



INVESTBANK
البنك الإستثماري

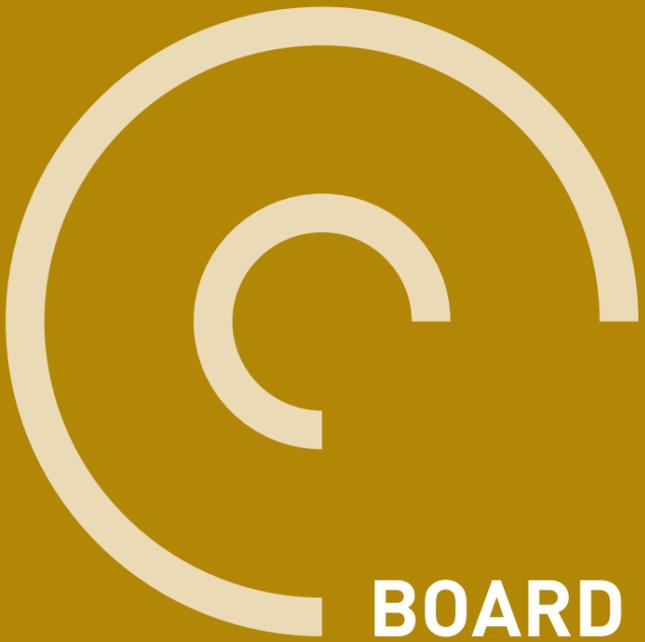
REVOLVING AROUND YOU



His Majesty
King Abdullah II bin Al Hussein



His Royal Highness
Crown Prince Hussein bin Abdullah II



BOARD OF DIRECTORS



BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD

Abdul Rahim Jardaneh & Sons Co., represented by:
Mr. Bishr Mohammad Abdul Rahim Jardaneh

VICE CHAIRMAN

Madaba Financial Investment Co.:
represented by Mr. Ayman Shafiq Farhan Jumaian

MEMBERS

Dr. Nabil Hani Jamil Qaddumi
Raouf Abu Jaber & Sons Co. represented by:
Mr. Emad Nihad Khalil Jeryes
Mrs. Zina Nizar Abdul Rahim Jardaneh
Jordan Drugstore Co. represented by:
Mr. Abdul Rahim Nizar Abdul Rahim Jardaneh
Mrs. Wijdan "Mohammad Yaseen" Khalil Altalhouni
Mr. Hani Ibrahim Suleiman Fadayel
Mr. Jeryes Spiro Jeryes Al Esa
Palestine Bank Co. represented by :
Mr. Roshdi Mahmoud Rasheed Alghalayeeni
Mr. Fahmi bin Fayege bin Fahmi Abu Khadra

General Manager

Mr. Montaser Izzaat Ahmad Dawas



RECOMMENDATIONS OF THE BOARD OF DIRECTORS



The Board of Directors recommends to the respected shareholders the following, based on what was presented:

1. Ratification of the Financial Statements for the year 2015 and clearance of the Board of Directors for the said year.
2. Approval of the Board of Directors recommendation to distribute profits to the shareholders in the amount of 8 million JOD (eight million JOD), or 8% of the capital.
3. Appointing an auditor for the fiscal accounts for the year 2015.

On this occasion, the Board of Directors wishes to thank the shareholders and all clients of the Bank for their confidence and support, and recognizes all employees for their loyal and dedicated services which effectively contributed to the continued success of the Bank.

NAMES OF MAJOR SHOREHOLDERS AND THE NUMBER OF SHARES OWNED BY EACH ONE OF THEM COMPARED TO THE PREVIOUS YEAR

| No. | Name | 2015 | | 2014 | |
|-----|--|---------------|-----------------------|---------------|-----------------------|
| | | No. of shares | Percentage of holding | No. of shares | Percentage of holding |
| 1 | Ehab Shafiq Farhan Jumaiaan | 11,880,143 | 11.880% | 11,880,143 | 11.880% |
| 2 | Palestine Bank Co. | 9,420,627 | 9.421% | 9,420,627 | 9.421% |
| 3 | Abdulrahim Nizar Abdulrahim Jardaaneh | 8,431,216 | 8.431% | 8,431,216 | 8.431% |
| 4 | International Madar for Investment Company | 7,371,427 | 7.371% | | |
| 5 | Raghdah Hamdi Khaleel Mango | 7,026,822 | 7.027% | 7,026,822 | 7.027% |

Loans Extended by the Bank to Members of the Board of Directors

The total balance of loans and direct and indirect facilities utilized as at the end of 2015 and that were granted to the members of the Board of Directors and those connected to them was as follows:

| Account Name | Balance of direct and indirect credits to the nearest thousand JOD |
|--|--|
| Mr. Bishr Mohammad Abdul Rahim Jardaneh Group | 4,141 |
| Mr. Rauf Abu Jaber Group | 47 |
| Mr. Emad Nihad Khalil Jeryes | 57 |
| Mrs. Wijdan "Mohammad Yasin" Khalil Altalhouni | 6 |
| Mr. Abdul Rahim Nizar Abdul Rahim Jardaneh Group | 2,792 |
| Mr. Ayman Shafiq Farhan Jumaian Group | 790 |
| Dr. Nabil Hani Jamil Qaddumi Group | 2,019 |
| | |
| Total | 9,852 |

PERKS AND AWARDS GRANTED TO THE MEMBERS OF THE BOARD OF DIRECTORS IN THE YEAR 2015

| Name | Annual Transportations allowance | Allowance for membership in committees and/or additional support | Annual award | Total | No. of absence times from Board Meetings |
|---|----------------------------------|--|--------------|---------|--|
| Mr. Bishr Mohammad Abdul Rahim Jardaneh | 5,500 | 49,000 | 4,286 | 58,786 | 1 |
| Mr. Ayman Shafiq Farhan Jumaiaan | 5,000 | 6,869 | 4,286 | 16,155 | 1 |
| Mrs. Wijdan "Mohammad Yaseen" Khalil Altalhouni | 6,000 | 2,250 | 5,000 | 13,250 | 0 |
| Mr. Abdul Rahim Nizar Abdul Rahim Jardaneh | 6,000 | 4,766 | 5,000 | 15,766 | 0 |
| Mrs. Zaynah Nizar Abdul Rahim Jardaneh | 7,500 | 3,250 | 3,571 | 14,321 | 2 |
| Dr. Nabil Hani Jamil Qaddumi | 8,250 | 1,750 | 4,286 | 14,286 | 1 |
| Mr. Hani Ibrahim Suleiman Fadayel | 6,000 | 49,000 | 5,000 | 60,000 | 0 |
| Mr. Jeryes Spiro Jeryes Alisa | 6,000 | 49,000 | 5,000 | 60,000 | 0 |
| Mr. Emad Nihad Khail Jeryes | 6,000 | 7,000 | 5,000 | 18,000 | 0 |
| Mr. Roshdi Mahmoud Rashid Alghalayeeni | 9,000 | 3,000 | 5,000 | 17,000 | 0 |
| Fahmi bin Fayeq bin Fahmi Abu Khadra | 5,000 | 4,345 | 3,571 | 12,916 | 2 |
| | | | | | |
| Total | 70,250 | 180,230 | 50,000 | 300,480 | |

PERKS AND AWARDS GRANTED TO INDIVIDUALS IN SENIOR MANAGEMENT POSITIONS IN THE YEAR 2015

Salaries of senior management as at 31/12/2015

| No. | Name | Position | Details of the salary (JOD) | | | |
|-----|--|---|-----------------------------|------------------|--------------|-----------------------|
| | | | Annual basic salary | Allowances/perks | Annual award | Total Annual salaries |
| 1 | Montaser Izzat Ahmad Dawwas | General Manager | 454,960.00 | 2,505.00 | 195,000.00 | 652,465.00 |
| 2 | Nabil George Esa Alsafadi | Head of logistics and operations group | 100,646.67 | 26,766.67 | 65,000.00 | 192,413.33 |
| 3 | Emad Osama Abdulrahim Asfour | Head of risk management group | 134,000.00 | 0.00 | 20,000.00 | 154,000.00 |
| 4 | Mohammad Ali Yousef Hawash | Head of internal audit department | 101,400.00 | 0.00 | 15,000.00 | 116,400.00 |
| 5 | Ramzi Ridwan Hasan Darweesh | Assistant GM / Facilities for large corporations | 134,400.00 | 0.00 | 25,000.00 | 159,400.00 |
| 6 | Mohannad Zuhair Ahmad Bokah | Assistant GM/ Facilities for Medium and small trading companies | 109,140.00 | 2000.00 | 15,000 | 134,140.00 |
| 7 | Tarerq "Mohammad Nazih" Mohammad MamdoohSakkijha | Assistant GM/ Personal Banking Services Department | 106,020.00 | 700.00 | 20,000.00 | 126,720.00 |
| 8 | Mayes Adnan Mahmoud Alshalabi | Head of Finance Group | 86,000.00 | 0.00 | 18,000.00 | 104,000.00 |
| 9 | Ra'ad Moneer Abdulrahim Abu Resa' | Executive Manager/ Organizational Development Department | 86,000.00 | 400.00 | 23,000.00 | 109,400.00 |
| 10 | "Mohammad Ali" Walid Hamdallah Barakat | Executive Manager/ Legal Department | 76,000.00 | 0.00 | 23,000.00 | 99,000.00 |
| 11 | Jareer Na'el Jamil Alajlouni | Executive Manager/ Treasury Department | 70,000.00 | 700.00 | 15,000.00 | 85,700.00 |
| 12 | "Mohammad Saeed" Yahya Fae'q Aldajani | Executive Manager/ Financial Corportations | 70,800.00 | 300.00 | 7,500.00 | 78,600.00 |
| 13 | Khaled Zuhair Jamil Abu Alsha'er | Manager/ Compliance Department | 48,000.00 | 00.0 | 4,000.00 | 52,000.00 |
| | Total | | 1,557,366.67 | 33,371.667 | 453,500.00 | 2,064,238.33 |

