JD                |
| Maturing within (9-12) months      | 4,254,000                                | -                 |
| Maturing within more than one year | 17,725,000                               | 17,725,000        |
| <b>Total</b>                       | <b>21,979,000</b>                        | <b>17,725,000</b> |

- There were no restricted balances at the foreign banks and financial institutions as at 31 December 2017 and 31 December 2016.



## 7. Deferred sales receivables and other receivables – Net

This item consists of the following:

| Description                                     | Joint                |                      | Self             |                  | Total                |                      |
|---|----------------------|----------------------|------------------|------------------|----------------------|----------------------|
|   | 2017                 | 2016                 | 2017             | 2016             | 2017                 | 2016                 |
|   | JD                   | JD                   | JD               | JD               | JD                   | JD                   |
| <b>Individuals (Retail):</b>                    |                      |                      |                  |                  |                      |                      |
| Murabaha to the purchase orderer                | 709,556,824          | 699,205,090          | -                | -                | 709,556,824          | 699,205,090          |
| Deferred sales                                  | 5,814,695            | 4,088,360            | -                | -                | 5,814,695            | 4,088,360            |
| Ijarah Mawsoofa Bil Thimma                      | 3,330,486            | 2,451,205            | -                | -                | 3,330,486            | 2,451,205            |
| Ijarah Muntahia Bittamleek receivables          | 4,313,190            | 3,301,106            | -                | -                | 4,313,190            | 3,301,106            |
| Customers' receivables                          | 3,794,198            | 2,771,725            | 4,513,391        | 5,525,926        | 8,307,589            | 8,297,651            |
| Real estate financing                           | 478,320,883          | 459,239,121          | 200,000          | 250,000          | 478,520,883          | 459,489,121          |
| <b>Corporate:</b>                               |                      |                      |                  |                  |                      |                      |
| International Murabaha                          | 24,801,372           | 23,123,110           | -                | -                | 24,801,372           | 23,123,110           |
| Istisna'a                                       | 7,542,974            | 3,783,797            | -                | -                | 7,542,974            | 3,783,797            |
| Murabaha to the purchase orderer                | 366,215,885          | 352,109,805          | -                | -                | 366,215,885          | 352,109,805          |
| <b>Small and Medium Enterprises (SME's):</b>    |                      |                      |                  |                  |                      |                      |
| Murabaha to the purchase orderer                | 149,330,645          | 150,004,821          | -                | -                | 149,330,645          | 150,004,821          |
| Customers' receivables                          | -                    | -                    | 1,780,687        | 2,043,286        | 1,780,687            | 2,043,286            |
| Government and public sector                    | 558,885,066          | 639,067,907          | 146,920          | 361,018          | 559,031,986          | 639,428,925          |
| <b>Total</b>                                    | <b>2,311,906,218</b> | <b>2,339,146,047</b> | <b>6,640,998</b> | <b>8,180,230</b> | <b>2,318,547,216</b> | <b>2,347,326,277</b> |
| Less: deferred revenues*                        | (209,119,776)        | (218,888,309)        | (20,000)         | (30,000)         | (209,139,776)        | (218,918,309)        |
| Less: suspended revenues**                      | (11,702,334)         | (10,601,110)         | -                | -                | (11,702,334)         | (10,601,110)         |
| Less: impairment provision                      | (75,451,305)         | (72,668,349)         | (640,760)        | (650,000)        | (76,092,065)         | (73,318,349)         |
| <b>Net deferred sales and other receivables</b> | <b>2,015,632,803</b> | <b>2,036,988,279</b> | <b>5,980,238</b> | <b>7,500,230</b> | <b>2,021,613,041</b> | <b>2,044,488,509</b> |

\* Deferred revenues include the deferred revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

\*\* Suspended revenues include the suspended revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

- Movements on deferred sales receivables, other receivables and financing - self financed impairment provision were as follows:

| For the year ended 31 December 2017 | Retail         | Real estate financing | Corporate | Small & Medium Enterprises | Government & public sector | Total          |
|-------------------------------------|----------------|-----------------------|-----------|----------------------------|----------------------------|----------------|
|                                     | JD             | JD                    | JD        | JD                         | JD                         | JD             |
| Beginning balance                   | 650,000        | -                     | -         | -                          | -                          | 650,000        |
| Change for the year                 | -              | -                     | -         | -                          | -                          | -              |
| Used during the year (write-offs)   | (9,240)        | -                     | -         | -                          | -                          | (9,240)        |
| <b>Ending Balance</b>               | <b>640,760</b> | <b>-</b>              | <b>-</b>  | <b>-</b>                   | <b>-</b>                   | <b>640,760</b> |

| As at 31 December 2017   | Retail         | Real estate financing | Corporate | Small & Medium Enterprises | Government & public sector | Total          |
|--|----------------|-----------------------|-----------|----------------------------|----------------------------|----------------|
|  | JD             | JD                    | JD        | JD                         | JD                         | JD             |
| Provision of non-performing Qard Hasan based on individual customer basis        | 288,007        | -                     | -         | -                          | -                          | 288,007        |
| Impairment provision of watch list Qard Hasan based on individual customer basis | 258,114        | -                     | -         | -                          | -                          | 258,114        |
| Impairment provision of watch list Qard Hasan on portfolio basis                 | 94,639         | -                     | -         | -                          | -                          | 94,639         |
| <b>Ending Balance</b>  | <b>640,760</b> | <b>-</b>              | <b>-</b>  | <b>-</b>                   | <b>-</b>                   | <b>640,760</b> |

| For the year ended 31 December 2016 | Retail         | Real estate financing | Corporate | Small & Medium Enterprises | Government & public sector | Total          |
|-------------------------------------|----------------|-----------------------|-----------|----------------------------|----------------------------|----------------|
|                                     | JD             | JD                    | JD        | JD                         | JD                         | JD             |
| Beginning balance                   | 525,000        | -                     | -         | -                          | -                          | 525,000        |
| Change for the year                 | 125,000        | -                     | -         | -                          | -                          | 125,000        |
| Used during the year (write-offs)   | -              | -                     | -         | -                          | -                          | -              |
| <b>Ending Balance</b>               | <b>650,000</b> | <b>-</b>              | <b>-</b>  | <b>-</b>                   | <b>-</b>                   | <b>650,000</b> |

| As at 31 December 2016   | Retail         | Real estate financing | Corporate | Small & Medium Enterprises | Government & public sector | Total          |
|--|----------------|-----------------------|-----------|----------------------------|----------------------------|----------------|
|  | JD             | JD                    | JD        | JD                         | JD                         | JD             |
| Provision of non-performing Qard Hasan on customer basis         | 279,757        | -                     | -         | -                          | -                          | 279,757        |
| Impairment provision of watch list Qard Hasan on customer basis  | 190,345        | -                     | -         | -                          | -                          | 190,345        |
| Impairment provision of watch list Qard Hasan on portfolio basis | 179,898        | -                     | -         | -                          | -                          | 179,898        |
| <b>Ending Balance</b>  | <b>650,000</b> | <b>-</b>              | <b>-</b>  | <b>-</b>                   | <b>-</b>                   | <b>650,000</b> |

- There is no excess provision as a result of settlements or debt payments that has been transferred to other receivables, financing, and Ijarah as at 31 December 2017 and 31 December 2016.

– Movements on the deferred sales receivables were as follow:

| Description              | 31 December 2017           |                   |
|--------------------------|----------------------------|-------------------|
|                          | Deferred sales receivables | Deferred revenues |
|                          | JD                         | JD                |
| <b>Beginning balance</b> | <b>4,088,360</b>           | <b>179,933</b>    |
| Additions                | 6,669,755                  | 738,154           |
| Disposals                | (4,943,420)                | (455,716)         |
| <b>Ending Balance</b>    | <b>5,814,695</b>           | <b>462,371</b>    |

– Movements on the suspended revenues were as follows:

| Description                                      | Joint            |                       |                  |                            |                   |
|--|------------------|-----------------------|------------------|----------------------------|-------------------|
|  | 2017             |                       |                  |                            |                   |
|  | Retail           | Real estate financing | Corporate        | Small & Medium Enterprises | Total             |
|  | JD               | JD                    | JD               | JD                         | JD                |
| <b>Beginning balance</b>                         | <b>2,536,469</b> | <b>3,442,334</b>      | <b>2,792,514</b> | <b>1,829,793</b>           | <b>10,601,110</b> |
| Add: suspended revenues during the year          | 1,263,682        | 1,714,989             | 1,391,245        | 911,612                    | 5,281,528         |
| Less: suspended revenues transferred to revenues | (798,085)        | (620,073)             | (1,293,591)      | (711,250)                  | (3,422,999)       |
| Less: suspended revenues written off             | (181,102)        | (396,900)             | -                | (179,303)                  | (757,305)         |
| <b>Ending balance</b>                            | <b>2,820,964</b> | <b>4,140,350</b>      | <b>2,890,168</b> | <b>1,850,852</b>           | <b>11,702,334</b> |

| Description                                      | Joint            |                       |                  |                            |                   |
|--|------------------|-----------------------|------------------|----------------------------|-------------------|
|  | 2016             |                       |                  |                            |                   |
|  | Retail           | Real estate financing | Corporate        | Small & Medium Enterprises | Total             |
|  | JD               | JD                    | JD               | JD                         | JD                |
| <b>Beginning Balance</b>                         | <b>2,415,464</b> | <b>2,226,889</b>      | <b>3,497,410</b> | <b>1,727,253</b>           | <b>9,867,016</b>  |
| Add: suspended revenues during the year          | 1,409,707        | 1,299,651             | 968,493          | 1,008,055                  | 4,685,906         |
| Less: suspended revenues transferred to revenues | (997,915)        | (84,206)              | (1,457,000)      | (905,515)                  | (3,444,636)       |
| Less: suspended revenues written off             | (290,787)        | -                     | (216,389)        | -                          | (507,176)         |
| <b>Ending balance</b>                            | <b>2,536,469</b> | <b>3,442,334</b>      | <b>2,792,514</b> | <b>1,829,793</b>           | <b>10,601,110</b> |

## 8. Ijarah Muntahia Bittamleek assets- Net

This item consists of the following:

| Description                                     | Joint       |                          |                |
|---|-------------|--------------------------|----------------|
|   | 2017        |                          |                |
|   | Cost        | Accumulated Depreciation | Net Book Value |
|   | JD          | JD                       | JD             |
| Ijarah Muntahia Bittamleek assets - real estate | 771,862,142 | (181,017,707)            | 590,844,435    |

| Description                                     | Joint       |                          |                |
|---|-------------|--------------------------|----------------|
|   | 2016        |                          |                |
|   | Cost        | Accumulated Depreciation | Net Book Value |
|   | JD          | JD                       | JD             |
| Ijarah Muntahia Bittamleek assets - real estate | 744,100,740 | (178,156,201)            | 565,944,539    |

- The accrued Ijarah instalments amounted to JD 4,313,190 as at 31 December 2017 (2016: JD 3,301,106) were included in deferred sales receivables and other receivables (Note 7).

## 9. Financing – Net

This item consists of the following:

| Description                | Joint             |                   | Self           |                | Total             |                   |
|----------------------------|-------------------|-------------------|----------------|----------------|-------------------|-------------------|
|                            | 2017              | 2016              | 2017           | 2016           | 2017              | 2016              |
|                            | JD                | JD                | JD             | JD             | JD                | JD                |
| Individuals (Retail):      |                   |                   |                |                |                   |                   |
| Diminishing Musharaka      | 30,098,937        | 29,925,831        | 282,101        | 314,192        | 30,381,038        | 30,240,023        |
| Corporate                  |                   |                   |                |                |                   |                   |
| Musharaka                  | 812,000           | -                 | -              | -              | 812,000           | -                 |
| Less: Impairment Provision | (212,681)         | (175,997)         | -              | -              | (212,681)         | (175,997)         |
| <b>Net Financing</b>       | <b>30,698,256</b> | <b>29,749,834</b> | <b>282,101</b> | <b>314,192</b> | <b>30,980,357</b> | <b>30,064,026</b> |

- Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 105,387,265 as at 31 December 2017, representing 4.46 % of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 98,685,015 as at 31 December 2016, representing 4.13 % of the utilized balance.

- Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 94,757,588 as at 31 December 2017, representing 4.03 % of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance, compared to JD 88,083,905 as at 31 December 2016, representing 3.70% of the utilized balance.
- Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 562,027,070 as at 31 December 2017, representing 23.90 % of deferred sales, other receivables and financing balance, compared to JD 642,424,009 as at 31 December 2016, representing 27% of the utilized balance.

## 10. Financial assets at fair value through owner's equity – self financed

This item consists of the following:

| Description  | 2017              | 2016             |
|--|-------------------|------------------|
|  | JD                | JD               |
| Quoted financial assets  |                   |                  |
| Companies shares   | 2,523,375         | 1,738,201        |
| <b>Total financial assets – quoted</b>   | <b>2,523,375</b>  | <b>1,738,201</b> |
| Unquoted financial assets  |                   |                  |
| Companies shares   | 1,605,450         | 1,055,940        |
| Al Wakala Bi Al Istithmar (investment portfolio )                                  | 6,400,000         | -                |
| Muqarada bonds   | -                 | 4,750,000        |
| <b>Total financial assets - unquoted</b>   | <b>8,005,450</b>  | <b>5,805,940</b> |
| <b>Total financial assets at fair value through owner's equity – self financed</b> | <b>10,528,825</b> | <b>7,544,141</b> |

- Financial assets stated at cost, as their fair value cannot be reliably measured amounted to JD 6,400,000 as at 31 December 2017 compared to JD 4,750,000 as at 31 December 2016.

## 11. Financial assets at fair value through investment accounts holders' equity - joint

This item consists of the following:

| Description   | 2017              | 2016              |
|---|-------------------|-------------------|
|   | JD                | JD                |
| <b>Quoted financial assets:</b>   |                   |                   |
| Companies shares  | 21,956,512        | 23,407,734        |
| Islamic Sukuk   | 9,910,048         | 10,475,744        |
| <b>Total quoted financial assets</b>  | <b>31,866,560</b> | <b>33,883,478</b> |
| <b>Unquoted financial assets:</b>   |                   |                   |
| Companies shares  | 2,568,643         | 2,366,000         |
| Islamic banks portfolio   | 2,983,896         | 4,378,819         |
| Islamic Sukuk   | 4,608,500         | 4,608,500         |
| Al Wakala Bi Al Istithmar (investment portfolio )   | 12,150,000        | -                 |
| Muqarada bonds  | -                 | 9,300,000         |
| <b>Total unquoted financial assets</b>  | <b>22,311,039</b> | <b>20,653,319</b> |
| Impairment provision  | (1,818,373)       | -                 |
| <b>Net unquoted financial assets</b>  | <b>20,492,666</b> | <b>20,653,319</b> |
| <b>Total financial assets at fair value through the investment accounts holders' equity - joint</b> | <b>52,359,226</b> | <b>54,536,797</b> |

- Financial assets stated at cost, as their fair value cannot be reliably measured amounted to JD 20,492,666 as at 31 December 2017 compared to JD 20,653,319 at of 31 December 2016.

## 12. Financial assets at amortized cost

This item consists of the following:

| Description  | 2017              | 2016              |
|--|-------------------|-------------------|
|  | JD                | JD                |
| <b>Unquoted financial assets at amortized cost:</b>      |                   |                   |
| Islamic Sukuk  | 63,134,800        | 37,760,000        |
| <b>Total unquoted financial assets at amortized cost</b> | <b>63,134,800</b> | <b>37,760,000</b> |

- Islamic Sukuk rate of return ranges between 2.8% - 4.1% payable on a semi-annual basis, with a maturity of 5 years.

### 13. Investments in associates

This item consists of the following:

| Associate/ joint                            | Country of incorporation | Percentage of ownership % | Nature of activity | Date of preparing financial statements | Acquisition date | Joint            |                  |                           |                  |
|---|--------------------------|---------------------------|--------------------|--|------------------|------------------|------------------|---------------------------|------------------|
|   |                          |                           |                    |  |                  | Cost             |                  | Value under equity method |                  |
|   |                          |                           |                    |  |                  | 2017             | 2016             | 2017                      | 2016             |
| Jordan Center for International Trading Co. | Jordan                   | 28.4                      | Commercial         | 31 December.                           | 1983             | 1,070,507        | 1,071,082        | 1,587,853                 | 1,522,300        |
| Islamic Insurance Co.                       | Jordan                   | 33.3                      | Insurance          | 31 December.                           | 1995             | 4,625,908        | 4,647,628        | 6,795,263                 | 6,136,370        |
| <b>Total associates / joint</b>             |                          |                           |                    |  |                  | <b>5,696,415</b> | <b>5,718,710</b> | <b>8,383,116</b>          | <b>7,658,670</b> |

- Investments in associates / joint are measured using equity method. Fair value of these investments as at 31 December 2017 amounted to JD 8,055,860 compared to JD 6,898,140 as at 31 December 2016.



## 14. Investments in real estate

This item consists of the following:

Held for use:

| Description   | Joint              |                    |
|---|--------------------|--------------------|
|   | 2017               | 2016               |
|   | JD                 | JD                 |
| Investments in real estate *                                    | 120,757,937        | 110,525,717        |
| Provision for repossessed investments in real estate **         | (12,363)           | (15,453)           |
| Impairment provision for repossessed investments in real estate | (533,171)          | (261,188)          |
| <b>Net Assets</b>   | <b>120,212,403</b> | <b>110,249,076</b> |

\* Investments in real estate are presented at fair value, with a book value (cost) of JD 109,252,579 as at 31 December 2017 compared to JD 95,489,698 as at 31 December 2016.

\*\* Impairment for repossessed investments in real estate was calculated according to the Central Bank of Jordan letter No. 10/1/2510 dated 14 February 2017 by charging 10% annually starting from 1 January 2016 until the impairment provision reaches 50% of the value of these assets.

## 15. Al Qard Al Hasan - Net

This item consists of the following:

| Description                               | 2017             | 2016             |
|---|------------------|------------------|
|   | JD               | JD               |
| Al Qard Al Hasan                          | 13,497,535       | 12,466,851       |
| Less: assets impairment provision - self* | (4,500,000)      | (4,500,000)      |
| <b>Al Qard Al Hasan - Net</b>             | <b>8,997,535</b> | <b>7,966,851</b> |

\* Movements on assets impairment provision - self were as follows:

| Description                      | Beginning balance | Appropriated during the year | Used during the year | Transferred during the year | Transferred to revenues | Ending balance   |
|----------------------------------|-------------------|------------------------------|----------------------|-----------------------------|-------------------------|------------------|
|                                  | JD                | JD                           | JD                   | JD                          | JD                      | JD               |
| 2017                             |                   |                              |                      |                             |                         |                  |
| Assets Impairment provision-Self | 4,500,000         | -                            | -                    | -                           | -                       | 4,500,000        |
| <b>Total</b>                     | <b>4,500,000</b>  | <b>-</b>                     | <b>-</b>             | <b>-</b>                    | <b>-</b>                | <b>4,500,000</b> |
| 2016                             |                   |                              |                      |                             |                         |                  |
| Assets Impairment provision-Self | 2,900,000         | 1,600,000                    | -                    | -                           | -                       | 4,500,000        |
| <b>Total</b>                     | <b>2,900,000</b>  | <b>1,600,000</b>             | <b>-</b>             | <b>-</b>                    | <b>-</b>                | <b>4,500,000</b> |



## 16. Property and equipment - Net

This item consists of the following:

| Description                                       | Land              | Buildings         | Equipment,<br>Furniture and<br>Fixtures | Vehicles         | Computers         | Total              |
|---|-------------------|-------------------|---|------------------|-------------------|--------------------|
|   | JD                | JD                | JD                                      | JD               | JD                | JD                 |
| <b>2017</b>                                       |                   |                   |   |                  |                   |                    |
| <b>Cost</b>                                       |                   |                   |   |                  |                   |                    |
| Beginning balance                                 | 27,601,454        | 32,980,721        | 46,493,640                              | 2,558,545        | 13,654,762        | 123,289,122        |
| Additions   | 2,615,772         | 887,351           | 3,344,251                               | 3,231            | 1,621,117         | 8,471,722          |
| Disposals   | -                 | (450,849)         | (126,545)                               | (227,905)        | (229,678)         | (1,034,977)        |
| <b>Ending balance</b>                             | <b>30,217,226</b> | <b>33,417,223</b> | <b>49,711,346</b>                       | <b>2,333,871</b> | <b>15,046,201</b> | <b>130,725,867</b> |
| <b>Accumulated Depreciation</b>                   |                   |                   |   |                  |                   |                    |
| Beginning balance                                 | -                 | (6,025,506)       | (35,080,825)                            | (964,807)        | (12,292,777)      | (54,363,915)       |
| Depreciation                                      | -                 | (562,496)         | (4,515,437)                             | (86,820)         | (1,436,769)       | (6,601,522)        |
| Disposals   | -                 | -                 | 36,373                                  | 38,223           | 227,178           | 301,774            |
| Ending balance                                    | -                 | (6,588,002)       | (39,559,889)                            | (1,013,404)      | (13,502,368)      | (60,663,663)       |
| <b>Net book value of property and equipment</b>   | <b>30,217,226</b> | <b>26,829,221</b> | <b>10,151,457</b>                       | <b>1,320,467</b> | <b>1,543,833</b>  | <b>70,062,204</b>  |
| Payments on purchase of property and equipment    | -                 | -                 | 1,441,074                               | -                | 531,290           | 1,972,364          |
| Projects in progress                              | -                 | 5,994,398         | -                                       | -                | -                 | 5,994,398          |
| <b>Net property and equipment, Ending balance</b> | <b>30,217,226</b> | <b>32,823,619</b> | <b>11,592,531</b>                       | <b>1,320,467</b> | <b>2,075,123</b>  | <b>78,028,966</b>  |

| Description                                     | Land              | Buildings         | Equipment,<br>Furniture and<br>Fixtures | Vehicles         | Computers         | Total              |
|---|-------------------|-------------------|---|------------------|-------------------|--------------------|
|   | JD                | JD                | JD                                      | JD               | JD                | JD                 |
| <b>2016</b>                                     |                   |                   |   |                  |                   |                    |
| <b>Cost</b>                                     |                   |                   |   |                  |                   |                    |
| Beginning balance                               | 20,446,264        | 29,402,854        | 44,133,434                              | 2,314,245        | 13,329,823        | 109,626,620        |
| Additions                                       | 7,619,095         | 3,871,223         | 2,875,151                               | 244,300          | 361,775           | 14,971,544         |
| Disposals                                       | (463,905)         | (293,356)         | (514,945)                               | -                | (36,836)          | (1,309,042)        |
| <b>Ending balance</b>                           | <b>27,601,454</b> | <b>32,980,721</b> | <b>46,493,640</b>                       | <b>2,558,545</b> | <b>13,654,762</b> | <b>123,289,122</b> |
| <b>Accumulated Depreciation</b>                 |                   |                   |   |                  |                   |                    |
| Beginning balance                               | -                 | (5,545,502)       | (30,658,120)                            | (844,649)        | (10,701,771)      | (47,750,042)       |
| Depreciation                                    | -                 | (480,004)         | (4,673,490)                             | (120,158)        | (1,600,987)       | (6,874,639)        |
| Disposals                                       | -                 | -                 | 250,785                                 | -                | 9,981             | 260,766            |
| Ending balance                                  | -                 | (6,025,506)       | (35,080,825)                            | (964,807)        | (12,292,777)      | (54,363,915)       |
| <b>Net book value of property and equipment</b> | <b>27,601,454</b> | <b>26,955,215</b> | <b>11,412,815</b>                       | <b>1,593,738</b> | <b>1,361,985</b>  | <b>68,925,207</b>  |
| Payments on purchase of property and equipment  | -                 | -                 | 1,058,192                               | -                | 960,570           | 2,018,762          |
| Projects in Progress                            | -                 | 689,411           | -                                       | -                | -                 | 689,411            |
| <b>Net property and equipment</b>               | <b>27,601,454</b> | <b>27,644,626</b> | <b>12,471,007</b>                       | <b>1,593,738</b> | <b>2,322,555</b>  | <b>71,633,380</b>  |

- Fully depreciated property and equipment amounted to JD 42,674,628 as at 31 December 31 2017 compared to JD 35,761,698 as at 31 December 2016.