LIST OF SPONSORSHIPS AND DONATIONS FOR THE YEAR 2015

| Name of entity receiving the donation | Amount JOD |
|--|----------------|
| Royal Society for the Conservation of Nature | 62,941 |
| Hashemite Jordanian Fund | 21,207 |
| Central Bank/ Spreading Social Financial Knowledge | 20,000 |
| National Society for the Conservation of Petra | 15,000 |
| Award campaign / Muath Alkawasbeh | 14,000 |
| Jordan Hashemite Charity Organization | 13,836 |
| Others | 9,776 |
| TOTAL | 156,760 |

AUDITING FEES FOR THE BANK AND SUBSIDIARY COMPANIES

- Auditing fees for INVESTBAK in the year 2015 were 61,500 JOD
- Auditing fees for the subsidiary AL MAWARED for Financial Brokerage Company in the year 2015 were 8,500 JOD
- Auditing fees for the subsidiary TAMKEEN Leasing Company in the year 2015 were JOD 5,500
- Auditing fees for the subsidiary AL Istethmari Letamweel Selselat AL IMDAD in 2015 were JOD 4,500

CLIENTS CARE DEPARTMENT

This is an independent unit that studies and deals with complaints of clients and responds to these complaints as quickly as possible. We aim to present the best service to our clients and enforce the loyalty and communication values with them and to satisfy their expectations. The Client Care Department staff strives to carry out all efforts to solve any client complaint and to reduce the permitted timeline to deal with every complaint. This target is achieved by reinforcing the staff knowledge and educating them on banking procedures and regulations

| DEPARTMENT | NO. OF STAFF | NOT THE RESPONSIBILITY OF THE BANK | PROCEDURES | TECHNICAL PROBLEMS |
|----------------------------------|--------------|------------------------------------|------------|--------------------|
| BRANCHES | 27 | 57 | 119 | 13 |
| COLLECTION | 7 | | 3 | |
| CENTRAL OPERATIONS DEPARTMENT | 2 | 13 | 6 | 4 |
| IT | | | 10 | 4 |
| SALES | 10 | 2 | 5 | 3 |
| CREDIT AND FACILITIES PROCEDURES | 1 | 3 | 3 | |
| SHARE HOLDERS SECTION | | | | 1 |
| TOTAL | 47 | 75 | 146 | 25 |
| TOTAL COMPLAINTS | 293 | | | |

- All complaints were handled and solved to the satisfaction of clients and according to the policies and procedures of the Bank.
- A circular was issued to all employees of the Bank stressing the necessity of clarifying commissions charged by the bank, thus ensuring all clients are fully aware of the commissions charged to their accounts.
- A circular was issued to all employees of the Bank stressing the need to explain to clients the time required by the Bank to complete the transactions of clients.

Human Resources

The Bank's management takes care in attracting qualified candidates for vacant positions, and then the applicants are screened to select the best qualified ones based on the selection standards and the approved hiring policies. This policy guarantees that sufficient numbers of properly qualified staff are available at the proper time and as per the Bank's organization chart and manpower plans. By following this principle, properly qualified and capable employees are then selected to carry full responsibility to achieve the vision of INVESTBANK and achieve the planned targets. The Bank appointed qualified staff with distinguished experience in the banking field in 2015 to supplement its staffing structure. The number of the Bank's employees and subsidiary companies in the end of 2015 reached 527 employees.

Following is a presentation of the number of employees as per their qualifications and distribution of staff in the head office, branches and subsidiary companies.

The number of employees in the Bank and their qualifications

A. Total number of the Bank employees, excluding the subsidiary companies:

| Qualification | Total number |
|----------------------------|--------------|
| Phd | 0 |
| Master degree | 24 |
| Bachelor's degree | 343 |
| Diploma | 53 |
| General Secondary school | 18 |
| Less than secondary school | 23 |
| Total | 461 |

B. The Head of Logistics and Operations Group Mr. Nabil Al Safadi retired on 21/8/2015.

C. Distribution of staff between the Head Office and the various branches of the Ban

The staff are distributed among the Head Office and branches and the subsidiary companies: Al Istethmari Letamweel Selselat AL IMDAD , AL MAWARED for Financial Brokerage Company, and TAMKEEN Leasing Company and as per the work loads. This guarantees proper execution of the required tasks from each employee and guarantees the highest level of productivity and performance. Following is the number of employees in each location:

| Detail | No. |
|--|-----|
| Head Office/ Abdul Hamid Sharaf Street | 291 |
| Main Branch / Head Office | 20 |
| Prime clients service center / Head office | 9 |
| Mecca St. Branch / Mecca Street | 6 |
| Emar Branch / Emar Towers | 8 |
| Taj Mall Branch / Taj Mall | 9 |
| Sweifieh Branch / Wakalat Street | 7 |
| Wihdat Branch / Al Sharq Al Awsat Roundabout | 7 |
| Sahab Branch / Sahab Industrial City Branch | 6 |
| Zarqa Branch / King Hussain St. | 6 |
| Irbid Branch / Wasfi Al tal St. | 7 |
| Aqaba Branch / Al Nahda St. | 6 |
| Abdoun Branch / Suleiman Qudah St. | 5 |
| Sales Department | 74 |
| Total | 461 |

DISTRIBUTION OF STAFF IN SUBSIDIARY COMPANIES

| Company | No. of employees |
|---|------------------|
| Al Mawared for Financial Brokerage Company | 13 |
| Al Istethmari Letamweel Selselat Al Imdad / Aljuwaida | 40 |
| Tamkeen Leasing Company / Mecca St. | 13 |
| Total | 66 |

Developing the skills of the employees

In line with the Bank's policy to develop the skills and abilities of its staff and to enable them to carry out their duties efficiently and productively, which leads to raising the level of service and productivity of the Bank, 24% of the Bank employees participated in specialized training courses and workshops, some of which are:

| Department / Administration /Branch | No. of Courses /Training sessions |
|---|-----------------------------------|
| Office of the General Manager | 2 |
| Internal Audit Department | 3 |
| Organization Development Department | 1 |
| Commercial Banking Services Department | 38 |
| Personal Banking Services Department | 2 |
| Branches Department | 2 |
| Risks Department | 1 |
| Facilities for Large Companies Department | 9 |
| Information Technology Department | 31 |
| Internal Audit Department | 3 |
| Central Operations Department | 1 |
| Credit Management Department | 1 |
| Compliance Department | 9 |
| Collections and Credit Handling Department | 3 |
| Marketing Department | 1 |
| Electronic Banking Services Department | 4 |
| Treasury Department | 1 |
| Electronic Channels and Business Development Department | 2 |
| Financial Group | 4 |
| Daily Portfolios and Conformity Department | 4 |
| Financial Corporations Department | 3 |
| Personal Loans Collection Department | 2 |
| Personal Facilities Department | 2 |
| Products and Sales Development Department | 2 |
| Operations Execution Department | 1 |
| Credit Review Department | 7 |

| Department / Administration /Branch | No. of Courses /Training sessions |
|---|-----------------------------------|
| Credit Handling Department | 3 |
| Information Security Department | 5 |
| Operational Risks Department | 1 |
| Credit Port folios and Market Risks and Intermediate Office | 3 |
| Telephone Services Department | 2 |
| Work Methods Management and Operation Re-engineering Unit | 3 |
| Research Unit | 1 |
| Recruitment and Personnel Unit | 5 |
| Administrative Services Unit | 1 |
| Maintenance Unit | 1 |
| Strategic Initiatives Application Unit | 1 |
| Electronic Transfer Operations and Electronic Clearance Unit | 2 |
| Treasury Operations, Investment, and Wealth Management Execution Unit | 3 |
| Accounts Opening, Maintenance, and Follow Up Unit | 4 |

F. The Bank's Perks Awarding Policy

The Bank adopts a clear policy of calculating employees' perks based on return on equities compared to the anticipated return for the same year. Portions of the allocation of perks are executed as delayed payment units as per the bank approved policies and based on the evaluation of the annual performance of employees and on achieving the targets allocated to them, and these are divided into financial, supervisory and managerial targets.

NAMES AND CURRICULUM VITAE OF MEMBERS OF THE BOARD OF DIRECTORS

| NO. | (1) |
|--|---|
| CHAIRMAN OF THE BOARD | Abdul Rahim Jardaneh and Sons Co. |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 185,581 |
| NAME OF THE INDIVIDUAL REPRESENTING THE LEGAL ENTITY | Mr. Bisher MohammaAbdulRahim Jardaneh |
| NO. OF SHARES OWNED BY THE REPRESENTING PERSON | - |
| DATE OF BIRTH | 1961 |
| DATE OF JOINING THE BOARD | 26/5/2008 |
| NATURE OF MEMBERSHIP | Non executive / Not independent |
| ACADEMIC QUALIFICATION | <ul style="list-style-type: none"> -BSC (Honor) in civil engineering , 1982 from Illinois University (Urbana-Champaign) – USA -MSC (Honor) , 1985 in construction management from University of California – Berkeley – USA |
| EXPERIENCE AND POSTS HELD | <ul style="list-style-type: none"> - Executive General Manager / Arabtec Jardaneh Group Co. - Member of the Greater Amman Municipal Board - Member of the Board of Trustees of Cooperation Organization (Welfare) / Geneva, and Head of the Strategy and Governance Committee - Member of the Board, Jordan Investment Promotion Authority - Member of the Board / Almafraaq Development Organization - Vice Chairman of the Board, Jordanian Strategy Forum - Vice Chairman – Zaha Children Organization - Member of the Board, Arab Orphans Committee - Chairman of the Arab Cultural Society Mr. Jardaneh also held the following posts: - Member of the Executive Committee of the International Federation of Consulting Engineers (FIDIC) / Geneva. - Member of the Royal All Jordan Committee - Member of the Royal Committee for Water in Jordan - Member of Investment Fund of Jordan Social Security Organization. - Member of the Board / Nugul Group of Companies. - Member of the Board, Jordan Economic Development Council (JEDCO). - Chairman of the Board, Jordan Engineering and Architectural Business Forum. - Committee Member, Jordan National Agenda Committee. - Member of the Young Presidents Organizations WPO –YPO. - Member /Jordanian Engineering Association - Member of Jordanian Businessmen Association, US-Jordan Businessmen Association and European – Jordanian Businessmen Association |

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| NO. | [2] |
| VICE CHAIRMAN OF THE BOARD | Madaba Financial Investment Co. |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 38,138 |
| NAME OF THE INDIVIDUAL REPRESENTING THE LEGAL ENTITY | Mr. Ayman Shafiq Farhan Jumaia |
| NO. OF SHARES OWNED BY THE REPRESENTING PERSON | 57,561 |
| DATE OF BIRTH | 1961 |
| DATE OF JOINING THE BOARD | 30/04/2006 |
| NATURE OF MEMBERSHIP | Non executive / Not independent |
| ACADEMIC QUALIFICATION | MSc Engineering – George Washington University, 1985 BSc Civil Engineering, The Citadel University, 1983 |
| EXPERIENCE AND POSTS HELD | <ul style="list-style-type: none"> - Honorary Consul – The Republic of Estonia. - 2003 – present Chairman of the Board, Solution Communications and Security Systems - 2006 – present, Vice Chairman Naqel Co. - 2001 – present, General Manager, Madaba Financial Investment Co. - 1996 – 2001 Coca Cola Regional Manager, Cyprus. - 1994 – 1996 Manager, Alkhaled Commercial Group, UAE - 1990 – 1994 International Marketing Manager , BMY – USA - 1985 – 1990 , Officer, Jordan Armed Forces |

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| NO. | [3] |
| VICE CHAIRMAN OF THE BOARD | Raouf Abu Jaber and Sons Co. |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 9.088 |
| NAME OF THE INDIVIDUAL REPRESENTING THE LEGAL ENTITY | Mr. Emad Nihad Khalil jeryes (starting 12/02/2014) |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 10.000 |
| DATE OF BIRTH | 1960 |
| NATURE OF MEMBERSHIP | Non executive / Not independent |
| ACADEMIC QUALIFICATION | BSc Commerce and Business Administration / Beirut Arab University |
| EXPERIENCE AND POSTS HELD | <ul style="list-style-type: none"> - General Manager, United Insurance Co. - Member of the Board, Jordan Union of Insurance Co., and Head of the Audit Committee. - Member of the Board , Jordan Paper and Cardboard Factories, and member of the Audit Committee. - General Manager, Arab European Insurance Co. - Deputy General Manager, Arab Eagle Insurance Co. |

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| NO. | [4] |
| MEMBER OF THE BOARD | Dr. Nabil Hani Jamil Qaddumi |
| NO. OF SHARES OWNED BY THE MEMBER OF THE BANK'S CAPITAL | 2,153,936 |
| DATE OF BIRTH | 1954 |
| DATE OF JOINING THE BOARD | 01/01/2000 |
| NATURE OF MEMBERSHIP | Non executive / Non independent |
| ACADEMIC QUALIFICATION | 1982 , Phd, Civil Engineering, Massachusetts Institute of Technology (USA) MSc Civil Engineering, Stanford University (USA),1977 BSc , Civil Engineering, University of Texas, Austin (USA) 1976 American University of Beirut, 1972 - 1975 , Civil Engineering |
| EXPERIENCE AND POSTS HELD | - Chairman of the Board, Projacs International (www.projeacs.com) - Chairman of the Board, Safwan Petroleum Technologies Co. (www.spetco.com) -1982 -1994 Lecturer, Faculty of Engineering / University of Kuwait -1989-1991 Visiting Professor, Faculty of Engineering / Stanford University -2008 – 2014 Chairman, of the Board of Trustees, Cooperation Organization -2008 – present, Palestine Governor, Arab Fund for Economic and Social Development - Chairman of Hani Qaddumi Scholarship Foundation |

| NO. | (6) |
|--|---|
| MEMBER OF THE BOARD | PALESTINE BANK CO. |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 9,420,627 |
| NAME OF THE INDIVIDUAL REPRESENTING THE LEGAL ENTITY | Mr Rushdi Mahmoud Rasheed Alghalayeeni (starting 30/04/2014) |
| NO. OF SHARES OWNED BY THE REPRESENTING PERSON | - |
| DATE OF BIRTH | 1962 |
| ACADEMIC QUALIFICATION | BSc (Honors) , Economy and Computer Sciences, American University of Cairo, Egypt, 1986 Certificat in Assessing and managing risks in banks, Cairo |
| EXPERIENCE AND POSTS HELD | 1989 joined the Bank of Palestine 2008 till the present Deputy General Manager, Bank of Palestine |

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| NO. | (7) |
| MEMBER OF THE BOARD | Jordan Drugstore Co. |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 1,009,479 |
| NAME OF THE INDIVIDUAL REPRESENTING THE LEGAL ENTITY | Abdul Rahim Nizar Abdul Rahim Jardaneh |
| NO. OF SHARES OWNED BY THE REPRESENTING PERSON | 8,431,216 |
| DATE OF BIRTH | 1962 |
| DATE OF JOINING THE BOARD | 30/04/2006 |
| NATURE OF MEMBERSHIP | Non executive / Non independent |
| ACADEMIC QUALIFICATION | BSc Pharmacy, Minnesota University – USA 1984 |
| EXPERIENCE AND POSTS HELD | <ul style="list-style-type: none"> -Chairman of the Board, Dar Al Dawa Development and Investment Co. -Chairman of the Board, Nutri Dar Co. -Chairman, Arab Pharmaceutical Industry Consulting Co. -Member of the Board, Jordan Drugstore Co. -Vice Chairman, Al Quds Bank based in Ramallah -Active in the agricultural and food manufacturing field. |

| NO. | (9) |
|--|--|
| MEMBER OF THE BOARD | Mr. Fahmi Bin Fayege Bin Fahmi Abu Khadra |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 2,420,407 |
| DATE OF BIRTH | 1964 |
| DATE OF JOINING THE BOARD | 27/04/2011 |
| NATURE OF MEMBERSHIP | Non executive / independent |
| ACADEMIC QUALIFICATION | MSc Business Administration |
| EXPERIENCE AND POSTS HELD | <p>1987 – 1989 Credit Facilities Officer / Arab Bank Head Office</p> <p>- 1989 – 2001 General Manager, Alriyadh Medical Services Co.</p> <p>-1991 – 2001 Member of the Board of Directors, Amman Surgical Hospital</p> <p>-2003 Chairman of the Board, Amman Surgical Hospital</p> <p>-1997 , Saudi Arabia, General Manager United Pharmaceutical Manufacturing Co.</p> <p>-2004, Saudi Arabia, Manager, Medicinal Products and Rubber Factory</p> <p>-2007, Saudi Arabia , General Manager, Care Corporation</p> <p>-1999, Chairman of the Board, Switchers Limited, Britain.</p> |

| NO. | (10) |
|--|---|
| MEMBER OF THE BOARD | Mrs. Wijdan "Mohammad Yaseen" Khalil Altalhouni |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 1.000.359 |
| DATE OF BIRTH | 1939 |
| DATE OF JOINING THE BOARD | 07/10/2009 |
| NATURE OF MEMBERSHIP | Non executive / independent |
| ACADEMIC QUALIFICATION | BSc, Economy and Political Science |
| EXPERIENCE AND POSTS HELD | <p>-1968 – 1973 Central Bank, Research and Studies Department.</p> <p>-Member of the Board of Director, Grand Flour Mills of Zarka.</p> <p>-Vice Chairman of the Board, Multaqa Altadawul Joint Stock Co.</p> <p>-Member of the Board of Directors: Investment , Trade and Export Co.</p> <p>-Member of Jordan Businessmen Association, and a member of the following committees:</p> <p>-Finance & Economy Committee</p> <p>-Manufacturing Committee</p> <p>-Commercial Committee.</p> <p>-Member of the Board, Arab Business Women - Head of Projects Committee</p> <p>-Chairman of the Board of Trustees, Jordan Business and professional women Forum</p> |

| NO. | [11] |
|---|---|
| MEMBER OF THE BOARD | Mrs. Zina Nizar Abdul Rahim Jardaneh |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 4,962,866 |
| DATE OF BIRTH | 1960 |
| DATE OF JOINING THE BOARD | 30/04/2014 |
| NATURE OF MEMBERSHIP | Non executive / Non independent |
| ACADEMIC QUALIFICATION | BSc Pharmacy, Nottingham University – 1983 |
| EXPERIENCE AND POSTS HELD | <ul style="list-style-type: none"> - 1983 – 1993 General Manager, Jordan Drugstore Co. - Member of the Board of Directors, Abdulrahim Jardaneh and Sons Co. - Chairman of the Board, Dar Al Dawa Development and Investment Co. - Member of the Board , Arab Pharmaceutical Industry Consulting Co. - Member of the Board of Trustees, Welfare Association - Member of the Board Jordan Drugs Store. |

| NO. | [12] |
|---|---|
| MEMBER OF THE BOARD | Mr Jiries Spairo Jiries El -Issa |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 5000 |
| DATE OF BIRTH | 1948 |
| DATE OF JOINING THE BOARD | 30/04/2014 |
| NATURE OF MEMBERSHIP | Non executive / Independent |
| ACADEMIC QUALIFICATION | <p>MSc / Business Administration, American University of Beirut 1978</p> <p>-BSc/ Business Administration, American University of Beirut 1969</p> |
| EXPERIENCE AND POSTS HELD | <p>1970 – 1974 , Foreign Relations Department / Jordan Central Bank</p> <p>-1975 – 1983 Deputy Head of Companies' Facilities, Citibank / Amman , Jordan</p> <p>- 1983 – 2005 International Branches Regional Manager, Credit Department – Arab Bank , Head Office</p> |

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| NO. | [13] |
| MEMBER OF THE BOARD | Mr. Hani Ibrahim Suleiman Fadayel |
| NO. OF SHARES OF THE BANK'S CAPITAL OWNED BY THE MEMBER | 5320 |
| DATE OF BIRTH | 1952 |
| DATE OF JOINING THE BOARD | 30/04/2014 |
| NATURE OF MEMBERSHIP | Non executive / Independent |
| ACADEMIC QUALIFICATION | -BSc/ Business Administration, University of Jordan 1975 |
| EXPERIENCE AND POSTS HELD | <p>1975 – 1985 Citibank, Jordan</p> <p>-1985 – 2009, Regional Manager, Arab Bank , Bahrain</p> <p>- 2010 till the present, General Manager, Fadayel Administrative Consultancy Co.</p> <p>- 2009 – 2010 , Assistant General Manager, Arab Bank , Amman / Jordan</p> <p>- 2010 – present, Member of the Board and Head of Risks Management Department, BankMed/ Lebanon</p> <p>- 2011 – present, Member of the Board, GroupMed International, Lebanon.</p> |