## 17. Depreciation and amortization

This item consists of the following:

| Description                         | 2017             | 2016             |
|-------------------------------------|------------------|------------------|
|                                     | JD               | JD               |
| Property and equipment depreciation | 6,601,522        | 6,874,639        |
| Intangible assets amortization      | 1,134,758        | 2,269,322        |
| <b>Total</b>                        | <b>7,736,280</b> | <b>9,143,961</b> |

## 18. Intangible assets

This item consists of the following:

| Description                     | Computer systems and softwares | Computer systems and softwares |
|---------------------------------|--------------------------------|--------------------------------|
|                                 | 2017                           | 2016                           |
|                                 | JD                             | JD                             |
| <b>Beginning balance</b>        | <b>1,397,651</b>               | <b>2,514,820</b>               |
| Additions                       | 257,578                        | 1,152,153                      |
| Amortization                    | (1,134,758)                    | (2,269,322)                    |
| <b>Total</b>                    | <b>520,471</b>                 | <b>1,397,651</b>               |
| Payments on softwares purchases | 1,027,607                      | 631,185                        |
| <b>Ending balance</b>           | <b>1,548,078</b>               | <b>2,028,836</b>               |

## 19. Other assets

This item consists of the following:

| Description                        | 2017              | 2016             |
|------------------------------------|-------------------|------------------|
|                                    | JD                | JD               |
| Accrued revenues                   | 134,927           | 228,147          |
| Prepaid expenses                   | 330,653           | 330,494          |
| Temporary debit accounts           | 4,819,929         | 4,161,136        |
| Stationery and publications        | 534,922           | 639,334          |
| Prepaid rent                       | 824,112           | 877,042          |
| Stamps                             | 623,793           | 718,051          |
| Credit card accounts               | 1,653,925         | 1,887,841        |
| Settlement guarantee fund deposits | 27,000            | 25,000           |
| Refundable deposits                | 329,528           | 224,192          |
| Others                             | 938,576           | 344,533          |
| <b>Total</b>                       | <b>10,217,365</b> | <b>9,435,770</b> |

## 20. Due to banks and financial institutions

This item consists of the following:

| Description                    | 2017               |                     |                  | 2016               |                     |                  |
|--------------------------------|--------------------|---------------------|------------------|--------------------|---------------------|------------------|
|                                | Inside the Kingdom | Outside the Kingdom | Total            | Inside the Kingdom | Outside the Kingdom | Total            |
|                                | JD                 | JD                  | JD               | JD                 | JD                  | JD               |
| Current and on demand accounts | 88,555             | 4,923,485           | 5,012,040        | 88,555             | 8,723,487           | 8,812,042        |
| <b>Total</b>                   | <b>88,555</b>      | <b>4,923,485</b>    | <b>5,012,040</b> | <b>88,555</b>      | <b>8,723,487</b>    | <b>8,812,042</b> |

## 21. Customers' current and on demand accounts

This item consists of the following:

| Description        | 2017               |                   |                              |                              |                      |
|--------------------|--------------------|-------------------|------------------------------|------------------------------|----------------------|
|                    | Retail             | Corporate         | Small and Medium Enterprises | Government and public sector | Total                |
|                    | JD                 | JD                | JD                           | JD                           | JD                   |
| Current accounts   | 692,017,939        | 19,137,632        | 178,312,541                  | 28,112,611                   | 917,580,723          |
| On demand accounts | 208,882,486        | 98,943            | 1,154,915                    | -                            | 210,136,344          |
| <b>Total</b>       | <b>900,900,425</b> | <b>19,236,575</b> | <b>179,467,456</b>           | <b>28,112,611</b>            | <b>1,127,717,067</b> |

| Description        | 2016               |                   |                              |                              |                      |
|--------------------|--------------------|-------------------|------------------------------|------------------------------|----------------------|
|                    | Retail             | Corporate         | Small and Medium Enterprises | Government and public sector | Total                |
|                    | JD                 | JD                | JD                           | JD                           | JD                   |
| Current accounts   | 772,899,295        | 13,627,139        | 174,217,098                  | 27,879,234                   | 988,622,766          |
| On demand accounts | 209,586,738        | 94,548            | 1,023,238                    | 7,402                        | 210,711,926          |
| <b>Total</b>       | <b>982,486,033</b> | <b>13,721,687</b> | <b>175,240,336</b>           | <b>27,886,636</b>            | <b>1,199,334,692</b> |

- Government and public sector deposits inside the Kingdom amounted to JD 28,112,611 representing 2.49% of the total customers' current and on demand accounts as at 31 December 2017 compared to JD 27,886,636 representing 2.33% as at 31 December 2016.
- Dormant accounts amounted to JD 48,537,772 as of 31 December 2017 compared to JD 51,138,404 as of 31 December 2016.
- The restricted accounts amounted to JD 6,722,099, representing 0.60% of the total customers' current and on demand accounts as of 31 December 2017 compared to JD 10,468,098 representing 0.87% as of 31 December 2016 of the total customers' current and on demand accounts.

## 22. Cash margins

The item consists of the following:

| Description  | 2017              | 2016              |
|--|-------------------|-------------------|
|  | JD                | JD                |
| Cash margins against sales receivables, finances and other receivables | 16,155,755        | 16,003,296        |
| Cash margins against indirect facilities                               | 24,688,177        | 25,120,730        |
| Other margins  | 7,063,045         | 6,795,180         |
| <b>Total</b>   | <b>47,906,977</b> | <b>47,919,206</b> |

## 23. Accounts payable

The item consists of the following:

| Description                 | 2017           | 2016             |
|-----------------------------|----------------|------------------|
|                             | JD             | JD               |
| Customers' accounts payable | 812,999        | 1,162,406        |
| <b>Total</b>                | <b>812,999</b> | <b>1,162,406</b> |

## 24. Other provisions

This item consists of the following:

| Description                        | 2017              |                              |                          |                  |
|------------------------------------|-------------------|------------------------------|--------------------------|------------------|
|                                    | Beginning Balance | Appropriated during the year | Utilized during the year | Ending Balance   |
|                                    | JD                | JD                           | JD                       | JD               |
| End of service indemnity provision | 3,500,000         | -                            | -                        | 3,500,000        |
| Employees' vacation provision      | 3,000,000         | 250,000                      | -                        | 3,250,000        |
| <b>Total</b>                       | <b>6,500,000</b>  | <b>250,000</b>               | <b>-</b>                 | <b>6,750,000</b> |

| Description                        | 2016              |                              |                          |                  |
|------------------------------------|-------------------|------------------------------|--------------------------|------------------|
|                                    | Beginning Balance | Appropriated during the year | Utilized during the year | Ending Balance   |
|                                    | JD                | JD                           | JD                       | JD               |
| End of service indemnity provision | 2,900,000         | 600,000                      | -                        | 3,500,000        |
| Employees' vacation provision      | 2,900,000         | 100,000                      | -                        | 3,000,000        |
| <b>Total</b>                       | <b>5,800,000</b>  | <b>700,000</b>               | <b>-</b>                 | <b>6,500,000</b> |

## 25. Income tax provision

### A. Bank's income tax provision

Movements on the Bank's income tax provision were as follows:

| Description                              | 2017              | 2016              |
|--|-------------------|-------------------|
|  | JD                | JD                |
| Beginning balance for the year           | 25,425,244        | 22,458,115        |
| Income tax paid                          | (23,095,980)      | (20,998,139)      |
| Income tax expense                       | 26,799,702        | 29,728,858        |
| Income tax paid for the years 2017, 2016 | (5,368,000)       | (5,763,590)       |
| <b>Ending balance for the year</b>       | <b>23,760,966</b> | <b>25,425,244</b> |

### B. Income tax expense shown in the consolidated income statement represents the following:

| Description                           | 2017              | 2016              |
|---------------------------------------|-------------------|-------------------|
|                                       | JD                | JD                |
| Income tax for the profit of the year | 26,799,702        | 29,728,858        |
| <b>Total</b>                          | <b>26,799,702</b> | <b>29,728,858</b> |

- Income tax provision for the year ended 31 December 2017 was calculated in accordance with the income tax law No. (34) of 2014.
- The Bank obtained final income tax clearance up to the year 2015, and submitted its Income tax declaration for the year 2016.
- Future Applied Computer Technology Company Ltd, Al Samaha Financing and Investment Company Ltd. and Sanabel Al-Khair. has obtained final income tax clearance up to the year 2014 and submitted thier income tax declaration for the years 2015 and 2016. Al Omariah Schools Company Ltd has obtained final income tax clearance up to the year 2015 and submitted its income tax declaration for the year 2016.

## 26. Deferred tax liabilities

This item consists of the following:

| Description  | 2017              |                                  |                           |                   |                  | 2016             |
|--|-------------------|----------------------------------|---------------------------|-------------------|------------------|------------------|
|  | Beginning Balance | Amounts released during the year | Additions during the year | Ending Balance    | Deferred Tax     | Deferred Tax     |
|  | JD                | JD                               | JD                        | JD                | JD               | JD               |
| <b>A. Deferred tax liabilities - Joint*</b>  |                   |                                  |                           |                   |                  |                  |
| Financial assets at fair value through the joint investment accounts holders' equity | 2,211,454         | (1,894,444)                      | -                         | 317,010           | 110,953          | 774,009          |
| Investments in real estate   | 15,036,019        | (3,530,661)                      | -                         | 11,505,358        | 4,026,875        | 5,262,607        |
| <b>Total</b>   | <b>17,247,473</b> | <b>(5,425,105)</b>               | <b>-</b>                  | <b>11,822,368</b> | <b>4,137,828</b> | <b>6,036,616</b> |
| <b>B. Deferred tax liabilities – self financed **</b>                                |                   |                                  |                           |                   |                  |                  |
| Financial assets at fair value through owner's equity                                | 935,875           | -                                | 922,775                   | 1,858,650         | 650,528          | 327,556          |
| <b>Total</b>   | <b>935,875</b>    | <b>-</b>                         | <b>922,775</b>            | <b>1,858,650</b>  | <b>650,528</b>   | <b>327,556</b>   |

\* Deferred tax liabilities - joint includes an amount of JD 4,137,828 as at 31 December 2017 compared to JD 6,036,616 as at 31 December 2016 resulting from the profits of evaluating financial and non-financial assets within the fair value reserve of the unrestricted investment accounts holders'.

\*\* Deferred tax liabilities - self financed includes an amount of JD 650,528 as at 31 December 2017 compared to JD 327,556 as at 31 December 2016 resulting from the profits of evaluating financial assets within the fair value reserve of owner's equity.

Movements on deferred tax liabilities were as follows:

### A. Joint

| Description              | 2017             | 2016             |
|--------------------------|------------------|------------------|
|                          | JD               | JD               |
| <b>Beginning Balance</b> | <b>6,036,616</b> | <b>5,687,308</b> |
| Additions                | -                | 349,308          |
| Disposals                | (1,898,788)      | -                |
| <b>Ending Balance</b>    | <b>4,137,828</b> | <b>6,036,616</b> |

**B. Self**

| Description       | 2017    | 2016    |
|-------------------|---------|---------|
|                   | JD      | JD      |
| Beginning Balance | 327,556 | 302,772 |
| Additions         | 322,972 | 24,784  |
| Ending Balance    | 650,528 | 327,556 |

**C. Reconciliation between tax profit and accounting profit**

| Description                              | 2017        | 2016        |
|--|-------------|-------------|
|  | JD          | JD          |
| Accounting profit                        | 80,938,755  | 83,747,933  |
| Non-taxable profit                       | (4,799,199) | (1,038,688) |
| Nondeductible expenses                   | 459,592     | 2,371,590   |
| Taxable profit                           | 76,599,148  | 85,080,835  |
| Attributable to:                         |             |             |
| Bank                                     | 76,508,240  | 84,631,428  |
| Subsidiaries                             | 90,908      | 449,407     |
| Statutory income tax rate - Bank         | 35%         | 35%         |
| Statutory income tax rate - Subsidiaries | 24%         | 24%         |
| Effective income tax rate                | 33.1%       | 35.5%       |

**27. Other liabilities**

This item consists of the following:

| Description                    | 2017       | 2016       |
|--------------------------------|------------|------------|
|                                | JD         | JD         |
| Accepted cheques               | 2,349,414  | 1,116,397  |
| Revenues received in advance   | 1,824,752  | 1,757,256  |
| Al Qard Al Hasan Fund          | 1,725,402  | 1,787,393  |
| Temporary deposits             | 837,793    | 623,670    |
| Miscellaneous credit balances  | 2,310,889  | 2,283,578  |
| Cheques against notes payables | 4,748,093  | 2,301,916  |
| Banker's cheques               | 4,060,896  | 4,486,589  |
| Others                         | 1,512,432  | 1,093,947  |
| Total                          | 19,369,671 | 15,450,746 |

## 28.A Unrestricted investment accounts

This item consists of the following:

| Description                                   | 2017                 |                  |                              |                              |                  |                      |
|---|----------------------|------------------|------------------------------|------------------------------|------------------|----------------------|
|   | Retail               | Corporate        | Small and Medium Enterprises | Government and public sector | Banks            | Total                |
|   | JD                   | JD               | JD                           | JD                           | JD               | JD                   |
| Saving accounts                               | 528,827,240          | 500,694          | 9,046,343                    | 8,292                        | 660,701          | 539,043,270          |
| Notice accounts                               | 9,435,099            | -                | 5,183,099                    | 16,768,150                   | -                | 31,386,348           |
| Term accounts                                 | 1,742,127,050        | 5,641,113        | 114,447,071                  | 43,761,136                   | 5,000,000        | 1,910,976,370        |
| <b>Total</b>                                  | <b>2,280,389,389</b> | <b>6,141,807</b> | <b>128,676,513</b>           | <b>60,537,578</b>            | <b>5,660,701</b> | <b>2,481,405,988</b> |
| Depositors' share from Investment returns     | 49,303,663           | 132,790          | 2,798,424                    | 1,308,866                    | 10,899           | 53,554,642           |
| <b>Total unrestricted investment accounts</b> | <b>2,329,693,052</b> | <b>6,274,597</b> | <b>131,474,937</b>           | <b>61,846,444</b>            | <b>5,671,600</b> | <b>2,534,960,630</b> |

| Description                                   | 2016                 |                  |                              |                              |                |                      |
|---|----------------------|------------------|------------------------------|------------------------------|----------------|----------------------|
|   | Retail               | Corporate        | Small and Medium Enterprises | Government and public sector | Banks          | Total                |
|   | JD                   | JD               | JD                           | JD                           | JD             | JD                   |
| Saving accounts                               | 504,905,395          | 371,179          | 4,338,379                    | 19,445                       | 640,443        | 510,274,841          |
| Notice accounts                               | 13,307,276           | 4,112            | 945,760                      | 16,460,335                   | -              | 30,717,483           |
| Term accounts                                 | 1,661,267,517        | 5,687,842        | 88,040,059                   | 41,202,155                   | -              | 1,796,197,573        |
| <b>Total</b>                                  | <b>2,179,480,188</b> | <b>6,063,133</b> | <b>93,324,198</b>            | <b>57,681,935</b>            | <b>640,443</b> | <b>2,337,189,897</b> |
| Depositors' share from investment returns     | 49,029,865           | 136,397          | 2,115,095                    | 1,297,620                    | 3,863          | 52,582,840           |
| <b>Total unrestricted investment accounts</b> | <b>2,228,510,053</b> | <b>6,199,530</b> | <b>95,439,293</b>            | <b>58,979,555</b>            | <b>644,306</b> | <b>2,389,772,737</b> |

- Unrestricted investment accounts share of profits is calculated as follows:
  - 50% of the annual average balance of saving accounts.
  - 70% of the annual average balance of notice accounts.
  - 90% of the minimum balance of term accounts.
- Profit percentage for Jordanian Dinars deposits was 3.20% as at 31 December 2017 compared to 3.39% as at 31 December 2016, profit percentage of foreign currencies deposits was 1.04% as at 31 December 2017 compared to 0.92% as at 31 December 2016.



- Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 61,846,444, representing 2.44 % of the total unrestricted investment accounts as at 31 December 2017 compared to JD 58,979,555, representing 2.47 % as of 31 December 2016.
- The with drawal restricted investment accounts were amounted to JD 3,978,505 representing 0.16% of the total unrestricted investment accounts as at 31 December 2017 compared to JD 5,524,003, representing 0.23 % as at 31 December 2016.

## 28.B Investment accounts holders' reserve and non- controlling interest – in subsidiaries and associates

This item consists of the following:

| Description   | Joint      |            |
|---|------------|------------|
|   | 2017       | 2016       |
|   | JD         | JD         |
| Investment accounts holders' reserve – Subsidiaries | 14,948,159 | 12,505,441 |
| Investment accounts holders' reserve – Associates   | 2,686,701  | 1,939,960  |
| Total   | 17,634,860 | 14,445,401 |
| Non-Controlling Interests                           | 165,487    | 130,070    |

## 29. Fair value reserve

This item consists of the following:

### A. Joint

| Description  | Joint            |                   |
|--|------------------|-------------------|
|  | 2017             | 2016              |
|  | JD               | JD                |
| Financial assets at fair value through joint investment accounts holders' equity reserve | 206,057          | 1,437,445         |
| Investments in real estate reserve   | 7,478,483        | 9,773,412         |
| <b>Total</b>   | <b>7,684,540</b> | <b>11,210,857</b> |

### B. Self

| Description   | Self             |                |
|---|------------------|----------------|
|   | 2017             | 2016           |
|   | JD               | JD             |
| Financial assets at fair value through owner's equity reserve | 1,208,122        | 608,319        |
| <b>Total</b>  | <b>1,208,122</b> | <b>608,319</b> |

**C. Movements on the fair value reserve for the unrestricted investment accounts holders' equity were as following:**

| Description  | 2017                           |                            |                  |
|--|--------------------------------|----------------------------|------------------|
|  | Financial assets at fair value | Investments in real estate | Total            |
|  | JD                             | JD                         | JD               |
| Beginning Balance *                                      | 2,211,454                      | 15,036,019                 | 17,247,473       |
| Unrealized profits                                       | (1,894,444)                    | (3,457,182)                | (5,351,626)      |
| Deferred tax liabilities                                 | (110,953)                      | (4,026,875)                | (4,137,828)      |
| Profits transferred to the consolidated income statement | -                              | (73,479)                   | (73,479)         |
| <b>Ending Balance</b>                                    | <b>206,057</b>                 | <b>7,478,483</b>           | <b>7,684,540</b> |

| Description  | 2016                           |                            |                   |
|--|--------------------------------|----------------------------|-------------------|
|  | Financial assets at fair value | Investments in real estate | Total             |
|  | JD                             | JD                         | JD                |
| Beginning Balance *                                      | 2,476,104                      | 13,773,349                 | 16,249,453        |
| Unrealized profits                                       | 917,081                        | 5,163,387                  | 6,080,468         |
| Deferred tax liabilities                                 | (774,009)                      | (5,262,607)                | (6,036,616)       |
| Profits transferred to the consolidated income statement | (1,181,731)                    | (3,900,717)                | (5,082,448)       |
| <b>Ending Balance</b>                                    | <b>1,437,445</b>               | <b>9,773,412</b>           | <b>11,210,857</b> |

\* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 6,036,616.

**D. Movements on the fair value reserve / owner's equity were as follows:**

| Description              | Financial assets at fair value |                |
|--------------------------|--------------------------------|----------------|
|                          | 2017                           | 2016           |
|                          | JD                             | JD             |
| Beginning Balance*       | 935,875                        | 865,063        |
| Unrealized profits       | 922,775                        | 70,812         |
| Deferred tax liabilities | (650,528)                      | (327,556)      |
| <b>Ending Balance</b>    | <b>1,208,122</b>               | <b>608,319</b> |

\* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 327,556.

### 30. Investment risk fund:

A. Movements on the investment risk fund were as follows:

| Description  | 2017               | 2016              |
|--|--------------------|-------------------|
|  | JD                 | JD                |
| Beginning Balance  | 95,629,553         | 91,752,989        |
| Add: transferred from investment profits during the year | 19,123,046         | 19,794,532        |
| Tax settlement - Net                                     | 22,265             | -                 |
| Amounts recovered from prior years losses                | 420,916            | 92,995            |
| Losses written off during the year*                      | (4,857,404)        | (13,991,315)      |
| Less: tax payments for the years 2017, 2016              | (1,358,788)        | (1,366,739)       |
| Net accrued income tax**                                 | (3,746,032)        | (652,909)         |
| <b>Ending Balance</b>                                    | <b>105,233,556</b> | <b>95,629,553</b> |

\* The losses charged to the fund as at 31 December 2017 represent debt amortization losses at the sum of JD 4,857,404 compared to a sum of JD 6,036,538 as at 31 December 2016, no realized losses from investment in sukuk and sale of investment in shares as at 31 December 2017 compared to a sum of JD 7,954,777 as at 31 December 2016, in accordance with Article (55) of the Banks Law and the Interpretation issued by the Bureau of Laws Interpretation.

- A percentage of 10 % was deducted from the net realized joint investment profits from different transactions as at 31 December 2017 and transferred to the investment risk fund (2016: 10 %.)
- Investment risk fund balance devolves to the Zahah fund in case of the Bank's liquidation.

\*\* The aforementioned fund income tax item represents:

| Description   | 2017             | 2016           |
|---|------------------|----------------|
|   | JD               | JD             |
| Income tax payable on the fund's investment profits   | 5,104,820        | 2,019,648      |
| Less: advance tax payment for the years 2017 and 2016 | (1,358,788)      | (1,366,739)    |
| <b>Net accrued tax</b>                                | <b>3,746,032</b> | <b>652,909</b> |

**B. The Investment risk fund balance is distributed as follows:**

| Description  | 2017               | 2016              |
|--|--------------------|-------------------|
|  | JD                 | JD                |
| <b>Beginning Balance</b>   | <b>105,233,556</b> | <b>95,629,553</b> |
| Impairment provision for deferred sales receivables – (Note 7)                             | 73,100,869         | 70,513,371        |
| Impairment provision for Ijarah Muntahia Bittamleek receivables – (Note 7)                 | 1,820,617          | 1,640,270         |
| Impairment provision for financing – (Note 9)  | 212,681            | 175,997           |
| Provision for repossessed investment in real estate – (Note 14)                            | 12,363             | 15,453            |
| Impairment provision for repossessed investment in real estate – (Note 14)                 | 533,171            | 261,188           |
| Impairment provision for financial assets – (Note 11)                                      | 1,818,373          | -                 |
| <b>Total impairment provision</b>  | <b>77,498,074</b>  | <b>72,606,279</b> |
| Mutual insurance fund share – deferred sales receivables (impairment provision)            | (8,417,661)        | (6,514,959)       |
| Mutual insurance fund share – Ijarah Muntahia Bittamleek receivable (impairment provision) | (197,344)          | (81,219)          |
| <b>Remaining Balance *</b>   | <b>36,350,487</b>  | <b>29,619,452</b> |

\* The remaining undistributed balance is related to the joint investment accounts.

- Income tax of the investment risk fund was settled up to the year 2015 and income tax return was filed for the year 2016. Declared tax was settled in accordance with the related Shari'a Fatwa.

**C. Mutual Insurance Fund**

Movements on the mutual insurance fund were as follows:

| Description   | 2017              | 2016              |
|---|-------------------|-------------------|
|   | JD                | JD                |
| <b>Beginning balance</b>  | <b>73,711,297</b> | <b>64,236,270</b> |
| Add: profits for the years 2016 and 2015                                    | 1,981,015         | 1,535,834         |
| Add: insurance premiums collected during the year                           | 14,806,862        | 17,095,660        |
| Add: amounts recovered from prior years losses                              | 42,614            | 16,771            |
| Less: insurance premiums paid for Islamic Insurance Company during the year | (4,208,919)       | (3,679,520)       |
| Less: tax payments for the years 2017 and 2016                              | (709,438)         | (938,351)         |
| Less: income tax fund for the years 2016 and 2015                           | (4,180,404)       | (4,211,637)       |
| Less: fund's committee members remunerations                                | (16,000)          | (16,000)          |
| Less: auditors fee for the year   | (1,740)           | (1,740)           |
| Less: losses written off during the year                                    | (538,162)         | (325,990)         |
| <b>Ending balance</b>   | <b>80,887,125</b> | <b>73,711,297</b> |

- The mutual insurance fund was established based on Article (54) - paragraph (D/3) of the Banks Law No. (28) for the year 2000.
- Prior approval of the Central Bank of Jordan must be obtained in case of any changes to the mutual insurance fund policies.
- In case of discontinuing the mutual insurance fund for any reason, the Board of Directors shall determine the way of spending the fund's sources for charity.
- The Central Bank of Jordan approved considering the Mutual Insurance Fund as mitigating risk exposure according to its letter No. 10/1/12160 dated 9 October 2014.
- Compensation payment for the subscriber is made from the Fund as determined by the Bank from the subscriber's outstanding debt insured in Murabaha or in any other form of deferred sales or as determined by the Bank from the debt and/or the remaining amount from the Ijarah asset in the following cases:
  - Death of subscriber.
  - The subscriber's physical disability, fully or partially.
  - The subscriber's insolvency due to lack of income sources for at least one year, without having an assets or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease.

Mutual insurance fund balance is allocated as follows:

| Description   | 2017              | 2016              |
|---|-------------------|-------------------|
|   | JD                | JD                |
| <b>Ending balance</b>   | <b>80,887,125</b> | <b>73,711,297</b> |
| Impairment provision for deferred sales receivables             | (8,417,661)       | (6,514,959)       |
| Impairment provision for Ijarah Muntahia Bittamleek receivables | (197,344)         | (81,219)          |
| <b>Excess of mutual insurance fund</b>                          | <b>72,272,120</b> | <b>67,115,119</b> |

- The impairment provision of deferred sales receivables and Ijarah Muntahia Bittamleek receivables included in the mutual insurance fund was computed starting from 31 December 2014 in accordance to the approval of the Central Bank of Jordan.
- Mutual insurance fund covers financing granted by the Bank (financing granted from joint investment accounts and Al Wakala Bi Al Istithmar accounts)

#### D. Subsidiaries impairment provision

| Description  | 2017           | 2016           |
|--|----------------|----------------|
|  | JD             | JD             |
| Al Samaha Funding and Investment Company Ltd. - (Note 7) | 81,514         | 64,708         |
| Al Omariah Schools Company Ltd. - (Note 7)               | 448,305        | 450,000        |
| <b>Total</b>   | <b>529,819</b> | <b>514,708</b> |

### 31. Paid-In Capital:

- The authorized and paid-in capital amounted to JD 180 million as at 31 December 2017 (2016: JD 150 million) consisting of 180 million shares (2016: 150 million shares).

### 32. Reserves:

#### Statutory reserve:

- The accumulated amounts in this account represent the transferred 10% of annual profits before taxes during the current and previous years, in accordance with Banks Law. This reserve is not available for distribution to shareholders.

#### Voluntary reserve:

- The accumulated amounts in this account represent the transferred 20% of annual profits before taxes during the current and previous years and is used for purposes determined by the Board of Directors. General Assembly is entitled to fully or partially distribute the reserve as dividends.

#### General banking risks reserve:

- This item represents the general banking risks reserve for deferred sales receivables and the self financed facilities in accordance with the regulations of the Central Bank of Jordan.

Restricted reserves are as follows:

| Description                   | JD         | Nature of Restriction              |
|-------------------------------|------------|------------------------------------|
| Statutory reserve             | 76,471,380 | Banks Law                          |
| General banking risks reserve | 1,000,000  | Central Bank of Jordan regulations |

### 33. Retained earnings

The item consists of the following:

| Description                           | 2017               | 2016               |
|---------------------------------------|--------------------|--------------------|
|                                       | JD                 | JD                 |
| <b>Beginning Balance</b>              | <b>100,123,623</b> | <b>85,631,408</b>  |
| Profit after income tax               | 54,139,053         | 54,019,075         |
| Transferred to statutory reserve      | (8,100,584)        | (8,382,680)        |
| Transferred to voluntary reserve      | (8,084,728)        | (8,344,180)        |
| General banking risks reserve         | -                  | (300,000)          |
| Dividends distributed to shareholders | (22,500,000)       | (22,500,000)       |
| Transferred to capital increase       | (30,000,000)       | -                  |
| <b>Ending Balance</b>                 | <b>85,577,364</b>  | <b>100,123,623</b> |

#### Proposed Dividends

- Proposed cash dividends to be distributed to shareholders for the year 2017 is 15 % of the paid-in capital with an amount of JD 27 million (2016: 15% of the paid-in capital with amount of JD 22.5 million and shares dividends at 20% of the paid-in capital amounted to JD 30 million)The aforementioned proposed dividends is subject to the shareholders General Assembly approval.

### 34. Deferred sales revenues

This item consists of the following:

| Description                          | Joint              |                    | Self-financed |               |
|--------------------------------------|--------------------|--------------------|---------------|---------------|
|                                      | 2017               | 2016               | 2017          | 2016          |
|                                      | JD                 | JD                 | JD            | JD            |
| <b>Individuals (Retail):</b>         |                    |                    |               |               |
| Murabaha to the purchase orderer     | 53,372,815         | 52,264,084         | -             | -             |
| Deferred sales                       | 456,238            | 315,843            | -             | -             |
| Ijarah Mawsoofa Bil Thimma           | 252,611            | 188,996            | -             | -             |
| Real Estate Financing                | 36,731,385         | 34,297,845         | 10,000        | 78,996        |
| <b>Corporate:</b>                    |                    |                    |               |               |
| International Murabaha               | 123,473            | 60,099             | -             | -             |
| Istisna'a                            | 331,267            | 330,810            | -             | -             |
| Murabaha to the purchase orderer     | 16,602,898         | 19,796,910         | -             | -             |
| <b>Small and Medium Enterprises:</b> |                    |                    |               |               |
| Murabaha to the purchase orderer     | 8,385,298          | 9,602,450          | -             | -             |
| Government and public sector         | 24,801,089         | 31,200,302         | -             | -             |
| <b>Total</b>                         | <b>141,057,074</b> | <b>148,057,339</b> | <b>10,000</b> | <b>78,996</b> |

### 35. Financing revenues

This item consists of the following:

| Description                            | Joint          |                | Self-financed |              | Total          |                |
|--|----------------|----------------|---------------|--------------|----------------|----------------|
|  | 2017           | 2016           | 2017          | 2016         | 2017           | 2016           |
|  | JD             | JD             | JD            | JD           | JD             | JD             |
| <b>Individuals (Retail):</b>           |                |                |               |              |                |                |
| Diminishing Musharaka                  | 427,616        | 396,330        | 3,737         | 3,975        | 431,353        | 400,305        |
| <b>Small &amp; Medium Enterprises:</b> |                |                |               |              |                |                |
| Diminishing Musharaka                  | 5,500          | 8,160          | -             | -            | 5,500          | 8,160          |
| <b>Total</b>                           | <b>433,116</b> | <b>404,490</b> | <b>3,737</b>  | <b>3,975</b> | <b>436,853</b> | <b>408,465</b> |

### 36. Gain from financial assets at fair value through the joint investment accounts holders' equity

This item consists of the following:

| Description                                    | Joint            |                  |
|--|------------------|------------------|
|  | 2017             | 2016             |
|  | JD               | JD               |
| Dividends income                               | 995,614          | 645,946          |
| Gain on sale of financial assets at fair value | -                | 1,181,731        |
| Islamic banks portfolio revenues               | 86,248           | 121,401          |
| Islamic Ijarah Sukuk revenues                  | 1,210,791        | 1,122,166        |
| <b>Total</b>                                   | <b>2,292,653</b> | <b>3,071,244</b> |

### 37. Gain from financial assets at amortized cost

The item consists of the following:

| Description   | Joint            |                |
|---------------|------------------|----------------|
|               | 2017             | 2016           |
|               | JD               | JD             |
| Islamic Sukuk | 1,598,251        | 315,230        |
| <b>Total</b>  | <b>1,598,251</b> | <b>315,230</b> |

### 38. Dividends from subsidiaries and associates

This item consists of the following:

| Description                                    | Ownership percentage | Distribution percentage | Distributed dividends |                |
|--|----------------------|-------------------------|-----------------------|----------------|
|  |                      |                         | 2017                  | 2016           |
|  | %                    | %                       | JD                    | JD             |
| <b>Subsidiaries</b>                            |                      |                         |                       |                |
| Al Omariah Schools Company Ltd                 | 99.4                 | -                       | -                     | 484,517        |
| <b>Associates</b>                              |                      |                         |                       |                |
| Jordanian Center for International Trading Co. | 28.4                 | 9                       | 86,760                | 77,120         |
| Islamic Insurance Co.                          | 33.3                 | -                       | -                     | 319,212        |
| <b>Total</b>                                   |                      |                         | <b>86,760</b>         | <b>880,849</b> |



### 39. Revenues from investments in real estate

This item consists of the following:

| Description                                   | Joint          |                  |
|---|----------------|------------------|
|   | 2017           | 2016             |
|   | JD             | JD               |
| Realized gain from investments in real estate | 797,170        | 4,736,711        |
| <b>Total</b>                                  | <b>797,170</b> | <b>4,736,711</b> |

### 40. Revenues from leased and Ijarah Muntahia Bittamleek assets

This item consists of the following:

| Description                | Joint             |                   |
|----------------------------|-------------------|-------------------|
|                            | 2017              | 2016              |
|                            | JD                | JD                |
| Ijarah Muntahia Bittamleek | 43,535,584        | 40,362,962        |
| <b>Total</b>               | <b>43,535,584</b> | <b>40,362,962</b> |

### 41. Revenues from other investments

The item consists of the following:

| Description  | 2017             | 2016           |
|--|------------------|----------------|
|  | JD               | JD             |
| Revenue from investment deposits at Islamic financial institutions | 1,429,855        | 116,491        |
| <b>Total</b>   | <b>1,429,855</b> | <b>116,491</b> |

## 42. Net income of subsidiaries

This item consists of the following:

| Description                           | 2017                | 2016                |
|---------------------------------------|---------------------|---------------------|
|                                       | JD                  | JD                  |
| <b>Revenues</b>                       |                     |                     |
| School instalments and transportation | 10,193,213          | 9,954,335           |
| Profit from financial assets          | 7,800               | 9,250               |
| Muqarada bonds revenues               | 225,032             | 128,259             |
| Finance revenues                      | 1,233,091           | 932,113             |
| Projects revenues                     | 1,843,608           | 678,281             |
| Other revenues                        | 446,190             | 472,251             |
| <b>Total Revenues</b>                 | <b>13,948,934</b>   | <b>12,174,489</b>   |
| <b>Expenses</b>                       |                     |                     |
| Administrative expenses               | (9,840,593)         | (8,188,781)         |
| Depreciation                          | (1,043,820)         | (1,046,365)         |
| Provision for bad debts               | (16,806)            | (223,677)           |
| Other expenses                        | (599,724)           | (575,777)           |
| <b>Total expenses</b>                 | <b>(11,500,943)</b> | <b>(10,034,600)</b> |
| <b>Net income</b>                     | <b>2,447,991</b>    | <b>2,139,889</b>    |

## 43. Share of unrestricted investment accounts holders':

This item consists of the following:

| Description                             | 2017              | 2016              |
|---|-------------------|-------------------|
|   | JD                | JD                |
| <b>Banks and financial institutions</b> | <b>10,899</b>     | <b>3,863</b>      |
| <b>Customers:</b>                       |                   |                   |
| Saving accounts                         | 6,767,104         | 6,728,329         |
| Notice accounts                         | 638,983           | 626,779           |
| Term accounts                           | 46,137,656        | 45,223,869        |
| <b>Total</b>                            | <b>53,554,642</b> | <b>52,582,840</b> |

#### 44. Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal

The item consists of the following:

| Description             | 2017               | 2016               |
|-------------------------|--------------------|--------------------|
|                         | JD                 | JD                 |
| Bank's share as Mudarib | 84,958,387         | 89,257,236         |
| Bank's share as Rab Mal | 33,594,388         | 36,310,708         |
| <b>Total</b>            | <b>118,552,775</b> | <b>125,567,944</b> |

#### 45. Bank's self- financed revenues

This item consists of the following:

| Description   | 2017          | 2016           |
|---|---------------|----------------|
|   | JD            | JD             |
| Deferred sales revenues – (Note 34)                                     | 10,000        | 78,996         |
| Financing revenues – (Note 35)  | 3,737         | 3,975          |
| Profits of financial assets through the consolidated income statement   | -             | 174,917        |
| Dividend from financial assets at the fair value through owner's equity | 12,476        | 10,795         |
| <b>Total</b>  | <b>26,213</b> | <b>268,683</b> |

#### 46. Bank's share of restricted investment revenues as Mudarib and Wakeel

This item consists of the following:

| Description  | Wakeel           | Mudarib          | Wakeel        | Mudarib          |
|--|------------------|------------------|---------------|------------------|
|  | 2017             |                  | 2016          |                  |
|  | JD               | JD               | JD            | JD               |
| Restricted investment revenues                             | 383,085          | 831,688          | 177,582       | 545,435          |
| Less: Share of restricted investment accounts holders'     | (239,664)        | (694,554)        | (122,028)     | (450,693)        |
| <b>Net</b>   | <b>143,421</b>   | <b>137,134</b>   | <b>55,554</b> | <b>94,742</b>    |
| Muqarada bonds profits                                     | -                | 8,848,964        | -             | 18,558,036       |
| Less: share of Muqarada bonds accounts holders'            | -                | (6,636,723)      | -             | (16,977,101)     |
| <b>Net</b>   | <b>-</b>         | <b>2,212,241</b> | <b>-</b>      | <b>1,580,935</b> |
| Al Wakala Bi Al Istithmar revenues                         | 9,366,411        | -                | -             | -                |
| Less: share of Al Wakala Bi Al Istithmar accounts holders' | (7,036,386)      | -                | -             | -                |
| <b>Net</b>   | <b>2,330,025</b> | <b>-</b>         | <b>-</b>      | <b>-</b>         |
| <b>Total</b>   | <b>2,473,446</b> | <b>2,349,375</b> | <b>55,554</b> | <b>1,675,677</b> |

## 47. Banking services revenues

This item consists of the following:

| Description                                 | 2017              | 2016              |
|---|-------------------|-------------------|
|   | JD                | JD                |
| Letters of credit commissions               | 716,914           | 850,805           |
| Guarantees commissions                      | 2,534,260         | 2,695,701         |
| Collection bills commission                 | 473,756           | 485,136           |
| Transfers commission                        | 620,941           | 640,620           |
| Salary transfer commission                  | 4,163,117         | 3,882,979         |
| Returned cheques commission                 | 2,699,695         | 2,159,732         |
| Account management commission               | 1,320,390         | 1,323,227         |
| Cheques books commission                    | 336,104           | 378,297           |
| Foreign currencies cash deposits commission | 90,539            | 90,753            |
| Brokerage commission                        | 308,907           | 543,592           |
| Cheques collection commission               | 117,472           | 121,111           |
| Credit cards commission                     | 4,405,236         | 3,792,410         |
| Other commissions                           | 1,859,359         | 1,851,795         |
| <b>Total</b>                                | <b>19,646,690</b> | <b>18,816,158</b> |

## 48. Foreign currency gain

This item consists of the following:

| Description              | Self             |                  |
|--------------------------|------------------|------------------|
|                          | 2017             | 2016             |
|                          | JD               | JD               |
| Resulting from trading   | 791,655          | 766,692          |
| Resulting from valuation | 1,244,309        | 1,072,271        |
| <b>Total</b>             | <b>2,035,964</b> | <b>1,838,963</b> |

## 49. Other income

The item consists of the following:

| Description           | 2017             | 2016             |
|-----------------------|------------------|------------------|
|                       | JD               | JD               |
| Rents                 | 71,668           | 73,098           |
| Bonded revenues       | 597,038          | 193,211          |
| Postage and telephone | 350,734          | 383,746          |
| Safe box leasing      | 196,230          | 160,636          |
| Others                | 670,366          | 557,623          |
| <b>Total</b>          | <b>1,886,036</b> | <b>1,368,314</b> |

## 50. Employees expenses

This item consists of the following:

| Description                            | 2017              | 2016              |
|--|-------------------|-------------------|
|  | JD                | JD                |
| Salaries, benefits and allowances      | 29,604,092        | 27,692,955        |
| Bank's contribution in Social Security | 3,545,291         | 3,193,047         |
| Medical expenses                       | 2,726,603         | 2,626,275         |
| Training expenses                      | 241,326           | 200,574           |
| Per diem                               | 187,700           | 188,075           |
| Meals                                  | 133,480           | 125,593           |
| End of service benefits                | 743,398           | 742,633           |
| Takaful insurance                      | 210,844           | 208,524           |
| <b>Total</b>                           | <b>37,392,734</b> | <b>34,977,676</b> |