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|----------------------------------|--|
| NAME | Mr. Bassam Mustafa Amin Hammad |
| POSITION | Executive Manager |
| ACADEMIC QUALIFICATION | BSc Accountancy / Business Administration |
| YEAR OF GRADUATION | 1979 |
| DATE OF APPOINTMENT | 12/6/1983 |
| DATE OF BIRTH | 1952 |
| EXPERIENCE AND POSTS HELD | <p>1980 – 1983 Southern Cement Company</p> <p>1983 – 2007 INVESTBANK</p> <p>2008 – present, Secretary General of the Board of Directors</p> <p>Former Member of the Board of Directors in the following companies:</p> <ul style="list-style-type: none"> - Aldaman Investment Company - Bank Alquds - Woolen Industries Company - Aqaba Vegetable Oils Refining Company |

GENERAL DECLARATIONS

- . There are no dealings with specific suppliers and / or main clients (both local and foreign) that form 10% or more of the total purchases and / or sales and revenues.
- . There are no protections or privileges which the Bank or any of its products receive under rules and regulations or other areas.
- . The Bank has not obtained any copy rights or franchise rights.
- . The Bank enforces international quality standards and the Bank received BB+ classification from Capital Intelligence.
- . There are no resolutions issued by governmental or international bodies or any other body that have any tangible influence on the operations of the Bank or its products or its competitiveness.
- . During the financial year 2015 there were no financial influences on operations of non-repetitive nature and that are not within the main activities of the Bank.
- . During the year 2015 none of the members of the Board of Directors obtained any benefits through his work for the Bank and which were not divulged, whether such benefits are in cash or in kind, and whether these were to any board member, or to any individual connected to him.
- . There are contracts, projects, and links initiated by the Bank with members of the Board and their relatives as follows:
 - . Electrosec Company : Mr. Ayman Jumaiaan – Member of the Board of Directors.
 - . United Insurance Company: Mr. Emad Jeryes, Member of the Board of Directors.

- . The Bank is subject by nature of its operations to a group of risks and these are elaborated on in clarification No. (38) of the Financial Statements for the year 2015.
 - The accomplishments achieved by the Bank are supported by figures and by description of main events the Bank witnessed during the year 2015 / these are stated in the activities of the Bank.
 - The developments of profits and in the net shareholders equities and the price of the share and the distributed profits / are explained in pages (29 – 30)
 - Analysis of the Bank's financial position for the year 2015 is shown in pages 24 - 28
 - Important future developments and the Bank's future plan / are shown in the Bank's operation program for the year 2016.

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CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015





Opinion

In our opinion, the consolidated financial statements represent fairly, in all material respects, the consolidated financial position of Invest Bank as of 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Regulatory Requirements

Invest Bank maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the consolidated financial statements included in the Board of Directors' report and we recommend the General Assembly of the Shareholders to approve these consolidated financial statements

برائيس وترهاوس كوبرز "الأردن" ذ.م.م



PRICE WATERHOUSE COOPERS
L.L.C

Amman, Jordan
15 March 2015

Independent Auditor's Report

To the Shareholders of Invest Bank

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Invest Bank (a public shareholding company), which comprise the consolidated statement of financial position as of 31 December 2015, and the consolidated statements of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | 2015 | 2014 |
|---|-------|--------------|--------------|
| | | JD | JD |
| Interest income | 27 | 48,508,829 | 49,089,833 |
| Interest expense | 28 | (19,540,071) | (24,758,014) |
| Net Interest Income | | 28,968,758 | 24,331,819 |
| Net commissions income | 29 | 5,852,944 | 5,784,404 |
| Net Interest and Commissions Income | | 34,821,702 | 30,116,223 |
| Gain from foreign currency exchange | 30 | 540,566 | 663,644 |
| Gain from financial assets at fair value through statement of income | 31 | 1,030,122 | 1,256,201 |
| Cash dividends from financial assets at fair value through other comprehensive income | 8 | 962,435 | 661,081 |
| Other income | 32 | 1,845,657 | 2,986,169 |
| Gross income | | 39,200,482 | 35,683,318 |
| Employees' expenses | 33 | (11,184,227) | (10,325,485) |
| Depreciation and amortization | 11,12 | (2,759,899) | (2,451,355) |
| Other expenses | 34 | (7,683,199) | (6,487,339) |
| Provision for impairment in direct credit facilities | 10 | 3,303,506 | (539,391) |
| (Sundry provisions) Returns from sundry provisions | 18 | (271,819) | 23,372 |
| Total expenses | | (18,595,638) | (19,780,198) |
| Net income for the year before income tax | | 20,604,844 | 15,903,120 |
| Income tax expense | 19 | (6,295,018) | (3,537,724) |
| Net income for the year | | 14,309,826 | 12,365,392 |
| Attributable to: | | | |
| Shareholders of the bank | | 14,254,168 | 12,308,606 |
| Non-controlling interest | 26 | 55,658 | 56,786 |
| | | 14,309,826 | 12,365,392 |
| Basic and diluted earnings per share from net income for the year attributable to shareholders of the banks | 35 | 0.143 | 0.123 |

The attached notes from 1 to 47 are an integral part of these consolidated financial statement

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

| | Note | 2015 | 2014 |
|--|------|-------------|-------------|
| | | JD | JD |
| Assets | | | |
| Cash and balances at the Central Bank of Jordan | 4 | 102,527,791 | 69,221,128 |
| Balances at banks and financial institution | 5 | 45,854,292 | 43,729,599 |
| Deposits at banks and financial institution | 6 | 5,000,000 | 1,378,847 |
| Financial assets at fair value through statement of income | 7 | 2,556,397 | 7,496,950 |
| Direct credit facilities - net comprehensive income | 10 | 454,704,268 | 456,056,903 |
| Financial assets at amortized cost | 8 | 20,581,461 | 12,360,779 |
| Property and equipment-net | 9 | 119,079,954 | 139,821,998 |
| Intangible assets | 11 | 28,727,750 | 21,067,417 |
| Deferred tax assets | 12 | 1,955,925 | 2,197,062 |
| Other assets | 19 | 5,365,915 | 5,220,816 |
| | 13 | 59,066,138 | 46,021,489 |
| Total assets | | 845,419,891 | 805,163,338 |
| Liabilities And Equity | | | |
| Liabilities | | | |
| Banks and financial institutions deposit | 14 | 9,018,275 | 16,769,485 |
| Customers deposits | 15 | 584,076,355 | 561,390,822 |
| Cash margins | 16 | 32,157,407 | 34,755,916 |
| Borrowed funds | 17 | 42,322,037 | 28,489,516 |
| Sundry provisions | 18 | 1,082,090 | 924,101 |
| Income tax provision | 19 | 6,208,287 | 3,467,908 |
| Deferred tax liabilities | 19 | 2,073,433 | 1,886,194 |
| Other liabilities | 20 | 13,835,700 | 11,185,386 |
| Total Liabilities | | 690,773,584 | 658,869,328 |
| Equity | | | |
| Authorized capital | 21 | 100,000,000 | 100,000,000 |
| Subscribed and paid-in capital | 21 | 100,000,000 | 100,000,000 |
| Statutory reserve | 22 | 21,332,948 | 19,272,464 |
| General banking risks reserve | 22 | 4,603,049 | 4,374,922 |
| Fair value reserve - net | 23 | 3,839,176 | 2,762,658 |
| Retained earnings | 24 | 23,984,252 | 19,052,742 |
| Total equity attributable to the shareholders of the bank | | 153,759,425 | 145,462,786 |
| Non-controlling interest | 26 | 886,882 | 831,224 |
| Total equity | | 154,646,307 | 146,294,010 |
| Total liabilities and equity | | 845,419,891 | 805,163,338 |

The attached notes from 1 to 47 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

| 2015 | Paid in capital | | Reserves | | | Retained earnings | Total shareholders' equity attributable to the bank's shareholder | Non-controlling interest | Total |
|---|-----------------|------------|----------------------|--------------------------------------|----|-------------------|---|--------------------------|-------------|
| | JD | Statutory | General banking risk | financial assets reserve revaluation | JD | | | | |
| | | | | | | | | | |
| As at 1 January | 100,000,000 | 19,272,464 | 4,374,922 | 2,762,658 | | 19,052,742 | 145,462,786 | 831,224 | 146,294,010 |
| Net income for the year | - | - | - | - | - | 14,254,168 | 14,254,168 | 55,658 | 14,309,826 |
| Net change in fair value reserve | - | - | - | 1,043,637 | | - | 1,043,637 | - | 1,043,637 |
| Loss from sale of financial assets at fair value through other comprehensive income | - | - | - | 32,881 | | (34,047) | (1,166) | - | (1,166) |
| Total other comprehensive income | - | - | - | 1,076,518 | | 14,220,121 | 15,296,639 | 55,658 | 15,352,297 |
| Dividends (Note 24) | - | - | - | - | | (7,000,000) | (7,000,000) | - | (7,000,000) |
| Transferred to reserves | - | 2,060,484 | 228,127 | - | | (2,288,611) | - | - | - |
| | - | 1,590,312 | 144,374 | - | | (8,734,686) | (7,000,000) | - | (7,000,000) |
| As at 31 December 2015 | 100,000,000 | 21,332,948 | 4,603,049 | 3,839,176 | | 23,984,251 | 153,759,425 | 886,882 | 154,646,307 |
| 2014 | | | | | | | | | |
| As at 1 January | 100,000,000 | 17,682,152 | 4,230,548 | 1,086,382 | | 15,754,630 | 138,753,712 | 774,438 | 139,528,150 |
| Net income for the year | - | - | - | - | | 12,308,606 | 12,308,606 | 56,786 | 12,365,392 |
| Net change in fair value reserve | - | - | - | 1,371,762 | | - | 1,371,762 | - | 1,371,762 |
| Loss from sale of financial assets at fair value through other comprehensive income | - | - | - | 304,514 | | (275,808) | 28,706 | - | 28,706 |
| Total other comprehensive income | - | - | - | 1,676,276 | | 12,032,798 | 13,709,074 | 56,786 | 13,765,860 |
| Dividends (Note 24) | - | - | - | - | | (7,000,000) | (7,000,000) | - | (7,000,000) |
| Transferred to reserves | - | 1,590,312 | 144,374 | - | | (1,734,686) | - | - | - |
| As at 31 December 2014 | 100,000,000 | 19,272,464 | 4,374,922 | 2,762,658 | | 19,052,742 | 145,462,786 | 831,224 | 146,294,010 |

- Included in retained earnings an amount of JD 5,365,915 as of 31 December 2015 restricted by the instructions of Central Bank of Jordan for deferred tax assets against JD 5,220,816 as of 31 December 2014.
- Included in the retained earnings a restricted amount of JD 2,539,200 as of 31 December 2015 (and 31 December 2014: JD 2,539,200) based on Central Bank of Jordan request, for the remaining balance of fraudulent transactions.
- Included in the retained earnings a restricted amount of JD 426,919 as of 31 December 2015 against JD 1,230,895 as of 31 December 2014 which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realised through actual sale as instructed by Jordan Securities Commission.
- Included in the retained earnings an amount of JD Zero as of 31 December 2015 (2014: JD 159,233) which represents a revaluation difference of financial assets at fair value through income statement.
- The use of general banking risks reserve is restricted and requires prior approval from the Central Bank of Jordan.
- The use of fair value of financial assets reserve-net is restricted and requires prior approval from Central bank of Jordan.