## 51. Other expenses

This item consists of the following:

| Description                           | 2017              | 2016              |
|---------------------------------------|-------------------|-------------------|
|                                       | JD                | JD                |
| Postage and telephone                 | 1,408,565         | 1,353,475         |
| Printings and stationery              | 1,294,190         | 1,331,584         |
| System maintenance and licenses       | 2,389,810         | 2,337,149         |
| Credit Cards                          | 1,718,919         | 1,514,332         |
| Rent                                  | 1,696,585         | 1,605,591         |
| Water, electricity and heating        | 2,292,607         | 2,288,922         |
| Repair, maintenance and cleaning      | 1,442,527         | 1,135,177         |
| Insurance premiums                    | 708,297           | 616,700           |
| Travel and transportation             | 1,162,892         | 1,011,975         |
| Legal and consulting fees             | 231,840           | 228,838           |
| Professional fees                     | 146,460           | 116,460           |
| Subscriptions and memberships         | 701,519           | 659,323           |
| Donations                             | 880,124           | 850,865           |
| Licenses, governmental fees and taxes | 982,452           | 890,291           |
| Hospitality                           | 148,704           | 148,562           |
| Advertising and promotion             | 1,727,862         | 2,080,587         |
| Saving accounts rewards               | 148,530           | 149,235           |
| Board committees remunerations        | 82,600            | 49,000            |
| Master card and visa accounts rewards | 223,464           | 133,227           |
| Board members remunerations           | 67,080            | 78,863            |
| Investor protection fund              | 9,027             | 21,127            |
| Doubtful accounts                     | -                 | 125,000           |
| Overdraft accounts coverage           | 487,551           | 139,094           |
| Others                                | 701,125           | 556,346           |
| <b>Total</b>                          | <b>20,652,730</b> | <b>19,421,723</b> |

## 52. Other provisions

The item consists of the following:

| Description                   | 2017           | 2016           |
|-------------------------------|----------------|----------------|
|                               | JD             | JD             |
| End of service provision      | -              | 600,000        |
| Employees' vacation provision | 250,000        | 100,000        |
| <b>Total</b>                  | <b>250,000</b> | <b>700,000</b> |

## 53. Basic earnings per share (EPS)

The item consists of the following:

| Description                               | 2016         | 2017         |
|---|--------------|--------------|
|   | JD           | JD           |
| Profit for the year after income tax (JD) | 54,139,053   | 54,019,075   |
| Weighted average number of shares         | 180,000,000  | 180,000,000  |
| <b>Basic earnings per share (JD/Fils)</b> | <b>0/301</b> | <b>0/300</b> |

## 54. Cash and cash equivalents

This item consists of the following:

| Description   | 2017                 | 2016                 |
|---|----------------------|----------------------|
|   | JD                   | JD                   |
| Cash and balances with Central Banks maturing within 3 months               | 1,138,666,950        | 1,090,770,170        |
| Add: Balances at banks and financial institutions maturing within 3 months  | 54,124,633           | 41,713,931           |
| Less: Balances at banks and financial institutions maturing within 3 months | (5,012,040)          | (8,812,042)          |
| <b>Total</b>  | <b>1,187,779,543</b> | <b>1,123,672,059</b> |

## 55. Restricted investments

This item consists of the following:

| Description                | Real estate trading |                | International Murabaha |                   | Deferred sales receivables |                  | Cash balances  |                | Total             |                   |
|----------------------------|---------------------|----------------|------------------------|-------------------|----------------------------|------------------|----------------|----------------|-------------------|-------------------|
|                            | 2017                | 2016           | 2017                   | 2016              | 2017                       | 2016             | 2017           | 2016           | 2017              | 2016              |
|                            | JD                  | JD             | JD                     | JD                | JD                         | JD               | JD             | JD             | JD                | JD                |
| Beginning balance          | 311,641             | 311,352        | 19,553,637             | 24,144,978        | 11,622,125                 | 4,283,746        | 507,228        | 1,678,225      | 31,994,631        | 30,418,301        |
| Deposits                   | -                   | 289            | 1,381,182              | 1,895,543         | 7,298,615                  | 8,908,159        | 2,685,714      | 3,215,516      | 11,365,511        | 14,019,507        |
| Withdrawals                | -                   | -              | (2,938,678)            | (6,521,968)       | (3,336,794)                | (1,985,389)      | (2,351,601)    | (4,386,513)    | (8,627,073)       | (12,893,870)      |
| Investment profits         | -                   | -              | 180,446                | 72,642            | 651,242                    | 472,793          | -              | -              | 831,688           | 545,435           |
| Bank's fees as Mudarib     | -                   | -              | (58,985)               | (37,558)          | (78,149)                   | (57,184)         | -              | -              | (137,134)         | (94,742)          |
| Ending balance             | 311,641             | 311,641        | 18,117,602             | 19,553,637        | 16,157,039                 | 11,622,125       | 841,341        | 507,228        | 35,427,623        | 31,994,631        |
| Less: deferred profits     | -                   | -              | -                      | -                 | (4,460,234)                | (3,169,652)      | -              | -              | (4,460,234)       | (3,169,652)       |
| <b>Ending balance, Net</b> | <b>311,641</b>      | <b>311,641</b> | <b>18,117,602</b>      | <b>19,553,637</b> | <b>11,696,805</b>          | <b>8,452,473</b> | <b>841,341</b> | <b>507,228</b> | <b>30,967,389</b> | <b>28,824,979</b> |



## 56. Muqarada bonds (Investments Portfolio)

This item consists of the following:

| Description   | Financial assets |                   | Real estate trading |                   | Deferred sales receivables |                    | Ijarah Muntahia Bittamleek |                   | Cash balances |                   | Total         |                    |
|---|------------------|-------------------|---------------------|-------------------|----------------------------|--------------------|----------------------------|-------------------|---------------|-------------------|---------------|--------------------|
|   | 2017             | 2016              | 2017                | 2016              | 2017                       | 2016               | 2017                       | 2016              | 2017          | 2016              | 2017          | 2016               |
|   | JD               | JD                | JD                  | JD                | JD                         | JD                 | JD                         | JD                | JD            | JD                | JD            | JD                 |
| Beginning Balance                                   | 40,274,026       | 53,277,335        | 27,714,095          | 28,031,600        | 221,765,622                | 220,193,489        | 93,233,207                 | 92,678,472        | 43,884,674    | 8,443,391         | 426,871,624   | 402,624,287        |
| Number of investment units at beginning of the year |                  |                   |                     |                   |                            |                    |                            |                   |               |                   | 714,462       | 656,775            |
| Value of investment units at beginning of the year  |                  |                   |                     |                   |                            |                    |                            |                   |               |                   | 357,231,000   | 328,387,500        |
| Deposits  | 723,616          | 10,743,640        | 2,828,011           | 403,300           | 89,130,049                 | 70,222,859         | 4,559,653                  | 14,436,842        | 84,739,773    | 131,247,959       | 181,981,102   | 227,054,600        |
| Withdrawals   | (40,069,613)     | (21,271,716)      | (30,584,731)        | (1,045,119)       | (316,394,026)              | (82,675,913)       | (99,816,632)               | (18,984,940)      | (128,624,447) | (95,806,676)      | (615,489,449) | (219,784,364)      |
| Investment profits (losses)                         | (928,029)        | (2,475,233)       | 56,833              | 350,680           | 7,331,140                  | 15,164,919         | 2,389,020                  | 5,517,670         | -             | -                 | 8,848,964     | 18,558,036         |
| Bank's Fees as Mudarib                              | -                | -                 | (14,208)            | (26,366)          | (1,832,785)                | (1,139,732)        | (365,248)                  | (414,837)         | -             | -                 | (2,212,241)   | (1,580,935)        |
| <b>Total</b>  | <b>-</b>         | <b>40,274,026</b> | <b>-</b>            | <b>27,714,095</b> | <b>-</b>                   | <b>221,765,622</b> | <b>-</b>                   | <b>93,233,207</b> | <b>-</b>      | <b>43,884,674</b> | <b>-</b>      | <b>426,871,624</b> |
| Less: deferred portfolio profits                    | -                | -                 | -                   | -                 | -                          | (26,482,702)       | -                          | (32,289,846)      | -             | -                 | -             | (58,772,548)       |
| <b>Ending balance, Net</b>                          | <b>-</b>         | <b>40,274,026</b> | <b>-</b>            | <b>27,714,095</b> | <b>-</b>                   | <b>195,282,920</b> | <b>-</b>                   | <b>60,943,361</b> | <b>-</b>      | <b>43,884,674</b> | <b>-</b>      | <b>368,099,076</b> |
| Number of investment units at end of year           |                  |                   |                     |                   |                            |                    |                            |                   |               |                   | 791,140       | 714,462            |
| Value of investment units at end of year            |                  |                   |                     |                   |                            |                    |                            |                   |               |                   | 395,570,000   | 357,231,000        |
| Profits adjusted reserve                            | -                | 1,990,926         | -                   | -                 | -                          | -                  | -                          | -                 | -             | -                 | -             | 1,990,926          |
| Investment risk provision                           | -                | -                 | -                   | -                 | -                          | 8,877,086          | -                          | -                 | -             | -                 | -             | 8,877,086          |
| Other liabilities                                   | -                | -                 | -                   | -                 | -                          | 64                 | -                          | -                 | -             | -                 | -             | 64                 |
| <b>Ending Balance</b>                               | <b>-</b>         | <b>1,990,926</b>  | <b>-</b>            | <b>-</b>          | <b>-</b>                   | <b>8,877,150</b>   | <b>-</b>                   | <b>-</b>          | <b>-</b>      | <b>-</b>          | <b>-</b>      | <b>10,868,076</b>  |

- On 1 July 2017, The management of Muqarada bonds contract (Investment Portfolio) was switched from Mudaraba contract to Al Wakala Bi Al Istithmar contract after obtaining the approval of the Shari'a Supervisory Board and Board of Directors of the Bank, the liquidation of the rights and obligations of the Muqarada bonds (Investment Portfolio) was made on 30 June 2017.

## 57. Al Wakala Bi Al Istithmar (Investments Portfolio)

This item consists of the following:

| Description  | Financial assets  |          | Real estate trading |          | Deferred sales receivables |          | Ijarah Muntahia Bittamleek |          | Cash balances     |          | Total              |          |
|--|-------------------|----------|---------------------|----------|----------------------------|----------|----------------------------|----------|-------------------|----------|--------------------|----------|
|  | 2017              | 2016     | 2017                | 2016     | 2017                       | 2016     | 2017                       | 2016     | 2017              | 2016     | 2017               | 2016     |
|  | JD                | JD       | JD                  | JD       | JD                         | JD       | JD                         | JD       | JD                | JD       | JD                 | JD       |
| Balance transferred from Muqarada bonds (investment portfolio) | 35,944,191        | -        | 30,493,756          | -        | 218,311,879                | -        | 89,034,765                 | -        | 85,046,785        | -        | 458,831,376        | -        |
| Number of investment units at beginning of the year            |                   |          |                     |          |                            |          |                            |          |                   |          | 791,140            | -        |
| Value of investment units at beginning of the year             |                   |          |                     |          |                            |          |                            |          |                   |          | 395,570,000        | -        |
| Deposits   | 221,640           | -        | 4,752,991           | -        | 70,918,026                 | -        | 3,582,124                  | -        | 88,984,762        | -        | 168,459,543        | -        |
| Withdrawals  | (94,177)          | -        | -                   | -        | (29,495,022)               | -        | (7,733,236)                | -        | (154,214,589)     | -        | (191,537,024)      | -        |
| Investment profits (losses)                                    | (1,654,859)       | -        | 259,164             | -        | 8,407,253                  | -        | 2,354,853                  | -        | -                 | -        | 9,366,411          | -        |
| Bank's Fees as Wakeel  | (221,640)         | -        | (197,962)           | -        | (1,529,911)                | -        | (380,512)                  | -        | -                 | -        | (2,330,025)        | -        |
| <b>Total</b>   | <b>34,195,155</b> | <b>-</b> | <b>35,307,949</b>   | <b>-</b> | <b>266,612,225</b>         | <b>-</b> | <b>86,857,994</b>          | <b>-</b> | <b>19,816,958</b> | <b>-</b> | <b>442,790,281</b> | <b>-</b> |
| Less: deferred portfolio profits                               | -                 | -        | -                   | -        | (30,574,154)               | -        | (28,151,726)               | -        | -                 | -        | (58,725,880)       | -        |
| Less: investment risk provision                                | -                 | -        | -                   | -        | (7,586,558)                | -        | -                          | -        | -                 | -        | (7,586,558)        | -        |
| <b>Ending balance, Net</b>                                     | <b>34,195,155</b> | <b>-</b> | <b>35,307,949</b>   | <b>-</b> | <b>228,451,513</b>         | <b>-</b> | <b>58,706,268</b>          | <b>-</b> | <b>19,816,958</b> | <b>-</b> | <b>376,477,843</b> | <b>-</b> |
| Number of investment units at end of year                      |                   |          |                     |          |                            |          |                            |          |                   |          | 743,424            | -        |
| Value of investment units at end of year                       |                   |          |                     |          |                            |          |                            |          |                   |          | 371,712,000        | -        |
| Real estate valuation reserve                                  | -                 | -        | 3,097,798           | -        | -                          | -        | -                          | -        | -                 | -        | 3,097,798          | -        |
| Deferred tax liabilities                                       | -                 | -        | 1,668,045           | -        | -                          | -        | -                          | -        | -                 | -        | 1,668,045          | -        |
| <b>Ending Balance</b>  | <b>-</b>          | <b>-</b> | <b>4,765,843</b>    | <b>-</b> | <b>-</b>                   | <b>-</b> | <b>-</b>                   | <b>-</b> | <b>-</b>          | <b>-</b> | <b>376,477,843</b> | <b>-</b> |

- On 1 July 2017, The management of Muqarada bonds contract (Investment Portfolio) was switched from Mudaraba contract to Al Wakala Bi Al Istithmar contract after obtaining the approval of the Shari'a Supervisory Board and Board of Directors of the Bank, the liquidation of the rights and obligations of the Muqarada bonds (Investment Portfolio) was made on 30 June 2017.

## 58. Al Wakala Bi Al Istithmar

This item consists of the following:

| Description   | 2017              | 2016             |
|---|-------------------|------------------|
|   | JD                | JD               |
| Al Wakala Bi Al Istithmar accounts – Baraka Group           | 30,866,592        | -                |
| Al Wakala Bi Al Istithmar accounts – Central Bank of Jordan | 15,088,407        | 6,222,149        |
| Investment in Wakala – Islamic Insurance                    | 607,500           | -                |
| <b>Total</b>  | <b>46,562,499</b> | <b>6,222,149</b> |

- Wakala investments accounts represent cash amounts deposited at the Bank that are managed and invested in accordance with Islamic Shari'a compliant investment modes agreed upon with the Muwakkil in exchange of a lump sum or percentage of the invested funds mentioned in Wakala contract. Any losses incurred shall be borne by the Muwakkil unless arising from the Bank's (Wakeel) negligence or misconduct.
- The Bank's (Wakeel) fee is 1% - 1.25% annually.

## 59. Related parties transactions

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

| Company Name  | Ownership | Paid - in Capital |            |
|---|-----------|-------------------|------------|
|   |           | 2017              | 2016       |
|   |           | JD                | JD         |
| Al Omariah Schools Company Ltd.                         | 99.4%     | 12,825,000        | 8,550,000  |
| Al Samaha Financing and Investment Company Ltd.         | 100%      | 12,000,000        | 12,000,000 |
| Future Applied Computer Technology Company Ltd.         | 100%      | 5,000,000         | 5,000,000  |
| Sanabel Al-Khair for Financial Investments Company Ltd. | 100%      | 5,000,000         | 5,000,000  |

- The Bank entered into transactions with the shareholders, subsidiaries, associates, major shareholders, board members and senior executive management within the Bank's ordinary course of business using normal Murabaha rates and commercial commissions. All deferred sales receivables, financing and Ijarah Muntahia Bittamleek granted to related parties are considered performing and no provisions was recognized against them.

## B. Below is a summary of transactions with related parties:

| Description   | Related parties |            |              |   | Total      |            |
|---|-----------------|------------|--------------|---|------------|------------|
|   | Parent Company  | Associates | Subsidiaries | Board members and Senior Executive management | 2017       | 2016       |
|   | JD              | JD         | JD           | JD  | JD         | JD         |
| Consolidated statement of financial position items:     |                 |            |              |   |            |            |
| Deferred sales receivables                              | -               | 1,420,797  | 230,880      | 6,989,086                                     | 8,640,763  | 7,787,226  |
| Financing of employees housing/ Musharaka               | -               | -          | -            | 1,714,934                                     | 1,714,934  | 1,190,516  |
| Musharaka financing                                     | -               | -          | -            | -   | -          | 3,667      |
| Deposits  | 619,989         | 7,083,092  | 4,998,325    | 2,126,592                                     | 14,827,998 | 11,813,707 |
| Off consolidated statement of financial position items: |                 |            |              |   |            |            |
| Guarantees and Letters of credit                        | -               | 7,480      | 660,333      | 2,422,040                                     | 3,089,853  | 2,561,085  |
| Description   |                 |            |              |   | 2017       | 2016       |
| Consolidated income statement items:                    |                 |            |              |   |            |            |
| Paid expenses   | -               | 3,923,435  | 1,367,258    | 2,821,367                                     | 8,112,060  | 2,389,142  |
| Received revenues                                       | -               | 115,854    | 26,505       | 143,555                                       | 285,914    | 268,094    |
| Paid Profits  | -               | 64,022     | 7,012        | 8,429   | 79,463     | 195,294    |

- Murabaha rate on granted financing ranged between 3.5% - 5.5% annually as at 31 December 2017 (2016: 3.5% - 5.5%).
- Musharaka profit rate of financing granted to the employees ranged between 2% - 4.8% annually as at 31 December 2017 (2016: 2% - 4.8%).
- Guarantees commission rate ranged between 1% - 4% annually as at 31 December 2017 (2016: 1% - 4%). Letters of credit commission rate ranged between 1/4% - 3/8% quarterly as at 31 December 2017 (2016: 1/4% - 3/8% quarterly).

C. Summary of the Bank's senior executive management benefits (salaries, remuneration and other benefits) were as follows:

| Description                                | 2017             | 2016             |
|--|------------------|------------------|
|  | JD               | JD               |
| Salaries, remunerations and transportation | 2,324,280        | 2,314,179        |
| End of service benefits                    | 118,787          | 74,963           |
| <b>Total</b>                               | <b>2,443,067</b> | <b>2,389,142</b> |

## 60. Fair value of financial instruments

- The Bank uses the following order of valuation methods and alternatives to determine and present the fair value of the financial instruments:
- **Level 1** - Quoted market prices in active markets for identical assets or liabilities.
- **Level 2** - Valuation techniques for which the inputs are significant to the fair value measurement is directly or indirectly observable.
- **Level 3** - Valuation techniques for which the inputs are significant to the fair value measurement is unobservable.

The table below illustrate the analysis of the financial instruments measured at fair value according to the aforementioned order:

| 2017   | First Level | Second Level | Third Level | Total      |
|--|-------------|--------------|-------------|------------|
| Financial assets at fair value through joint investment accounts holders' equity | JD          | JD           | JD          | JD         |
| Companies shares   | 31,866,560  | -            | -           | 31,866,560 |
| 2016   | First Level | Second Level | Third Level | Total      |
| Financial assets at fair value through joint investment accounts holders' equity | JD          | JD           | JD          | JD         |
| Companies shares   | 33,883,478  | -            | -           | 33,883,478 |

## 61. Fair value of financial assets and liabilities not measured at fair value in the consolidated financial statements

As disclosed in notes (10 and 11) to the consolidated financial statements, the financial instruments includes unquoted financial assets amount to JD 26,892,666 which are stated at cost as the Bank cannot reliably determine its fair value.

## 62. Risk Management

- The Bank undertakes the risk management function through a comprehensive risk management framework approved by the Bank's Board of Directors. The goal of risk management is to establish a safe business environment in order to pursue the Bank's strategic objectives by achieving the following:
  1. Maintaining adequate capital against risks.
  2. Preserving assets quality.
  3. Maintaining appropriate liquidity levels.
  4. Effective internal control system.
  5. Effective reporting system.

### Quantitative and qualitative disclosures:

#### 1- Credit risk:

- Credit risk is the risk arising from the borrower inability and/or unwillingness to meet its obligations including principal and profit as they come due.

#### The Bank's credit risk management policy comprise the following:

1. Determining a credit risk management strategy.
2. Determining the acceptable level of credit risk "Risk Appetite".
3. Determining the credit limits and maximum level of credit concentration.
4. Determining credit risk mitigating techniques and credit concentrations, which include the following:
  - Diversification of credit facilities among various economic sectors.
  - Setting a clear credit and investment limits that are consistent with Central Bank of Jordan regulations.
  - Usage of various credit risk mitigating techniques.
  - Setting a credit authority matrix.
5. Credit approval, monitoring, and follow up:
  - The credit application is prepared by the business department whereas the credit department performs a due diligence analysis. The credit application is then presented to the authorized credit committee for approval to ensure the achievement of segregation of duties.
  - Corporates, Small and Medium Enterprises (SMEs) and high net worth individuals are evaluated through internal credit rating system "Moody's", which is a two dimensions rating system: Obligor Risk Rating (ORR) and Facility Risk Rating (FRR).
  - Obligor Risk Rating (ORR) represents the credit worthiness of a customer which reflects the Probability of Default (PD).
  - Facility Risk Rating (FRR) represents the quality of credit risk mitigating techniques provided by the customer, which reflects the Loss Given Default (LGD).

## 1. Credit risk exposure (net of impairment provision, deferred and suspended revenues, and before collaterals and other risk mitigation factors)

| Description  | Joint                |                      | Self-financed        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2017                 | 2016                 | 2017                 | 2016                 |
|  | JD                   | JD                   | JD                   | JD                   |
| Items within the consolidated statement of financial position: |                      |                      |                      |                      |
| Balances with central banks                                    | -                    | -                    | 1,002,623,418        | 970,382,428          |
| Balances with banks and banking institutions                   | 13,174,135           | 10,950,984           | 40,950,498           | 30,762,947           |
| Investment accounts with banks and financial Institutions      | 21,979,000           | 17,725,000           | -                    | -                    |
| Deferred sales receivables and other receivables:              |                      |                      |                      |                      |
| Individuals  | 625,126,459          | 611,107,804          | 9,537,756            | 11,890,979           |
| Real estate  | 388,907,787          | 370,139,779          | 180,000              | 220,000              |
| Companies:   |                      |                      |                      |                      |
| Corporate  | 355,476,296          | 336,209,518          | 49,774               | -                    |
| Small and Medium Enterprises (SMEs)                            | 124,865,361          | 125,231,234          | 2,068,239            | -                    |
| Government and public sector                                   | 521,256,900          | 594,299,944          | 3,142,004            | 3,356,102            |
| Financing  |                      |                      |                      |                      |
| Musharaka:   |                      |                      |                      |                      |
| Individuals  | -                    | -                    | 44,085               | 55,000               |
| Real estates   | 29,886,256           | 29,749,834           | 238,016              | 259,192              |
| Corporate  | 812,000              | -                    | -                    | -                    |
| Off consolidated statement of financial position items:        |                      |                      |                      |                      |
| Guarantees   | -                    | -                    | 110,757,863          | 114,674,722          |
| Letters of credit  | -                    | -                    | 41,498,110           | 38,579,418           |
| Acceptances  | -                    | -                    | 3,650,962            | 5,325,298            |
| Unutilized limits  | -                    | -                    | 115,786,180          | 140,915,403          |
| <b>Total</b>   | <b>2,081,484,194</b> | <b>2,095,414,097</b> | <b>1,330,526,905</b> | <b>1,316,421,489</b> |

### Collaterals and other credit risk mitigation techniques against Credit Exposures:

- The quantity and quality of the required collaterals depends on the credit risk assessment of the counterparty. It is also possible to adjust or reduce the risk exposure related to the debtor, concerned party or any other obligor using the credit risk mitigation techniques applicable in the Islamic banks. These include (asset mortgage, third party guarantee, earnest money, cash margins, shares mortgage).

### Collaterals types against credit exposure in the aforementioned table were as follows:

- Cash margins
- Bank guarantees
- Real estate collaterals
- Vehicles and machinery mortgages

**2. Credit exposures of deferred sales receivables and other receivables and financing are distributed according to the risk degree as illustrated in following table:**

| 2017                       | Joint              |                    |                       |                    |                    |                   |                              |                   |  |               | Self – financed  |                      |                |               |                       |                  |                      |                      |                              |               |  |                  |                      |                      |           |         |
|----------------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|-------------------|------------------------------|-------------------|--|---------------|------------------|----------------------|----------------|---------------|-----------------------|------------------|----------------------|----------------------|------------------------------|---------------|--|------------------|----------------------|----------------------|-----------|---------|
|                            | Individuals        |                    | Real estate financing |                    | Companies          |                   | Government and public sector |                   | Banks and other financial institutions |               | Total            |                      | Individuals    |               | Real estate financing |                  | Companies            |                      | Government and public sector |               | Banks and other financial institutions |                  | Total                |                      |           |         |
|                            | JD                 | JD                 | JD                    | JD                 | JD                 | JD                | JD                           | JD                | JD                                     | JD            | JD               | JD                   | JD             | JD            | JD                    | JD               | JD                   | JD                   | JD                           | JD            | JD                                     | JD               | JD                   | JD                   | JD        |         |
| Low risk                   | 2,103,627          | -                  | 24,801,372            | 1,795,519          | 558,885,066        | -                 | 587,585,584                  | -                 | -                                      | 3,142,004     | 1,002,623,418    | 1,005,765,422        | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | -         |         |
| Acceptable risk            | 674,543,218        | 447,119,538        | 335,344,189           | 112,173,201        | -                  | 35,153,135        | 1,604,333,281                | 9,729,134         | 438,016                                | 49,774        | 2,068,239        | 53,235,661           | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | -         |         |
| Due: *                     |                    |                    |                       |                    |                    |                   |                              |                   |  |               |                  |                      |                |               |                       |                  |                      |                      |                              |               |  |                  |                      |                      |           |         |
| Up to 30 days              | 49,342             | 31,120             | 6,932                 | 5,541              | -                  | 92,935            | 200                          | -                 | -                                      | -             | -                | 200                  | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | 200       |         |
| From 31 to 60 Days         | 811,040            | 1,344,692          | 3,422,443             | 1,167,074          | -                  | 6,745,249         | 3,329                        | -                 | -                                      | -             | -                | 3,329                | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | 3,329     |         |
| Watch list                 | 21,485,238         | 26,158,832         | 21,380,824            | 14,417,719         | -                  | 83,442,613        | 2,215,013                    | -                 | -                                      | -             | -                | 2,215,013            | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | 2,215,013 |         |
| Non performing:            |                    |                    |                       |                    |                    |                   |                              |                   |  |               |                  |                      |                |               |                       |                  |                      |                      |                              |               |  |                  |                      |                      |           |         |
| Sub standard               | 3,270,685          | 1,566,129          | -                     | 228,950            | -                  | 5,065,764         | 254,932                      | -                 | -                                      | -             | -                | 254,932              | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | -         | 254,932 |
| Doubtful                   | 3,462,646          | 3,244,166          | -                     | 1,682,696          | -                  | 8,389,508         | 567,129                      | -                 | -                                      | -             | -                | 567,129              | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | -         | 567,129 |
| Loss                       | 21,943,979         | 30,331,155         | 17,845,846            | 19,032,560         | -                  | 89,153,540        | 1,956,393                    | -                 | -                                      | -             | -                | 1,956,393            | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | 1,956,393 |         |
| <b>Total</b>               | <b>726,809,393</b> | <b>508,419,820</b> | <b>399,372,231</b>    | <b>149,330,645</b> | <b>558,885,066</b> | <b>35,153,135</b> | <b>2,377,970,290</b>         | <b>14,722,601</b> | <b>438,016</b>                         | <b>49,774</b> | <b>2,068,239</b> | <b>1,063,994,550</b> | <b>438,016</b> | <b>49,774</b> | <b>2,068,239</b>      | <b>3,142,004</b> | <b>1,043,573,916</b> | <b>1,063,994,550</b> | <b>438,016</b>               | <b>49,774</b> | <b>2,068,239</b>                       | <b>3,142,004</b> | <b>1,043,573,916</b> | <b>1,063,994,550</b> |           |         |
| Less: deferred revenues    | 78,716,149         | 63,026,740         | 22,793,149            | 6,955,572          | 37,628,166         | -                 | 209,119,776                  | -                 | 20,000                                 | -             | -                | -                    | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | -         | 20,000  |
| Less:suspended revenues    | 2,820,964          | 4,140,350          | 2,890,168             | 1,850,852          | -                  | 11,702,334        | -                            | -                 | -                                      | -             | -                | -                    | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | -         | -       |
| Less: impairment provision | 20,145,821         | 22,458,687         | 17,400,618            | 15,658,860         | -                  | 75,663,986        | 5,140,760                    | -                 | -                                      | -             | -                | 5,140,760            | -              | -             | -                     | -                | -                    | -                    | -                            | -             | -                                      | -                | -                    | -                    | 5,140,760 |         |
| <b>Net</b>                 | <b>625,126,459</b> | <b>418,794,043</b> | <b>356,288,296</b>    | <b>124,865,361</b> | <b>521,256,900</b> | <b>35,153,135</b> | <b>2,081,484,194</b>         | <b>9,581,841</b>  | <b>418,016</b>                         | <b>49,774</b> | <b>2,068,239</b> | <b>1,058,833,790</b> | <b>418,016</b> | <b>49,774</b> | <b>2,068,239</b>      | <b>3,142,004</b> | <b>1,043,573,916</b> | <b>1,058,833,790</b> | <b>418,016</b>               | <b>49,774</b> | <b>2,068,239</b>                       | <b>3,142,004</b> | <b>1,043,573,916</b> | <b>1,058,833,790</b> |           |         |

\* The whole receivable balance is considered payable if one instalment falls due



| 2016                       | Joint              |                    |                       |                    |                    |                   |                              | Self – financed                        |                |             |                       |           |                  |                              |  |       |
|----------------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|-------------------|------------------------------|--|----------------|-------------|-----------------------|-----------|------------------|------------------------------|--|-------|
|                            | Individuals        |                    | Real estate financing |                    | Companies          |                   | Government and public sector | Banks and other financial institutions | Total          | Individuals | Real estate financing | Companies |                  | Government and public sector | Banks and other financial institutions | Total |
|                            | JD                 | JD                 | JD                    | JD                 | JD                 | JD                |                              |  |                |             |                       | JD        | JD               |                              |  |       |
| Low risk                   | 2,156,392          | -                  | 23,123,110            | 933,826            | 639,067,907        | -                 | 665,281,235                  | -                                      | -              | -           | -                     | -         | 3,356,102        | 970,382,428                  | 973,738,530                            |       |
| Acceptable risk            | 663,650,241        | 434,372,294        | 321,750,027           | 116,520,085        | -                  | 28,675,984        | 1,564,968,631                | 12,845,454                             | 509,192        | -           | -                     | -         | -                | 30,762,947                   | 44,117,593                             |       |
| Due: *                     |                    |                    |                       |                    |                    |                   |                              |  |                |             |                       |           |                  |                              |  |       |
| Up to 30 days              | 66,608             | 27,165             | 65,622                | 35,168             | -                  | -                 | 194,563                      | 99                                     | -              | -           | -                     | -         | -                | -                            | 99                                     |       |
| From 31 to 60 Days         | 1,182,403          | 626,964            | 1,968,790             | 970,911            | -                  | -                 | 4,749,068                    | 6,245                                  | -              | -           | -                     | -         | -                | -                            | 6,245                                  |       |
| Watch list                 | 21,088,198         | 22,729,316         | 14,978,743            | 12,535,327         | -                  | -                 | 71,331,584                   | 1,731,922                              | -              | -           | -                     | -         | -                | -                            | 1,731,922                              |       |
| Non performing:            |                    |                    |                       |                    |                    |                   |                              |  |                |             |                       |           |                  |                              |  |       |
| Substandard                | 1,811,154          | 1,323,732          | 1,180,210             | 30,689             | -                  | -                 | 4,345,785                    | 462,081                                | -              | -           | -                     | -         | -                | -                            | 462,081                                |       |
| Doubtful                   | 2,894,531          | 3,662,840          | -                     | 303,096            | -                  | -                 | 6,860,467                    | 361,381                                | -              | -           | -                     | -         | -                | -                            | 361,381                                |       |
| Loss                       | 20,216,970         | 27,076,770         | 17,984,622            | 19,681,798         | -                  | -                 | 84,960,160                   | 1,695,141                              | -              | -           | -                     | -         | -                | -                            | 1,695,141                              |       |
| <b>Total</b>               | <b>711,817,486</b> | <b>489,164,952</b> | <b>379,016,712</b>    | <b>150,004,821</b> | <b>639,067,907</b> | <b>28,675,984</b> | <b>2,397,747,862</b>         | <b>17,095,979</b>                      | <b>509,192</b> | <b>-</b>    | <b>-</b>              | <b>-</b>  | <b>3,356,102</b> | <b>1,001,145,375</b>         | <b>1,022,106,648</b>                   |       |
| Less: deferred revenues    | 79,561,374         | 65,026,899         | 22,207,442            | 7,324,631          | 44,767,963         | -                 | 218,888,309                  | -                                      | 30,000         | -           | -                     | -         | -                | -                            | 30,000                                 |       |
| Less: suspended revenues   | 2,536,469          | 3,442,334          | 2,792,514             | 1,829,793          | -                  | -                 | 10,601,110                   | -                                      | -              | -           | -                     | -         | -                | -                            | -                                      |       |
| Less: impairment provision | 18,611,839         | 20,806,106         | 17,807,238            | 15,619,163         | -                  | -                 | 72,844,346                   | 5,150,000                              | -              | -           | -                     | -         | -                | -                            | 5,150,000                              |       |
| <b>Net</b>                 | <b>611,107,804</b> | <b>399,889,613</b> | <b>336,209,518</b>    | <b>125,231,234</b> | <b>594,299,944</b> | <b>28,675,984</b> | <b>2,095,414,097</b>         | <b>11,945,979</b>                      | <b>479,192</b> | <b>-</b>    | <b>-</b>              | <b>-</b>  | <b>3,356,102</b> | <b>1,001,145,375</b>         | <b>1,016,926,648</b>                   |       |

\* The whole receivable balance is considered payable if one instalment falls due

The below table illustrate the distribution of the fair value of the collaterals against deferred sales receivables, other receivables, and financing:

| 2017                       | Joint              |                    |                       |                    |                    |                      | Self – financed              |                |          |               |             |                  |                       |                  |                  |                  |                              |                  |                  |                   |  |
|----------------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|----------------------|------------------------------|----------------|----------|---------------|-------------|------------------|-----------------------|------------------|------------------|------------------|------------------------------|------------------|------------------|-------------------|--|
|                            | Individuals        |                    | Real estate financing |                    | Companies          |                      | Government and public sector |                | Total    |               | Individuals |                  | Real estate financing |                  | Companies        |                  | Government and public sector |                  | Total            |                   |  |
|                            | JD                 | JD                 | JD                    | JD                 | JD                 | JD                   | JD                           | JD             | JD       | JD            | JD          | JD               | JD                    | JD               | JD               | JD               | JD                           | JD               | JD               | JD                |  |
|                            |                    |                    |                       |                    |                    |                      |                              |                |          |               |             |                  |                       |                  |                  |                  |                              |                  |                  |                   |  |
| Collaterals against:       |                    |                    |                       |                    |                    |                      |                              |                |          |               |             |                  |                       |                  |                  |                  |                              |                  |                  |                   |  |
| Low risk                   | 2,103,627          | -                  | 24,801,372            | 1,795,519          | 558,885,066        | 587,585,584          | -                            | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | 3,142,004        | 3,142,004        | 3,142,004         |  |
| Acceptable risk            | 397,152,022        | 264,696,101        | 193,631,422           | 81,812,495         | -                  | 937,292,040          | 6,624,424                    | 438,016        | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 7,062,440         |  |
| Watch list                 | 21,663,642         | 16,827,370         | 17,507,949            | 13,340,943         | -                  | 69,339,904           | 79,865                       | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 114,865           |  |
| Non performing:            |                    |                    |                       |                    |                    |                      |                              |                |          |               |             |                  |                       |                  |                  |                  |                              |                  |                  |                   |  |
| Substandard                | 1,950,636          | 934,039            | -                     | 136,546            | -                  | 3,021,221            | 40,908                       | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 40,908            |  |
| Doubtful                   | 2,410,789          | 2,258,677          | -                     | 1,171,539          | -                  | 5,841,005            | 84,114                       | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 84,114            |  |
| Loss                       | 18,743,426         | 25,907,323         | 15,243,010            | 16,256,640         | -                  | 76,150,399           | 195,990                      | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 195,990           |  |
| <b>Total</b>               | <b>444,024,142</b> | <b>310,623,510</b> | <b>251,183,753</b>    | <b>114,513,682</b> | <b>558,885,066</b> | <b>1,679,230,153</b> | <b>7,025,301</b>             | <b>438,016</b> | <b>-</b> | <b>35,000</b> | <b>-</b>    | <b>3,142,004</b> | <b>3,142,004</b>      | <b>3,142,004</b> | <b>3,142,004</b> | <b>3,142,004</b> | <b>3,142,004</b>             | <b>3,142,004</b> | <b>3,142,004</b> | <b>10,640,321</b> |  |
| Of which :                 |                    |                    |                       |                    |                    |                      |                              |                |          |               |             |                  |                       |                  |                  |                  |                              |                  |                  |                   |  |
| Cash margins               | 2,103,627          | -                  | -                     | 1,795,519          | -                  | 3,899,146            | -                            | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | -                 |  |
| Acceptable bank guarantees | -                  | -                  | 24,801,372            | -                  | -                  | 24,801,372           | -                            | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | -                 |  |
| Real estate                | 132,879,247        | 290,856,267        | 218,969,179           | 101,075,756        | -                  | 743,780,449          | 1,574,033                    | 438,016        | -        | 35,000        | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 2,047,049         |  |
| Traded shares              | -                  | -                  | 1,027,235             | -                  | -                  | 1,027,235            | 4,518,650                    | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 4,518,650         |  |
| Vehicles and machinery     | 309,041,268        | 19,767,243         | 6,385,967             | 11,642,407         | -                  | 346,836,885          | 932,618                      | -              | -        | -             | -           | -                | -                     | -                | -                | -                | -                            | -                | -                | 932,618           |  |

| 2016                       | Joint              |                    |                       |                    |                    |                      | Self – financed              |                |          |          |             |          |                       |          |           |          |                              |                  |                  |                   |  |
|----------------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|----------------------|------------------------------|----------------|----------|----------|-------------|----------|-----------------------|----------|-----------|----------|------------------------------|------------------|------------------|-------------------|--|
|                            | Individuals        |                    | Real estate financing |                    | Companies          |                      | Government and public sector |                | Total    |          | Individuals |          | Real estate financing |          | Companies |          | Government and public sector |                  | Total            |                   |  |
|                            | JD                 | JD                 | JD                    | JD                 | JD                 | JD                   | JD                           | JD             | JD       | JD       | JD          | JD       | JD                    | JD       | JD        | JD       | JD                           | JD               | JD               | JD                |  |
|                            |                    |                    |                       |                    |                    |                      |                              |                |          |          |             |          |                       |          |           |          |                              |                  |                  |                   |  |
| Collaterals against:       |                    |                    |                       |                    |                    |                      |                              |                |          |          |             |          |                       |          |           |          |                              |                  |                  |                   |  |
| Low risk                   | 2,156,392          | -                  | 23,123,110            | 933,826            | 639,067,907        | 665,281,235          | -                            | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | 3,356,102        | 3,356,102        |                   |  |
| Acceptable risk            | 391,987,258        | 377,030,615        | 289,057,299           | 96,888,454         | -                  | 1,154,963,626        | 6,205,416                    | 509,192        | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 6,714,608         |  |
| Watch list                 | 15,427,693         | 17,675,753         | 14,094,408            | 10,809,877         | -                  | 58,007,731           | 540                          | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 540               |  |
| Non performing:            |                    |                    |                       |                    |                    |                      |                              |                |          |          |             |          |                       |          |           |          |                              |                  |                  |                   |  |
| Substandard                | 781,730            | 571,349            | 509,402               | 13,246             | -                  | 1,875,727            | 23,720                       | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 23,720            |  |
| Doubtful                   | 2,180,966          | 2,759,870          | -                     | 228,376            | -                  | 5,169,212            | 47,692                       | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 47,692            |  |
| Loss                       | 17,369,653         | 23,263,332         | 15,451,704            | 16,909,853         | -                  | 72,994,542           | 197,445                      | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 197,445           |  |
| <b>Total</b>               | <b>429,903,692</b> | <b>421,300,919</b> | <b>342,235,923</b>    | <b>125,783,632</b> | <b>639,067,907</b> | <b>1,958,292,073</b> | <b>6,474,813</b>             | <b>509,192</b> | <b>-</b> | <b>-</b> | <b>-</b>    | <b>-</b> | <b>-</b>              | <b>-</b> | <b>-</b>  | <b>-</b> | <b>-</b>                     | <b>3,356,102</b> | <b>3,356,102</b> | <b>10,340,107</b> |  |
| Of which :                 |                    |                    |                       |                    |                    |                      |                              |                |          |          |             |          |                       |          |           |          |                              |                  |                  |                   |  |
| Cash margins               | 2,156,392          | -                  | -                     | 933,826            | -                  | 3,090,218            | 33,636                       | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 33,636            |  |
| Acceptable bank guarantees | -                  | -                  | 23,123,110            | -                  | -                  | 23,123,110           | -                            | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | -                 |  |
| Real estate                | 134,563,114        | 402,384,115        | 311,198,490           | 110,104,790        | -                  | 958,250,509          | 268,857                      | 509,192        | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 778,049           |  |
| Traded shares              | -                  | -                  | -                     | 12,600             | -                  | 12,600               | 6,172,320                    | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | 6,172,320         |  |
| Vehicles and machinery     | 293,184,186        | 18,916,804         | 7,914,323             | 14,732,416         | -                  | 334,747,729          | -                            | -              | -        | -        | -           | -        | -                     | -        | -         | -        | -                            | -                | -                | -                 |  |

### Scheduled deferred sales receivables and other receivables and financing:

- These represent receivables/facilities which have been classified as non performing and were set aside in terms of the non performing receivables/facilities in accordance with a legal scheduling agreement and re-classified as watch list or performing receivables/facilities with total amount of JD 36,466,382 as at 31 December 2017 against JD 26,178,208 as at 31 December 2016.