The attached notes from 1 to 47 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

| | 2015 | | 2014 | |
|--|------------|----|------------|----|
| | JD | JD | JD | JD |
| Net income for the year | 14,309,826 | | 12,365,391 | |
| Other comprehensive income items: | | | | |
| Net change in fair value reserve - net of tax | 1,043,637 | | 1,371,762 | |
| (loss) Gain on sale of financial assets through other comprehensive income | (1,166) | | 28,706 | |
| Total other comprehensive income for the year | 1,042,471 | | 1,400,468 | |
| Total comprehensive income | 15,352,297 | | 13,765,860 | |
| Total other comprehensive income attributable to : | | | | |
| Shareholders of the bank | 15,296,639 | | 13,709,074 | |
| Non-controlling interest | 55,658 | | 56,786 | |
| | 15,352,297 | | 13,765,860 | |

The attached notes from 1 to 47 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | 2015 | 2014 |
|--|-------|--------------|--------------|
| | | JD | JD |
| Operating activities | | | |
| Income for the year before income tax | | 20,604,844 | 15,903,120 |
| Adjustments: | | | |
| Depreciation and amortisation | 11,12 | 2,759,899 | 2,451,355 |
| Provision for impairment in direct credit facilities | 10 | (3,303,506) | 539,391 |
| Provision for employees end-of-service | 18 | 7,307 | 7,437 |
| Provision for lawsuits against the bank | 18 | 264,512 | (30,810) |
| Gain from sale of property and equipment | 32 | (17,469) | - |
| Provision for seized assets owned for more than 4 years | | 280,415 | - |
| (Recovery) Provision for impairments of seized assets by the bank | 13 | (39,303) | 111,691 |
| Gain on sale of assets sized by the bank | 32 | (43,051) | (1,109,083) |
| Unrealised Gain from financial assets at fair value through statement of income | 31 | 90,022 | (947,407) |
| Dividends received from financial assets at fair value through other comprehensive income | 8 | (962,435) | (661,081) |
| Net interest expense | | (115,317) | 987,036 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 30 | (41,809) | (70,335) |
| | | 19,484,109 | 17,181,314 |
| Change in assets and liabilities | | | |
| Deposits at banks and financial institutions (maturing after more than 3 months) | 6 | (3,621,153) | 39,153 |
| Deposits at banks and financial institutions (Restricted Balances) | 6 | (2,885) | (857,381) |
| Financial assets at fair value through statement of income | 7 | 2,490,395 | 849,888 |
| Direct credit facilities | 10 | 4,665,141 | (26,303,831) |
| Other assets | 13 | (12,903,151) | (8,729,327) |
| Customers' deposits | 15 | 22,685,533 | 43,524,645 |
| Cash margins | 16 | (2,598,509) | (9,319,273) |
| Other liabilities | 20 | 3,007,422 | (1,946,466) |
| Net cash flows generated from operating activities before income tax paid and paid provisions | | 33,206,902 | 14,438,720 |
| Income tax and sundry provisions paid | 18,19 | (4,205,874) | (3,894,121) |
| Net cash flows generated from operating activities | | 29,001,028 | 10,544,560 |
| Investing activities | | | |
| Purchase of Financial assets at fair value through other comprehensive income | | (6,748,498) | (304,766) |
| Selling of Financial assets at fair value through other comprehensive income | | 149,832 | 772,838 |
| Dividends received from financial assets at fair value through statement of Income | 8 | 962,435 | 661,081 |
| Purchase of Financial assets at amortized cost | | (45,212,272) | (75,387,435) |
| Maturity of financial assets at amortized cost | | 68,314,452 | 63,369,398 |
| Purchase of property and equipment and project under progress | 11 | (9,700,000) | (771,457) |
| Proceeds from sale of property and equipment | | 17,606 | - |
| Purchase of intangible assets | 12 | (479,232) | (922,210) |
| Net cash flows used in investing activities | | 7,304,323 | (12,582,551) |
| Financing activities | | | |
| Dividends paid | 24 | (7,000,000) | (7,000,000) |
| Borrowed funds | | 13,832,521 | 12,826,515 |
| Net cash flows from financing activities | | 6,832,521 | 5,826,515 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 30 | 41,809 | 70,335 |
| Net increase in cash and cash equivalents | | 43,179,681 | 3,858,900 |
| Cash and cash equivalents at 1 January | | 93,800,857 | 89,941,959 |
| Cash and cash equivalents at 31 December | 36 | 136,980,540 | 93,800,859 |

The attached notes from 1 to 47 are an integral part of these consolidated financial statements

(1) GENERAL INFORMATION

Invest Bank (the "Bank") was established as a Jordanian public shareholding company under registration No. (173) dated 12 August 1982 in accordance with the Companies Law No. (12) for the year 1964 with a paid in capital of JD 6 million distributed over 6 million shares with a par value of JD 1 per share. The Bank's capital was increased several times to become JD 77,500,000 / JD 1 per share as of 31 December 2010. Furthermore, during 2011, the Bank's capital was increased to JD 85,250,000 / JD 1 per share. Finally, the Bank's capital was increased by JD 14,750,000 on 10 April 2012. Accordingly, the Bank's authorized and paid in capital became JD 100 Millions / JD 1 per share.

The Bank's Head Office is located in Amman, Abd Alhameed Sharaf Street, Shmesani, Tel: 5001500, P.O Box 950601, Amman – 11195 Jordan.

The Bank provides banking and related financial services through its Head Office and eleven branches in the Hashemite Kingdom of Jordan, and its subsidiaries.

Invest Bank is a public shareholding company listed in Amman Stock Exchange.

These consolidated financial statements have been approved by the Board of Directors in meeting conducted on 27 January 2016 and are subject to General Shareholder Assembly approval.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies used by the Bank in the preparation of these consolidated financial statements.

2.1 Basis of preparation

The accompanying consolidated financial statements for the year ended 31 December 2015 of the Bank and its subsidiaries are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), interpretations issued by the Committee of the IASB, prevailing local laws and regulations of the Central Bank of Jordan.

The consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives that have been measured at fair value at the date of these consolidated financial statements. Hedged assets and liabilities are also stated at fair value.

The reporting currency of these consolidated financial statements is the Jordanian Dinar which is the functional currency of the Bank.

The accounting policies applied in the financial statement are consistent with those used in the year ended 31 December 2014 except for the information presented in note (2-2).

2.2 Changes in accounting policies and disclosures

The principal accounting policies applied in the preparation of these consolidated financial statements for the year ended 31 December 2014 except for the implementations of new standards and amendments on existing standards as mentioned below, which doesn't have material effect on the financial statements for the year ended 31 December 2015.

(a) New standards, amendments and interpretations adopted by the Bank

a. The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
- Annual Improvements to IFRSs 2012-2014 Cycle, and
- Disclosure Initiative: Amendments to IAS 1.

As these amendments and improvements merely clarify the existing requirements, they do not affect the Company's accounting policies or any of the disclosures.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial Instruments: IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Must be applied for financial years commencing on or after 1 January 2018

IFRS 15 Revenue from Contracts with Customer: The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. The standard should be adopted mandatory for financial years commencing on or after 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and the wholly owned subsidiary companies controlled by it. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiary companies in order to achieve financial benefits out of their operations. All inter-company transactions, balances, revenues and expenses between the Bank and its subsidiaries are eliminated.

The Bank owns the following subsidiaries as of 31 December 2015:

| Company's Name | Paid-in capital | Bank's ownership | Nature of operations | Location | Date of acquisition |
|--|-----------------|------------------|---|----------|---------------------|
| Al- Mawared for Financial Brokerage Company | 10,000,000 | 100% | Financial securities brokerage | Amman | 2006 |
| Tamkeen Leasing Company | 5,000,000 | 90% | Lease financin | Amman | 2006 |
| Al- Istethmari Latemweel Selselat Al Imdad Company | 3,000,000 | 94% | Management and operation of bonded stores | Amman | 2010 |
| Jordanian Company for Factoring * | 30,000 | 100% | Factoring receivables | Amman | 2011 |

* This company was established on 21 December 2011 and has not commenced its operations as of the date of these consolidated financial statements

The financial statements of the subsidiaries are prepared using the same accounting policies adopted by the Bank. Changes are made to the accounting policies of subsidiaries, when necessary, to align them with accounting policies adopted by the Bank.

Subsidiaries are investees controlled by the Bank. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the Bank obtains control of the investee and ceases when the Bank loses control of the investee.

Non-controlling interest represents the portion of net profit or loss and net assets not owned directly or indirectly by the Bank in its subsidiaries and are presented in the consolidated statement of income and within equity in the consolidated statement of financial position separately from the equity attributable to the shareholders of the Bank.

2.4 Segment Information

A business segment is a group of assets or operations jointly engaged in providing an individual product or service or a group of related products or services subject to risks and returns different from those of other business segments. It is measured according to the reports used by the General Manager or other key decision makers at the Bank.