### Restructured deferred sales receivables and other receivables and financing:

- Restructuring means rearranging receivables/facilities in terms of amending the instalments or extending the term of receivables/facilities, deferring some instalments or extending the grace period, etc. and reclassifying these receivables/facilities as watch list with total of JD 2,158,775 as at 31 December 2017 against JD 1,049,467 as at 31 December 2016.

### Sukuk:

- The following table illustrate Sukuk rating presented within the financial assets at fair value through the joint investment accounts holders' equity and financial assets at amortized cost according to external rating agencies:

#### 2017

| Rating       | Credit rating agency | Financial assets at amortized cost | Financial assets at fair value through joint investment accounts holders' equity | Total             |
|--------------|----------------------|------------------------------------|--|-------------------|
|              |                      | JD                                 | JD   | JD                |
| B +          | S&P                  | -                                  | 4,608,500  | 4,608,500         |
| BB -         | S&P                  | -                                  | 2,811,185  | 2,811,185         |
| CCC +        | S&P                  | -                                  | 7,098,863  | 7,098,863         |
| B +          | S&P                  | 63,134,800                         | -  | 63,134,800        |
| <b>Total</b> |                      | <b>63,134,800</b>                  | <b>14,518,548</b>  | <b>77,653,348</b> |

#### 2016

| Rating       | Credit rating agency | Financial assets at amortized cost | Financial assets at fair value through joint investment accounts holders' equity | Total             |
|--------------|----------------------|------------------------------------|--|-------------------|
|              |                      | JD                                 | JD   | JD                |
| BB-          | S&P                  | -                                  | 4,608,500  | 4,608,500         |
| BB           | S&P                  | -                                  | 10,475,744   | 10,475,744        |
| BB -         | S&P                  | 37,760,000                         | -  | 37,760,000        |
| <b>Total</b> |                      | <b>37,760,000</b>                  | <b>15,084,244</b>  | <b>52,844,244</b> |

### 3. Concentration of credit exposure according to geographical area were as follows:

| Description   | Inside the Kingdom   |                   | Other Middle East Countries |                | Europe            |                   | Asia*    |          | America  |          | Other Countries |          | Total    |                      |
|---|----------------------|-------------------|-----------------------------|----------------|-------------------|-------------------|----------|----------|----------|----------|-----------------|----------|----------|----------------------|
|   | JD                   | JD                | JD                          | JD             | JD                | JD                | JD       | JD       | JD       | JD       | JD              | JD       | JD       | JD                   |
| Balances with central banks   | 1,002,623,418        | -                 | -                           | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 1,002,623,418        |
| Balances at banks and financial institutions  | 1,560                | 11,918,927        | 13,406,596                  | 711,226        | -                 | 28,086,324        | -        | -        | -        | -        | -               | -        | -        | 54,124,633           |
| Joint investment accounts at banks and financial institutions                           | -                    | 21,979,000        | -                           | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 21,979,000           |
| Deferred sales and other receivables and financing:                                     |                      |                   |                             |                |                   |                   |          |          |          |          |                 |          |          |                      |
| Individuals   | 634,708,300          | -                 | -                           | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 634,708,300          |
| Real estate financing   | 419,212,059          | -                 | -                           | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 419,212,059          |
| Companies:  |                      |                   |                             |                |                   |                   |          |          |          |          |                 |          |          |                      |
| Corporate   | 331,536,698          | 21,628,700        | 3,172,672                   | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 356,338,070          |
| Small and Medium Enterprises (SMEs)   | 126,933,600          | -                 | -                           | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 126,933,600          |
| Government and public sector  | 524,398,904          | -                 | -                           | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 524,398,904          |
| Sukuk:  |                      |                   |                             |                |                   |                   |          |          |          |          |                 |          |          |                      |
| Within financial assets at fair value through joint investment accounts holders' equity | -                    | 4,609,564         | 9,908,984                   | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 14,518,548           |
| Within financial assets at amortized cost   | 63,134,800           | -                 | -                           | -              | -                 | -                 | -        | -        | -        | -        | -               | -        | -        | 63,134,800           |
| <b>Total as at 31 December 2017</b>   | <b>3,102,549,339</b> | <b>60,136,191</b> | <b>26,488,252</b>           | <b>711,226</b> | <b>-</b>          | <b>28,086,324</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>        | <b>-</b> | <b>-</b> | <b>3,217,971,332</b> |
| <b>Total as at 31 December 2016</b>   | <b>3,067,540,264</b> | <b>24,658,810</b> | <b>14,900,941</b>           | <b>484,935</b> | <b>18,404,464</b> | <b>39,195,575</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>        | <b>-</b> | <b>-</b> | <b>3,165,184,989</b> |

\* Except for Middle East Countries

#### 4. Concentration of credit exposure according to economic sector were as follows:

| Description   | Financial         | Industrial         | Commercial         | Real estate        | Agriculture       | Shares   | Individuals        | Government and public sector | Total                |
|---|-------------------|--------------------|--------------------|--------------------|-------------------|----------|--------------------|------------------------------|----------------------|
|   | JD                | JD                 | JD                 | JD                 | JD                | JD       | JD                 | JD                           | JD                   |
| Balances with central banks   | -                 | -                  | -                  | -                  | -                 | -        | -                  | 1,002,623,418                | 1,002,623,418        |
| Balances at banks and financial institutions  | 54,124,633        | -                  | -                  | -                  | -                 | -        | -                  | -                            | 54,124,633           |
| Investment accounts at banks and financial institutions                                 | 21,979,000        | -                  | -                  | -                  | -                 | -        | -                  | -                            | 21,979,000           |
| Deferred sales and other receivables and financing                                      | -                 | 110,188,327        | 359,889,079        | 419,212,059        | 28,042,890        | -        | 619,859,674        | 524,398,904                  | 2,061,590,933        |
| Sukuk:  |                   |                    |                    |                    |                   |          |                    |                              |                      |
| Within financial assets at fair value through joint investment accounts holders' equity | -                 | -                  | 14,518,548         | -                  | -                 | -        | -                  | -                            | 14,518,548           |
| Within financial assets at amortized cost   | -                 | -                  | 63,134,800         | -                  | -                 | -        | -                  | -                            | 63,134,800           |
| <b>Total as at 31 December 2017</b>   | <b>76,103,633</b> | <b>110,188,327</b> | <b>437,542,427</b> | <b>419,212,059</b> | <b>28,042,890</b> | <b>-</b> | <b>619,859,674</b> | <b>1,527,022,322</b>         | <b>3,217,971,332</b> |
| <b>Total as at 31 December 2016</b>   | <b>59,438,931</b> | <b>81,685,761</b>  | <b>372,264,511</b> | <b>400,368,805</b> | <b>23,041,254</b> | <b>-</b> | <b>660,347,253</b> | <b>1,568,038,474</b>         | <b>3,165,184,989</b> |

## 2. Liquidity Risks

- Liquidity risk is defined as the Bank's inability to provide the required liquidity to cover its obligations at their respective due dates. Bank manage such risks throughout the following:
  1. Analyze liquidity (maturity gaps).
  2. Maintaining reasonable liquidity to cover outgoing cash flows.
  3. Diversifying sources of financing.
  4. Establishing the Assets and Liabilities committee .
  5. Distribution of financing among various sectors and geographical areas to mitigate concentration risk.
  6. Liquidity management is based on normal and emergency circumstances including using and analyzing assets and various financial ratios maturities.



**First:** The below table summarize the maturity profile of the Bank's liabilities based on contractual undiscounted repayment obligations at the date of the consolidated financial statements:

| 2017  | Less than 1 month    | 1 to 3 months      | 3 to 6 months      | 6 months to 1 year | 1 to 3 years       | More than 3 years    | Without maturity   | Total                |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|----------------------|
|   | JD                   | JD                 | JD                 | JD                 | JD                 | JD                   | JD                 | JD                   |
| <b>Liabilities:</b>                                       |                      |                    |                    |                    |                    |                      |                    |                      |
| Due to banks and financial institutions                   | 5,012,040            | -                  | -                  | -                  | -                  | -                    | -                  | 5,012,040            |
| Customers' current accounts                               | 418,549,125          | 161,761,818        | 127,930,306        | 94,098,794         | 97,613,107         | 227,763,917          | -                  | 1,127,717,067        |
| Cash margins  | 12,275,203           | 5,703,808          | 5,235,944          | 5,091,195          | 5,880,248          | 13,720,579           | -                  | 47,906,977           |
| Other provisions  | -                    | -                  | -                  | -                  | -                  | -                    | 6,750,000          | 6,750,000            |
| Income tax provision                                      | 9,504,386            | -                  | 14,256,580         | -                  | -                  | -                    | -                  | 23,760,966           |
| Deferred tax liabilities                                  | 571,110              | -                  | -                  | 805,375            | 1,208,063          | -                    | 2,203,808          | 4,788,356            |
| Investment risk fund                                      | 1,498,413            | -                  | 2,247,619          | -                  | -                  | -                    | 36,350,487         | 40,096,519           |
| Other liabilities   | 17,441,584           | 6,311,095          | 1,824,752          | 9,481,624          | 2,243,545          | -                    | 8,199,470          | 45,502,070           |
| Unrestricted investment accounts holders' equity          | 301,080,476          | 218,171,695        | 260,141,099        | 340,857,758        | 424,412,880        | 990,296,720          | 165,489            | 2,535,126,117        |
| <b>Total</b>  | <b>765,932,337</b>   | <b>391,948,416</b> | <b>411,636,300</b> | <b>450,334,746</b> | <b>531,357,843</b> | <b>1,231,781,216</b> | <b>53,669,254</b>  | <b>3,836,660,112</b> |
| <b>Total assets (according to expected maturity date)</b> | <b>1,385,285,782</b> | <b>175,081,466</b> | <b>208,190,377</b> | <b>483,836,480</b> | <b>983,742,909</b> | <b>816,709,567</b>   | <b>158,772,149</b> | <b>4,211,618,730</b> |



| 2016  | Less than 1 month    | 1 to 3 months      | 3 to 6 months      | 6 months to 1 year | 1 to 3 years         | More than 3 years    | Without maturity   | Total                |
|---|----------------------|--------------------|--------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
|   | JD                   | JD                 | JD                 | JD                 | JD                   | JD                   | JD                 | JD                   |
| <b>Liabilities:</b>                                       |                      |                    |                    |                    |                      |                      |                    |                      |
| Due to banks and financial institutions                   | 8,812,042            | -                  | -                  | -                  | -                    | -                    | -                  | 8,812,042            |
| Customers' current accounts                               | 445,230,664          | 172,337,340        | 136,357,300        | 100,377,259        | 103,509,639          | 241,522,490          | -                  | 1,199,334,692        |
| Cash margins  | 12,339,312           | 5,739,435          | 5,262,057          | 5,104,744          | 5,842,097            | 13,631,561           | -                  | 47,919,206           |
| Other provisions  | -                    | -                  | -                  | -                  | -                    | -                    | 6,500,000          | 6,500,000            |
| Income tax provision                                      | 10,170,098           | -                  | 15,255,146         | -                  | -                    | -                    | -                  | 25,425,244           |
| Deferred tax liabilities                                  | 826,174              | -                  | -                  | 1,052,521          | 1,578,782            | -                    | 2,906,695          | 6,364,172            |
| Investment risk fund                                      | 261,164              | -                  | 391,745            | -                  | -                    | -                    | 29,619,452         | 30,272,361           |
| Other liabilities   | 16,398,724           | 5,186,051          | 1,757,256          | 7,137,938          | 2,932,023            | -                    | 8,857,418          | 42,269,410           |
| Unrestricted investment accounts holders' equity          | 281,262,312          | 205,816,261        | 245,334,680        | 321,391,401        | 400,790,425          | 935,307,728          | -                  | 2,389,902,807        |
| <b>Total</b>  | <b>775,300,490</b>   | <b>389,079,087</b> | <b>404,358,184</b> | <b>435,063,863</b> | <b>514,652,966</b>   | <b>1,190,461,779</b> | <b>47,883,565</b>  | <b>3,756,799,934</b> |
| <b>Total assets (according to expected maturity date)</b> | <b>1,311,574,554</b> | <b>179,800,849</b> | <b>184,265,266</b> | <b>449,632,400</b> | <b>1,001,327,057</b> | <b>832,813,544</b>   | <b>140,106,026</b> | <b>4,099,519,696</b> |

**Second:** Off consolidated financial position items

| Description                       | 2017               | 2016               |
|-----------------------------------|--------------------|--------------------|
|                                   | Up to one year     | Up to one year     |
|                                   | JD                 | JD                 |
| Letters of credit and acceptances | 45,149,072         | 43,904,716         |
| Guarantees                        | 110,757,863        | 114,674,722        |
| Unutilized limits                 | 115,786,180        | 140,915,403        |
| Capital liabilities               | 3,317,507          | 4,862,744          |
| <b>Total</b>                      | <b>275,010,622</b> | <b>304,357,585</b> |

**3. Market Risks:**

- Market risk is the risk of loss resulting from fluctuations in the market price, which relates to equity instruments in the trading book, exchange rates, market rate of return, commodity and inventory prices, the Bank seeks to mitigate these risks throughout the following:
  1. Diversifying and distributing investments among various sectors and geographical areas.
  2. Analyzing rate of returns trends and expected exchange rates and investments.
  3. Establishing limits to investments on the level of the country, currency, market, instrument and counter party.
  4. Adapting the currency positions in accordance with Central Bank of Jordan regulations.
- The Bank is using the sensitivity analysis to assess the market risks for each type of risk in addition to Value at Risk "VaR" to assess the change in equity price risk.

## A. Rate of return risks

- Rate of return risk results from the decline in the rate of return on investments compared to the local market increase in the rate of return "interest" and the Bank's inability to increase the rate of return on granted facilities with fixed rate of return (Murabaha).
- The Bank manages these risks through out the following:
  - Managing the rate of return gaps and cost of assets and liabilities according to various maturity dates.
  - Studying the investments return trends.

| Description      | 2017                                     |                                  |                            |   |
|------------------|--|----------------------------------|----------------------------|---|
|                  | Change (increase) in rate of return (1%) | Sensitivity (profits and losses) | Owner's equity sensitivity | Investment accounts holders' equity sensitivity |
|                  | JD                                       | JD                               | JD                         | JD  |
| Jordanian Dinars | 7,066,306                                | -                                | 4,380,736                  | 2,685,570                                       |

| Description      | 2017                                     |                                  |                            |   |
|------------------|--|----------------------------------|----------------------------|---|
|                  | Change (decrease) in rate of return (1%) | Sensitivity (profits and losses) | Owner's equity sensitivity | Investment accounts holders' equity sensitivity |
|                  | JD                                       | JD                               | JD                         | JD  |
| Jordanian Dinars | (7,066,306)                              | -                                | (4,380,736)                | (2,685,570)                                     |

| Description      | 2016                                     |                                  |                            |   |
|------------------|--|----------------------------------|----------------------------|---|
|                  | Change (increase) in rate of return (1%) | Sensitivity (profits and losses) | Owner's equity sensitivity | Investment accounts holders' equity sensitivity |
|                  | JD                                       | JD                               | JD                         | JD  |
| Jordanian Dinars | 7,068,600                                | -                                | 4,484,014                  | 2,584,586                                       |

| Description      | 2016                                     |                                  |                            |   |
|------------------|--|----------------------------------|----------------------------|---|
|                  | Change (decrease) in rate of return (1%) | Sensitivity (profits and losses) | Owner's equity sensitivity | Investment accounts holders' equity sensitivity |
|                  | JD                                       | JD                               | JD                         | JD  |
| Jordanian Dinars | (7,068,600)                              | -                                | (4,484,014)                | (2,584,586)                                     |

## B. Foreign currency risks

- Foreign currency risk is the risk arising from the change in the foreign currency prices that the Bank's maintain. Foreign currencies are managed on the basis of spot trading and foreign currencies positions are monitored on a daily basis against the approved limit for each currency.
- Bank's investment policy stipulates that the maximum limit of the foreign currencies positions shall not exceed 15% of the total owner's equity or 50% of the bank's total liabilities in foreign currencies, whichever is greater (at a maximum limit of 5% of the owner's equity for each currency except for US Dollars) in order to cover the customers' needs in terms of letters of credit, transfers and bills under collection and not for speculation or trading purposes.

| Currency         | 2017         |                                  |                              |                          |
|------------------|--------------|----------------------------------|------------------------------|--------------------------|
|                  | Net Position | Change in the exchange rate (5%) | Impact on profits and losses | Impact on owner's equity |
| USD              | 11,033,029   | -                                | -                            | -                        |
| Euro             | 175,364      | 8,768                            | 5,699                        | 1,390                    |
| GBP              | 116,145      | 5,807                            | 3,775                        | -                        |
| JPY              | 18,021       | 901                              | 586                          | -                        |
| Other Currencies | 320,833      | 16,042                           | 10,427                       | -                        |

| Currency         | 2016         |                                  |                              |                          |
|------------------|--------------|----------------------------------|------------------------------|--------------------------|
|                  | Net Position | Change in the exchange rate (5%) | Impact on profits and losses | Impact on owner's equity |
| USD              | 9,936,745    | -                                | -                            | -                        |
| Euro             | 211,427      | 10,571                           | 6,871                        | 633                      |
| GBP              | 46,781       | 2,339                            | 1,520                        | -                        |
| JPY              | 17,821       | 891                              | 579                          | -                        |
| Other Currencies | 546,322      | 27,316                           | 17,755                       | -                        |

## Concentration of foreign currency risks:

|   | 2017               | USD               | Euro             | GBP           | JPY              | Others           | Total              |
|---|--------------------|-------------------|------------------|---------------|------------------|------------------|--------------------|
| <b>Assets:</b>  |                    |                   |                  |               |                  |                  |                    |
| Cash and balances with central banks  | 125,855,164        | 2,717,839         | 2,651,844        | -             | -                | 1,074,624        | 132,299,471        |
| Cash at banks and financial institutions  | 30,725,833         | 6,752,288         | 694,293          | 75,448        | 2,701,356        | -                | 40,949,218         |
| Investment accounts at banks and financial institutions                               | 33,450,825         | 1,702,310         | -                | -             | -                | -                | 35,153,135         |
| Deferred sales receivables and other receivables                                      | 61,207,775         | 9,735,565         | 1,037,455        | -             | -                | 3,778,855        | 75,759,650         |
| Financial assets at fair value through the owner's equity – self financed             | 821,758            | 14,538            | -                | -             | -                | -                | 836,296            |
| Financial assets at fair value through joint investment accountsholders' equity       | 18,338,000         | -                 | -                | -             | -                | -                | 18,338,000         |
| Other assets  | 348,688            | 66,565            | -                | -             | -                | -                | 415,253            |
| <b>Total Assets</b>   | <b>270,748,043</b> | <b>20,989,105</b> | <b>4,383,592</b> | <b>75,448</b> | <b>7,554,835</b> | <b>7,554,835</b> | <b>303,751,023</b> |
| <b>Liabilities:</b>   |                    |                   |                  |               |                  |                  |                    |
| Due to banks and financial institutions   | 619,877            | 3,623             | -                | -             | -                | 11,830           | 635,330            |
| Cash margins  | 4,471,545          | 111,889           | -                | -             | -                | 1,512            | 4,584,946          |
| Current accounts  | 56,956,949         | 4,702,938         | 1,474,714        | 113           | 1,555,762        | -                | 64,690,476         |
| Unrestricted investment accounts  | 196,888,545        | 15,995,291        | 2,792,733        | 57,314        | 5,644,857        | -                | 221,378,740        |
| Other liabilities   | 778,098            | -                 | -                | -             | -                | 20,041           | 798,139            |
| <b>Total liabilities</b>  | <b>259,715,014</b> | <b>20,813,741</b> | <b>4,267,447</b> | <b>57,427</b> | <b>7,234,002</b> | <b>7,234,002</b> | <b>292,087,631</b> |
| <b>Net concentration in the consolidated financial position statement - 2017</b>      | <b>11,033,029</b>  | <b>175,364</b>    | <b>116,145</b>   | <b>18,021</b> | <b>320,833</b>   | <b>320,833</b>   | <b>11,663,392</b>  |
| Contingent Liabilities – off consolidated statement of financial position item – 2017 | 28,226,146         | 2,759,577         | -                | -             | -                | 848,710          | 31,834,433         |
| <b>2016</b>   |                    |                   |                  |               |                  |                  |                    |
| <b>Total Assets</b>   | <b>239,034,676</b> | <b>25,080,643</b> | <b>4,575,062</b> | <b>72,858</b> | <b>7,263,719</b> | <b>7,263,719</b> | <b>276,026,958</b> |
| <b>Total Liabilities</b>  | <b>229,097,931</b> | <b>24,869,216</b> | <b>4,528,281</b> | <b>55,037</b> | <b>6,717,397</b> | <b>6,717,397</b> | <b>265,267,862</b> |
| <b>Net concentration in the consolidated financial position statement – 2016</b>      | <b>9,936,745</b>   | <b>211,427</b>    | <b>46,781</b>    | <b>17,821</b> | <b>546,322</b>   | <b>546,322</b>   | <b>10,759,096</b>  |
| Contingent Liabilities – off consolidated statement of financial position item – 2016 | 27,901,001         | 2,723,232         | -                | -             | -                | 164,574          | 30,788,807         |

## C. Equity price risks

- Equity price risks result from a change in the fair value of investments in equity. The Bank seeks to manage these risks through diversifying investments in various geographical areas and economic sectors.

| Description                | Change in index (5%) | Impact on losses and profits | Impact on owner's equity | Impact on investment account holders' equity |
|----------------------------|----------------------|------------------------------|--------------------------|--|
|                            | JD                   | JD                           | JD                       | JD   |
| 2017                       |                      |                              |                          |  |
| Amman Stock Exchange Index | 542,351              | -                            | 336,229                  | 206,122                                      |
| 2016                       |                      |                              |                          |  |
| Amman Stock Exchange Index | 821,312              | -                            | 521,005                  | 300,307                                      |

## D. Commodity risks

- Commodity risks arise from the fluctuations in the value of marketable assets. These risks are related to the current and future fluctuations and market values of specific assets. The Bank is exposed to fluctuations of fully paid commodity prices after the commencement of Salam contracts and to the fluctuations in the remaining value of the leased assets at the end of the lease term.

### 4. Non compliance risks

- Non compliance risks represents sanctions on matters related to legal or regulatory or financial losses or reputational risks which the Bank might face as a result of non compliance with laws, regulations, standards and proper financial practices. The primary non compliance risks are legal and regulatory sanctions risks, reputational risks, financial losses risks, financial crimes risks, anti-money laundry and fraud and corruption risks.
- The Bank seeks to limit these risks through its Compliance Control Department that is concerned with reviewing the requirements of regulatory bodies and ensuring their application on the Bank's internal procedures and policies throughout setting the compliance strategy and guidelines and establishing the policies related to anti-money laundry and establishing policies and procedures related to laws, regulations, internal and external instructions and holding the necessary training courses.

### 5. Operational Risks

- Operational risks are the risks of loss arising from inadequacy or failure in internal operations, personnel or systems, or from external events. This includes legal risk and Islamic Shari'a non-compliance risk and excludes strategic and reputational risks. The Bank seeks to limit these risks throughout the following:

The existence of documented policies and procedures that mitigates the possibility of such operational risks.

- Establishing a Business Continuity Plan (BCP) to mitigate exposure and discontinuity incidents faced by the Bank and a recovery plan.

Legal department reviews all contracts and related documents used by the Bank.

- In coordination with the information security department, internal audit department and the internal control department, the Information Technology department establishes the necessary policies and procedures related to maintaining the information confidentiality in the Bank and managing the access rights to the Bank's systems.

## 6. Reputational Risks

- Reputational risks is being viewed by the Bank as negative impression on the Bank's reputation which might lead to potential losses in the sources of funding and loss of customers to competitive banks.
- The Bank seeks to limits these risks throughout a set of policies and procedures to enhance the customers' confidence and providing a good banking services and maintaining banking confidentiality and avoid undertaking illegal acts or financing unfavorable sectors and provides suitable information security controls.

## 63. Segment information

### A. Information about the Bank's activities

- The Bank is organized for administrative purposes based on the reports submitted to the General Manager and the chief decision maker into four main business sectors:
  - **Retail accounts:** These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to individuals.
  - **Corporate accounts:** These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to the institutions.
  - **Investment in assets:** This includes investing in real estate and leasing.
  - **Treasury:** This includes trading services and managing the Bank's funds.





The below table illustrate the information on the Bank's business sectors distributed according to its activities:

| Description   | Retail               |                    | Corporate          |                      | Investment in assets |                      | Treasury             |    | Others |    | Total |      |
|---|----------------------|--------------------|--------------------|----------------------|----------------------|----------------------|----------------------|----|--------|----|-------|------|
|   | JD                   | JD                 | JD                 | JD                   | JD                   | JD                   | JD                   | JD | JD     | JD | 2017  | 2016 |
| Total revenues (joint and self financed)  | 136,726,322          | 64,833,129         | 6,175,314          | 11,770,002           | 143,420              | 219,648,187          | 221,968,665          |    |        |    |       |      |
| Net income of subsidiaries and share of profit from investments in associates                                 | -                    | -                  | 3,170,101          | -                    | -                    | 3,170,101            | 2,749,300            |    |        |    |       |      |
| Investment risk fund share from the revenues of joint investment accounts holders'                            | (13,303,171)         | (4,260,744)        | (617,531)          | (941,600)            | -                    | (19,123,046)         | (19,794,532)         |    |        |    |       |      |
| Share of the unrestricted investment accounts and non-controlling interests from the net income of associates | (48,296,744)         | (4,605,626)        | (3,170,101)        | (652,272)            | -                    | (56,724,743)         | (55,332,140)         |    |        |    |       |      |
| <b>Segment results</b>  | <b>75,126,407</b>    | <b>55,966,759</b>  | <b>5,557,783</b>   | <b>10,176,130</b>    | <b>143,420</b>       | <b>146,970,499</b>   | <b>149,591,293</b>   |    |        |    |       |      |
| Allocated expenses  | (32,623,046)         | (26,043,357)       | (2,549,537)        | (4,815,804)          | -                    | (66,031,744)         | (65,843,360)         |    |        |    |       |      |
| <b>Profits before tax</b>   | <b>42,503,361</b>    | <b>29,923,402</b>  | <b>3,008,246</b>   | <b>5,360,326</b>     | <b>143,420</b>       | <b>80,938,755</b>    | <b>83,747,933</b>    |    |        |    |       |      |
| Income tax  | (13,927,136)         | (10,567,869)       | (928,760)          | (1,340,082)          | (35,855)             | (26,799,702)         | (29,728,858)         |    |        |    |       |      |
| <b>Profit after tax</b>   | <b>28,576,225</b>    | <b>19,355,533</b>  | <b>2,079,486</b>   | <b>4,020,244</b>     | <b>107,565</b>       | <b>54,139,053</b>    | <b>54,019,075</b>    |    |        |    |       |      |
| Sector assets   | 1,142,867,530        | 909,725,868        | 837,079,689        | 1,214,770,583        | -                    | 4,104,443,670        | 4,000,796,189        |    |        |    |       |      |
| Investment in associates  | -                    | -                  | 8,383,116          | -                    | -                    | 8,383,116            | 7,658,670            |    |        |    |       |      |
| Unallocated assets  | -                    | -                  | -                  | -                    | 98,791,944           | 98,791,944           | 91,064,837           |    |        |    |       |      |
| <b>Total assets</b>   | <b>1,142,867,530</b> | <b>909,725,868</b> | <b>845,462,805</b> | <b>1,214,770,583</b> | <b>98,791,944</b>    | <b>4,211,618,730</b> | <b>4,099,519,696</b> |    |        |    |       |      |
| Segment liabilities   | 3,230,593,477        | 432,084,220        | -                  | 5,012,040            | -                    | 3,667,689,737        | 3,597,919,471        |    |        |    |       |      |
| Unallocated liabilities   | -                    | -                  | -                  | -                    | 168,970,375          | 168,970,375          | 158,880,463          |    |        |    |       |      |
| <b>Total Liabilities</b>  | <b>3,230,593,477</b> | <b>432,084,220</b> | <b>-</b>           | <b>5,012,040</b>     | <b>168,970,375</b>   | <b>3,836,660,112</b> | <b>3,756,799,934</b> |    |        |    |       |      |
| Capital expenditures  | -                    | -                  | -                  | -                    | 13,654,927           | 13,654,927           | 17,219,986           |    |        |    |       |      |
| Depreciation and amortization   | -                    | -                  | -                  | -                    | 7,736,280            | 7,736,280            | 9,143,961            |    |        |    |       |      |

## B. Geographical Distribution Information:

- This sector represents the geographical distribution of the Bank's activities. The Bank undertakes its activities primarily inside the Hashemite Kingdom of Jordan.
- The below table illustrate the distribution of the Bank's revenues, assets and capital expenditures according to the geographical area and the internal policy of the Bank based on the method of measurement and as viewed by the General Manager and the chief decision makers:

| Description          | Inside the Kingdom |               | Outside the Kingdom |             | Total         |               |
|----------------------|--------------------|---------------|---------------------|-------------|---------------|---------------|
|                      | 2017               | 2016          | 2017                | 2016        | 2017          | 2016          |
|                      | JD                 | JD            | JD                  | JD          | JD            | JD            |
| Total revenues       | 216,787,134        | 220,539,393   | 2,861,053           | 1,429,272   | 219,648,187   | 221,968,665   |
| Total assets         | 3,907,867,707      | 3,823,492,738 | 303,751,023         | 276,026,958 | 4,211,618,730 | 4,099,519,696 |
| Capital expenditures | 13,654,927         | 17,219,986    | -                   | -           | 13,654,927    | 17,219,986    |

## 64. Capital management

- The Bank's capital consists of the paid-in capital, statutory reserve, voluntary reserve, general banking risks reserves, fair value reserves and retained earnings.
- Pursuant to the Central Bank of Jordan instructions supported by the decisions of Islamic Financial Services Board, the Bank has to maintain an adequate capital to cover the risks associated with its activities which consists of credit risks, market risks and operational risks. The Bank should maintain a capital adequacy ratio of at least 12% according to the established regulations.

### The Bank achieves its capital objectives throughout the following:

- Achieving a satisfactory return on capital without affecting the financial stability of the Bank and achieving acceptable return on owner's equity.
- Achieving the required level of capital according to Basel Committee requirements and the supervisory bodies instructions.
- Providing an adequate capital to expand the granting of financing and large investments in consistency with the Central Bank of Jordan regulations as well as facing any future risks.

- The Bank computes the capital adequacy ratio in accordance with the Central Bank of Jordan instructions based on the decisions of Islamic Financial Services Board. The below table illustrate capital adequacy ratio compared with the previous year:

| Description  | 2017             | 2016             |
|--|------------------|------------------|
|  | Thousands JD     | Thousands JD     |
| <b>Primary capital items:</b>  | <b>343,025</b>   | <b>315,330</b>   |
| Paid-in capital  | 180,000          | 150,000          |
| Statutory reserve  | 76,471           | 68,371           |
| Voluntary reserve  | 30,702           | 22,617           |
| Retained earnings  | 58,577           | 77,624           |
| 50% of Bank's share from investments in banks and other financial institutions capital   | (247)            | (247)            |
| 50% of Bank's share from investment in insurance companies   | (930)            | (1,006)          |
| Intangible Assets  | (1,548)          | (2,029)          |
| <b>Supplementary capital items:</b>  | <b>14,941</b>    | <b>13,393</b>    |
| Fair value reserve of the financial  | 546              | 274              |
| Bank's share from the fair value reserve of the financial assets at fair value through joint investment accounts holders' equity | 37               | 622              |
| Bank's share from the the investment risks fund surplus  | 10,550           | 8,463            |
| General banking risks reserve - self   | 1,000            | 1,000            |
| Bank's share from the general banking risks reserve - joint  | 3,985            | 4,287            |
| 50% of the Bank's share from investments in banks and other financial institutions capital                                       | (247)            | (247)            |
| 50% of the Bank's share from investment in insurance companies   | (930)            | (1,006)          |
| <b>Total regulatory capital</b>  | <b>357,966</b>   | <b>328,723</b>   |
| <b>Total weighted assets risk</b>  | <b>1,556,269</b> | <b>1,493,081</b> |
| Capital adequacy ratio (%)   | 23%              | 22,02%           |
| Primary capital ratio (%)  | 22,04%           | 21,12%           |

## 65. Accounts managed for customers

- Accounts managed for customers amounted to JD 454,007,731 as at 31 December 2017 compared to JD 403,146,204 as at 31 December 2016. These accounts are not presented within the Bank's assets and liabilities in the consolidated financial statements.

## 66. Maturity analysis of assets and liabilities

The table below summarizes the expected maturity of the Bank's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled.

| Description   | 2017                 |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | Within 1 year        | More than 1 year     | Total                |
|   | JD                   | JD                   | JD                   |
| <b>Assets:</b>  |                      |                      |                      |
| Cash and balances with central banks  | 1,138,666,950        | -                    | 1,138,666,950        |
| Balances at banks and financial institutions                                      | 54,124,633           | -                    | 54,124,633           |
| Unrestricted investment accounts at banks and financial institutions              | 4,254,000            | 17,725,000           | 21,979,000           |
| Deferred sales receivables and other receivables –Net                             | 925,026,687          | 1,096,586,354        | 2,021,613,041        |
| Ijarah Muntahia Bittamleek assets – Net   | 43,940,959           | 546,903,476          | 590,844,435          |
| Financing - Net   | 4,147,964            | 26,832,393           | 30,980,357           |
| Financial Assets at fair value through owner's equity – self financed             | 9,502,891            | 1,025,934            | 10,528,825           |
| Financial assets at fair value through– joint investment accounts holders' equity | 32,863,959           | 19,495,267           | 52,359,226           |
| Financial assets at amortized cost  | 1,754,570            | 61,380,230           | 63,134,800           |
| Investments in associates   | -                    | 8,383,116            | 8,383,116            |
| Investment in real estate   | 24,042,480           | 96,169,923           | 120,212,403          |
| Al Qard Al Hasan – Net  | 5,090,294            | 3,907,241            | 8,997,535            |
| Property and equipment- Net   | -                    | 78,028,966           | 78,028,966           |
| Intangible assets – Net   | -                    | 1,548,078            | 1,548,078            |
| Other assets  | 8,978,718            | 1,238,647            | 10,217,365           |
| <b>Total assets</b>   | <b>2,252,394,105</b> | <b>1,959,224,625</b> | <b>4,211,618,730</b> |
| <b>Liabilities and unrestricted investment accounts holders' equity:</b>          |                      |                      |                      |
| Due to banks and financial institutions   | 5,012,040            | -                    | 5,012,040            |
| Customers' current and on demand accounts   | 802,340,044          | 325,377,023          | 1,127,717,067        |
| Cash margins  | 28,306,150           | 19,600,827           | 47,906,977           |
| Accounts payable  | 812,999              | -                    | 812,999              |
| Other provisions  | -                    | 6,750,000            | 6,750,000            |
| Income tax provision  | 23,760,966           | -                    | 23,760,966           |
| Deferred tax liabilities  | -                    | 650,528              | 650,528              |
| Other liabilities   | 18,801,867           | 567,804              | 19,369,671           |
| Unrestricted investment accounts  | 1,120,251,027        | 1,414,709,603        | 2,534,960,630        |
| Fair value reserve  | 2,247,987            | 5,436,553            | 7,684,540            |
| Investment accounts holders' reserve in subsidiaries and associates               | 13,196,202           | 4,438,658            | 17,634,860           |
| Non-controlling interests   | -                    | 165,487              | 165,487              |
| Investment risks fund   | -                    | 36,350,487           | 36,350,487           |
| Deferred tax liabilities  | 1,376,485            | 2,761,343            | 4,137,828            |
| Income tax provision of investment risks fund                                     | 3,746,032            | -                    | 3,746,032            |
| <b>Total liabilities and unrestricted investment accounts and holders' equity</b> | <b>2,019,851,799</b> | <b>1,816,808,313</b> | <b>3,836,660,112</b> |
| <b>Net</b>  | <b>232,542,306</b>   | <b>142,416,312</b>   | <b>374,958,618</b>   |

| Description   | 2016                 |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | Within 1 year        | More than 1 year     | Total                |
|   | JD                   | JD                   | JD                   |
| <b>Assets:</b>  |                      |                      |                      |
| Cash and balances with central banks  | 1,090,770,170        | -                    | 1,090,770,170        |
| Balances at banks and financial institutions                                      | 41,713,931           | -                    | 41,713,931           |
| Unrestricted investment accounts at banks and financial institutions              | 17,725,000           | -                    | 17,725,000           |
| Deferred sales receivables and other receivables –Net                             | 851,257,734          | 1,193,230,775        | 2,044,488,509        |
| Ijarah Muntahia Bittamleek assets – Net   | 39,344,547           | 526,599,992          | 565,944,539          |
| Financing - Net   | 3,661,555            | 26,402,471           | 30,064,026           |
| Financial Assets at fair value through owner's equity – self financed             | 6,845,606            | 698,535              | 7,544,141            |
| Financial assets at fair value through– joint investment accounts holders' equity | 32,300,120           | 22,236,677           | 54,536,797           |
| Financial assets at amortized cost  | -                    | 37,760,000           | 37,760,000           |
| Investments in associates   | 5,744,003            | 1,914,667            | 7,658,670            |
| Investment in real estate   | 22,049,814           | 88,199,262           | 110,249,076          |
| Al Qard Al Hasan – Net  | 4,424,819            | 3,542,032            | 7,966,851            |
| Property and equipment- Net   | -                    | 71,633,380           | 71,633,380           |
| Intangible assets – Net   | -                    | 2,028,836            | 2,028,836            |
| Other assets  | 9,435,770            | -                    | 9,435,770            |
| <b>Total assets</b>   | <b>2,125,273,069</b> | <b>1,974,246,627</b> | <b>4,099,519,696</b> |
| <b>Liabilities and unrestricted investment accounts holders' equity:</b>          |                      |                      |                      |
| Due to banks and financial institutions   | 8,812,042            | -                    | 8,812,042            |
| Customers' current and on demand accounts   | 854,302,563          | 345,032,130          | 1,199,334,693        |
| Cash margins  | 28,445,548           | 19,473,655           | 47,919,203           |
| Accounts payable  | 1,162,406            | -                    | 1,162,406            |
| Other provisions  | -                    | 6,500,000            | 6,500,000            |
| Income tax provision  | 25,425,244           | -                    | 25,425,244           |
| Deferred tax liabilities  | 90,123               | 237,433              | 327,556              |
| Other liabilities   | 15,450,746           | -                    | 15,450,746           |
| Unrestricted investment accounts  | 1,053,804,654        | 1,335,968,083        | 2,389,772,737        |
| Fair value reserve  | 6,536,249            | 4,674,610            | 11,210,859           |
| Investment accounts holders' reserve in subsidiaries and associates               | 7,330,568            | 7,114,833            | 14,445,401           |
| Non-controlling interests   | -                    | 130,070              | 130,070              |
| Investment risks fund   | -                    | 29,619,452           | 29,619,452           |
| Deferred tax liabilities  | 1,788,572            | 4,248,044            | 6,036,616            |
| Income tax provision of investment risks fund                                     | 652,909              | -                    | 652,909              |
| <b>Total liabilities and unrestricted investment accounts and holders' equity</b> | <b>2,003,801,624</b> | <b>1,752,998,310</b> | <b>3,756,799,934</b> |
| <b>Net</b>  | <b>121,471,445</b>   | <b>221,248,317</b>   | <b>342,719,762</b>   |

## 67. Contractual Commitments and Contingent Liabilities (Off consolidated statement of financial position)

### A. Contingent credit commitments

| Description                              | 2017               | 2016               |
|--|--------------------|--------------------|
|  | JD                 | JD                 |
| Letters of credit                        | 41,498,110         | 38,579,418         |
| Acceptances                              | 3,650,962          | 5,325,298          |
| Guarantees:                              | 110,757,863        | 114,674,722        |
| – Payment                                | 35,185,393         | 33,446,779         |
| – Performance                            | 46,648,666         | 51,360,474         |
| – Others                                 | 28,923,804         | 29,867,469         |
| Irrevocable commitments to extend credit | 115,786,180        | 140,915,403        |
| <b>Total</b>                             | <b>271,693,115</b> | <b>299,494,841</b> |

### B. Contractual commitments

| Description                                    | 2017             | 2016             |
|--|------------------|------------------|
|  | JD               | JD               |
| Property and equipment and softwares contracts | 3,317,507        | 4,862,744        |
| <b>Total</b>                                   | <b>3,317,507</b> | <b>4,862,744</b> |

The above contractual commitments mature within one year.

## 68. Lawsuits filed against the Bank

- Lawsuits filed against the Bank (self) amounted to JD 10,340,537 as at 31 December 2017 with a provision of JD 10,925 compared to JD 10,903,574 as at 31 December 2016 with a provision of JD 76,927. Lawsuits filed against the Bank (joint) as at 31 December 2017 amounted to JD 2,458,474 with a provision of JD 192,418 compared to JD 1,575,049 as at 31 December 2016 with a provision of JD 174,293.
- The Banks management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision and there are no additional provisions needed for these cases..

## 69. Standards issued and not yet effective

- Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI) has issued the Financial Accounting Standard 30 "Impairment, credit losses and onerous commitments". The standard specifies the accounting treatment of impairment and credit losses for financing and investments and onerous commitments in the Islamic financial institutions. The standard's requirements related to credit losses are highly similar to the requirements of International Financial Reporting Standard 9 (IFRS 9). The standard is effective for annual periods beginning on or after 1 January 2020, and early adoption is permitted.
- No significant impact is expected on the consolidated financial statements as at 31 December 2017 as a result of the excess balance of the investment risk fund which is appropriated from the joint investment revenues in accordance with Article (55) of the Banks Law.

## 70. Comparative figures

- Some of the 2016 figures were reclassified to correspond with 2017 presentation with no effect on equity or loss for the year 2016.