A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments

2.5 Financial Assets at Fair Value through Statement of income

It is the financial assets held by the Bank for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of income upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of income.

Dividends and interests from these financial assets are recorded in the consolidated statement of income

It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standards.

It is not allowed to classify any financial assets that do not have prices in active markets and active dealings in these items.

2.6 Direct Credit Facilities

Represents financial assets which have fixed or agreed payments which the bank submitted in the first place and these Financial assets do not have quoted prices in active markets.

Direct credit facilities are recorded at amortized cost after deducting the provision for the direct credit facilities and interest and commissions in suspense.

A provision for the impairment in direct credit facilities is recognized when it is obvious that the financial assets of the Bank cannot be recovered, there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the consolidated statement of income. Interest and commissions on non-performing credit facilities are suspended in accordance with the regulations of the Central Bank of Jordan.

Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets. Any surplus in the provisions is taken to the consolidated statement of income, while debt recoveries are taken to income.

2.7 Financial Assets at Fair Value through Other Comprehensive Income

Those financial assets represent the investments in equity instruments held for long term

Financial assets at fair value through other comprehensive income are initially stated at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or loss from the sale of these investments should be recognized in the consolidated statement of comprehensive income and within owner's equity, and the balance of the evaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for those assets.

Dividends are recorded in the consolidated statement of income.

2.8 Financial Assets at Amortized Cost

Financial assets at amortized cost are the financial assets which the Bank's management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium \ discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate

It is not allowed to reclassify any financial assets from / to this category except for certain cases specified in the International Financial Reporting Standards (and in the case of selling those assets before its maturity date, the results should be recorded in a separate account in the consolidated statement of income, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

2.9 Fair Value

Fair value represents the closing market price (Acquisition of assets/ Sale of liabilities) of financial assets and derivatives on the date of the consolidated financial statements. In case the declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

Comparison with the fair value of another financial asset with similar terms and conditions

Analysis of the estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms and risk characteristics.

Evaluation of long term assets and liabilities that bears no interest in accordance to discounted cash flows using effective interest rate, premiums and discounts are amortized within interest revenue or expense in the consolidated statement of income.

The evaluation methods aim to provide a fair value reflecting the expectations of the market, and take into consideration market factors, risks and expected benefits, at the time of evaluation of the financial instruments. In case the fair value of an investment cannot be measured reliably, it is stated at cost less any impairment.

2.10 Impairment in the Value of Financial Assets

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

Impairment is determined as follows:

Impairment in financial assets recorded at amortized cost represents the difference between the book value and the present value of the expected cash flows discounted at the original interest rate

The impairment in value is recorded in the consolidated statement of income. Any surplus in the following period resulting from previous impairment in the value of debt instruments is taken to the consolidated statement of income and any impairment in the value of equity instruments is taken to the consolidated statement of other comprehensive income.

2.11 Property and Equipment

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

| | % |
|-----------------------------------|--------|
| Buildings | 2 |
| Fixtures, equipment and furniture | 10- 25 |
| Vehicles | 15- 20 |
| Computers | 20 |
| Decorations | 25 |

When the carrying values of property and equipment exceed their recoverable values, assets are written down to the recoverable value, and impairment losses are recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use or disposal.

2.12 Provisions

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

2.13 Provision for Employees End-of-Service Indemnities

The employees' end-of-service indemnities provision is calculated at a rate of one month per service year for contracted employees more than 60 years old.

The required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount.

2.14 Cost of Issuing or Purchasing Bank Shares

Any costs that result from purchasing or issuing bank shares are charged to retained earnings (net of the tax effect relating to those costs, if any). If the underwriting process or purchase process was incomplete, these costs are charged to the consolidated statement of income.

2.15 Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.

Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally

2.16 Accounts Managed on Behalf of Customers

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

2.17 Offsetting

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

2.18 Realization of Income and Recognition of Expenses

Interest income is realized and expenses are recognized using the effective interest rate method, except for interest and commission on non-performing loans which are not recognized as revenue but recorded in the interest and commission in suspense account until they are received in cash.

Expenses are recognized on the accrual basis.

Commission is recorded as revenue when the related services are provided.

Dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

2.19 Recognition of Financial Assets

Financial assets are recognized on the trading date which is the date the Bank commits itself to purchase or sell the financial assets

2.20 Financial Derivatives and Hedge Accounting

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

- Fair value hedge:

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

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

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

- Cash flow hedge:

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

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

- Hedge for net investment in foreign entities:

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

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

2.21 Financial Derivatives for Trading

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the consolidated statement of financial position under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if they are not available, the measurement method should be disclosed. The change in their fair value is recognized in the consolidated statement of income.

2.22 Repurchase and Resale Agreements

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

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

2.23 Assets Seized by the Bank

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

Provision is provided against sized assets for more than four years according to central bank of Jordan regulation

2.24 Intangible Assets

Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Intangible assets purchased other than through acquisition are recorded at cost.

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is treated in the consolidated statement of income as an expense for the period.

No capitalization of internally generated intangible assets resulting from the Bank's operations is made. They are rather recorded as an expense in the consolidated statement of income for the period.

Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

Software and computer programs are amortized over their estimated useful economic lives at a rate of 20% annually.

2.25 Foreign Currency

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

Translation differences on non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value.

2.26 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with the Central Bank of Jordan and balances with banks and financial institutions maturing within three months, less balances due to banks and financial institution maturing within three months and restricted funds.

(3) ACCOUNTING ESTIMATES

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

A provision is set against the lawsuits raised against the Bank. This provision is subject to an adequate legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

A provision for performing and non-performing loans is taken on the bases and estimates approved by the Bank's management in conformity with International Financial Reporting Standards (IFRS). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the Central Bank of Jordan's instructions. The strictest outcome that conforms to International Financial Reporting Standards is used for determining the provision.

Impairment loss is booked after a sufficient and recent evaluation of the assets seized by the Bank has been conducted by approved surveyors. The impairment loss is reviewed periodically.

Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the consolidated statement of income.

Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss (if any) is taken to the consolidated statement of income as an expense for the year.

Management estimates the impairment in fair value when the market value reaches a certain limit indicative of the amount of impairment loss, which doesn't conflict with the International Financial Reporting Standards and the instructions of the Regulatory authorities.

Fair Value Hierarchy :

The Bank determines and discloses the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability

The management believes that the estimates adopted in the preparation of the consolidated financial statements are reasonable.

(4) CASH AND BALANCES WITH THE CENTRAL BANK OF JORDAN

This item consists of the following:

| | 2015 | 2014 |
|------------------------------------|-------------|------------|
| | JD | JD |
| Cash on hand | 8,945,798 | 8,943,918 |
| Balances with central banks | | |
| Current and demand accounts | 728,924 | 558,997 |
| Term and notice deposits | 22,000,000 | 21,000,000 |
| Statutory cash reserve * | 39,553,069 | 38,718,213 |
| Deposit certificate | 31,300,000 | - |
| | 102,527,791 | 69,221,128 |

- Except for the statutory cash reserve, there are no restricted balances as of 31 December 2015 and 2014.

- There are no balances matured in a period exceeding three months as of 31 December 2015 and 2014.

(5) BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

| | Local Banks and Financial Institutions | | Foreign Banks and Financial Institutions | | Total | |
|--------------------------------------|--|-------------------|--|-------------------|-------------------|-------------------|
| | 31 December | | 31 December | | 31 December | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | JD | JD | JD | JD | JD | JD |
| Current and demand accounts | 758 | 7,002 | 20,407,181 | 20,505,290 | 20,407,939 | 20,512,292 |
| Deposit maturing within three months | 18,000,000 | 18,447,634 | 7,446,353 | 4,769,673 | 25,446,353 | 23,217,307 |
| Total | 18,000,758 | 18,454,636 | 27,853,534 | 25,274,963 | 45,854,292 | 43,729,599 |

- Non-interest bearing balances at banks and financial institutions amounted to JD 20,464,391 as of 31 December 2015 against JD 16,778,244 as of 31 December 2014.

- Restricted balances amounted to JD 2,383,268 as of December 31, 2015 against JD 2,380,385 2014.

(6) DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

| | Local Banks and Financial Institutions | | Foreign Banks and Financial Institutions | | Total | |
|--------------|--|----------|--|------------------|------------------|------------------|
| | 31 December | | 31 December | | 31 December | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | JD | JD | JD | JD | JD | JD |
| Deposits | 5,000,000 | - | - | 1,378,847 | 5,000,000 | 1,378,847 |
| Total | 5,000,000 | - | - | 1,387,847 | 5,000,000 | 1,378,847 |

Deposits balances maturing within a period exceeding three months amounted to JD 5,000,000 as of 31 December 2015 against JD 1,378,847 as of 31 December 2014.

There are no restricted deposits as of December 31, 2015 and 2014.

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|------------------|------------------|------------------|
| | JD | JD |
| Companies shares | 2,517,281 | 5,098,902 |
| Bonds | - | 2,358,932 |
| Investment funds | 39,116 | 39,116 |
| Total | 2,556,397 | 7,496,950 |

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|-------------------|-------------------|-------------------|
| | JD | JD |
| Quoted shares | 18,302,235 | 10,387,766 |
| Unquoted shares * | 2,279,226 | 1,973,013 |
| Total | 20,581,461 | 12,360,779 |

* The fair value of the unquoted shares has been valued using the net book value method which is considered the best valuation method for such investments.

- Realized losses on the sale of shares at fair value through other comprehensive income amounted to JD 34,047 for the year ended 31 December 2015 against JD 275,808 for the year ended 31 December 2014, which was directly recorded to retained earnings in owner's equity.

- Cash dividends on financial assets amounted to JD 962,435 for the year ended 31 December 2015 against J 661,081 for the year ended 31 December 2014.

(9) FINANCIAL ASSETS AT AMORTIZED COSTS

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|--|--------------------|--------------------|
| | JD | JD |
| Quoted financial assets: | | |
| Governmental bonds * | 82,075,105 | 133,004,151 |
| Governmental bonds guaranteed by the government | 6,359,996 | 4,318,000 |
| Corporate loans (Companies bonds and debentures) | 19,292,378 | |
| Total | 107,727,479 | 137,322,151 |
| Unquoted financial assets: | | |
| Companies bonds and debentures | 11,352,475 | 2,499,847 |
| Total | 11,352,475 | 2,499,847 |
| Total financial assets at amortized cost | 119,079,954 | 139,821,998 |
| Bonds and bills analysis: | | |
| Fixed return | 119,079,954 | 139,821,998 |

(10) DIRECT CREDIT FACILITIES-NET

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| | JD | JD |
| Individuals (retail): | | |
| Overdraft | 13,215,433 | 15,501,553 |
| Loans and discounted bills * | 48,718,650 | 46,433,345 |
| Credit Cards | 10,114,294 | 8,185,917 |
| | | |
| Real estate loans | 117,991,221 | 118,306,642 |
| | | |
| Companies | | |
| Corporate: | | |
| Overdraft | 72,711,544 | 45,972,781 |
| Loans and discounted bills * | 206,238,290 | 242,686,202 |
| | | |
| Medium and small entities | | |
| Overdraft | 7,658,985 | 4,219,905 |
| Loans and discounted bills * | 8,415,254 | 16,262,882 |
| | | |
| Total | 485,063,671 | 497,569,224 |
| Less: Provision for impairment in direct credit facilities | (19,277,846) | (29,214,415) |
| Interest in suspense | (11,081,557) | (12,288,906) |
| Net Direct Credit Facilities | 454,704,268 | 456,065,903 |

*Net after deducting interest and commissions received in advance of JD 6,813,231 as of 31 December 2015 against JD 4,269,382 as of 31 December 2014.

Non-performing credit facilities amounted to JD 34,240,982 which is equivalent to (7.1%) of total direct credit facilities as of 31 December 2015 against JD 46,554,825, which is equivalent to (9.3%) of total credit facilities as of 31 December 2014.

Non-performing credit facilities excluding interest and commissions in suspense amounted to JD 23,565,933 which is equivalent to (4.97%) of total direct credit facilities after excluding interest in suspense as of 31 December 2015 against JD 36,386,592 which is equivalent to (7.5%) of total credit facilities after excluding interest in suspense as of 31 December 2014.

No direct credit facilities were granted to / guaranteed by Jordan Government as of 31 December 2015 and 2014.

Provision for Impairment in Direct Credit Facilities:

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

| | Companies | | | | Total |
|---|-------------|-------------------|-------------|------------------|---------------|
| | Individuals | Real estate loans | Corporate | Medium and Small | |
| | JD | JD | JD | JD | |
| 2015 | | | | | |
| Balance at 1 January | 4,972,953 | 6,775,559 | 12,016,642 | 5,449,261 | 29,214,415 |
| Provision (surplus) Charge for the year | 487,461 | (5,537,618) | 1,639,243 | 107,408 | (3,303,506) |
| Used during the year (written-off)* | (1,043,421) | (17,732) | (3,788,350) | (1,783,560) | (6,633,063) |
| Balance at year end | 4,416,993 | 1,220,209 | 9,867,535 | 3,773,109 | 19,277,846 |
| | | | | | |
| 2014 | | | | | |
| Balance at 1 January | 5,872,645 | 5,155,962 | 13,320,031 | 5,493,256 | 29,841,894 |
| Provision (surplus) Charge for the year | (581,522) | 1,619,597 | (464,349) | (34,335) | 539,391 |
| Used during the year (written-off)* | (318,170) | - | (839,040) | (9,660) | (1,166,870) |
| Balance at year end | 4,972,953 | 6,775,559 | 12,016,907 | 5,449,261 | 29,214,415 |

- Non-performing credit facilities provision amounted to JD 18,379,294 as of 31 December 2015 against JD 28,444,787 as of 31 December 2014 in addition the watch list provision amounted to JD 898,552 as of 31 December 2015 against JD 769,628 as of 31 December 2014
- The provisions no longer needed due to settlements or repayments of debts and transferred against other debts amounted to JD 9,514,119 as of 31 December 2015 against JD 8,330,646 as of 31 December 2014.
- The provision for impaired credit facilities representing watch list and non-performing credit facilities are calculated based on the individual customer and not the portfolio.

Interest in Suspense:

The movement on the interest in suspense is as follows:

| | Companies | | | | Total |
|------------------------------------|-------------|-------------------|-------------|------------------|-------------|
| | Individuals | Real estate loans | Corporate | Medium and Small | |
| | JD | JD | JD | JD | |
| 2015 | | | | | |
| Balance at 1 January | 1,752,822 | 3,040,787 | 6,045,756 | 1,449,551 | 12,288,906 |
| Interest in suspense for the year | 484,627 | 257,817 | 2,368,682 | 355,802 | 3,466,928 |
| Interest transferred to revenue | (25,562) | (1,597,560) | (170,061) | (20,013) | (1,813,196) |
| Interest in suspense written-off * | (211,661) | (39,928) | (2,062,505) | (546,987) | (2,861,081) |
| Balance at year end | 2,000,226 | 1,661,116 | 6,181,862 | 1,238,353 | 11,081,557 |
| 2014 | | | | | |
| Balance at 1 January | 1,586,965 | 1,823,690 | 3,867,343 | 903,994 | 8,181,992 |
| Interest in suspense for the year | 632,958 | 1,241,674 | 3,620,790 | 572,040 | 6,067,462 |
| Interest reversed to income | (164,910) | (14,554) | (170,663) | (19,314) | (369,441) |
| Interest in suspense written-off * | (302,191) | (10,023) | (1,271,724) | (7,169) | (1,591,107) |
| Balance at year end | 1,752,822 | 3,040,787 | 6,045,746 | 1,449,551 | 12,288,906 |

* According to the decision taken by board of directors of the bank and the senior management of Al-Mawared (Subsidiary company), non performing credit facilities with their related interest in suspense have been written off amounted to of JD 9,494,144 during the year ended 31 December 2015 against JD 2,757,977 for the year 2014

- Net credit facilities are distributed according to economic sector taking into consideration that all loans granted inside Jordan as follows:

| | 31 December 2015 | 31 December 2014 |
|----------------------------------|------------------|------------------|
| | JD | JD |
| Financial | 38,521,169 | 37,436,514 |
| Industrial and mining | 71,549,850 | 96,230,509 |
| Trading | 116,701,788 | 121,454,442 |
| Real estates | 26,576,652 | 25,842,387 |
| Constructions | 43,319,841 | 58,366,248 |
| Agricultural | 1,219,313 | 1,290,632 |
| Tourism , restaurants and public | 60,640,319 | 36,030,122 |
| Shares | 20,694,165 | 24,165,002 |
| Individuals/others | 105,840,574 | 96,753,368 |
| Total | 485,063,671 | 497,569,224 |

(11) PROPERTY AND PLANT – NET

This item consists of the following:

| | Land | Buildings | Equipment, fixtures and furniture | Vehicles | Computers | Total |
|---|-----------|------------|-----------------------------------|-----------|-----------|------------|
| | JD | JD | JD | JD | JD | JD |
| 2015 | | | | | | |
| Cost | | | | | | |
| Balance at 1 January | 6,993,749 | 10,326,486 | 9,078,799 | 317,129 | 1,573,880 | 28,290,043 |
| Additions | 2,348,137 | 4,033,610 | 1,883,757 | 132,500 | 533,384 | 8,931,388 |
| Disposals | - | - | (3,615) | (127,750) | - | (131,365) |
| Transfers | - | - | 335,577 | - | - | 335,577 |
| Balance at 31 December | 9,341,886 | 14,360,096 | 11,294,518 | 321,879 | 2,107,264 | 37,425,643 |
| Accumulated depreciation | | | | | | |
| Balance at 1 January | - | 961,599 | 5,265,562 | 257,688 | 1,094,095 | 7,578,944 |
| Additions | - | 261,906 | 1,435,650 | 34,061 | 307,913 | 2,039,530 |
| Disposals | - | - | (3,479) | (127,749) | - | (131,228) |
| Balance at 31 December | - | 1,223,505 | 6,697,733 | 164,000 | 1,402,008 | 9,487,246 |
| Net book value of fixed assets as of 31 December | 9,341,886 | 13,136,591 | 4,596,785 | 157,879 | 705,256 | 27,938,397 |
| Advanced payments on purchase property and equipment and projects under construction ** | - | - | 777,955 | - | 11,398 | 789,353 |
| Net property and equipment | 9,341,886 | 13,136,591 | 5,374,740 | 157,879 | 716,654 | 28,727,750 |

| | Land* | Buildings* | Equipment, fixtures and furniture | Vehicles | Computers | Total |
|---|-----------|------------|-----------------------------------|----------|-----------|------------|
| | JD | JD | JD | JD | JD | JD |
| 2014 | | | | | | |
| Cost | | | | | | |
| Balance at 1 January | 6,993,749 | 10,326,486 | 7,656,226 | 317,129 | 1,514,795 | 26,808,385 |
| Additions | - | - | 380,651 | - | 59,085 | 439,736 |
| Transfers | - | - | 1,041,922 | - | - | 1,041,922 |
| Balance at 31 December | 6,993,749 | 10,326,486 | 9,078,799 | 317,129 | 1,573,880 | 28,290,043 |
| Accumulated depreciation | | | | | | |
| Balance at 1 January | - | 758,515 | 3,891,951 | 228,445 | 860,453 | 5,739,364 |
| Additions | - | 203,084 | 1,373,611 | 29,243 | 233,642 | 1,839,580 |
| Balance at 31 December | - | 961,599 | 5,265,562 | 257,688 | 1,094,095 | 7,578,944 |
| Net book value of fixed assets as of 31 December | 6,993,749 | 9,364,887 | 3,813,237 | 59,441 | 479,785 | 20,711,099 |
| Advanced payments on for purchase property and equipment and projects under construction ** | - | - | 356,318 | - | - | 356,318 |
| Net property and equipment | 6,993,749 | 9,364,887 | 4,169,555 | 59,441 | 479,785 | 21,067,417 |

- Property, plant and equipment include fully depreciated items amounting to JD 4,048,529 as of 31 December 2015 against JD 3,954,613 as of 31 December 2014.

* This item represents down payments on the purchase of furniture, fixtures and equipment for the purpose of the bank's new branch in Dabouq and Taj Mall.

**This item contains pledge lands and buildings by JD 6,381,747 to the interest of specialized finance lease co. against capital lease for subsidiary which announced to JD 4,872,100 as of 31 December 2015.