**The Data of the Bank's  
Headquarters, Branches, and Offices**

## The Data of the Bank's Headquarters, Branches, and Offices

### Website

www.jordanislamicbank.com

### e-mail

jib@islamicbank.com.jo

### Contact Centre

Tel: +962 6 5680001

| HQ/ Branch                     | Address                                      | Tel                              | Fax                              | P.O. Box         | Post Code | Employees No |
|--------------------------------|--|----------------------------------|----------------------------------|------------------|-----------|--------------|
| Head Office                    | Culture Street/<br>Shmaisani /<br>Amman      | +962 6 5677377<br>+962 6 5684755 | +962 6 5666326<br>+962 6 5684755 | 926225           | 11190     | 690          |
| Shmaisani Branch               | Culture Street /<br>Shmaisani /<br>Amman     | +962 6 5677107<br>+962 6 5623613 | +962 6 5691700<br>+962 6 5623612 | 925997           | 11190     | 43           |
| Amman Branch                   | King Faisal Str./<br>Amman                   | +962 6 4638306<br>+962 6 4653306 | +962 6 4652400<br>+962 6 4614299 | 7987             | 11118     | 27           |
| Jabal Al-Hussein Branch        | Khalid bin Al-<br>Walid Str. /<br>Amman      | +962 6 5694403<br>+962 6 5673408 | +962 6 5693866<br>+962 6 5624184 | 926943<br>921047 | 11110     | 29           |
| Zarqa Branch                   | King Hussein Str.<br>Zarqa                   | +962 5 3981401<br>+962 5 3984667 | +962 5 3930911<br>+962 5 3984646 | 5753             | 13111     | 43           |
| Wehdat Branch                  | Prince Hassan Str./<br>Amman                 | +962 6 4744361<br>+962 6 4778101 | +962 6 4789144<br>+962 6 4751645 | 16165            | 11152     | 31           |
| Irbid Branch /<br>Baghdad Str. | Baghdad Str./ Irbid                          | +962 2 7245151<br>+962 2 7240728 | +962 2 7247051<br>+962 2 7240730 | 1950             | 21110     | 38           |
| Bayader Wadi Essir Branch      | Main Street / Al<br>Bayader                  | +962 6 5816152<br>+962 6 5859662 | +962 6 5824162                   | 140223           | 11814     | 28           |
| Aqaba Branch                   | Al Darb – Princess<br>Haya Circle /<br>Aqaba | +962 3 2014315<br>+962 3 2014317 | +962 3 2014313                   | 1048             | 77110     | 23           |
| Ma'adaba Branch                | Petra Str./<br>Ma'adaba                      | +962 5 3242802<br>+962 5 3248898 | +962 5 3244702                   | 695              | 17110     | 25           |
| Sweileh Branch                 | King Hussein Str./<br>Sweileh                | +962 6 5341563<br>+962 6 5359879 | +962 6 5349461                   | 717              | 11910     | 20           |
| Ma'an Branch                   | King Hussein Str./<br>Ma'an                  | +962 3 2132235<br>+962 3 2131799 | +962 3 2131733                   | 204              | 71111     | 21           |
| Kerak Branch                   | Italian Str. Kerak                           | +962 3 2353513<br>+962 3 2352636 | +962 3 2353508<br>+962 3 2353484 | 220              | 61110     | 23           |
| Jerash Branch                  | King Abdullah Str./<br>Jerash                | +962 2 6352652<br>+962 2 6352653 | +962 2 6352654<br>+962 2 6352264 | 32               | 26110     | 30           |

| HQ/ Branch                        | Address   | Tel                              | Fax                              | P.O. Box | Post Code | Employees No  |
|-----------------------------------|---|----------------------------------|----------------------------------|----------|-----------|---|
| Mafraq Branch                     | King Faisal Str./<br>Mafraq                             | +962 2 6231974<br>+962 2 6230381 | +962 2 6232212                   | 68       | 25110     | 28  |
| Salt Branch                       | Al Bayyadah Str./<br>Salt                               | +962 5 3553790<br>+962 5 3557985 | +962 5 3553792                   | 1035     | 19110     | 17  |
| Tafileh Branch                    | Municipality Str./<br>Tafileh                           | +962 3 2242647<br>+962 3 2242648 | +962 3 2242650                   | 42       | 66110     | 20  |
| Alrawdah Branch                   | Alrawdah Str./<br>Amman                                 | +962 6 5159721<br>+962 6 5152774 | +962 6 5151773                   | 961155   | 11196     | 23<br>Including<br>the services<br>employees<br>in Alrawdah<br>branch |
| Rusaifeh Branch                   | King Hussein Str./<br>Rusifeh                           | +962 5 3744756<br>+962 5 3743698 | +962 5 3744758                   | 1138     | 13710     | 18  |
| Saqf Al-Seel<br>Branch            | Saqf Al-Seel/<br>Amman                                  | +962 6 4614801<br>+962 6 4615974 | +962 6 4614805<br>+962 6 4616256 | 182095   | 11118     | 28  |
| Irbid Branch / Al-<br>Hashmi Str. | Al-Hashmi Str./<br>Irbid                                | +962 2 7279401<br>+962 2 7276821 | +962 2 7279405<br>+962 2 7276437 | 501      | 21101     | 35  |
| Ajloun Branch                     | Opposite to the<br>Consumers<br>Corporation /<br>Ajloun | +962 2 6420777<br>+962 2 6421004 | +962 2 6420700                   | 167      | 26810     | 23  |
| Al-Weibdeh<br>Branch              | Abdali / Opposite<br>to the car<br>station / Amman      | +962 6 4616420<br>+962 6 4616340 | +962 6 4616450                   | 927988   | 11190     | 16  |
| Deir Abi Said<br>Branch           | King Hussein Str./<br>Deir Abi Said                     | +962 2 6521551<br>+962 2 6521654 | +962 2 6521553                   | 45       | 21710     | 22  |
| Yarmouk Branch                    | Yarmouk Str./<br>Amman                                  | +962 6 4757161<br>+962 6 4757162 | +962 6 4757169                   | 620823   | 11162     | 21  |
| Abu Alanda Branch                 | Ring Road /<br>Amman                                    | +962 6 4162001<br>+962 6 4162973 | +962 6 4162971                   | 742      | 11592     | 21  |
| Sahab Branch                      | Behind the<br>vegetable<br>market / Sahab               | +962 6 4023801<br>+962 6 4023804 | +962 6 4023803                   | 647      | 11511     | 21  |
| Marka Branch                      | King Abdullah Str./<br>Amman                            | +962 6 4889311<br>+962 6 4894399 | +962 6 4886633                   | 340965   | 11134     | 23  |
| Mu'tah Branch                     | University Str./<br>Mu'tah                              | +962 3 2370001<br>+962 3 2370285 | +962 3 2371804                   | 50       | 61621     | 28  |
| Guerieh Branch                    | King Ghazi Str./<br>Zarqa                               | +962 5 3930901<br>+962 5 3930902 | +962 5 3930903                   | 150266   | 13115     | 16  |
| Ramtha Branch                     | Banks Str./<br>Ramtha                                   | +962 2 7380490<br>+962 2 7380493 | +962 2 7380494                   | 546      | 21410     | 23  |
| Al-Hashmi AL-<br>Shamali Branch   | Jabal Al Hashmi<br>AL-Shamali<br>/ Amman                | +962 6 5052111<br>+962 6 5051117 | +962 6 5055114                   | 230693   | 11123     | 21  |

| HQ/ Branch                      | Address                     | Tel                              | Fax            | P.O. Box | Post Code | Employees No |
|---------------------------------|-----------------------------|----------------------------------|----------------|----------|-----------|--------------|
| Al- Hashmieh Branch             | Al Hashmieh / Zarqa         | +962 5 3811701<br>+962 5 3811705 | +962 5 3811709 | 185      | 13125     | 17           |
| Irbid Branch / Hakama Str.      | Hakama Str./ Irbid          | +962 2 7401352<br>+962 2 7401357 | +962 2 7401361 | 230101   | 21110     | 19           |
| Al – Baqa’a Branch              | Al-Baqa’a Camp / Al-Baqa’a  | +962 6 4726333<br>+962 6 4726335 | +962 6 4726334 | 825      | 19381     | 19           |
| Jabal Attaj Branch              | Haouz Str./ Amman           | +962 6 4752300<br>+962 6 4755644 | +962 6 4752302 | 410676   | 11141     | 18           |
| Kufranja Branch                 | Main Str./ Kufranja         | +962 2 6454501<br>+962 2 6454609 | +962 2 6454510 | 61       | 26873     | 16           |
| Al Naser Branch                 | Sabra & Shatila Str./ Amman | +962 6 4921400<br>+962 6 4921406 | +962 6 4921409 | 425838   | 11140     | 18           |
| Yajooz Branch                   | Main Street / Yajooz        | +962 5 3745150<br>+962 5 3745152 | +962 5 3745153 | 120032   | 13712     | 17           |
| Hai Nazal Branch                | Al Dostor Str./ Amman       | +962 6 4397930<br>+962 6 4397931 | +962 6 4397937 | 710999   | 11171     | 22           |
| Tla’ Al-Ali Branch              | Tla’ Al-Ali / Amman         | +962 6 5333184<br>+962 6 5340255 | +962 6 5342744 | 1582     | 11953     | 18           |
| Hai Ma’asoum Branch             | Al-Farouq Str./ Zarqa       | +962 5 3935401<br>+962 5 3935418 | +962 5 3935427 | 11897    | 13118     | 17           |
| Abdullah Gosheh Str., Branch    | Umn Al-Sumaq / Amman        | +962 6 5857520<br>+962 6 5857521 | +962 6 5857529 | 709      | 11821     | 19           |
| Irbid Branch / Eidoun           | Eidoun / Irbid              | +962 2 7254756<br>+962 2 7254760 | +962 2 7254763 | 620595   | 21162     | 21           |
| Wasfi Al-Tal Str., Branch       | Wasfi Al-Tal Str./ Amman    | +962 6 5528102<br>+962 6 5528095 | +962 6 5528075 | 961021   | 11196     | 25           |
| Al- Nuzha Branch                | Jabal Al-Nuzha / Amman      | +962 6 5673325<br>+962 6 5673397 | +962 6 5673635 | 240448   | 11124     | 17           |
| Marj Al-Hamam Branch            | Marj Al-Hamam Str./ Amman   | +962 6 5714077<br>+962 6 5714556 | +962 6 5715538 | 1093     | 11732     | 17           |
| Wadi Musa Branch                | Main Street, Wadi Musa      | +962 3 2157919<br>+962 3 2157920 | +962 3 2157922 | 53       | 71810     | 15           |
| Al-Jebeiha Branch               | Main Street / Amman         | +962 6 5344261<br>+962 6 5344237 | +962 6 5344239 | 874      | 11941     | 17           |
| Tareq Branch / Tabarboor        | Shehab Al-Habri Str./ Amman | +962 6 5060436<br>+962 6 5060541 | +962 6 5060548 | 295      | 11947     | 23           |
| Irbid Branch / Palestine Street | Palestine Str./ Irbid       | +962 2 7262101<br>+962 2 7262105 | +962 2 7262109 | 3922     | 21110     | 22           |
| Al-Zarqa Al-Jadeedah Branch     | Makka Mukarama Str./ Zarqa  | +962 5 3852402<br>+962 5 3852405 | +962 5 3852410 | 150472   | 13115     | 19           |

| HQ/ Branch                      | Address   | Tel                              | Fax            | P.O. Box | Post Code | Employees No |
|---------------------------------|---|----------------------------------|----------------|----------|-----------|--------------|
| Deir Alla Branch                | Main Street / Deir Alla                                       | +962 5 3573520<br>+962 5 3573521 | +962 5 3573525 | 44       | 18210     | 17           |
| Al-Sweifeh Branch               | Al-Sweifeh / Amman  | +962 6 5812226<br>+962 6 5812227 | +962 6 5812029 | 142634   | 11844     | 15           |
| Abu Nsair Branch                | Abu Nsair/ Amman  | +962 6 5236325<br>+962 6 5236326 | +962 6 5236329 | 541405   | 11937     | 18           |
| Al-Thaniya Branch               | Al-Thaniya / Kerak  | +962 3 2386626<br>+962 3 2386627 | +962 3 2386632 | 15       | 61151     | 15           |
| Khraibt Essouq Branch           | Khraibt Essouq / Amman  | +962 6 4120846<br>+962 6 4120928 | +962 6 4120894 | 987      | 11621     | 19           |
| Khalda Branch                   | Amer bin Malek Str./ Amman                                    | +962 6 5545948<br>+962 6 5536296 | +962 6 5542813 | 4428     | 11953     | 16           |
| Al-Shoneh Al-Shamalieh Branch   | Main Street / Al-Shoneh Al-Shamalieh                          | +962 2 6580282<br>+962 2 6580275 | +962 2 6580298 | 15       | 28110     | 14           |
| Al-Qasr Branch                  | Al-Qasr / Kerak   | +962 3 2315050<br>+962 3 2315590 | +962 3 2315524 | 32       | 61210     | 15           |
| Jabal Amman Branch              | Jabal Amman / Amman   | +962 6 4633016<br>+962 6 4633017 | +962 6 4633048 | 840610   | 11180     | 15           |
| Al-Dlail Branch                 | Tareq Complex / Al-Dlail                                      | +962 5 3825179<br>+962 5 3825180 | +962 5 3825181 | 190      | 13136     | 15           |
| Wadi Alhajar Branch             | Zarqa / Highway Street  | +962 5 3651990<br>+962 5 3652304 | +962 2 3651034 | 1927     | 13110     | 14           |
| Irbid Branch/ Al Hosn           | Al Hosn / Irbid   | +962 2 7012401<br>+962 2 7012402 | +962 2 7012404 | 357      | 21510     | 16           |
| Bawabit Al Salt Branch          | King Abdullah II Street, Opposite to the Justice Palace/ Salt | +962 5 3530591<br>+962 5 3530639 | +962 5 3550453 | 484      | 19110     | 15           |
| Naur branch                     | Western Madaba Street – Martyr Circle / Amman                 | +962 6 5725861<br>+962 6 5725864 | +962 6 5725870 | 114      | 11710     | 14           |
| Islamic Hospital Branch         | Islamic Hospital / Amman                                      | +962 6 5657261<br>+962 6 5657262 | +962 6 5657264 | 928430   | 11190     | 14           |
| Al-Huriah Street Branch         | Al-Huriah Street / Al- Muqableen                              | +962 6 4205617<br>+962 6 4206259 | +962 6 4205769 | 606      | 11623     | 15           |
| Al Yasmin District Branch       | Al-Huriah Street / Al- Muqableen                              | +962 6 4205413<br>+962 6 4205347 | +962 6 4205386 | 710068   | 11117     | 17           |
| Al Shouneh Al Janoubayeh Branch | King Hussein Bridge Street / Al Shouneh Al Janoubayeh         | +962 5 3581173<br>+962 5 3581175 | +962 5 3581194 | 23       | 18110     | 12           |

| HQ/ Branch                     | Address   | Tel                              | Fax            | P.O. Box | Post Code      | Employees No |
|--------------------------------|---|----------------------------------|----------------|----------|----------------|--------------|
| Southern Marka Branch          | Saleh Al Hamalan Street (previously Al Feda'), Sourhthern Marka / Amman | +962 6 4900205<br>+962 6 4900193 | +962 6 4900208 | 420300   | 11142          | 15           |
| Jizah Branch                   | Desert Road – Next to Education Department / Amman                      | +962 6 4460159<br>+962 6 4460165 | +962 6 4460166 | 282      | 16010          | 13           |
| Shawbak Branch                 | Main Street – Departments Complex / Shawbak                             | +962 3 2165460<br>+962 3 2165467 | +962 3 2165461 | 66       | 71910          | 12           |
| Irbid Branch / Bani Kenana     | Sama Al- Rosan Intersectoin Bani Kenanah / Irbid                        | +962 2 7585150<br>+962 2 7585152 | +962 2 7585124 | 25       | 21129          | 15           |
| Irbid City Centre Branch       | Prince Hasan Str. City Centre/ Irbid                                    | +962 2 6911305<br>+962 2 6911306 | +962 2 6911309 | 1233     | 21110          | 13           |
| Abdoun Branch*                 | Abdoun – North Abdoun neighbourhood – Fawzi Al Qawqji – building No (5) | +962 6 5922782<br>+962 6 5922645 | +962 6 5922834 | 852745   | 11185          | -            |
| Industrial Area Office / Sahab | Industrial Area / Sahab   | +962 6 4029720<br>+962 6 4029722 | +962 6 4029725 | 259      | 11512          | 4            |
| C-Town Office                  | Amman Mall / Amman  | +962 6 5528394<br>+962 6 5528395 | +962 6 5528397 | 1582     | 11953          | 5            |
| Hitteen Camp Office            | Hitten Camp / Rusaifa   | +962 5 3611253<br>+962 5 3611254 | +962 5 3611328 | 2720     | 13713          | 5            |
| Awajan Office                  | Main Street / Awajan  | +962 5 3656663<br>+962 5 3656664 | +962 5 3655029 | 8545     | 13162          | 4            |
| Istiklal Mall Office           | Istiklal Street, Al-Nuzha   | +962 6 5683936<br>+962 6 5683937 | +962 6 5683897 | 922503   | 11192          | 3            |
| Al-Marj Office                 | Al-Marj / Kerak   | +962 3 2341494<br>+962 3 2341496 | +962 3 2341495 | 14       | 61112<br>61112 | 4            |
| Bsaira Office                  | Bsaira / Tafileh  | +962 3 2267082<br>+962 3 2267087 | +962 3 2267105 | 54       | 66610          | 4            |
| Irbid Office / Al-Taiba        | Al-Taiba / Irbid  | +962 2 7330039<br>+962 2 7330041 | +962 2 7330456 | 17       | 21810          | 4            |
| Jerash Office                  | King Hussein Street/Jerash  | +962 2 6340115<br>+962 2 6340122 | +962 2 6340130 | 32       | 26110          | 6            |
| Free Zone Office               | Gate No. (1) – Free Zone, Zarqa   | +962 5 3826739<br>+962 5 3826762 | +962 5 3826741 | 186      | 13134          | 5            |

| HQ/ Branch                   | Address   | Tel                              | Fax            | P.O. Box | Post Code | Employees No |
|------------------------------|---|----------------------------------|----------------|----------|-----------|--------------|
| Al Badia Al Shamaliah Office | Baghdad International Street / Salhiyah, Mafraq                               | +962 2 6282369<br>+962 2 6282383 | +962 2 6282882 | 60       | 54510     | 5            |
| Al-Sbeihi Office             | Downtown – Al – Arda Region, Al-Sbeihi  | +962 5 3523466<br>+962 5 3523495 | +962 5 3523510 | 484      | 13110     | 5            |
| Al Shajara Office            | King Hussein Street – Al Shajara, Ramtha                                      | +962 2 7359348<br>+962 2 7359377 | +962 2 7359366 | 42       | 21382     | 5            |
| Aqaba office                 | Tunisian Baths Street / Aqaba   | +962 3 2014665<br>+962 3 2014687 | +962 3 2031706 | 1048     | 77110     | 6            |
| Madaba Office                | Amman – Madaba west road – Opposite to the Electricity Company / Madaba       | +962 5 3241731<br>+962 5 3241756 | +962 5 3241756 | 695      | 17110     | 6            |
| Al Huseiniyah Office         | Al Huseiniyah – South Mazar / Karak   | +962 3 2332709<br>+962 3 2332711 | +962 3 2332712 | 50       | 61621     | 6            |
| Balama Office                | Balama – Next to Balama Judicial Department / Mafraq                          | +962 2 6203931<br>+962 2 6203932 | +962 2 6203937 | 185      | 13125     | 5            |
| Sameh Mall Office            | Martyr Street, Commercial Complex – Areefah Mall / Amman                      | +962 6 5066236<br>+962 6 5065730 | +962 6 5066779 | 295      | 11947     | 4            |
| Wadi Essir Office            | Iraq Al Amir Street – Wadi Essir / Amman                                      | +962 6 5865424<br>+962 6 5864780 | +962 6 5864891 | 140223   | 11814     | 4            |
| Sports City Office           | Queen Rania Al Abdullah Street, Sports City Circle / Amman                    | +962 6 5656872<br>+962 6 5657912 | +962 6 5658097 | 926943   | 11110     | 6            |
| Wasfi Tal Str. Office        | Wasfi Tal Str. (Prev. Gardens Str.) Bulding No. 94, besides Al Tabba'a Mosque | +962 6 5693372<br>+962 6 5693465 | +962 6 5693469 | 961021   | 11196     | 4            |
| Theban Office                | Main Str. (Royal Road- Theban - Kerak)- Theban- Madaba                        | +962 5 3207466<br>+962 5 3207467 | +962 5 3207469 | 695      | 17110     | 5            |

| HQ/ Branch                 | Address  | Tel                              | Fax            | P.O. Box | Post Code | Employees No |
|----------------------------|--|----------------------------------|----------------|----------|-----------|--------------|
| Ebbien Ebilleen Office     | Ishtafina Junction, Ebiien Ebilleen Region, Ajloun   | +962 2 6440369<br>+962 2 6440375 | +962 2 6440372 | 167      | 26810     | 5            |
| Shafa Badran Office        | Baladyet shafa Badran – Beren road – near Amman playgrounds - Amman  | +962 6 5231048<br>+962 6 5231085 | +962 6 5231287 | 49       | 11934     | 5            |
| Al Hassa office            | Lewaa Al Hassa- Desert road – near al Istiklalia military institution  | +962 3 2277251<br>+962 3 2277269 | +962 3 2277274 | 55       | 64610     | 4            |
| Ain al Basha office        | Al Balqa goverenorate – Ain al Basha baladya – opposite to Ain AlBasha kazba – near the light signal (Al Sehia light signal) | +962 6 4726834<br>+962 6 4726894 | +962 6 4726904 | 77       | 19384     | 5            |
| Al Tarra Office*           | Irbid governorate – lewaa Al Ramtha – Al Tarra – the main street – Dewar martyr Moaz Al Kassasba                             | +962 2 7361090<br>+962 2 7361094 | +962 2 7361096 | 2        | 52110     | -            |
| Bawabet Al Mafrag office** | Al Mafrag governorate – Dr. Khaled Abu Samaka Street – in the direction of Al Al Baiet university                            | +962 2 6236754<br>+962 2 6236765 | +962 2 6236766 | 563      | 25110     | -            |
| Al Jubiha Office           | -  | -                                | -              | -        | -         | -            |
| Al-Bonded Office           | Sahab Industrial City / Sahab  | +962 6 4029727<br>+962 6 4029728 | +962 6 4029729 | 259      | 11512     | 12           |

\*Will be opened on (21/2/2018) willingly.

\*\* Will be opened on (22/2/2018) willingly

\*\*\* Will be opened on (4/3/2018) willingly

The Bank has not any branches or offices outside the Kingdom.