(12) INTANGIBLE ASSETS

This item consists of the following:

| | 2015 | | 2014 | |
|---|--------------------------------------|-------------------------------|-----------|-------------------|
| | Down payments for acquiring programs | Computer Systems and Software | Total | Intangible assets |
| | JD | JD | JD | JD |
| Balance at beginning of the year | 159,422 | 2,037,640 | 2,197,062 | 1,886,627 |
| Additions* | 11,600 | 467,632 | 479,232 | 922,210 |
| Less: Amortization for the year | - | 720,369 | 720,369 | 611,775 |
| Transfers | (110,123) | 110,123 | - | - |
| Balance at year end | 60,899 | 1,895,026 | 1,955,925 | 2,197,062 |

* Additions represent the amounts paid to acquire and improve the banking systems and programs.

(13) OTHER ASSETS

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| | JD | JD |
| Accrued interest and revenue | 1,594,056 | 1,835,847 |
| Prepaid expenses * | 3,085,649 | 3,043,142 |
| Assets seized by the Bank ** | 47,413,603 | 36,512,088 |
| Refundable deposits | 1,598,727 | 1,555,282 |
| Balances related to fraudulent transactions - Net *** | 2,539,200 | 2,539,200 |
| Post-dated Cheques | 111,007 | - |
| Purchase acceptances | 2,369,878 | 581,350 |
| Others | 354,018 | 535,930 |
| | 59,066,138 | 46,602,839 |

* Prepaid expenses include JD 2 million which represent the rent of the new branch for the bank in Abdoun Area for 18 years that are paid in advance.

** The Central Bank of Jordan's instructions require disposal of assets seized by the bank during a maximum period of two years from the date of foreclosure and the Central Bank of Jordan can extend that period for a maximum of another two consecutive years. The balance is presented net of related impairment provision for the amount of JD 496,352 as of 31 December 2015 against to JD 535,655 for the year 2014, and provision for assets seized for more than four years for the amounts of JD 280,415 as of 31 December 2015.

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

| | 31 December 2015 | | | 31 December 2014 |
|--|------------------|-----------------------|-------------|------------------|
| | Seized Assets | Other Seized * Assets | JD Total | JD Total |
| Balance at beginning of the year | 35,828,288 | 683,800 | 36,512,088 | 25,494,222 |
| Additions* | 13,491,770 | 30,225 | 13,521,995 | 16,461,303 |
| Disposals | (2,379,368) | - | (2,379,368) | (5,331,746) |
| (Provision) Amount reversed from impairment of assets seized by the Bank | 639,303 | - | 39,303 | (111,691) |
| Provision for assets seized for more than 4 years ** | (280,415) | - | (280,415) | - |
| Balance at year end | 46,699,578 | 714,025 | 47,413,603 | 36,512,088 |

* This item represent fair value of sized stocks against matured facilities amounted to JD 683,800 in addition to JD 30,225 represents sized tools as of 31 December 2015.

** This item represent provision against sized assets for matured facilities and bank sized it for more than four years

*** This item includes net balance related to the fraudulent transactions after deducting the related provision as shown below:

| | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| | JD | JD |
| Balance related to fraudulent transactions | 12,974,700 | 12,974,700 |
| Provision related to this balance | (10,435,500) | (10,435,500) |
| Net balance related to fraudulent transactions | 2,539,200 | 2,539,200 |

The Bank was imposed to embezzlement transaction in the balances at banks and financial institutions accounts which led to a loss of approximately JD 12.9 million. This primarily relates to the possibility of collusion between some of the bank's employees. All the necessary legal procedures were taken by the bank's management and a provision for an amount of JD 10.4 million was booked for the transaction as of 31 December 2015 and 31 December 2014 after netting the amounts expected to be recovered and the repossessed assets. The case is still pending at the General Attorney.

(14) BANKS AND FINANCIAL INSTITUTIONS DEPOSITS

This item consists of the following:

| | 31 December 2015 | | | 31 December 2014 | | |
|---------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Inside Jordan | Outside Jordan | Total | Inside Jordan | Outside Jordan | Total |
| | JD | JD | JD | JD | JD | JD |
| Current accounts | 52,788 | 2,906,804 | 2,959,592 | 290,219 | 1,237,474 | 1,527,693 |
| Time and notice Deposits* | 31,683 | 6,027,000 | 6,058,683 | 214,792 | 15,027,000 | 15,241,792 |
| Total | 84,471 | 8,933,804 | 9,018,275 | 505,011 | 16,264,474 | 16,769,485 |

* This amount does not include any amount maturing within a period exceeding three months as of December 2015 and 2014.

(15) CUSTOMERS DEPOSITS

This item consists of the following:

| 2015 | Individuals (Retail) | Corporate | Small and medium entities | Government and Public sector | Total |
|-----------------------------|----------------------|-------------|---------------------------|------------------------------|-------------|
| | JD | JD | JD | JD | JD |
| Current and demand accounts | 55,331,831 | 44,554,307 | 15,624,040 | 3,196,073 | 118,706,251 |
| Saving deposits | 18,333,829 | 481,551 | 734,388 | 1,888 | 19,551,656 |
| Time and notice deposits | 215,229,166 | 137,368,272 | 8,837,069 | 84,086,055 | 445,520,562 |
| Deposits certificates | 297,886 | - | - | - | 297,886 |
| | 289,192,712 | 182,404,130 | 25,195,497 | 87,284,016 | 584,076,355 |
| 2014 | | | | | |
| Current and demand accounts | 44,406,120 | 31,600,167 | 20,458,650 | 4,914,307 | 101,379,244 |
| Saving deposits | 15,471,200 | 169,486 | 436,952 | 1,890 | 16,106,528 |
| Time and notice deposits | 215,606,962 | 130,248,389 | 13,802,491 | 82,540,645 | 442,198,487 |
| Deposits certificates | 1,706,563 | - | - | - | 1,706,563 |
| | 277,190,845 | 162,045,042 | 34,698,093 | 87,456,842 | 561,390,822 |

- Government and Public sector deposits amounted to JD 87,284,016 which is equivalent to (14.9 %) of total customer's deposits as of 31 December 2015 against JD 87,456,842 which is equivalent to (15.6 %) of total customer's deposits as of 31 December 2014.

- Non-interest bearing deposits amounted to JD 141,471,878 which is equivalent to (24.2%) of total customers deposits as of 31 December 2015 against JD 115,468,783, which is equivalent to (20.6%) of total customers deposits as of 31 December 2014.

- Restricted deposits amounted to JD 13,483,960 which is equivalent to (2.3%) of total customer's deposits as of 31 December 2015 against JD 13,404,399, which is equivalent to (2.4%) as of 31 December 2014.

- Dormant deposits amounted to JD 5,364,853 as of 31 December 2015 against JD 12,204,028 as of 31 December 2014.

(16) CASH MARGIN

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| | JD | JD |
| Cash margins on direct credit facilities | 22,827,705 | 21,232,015 |
| Cash margins on indirect credit facilities | 9,323,952 | 13,518,151 |
| Other margins | 5,750 | 5,750 |
| | 32,157,407 | 34,755,916 |

(17) BORROWED FUNDS

Borrowed funds are detailed as follows:

| | Amount | Number of installments | | Frequency of installments | Guarantees | Loan interest rate |
|--|-------------------|------------------------|-----------|--|---|--------------------|
| | | Total | Remaining | | | |
| | JD | JD | JD | JD | JD | % |
| 31 December 2015 | | | | | | |
| Borrowed loans from banks/ Local institution | 42,322,047 | 185 | 143 | Monthly, Quarterly, Semi Annually and on maturity date | Mortgage guarantee/ Tools and equipment guarantee | 4.5% to 7.75% |
| Total | 42,322,047 | | | | | |
| 31 December 2014 | | | | | | |
| Borrowed loans from banks/ Local institution | 28,489,516 | 600 | 488 | Monthly, Quarterly, Semi Annually and on maturity date | Mortgage guarantee/ Tools and equipment guarantee | 5.75% to 8.3% |
| | 28,489,516 | | | | | |

- Borrowed funds represents credit facilities from local banks amounted to JD 19,773,194 and inform of overdraft accounts and revolving loans granted to the subsidiary companies (Al Mawared for Financial Brokerage, Tamkeen Leasing Company and Al-Istethmari LeTamweel Selselat Al Imdad) against the guarantee of the subsidiaries' net worth.

- Borrowed funds also contains credit facilities granted from Jordan Mortgage refinancing company amounted to JD 22,548,843, and bank refinance an housing loans for interest rate of 7.68%.

- Fixed interest loans amounted to JD 42,322,037 as of 31 December 2015 and there is no loans at flucting interest rates as of 31 December 2015.

(18) SUNDRY PROVISIONS

This item consists of the following:

| | Balance at beginning of the year | Additions | Used During the year | reversed to revenue | Balance at year end |
|--|----------------------------------|-----------|----------------------|---------------------|---------------------|
| | JD | | | | JD |
| 31 December 2015 | | | | | |
| Provision for employees end-of service indemnity | 12,321 | 7,307 | - | - | 19,628 |
| Provision for lawsuits against the Bank(Note 46) | 906,780 | 264,512 | 108,830 | - | 1,062,462 |
| Others | 5,000 | - | 5,000 | - | - |
| | 924,101 | 271,819 | 113,830 | - | 1,082,090 |
| 31 December 2014 | | | | | |
| Provision for employees end-of service indemnity | 4,883 | 7,438 | - | - | 12,321 |
| Provision for lawsuits against the Bank(Note 46) | 959,881 | 5,190 | 22,291 | 36,000 | 906,780 |
| Others | 5,000 | - | - | - | 5,000 |
| | 969,764 | 12,628 | 22,291 | 36,000 | 924,101 |

(19) INCOME TAX

A. Provision for income tax

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

| | 31 December 2015 | 31 December 2014 |
|--------------------------------------|------------------|------------------|
| | JD | JD |
| Balance at the beginning of the year | 3,467,908 | 3,042,760 |
| Total income tax paid | (4,092,044) | (3,871,830) |
| Prior year's income tax | - | - |
| Income tax for the year | 6,832,423 | 4,296,978 |
| Balance at year end | 6,208,287 | 3,467,908 |

Income tax provision for the year ended 31 December 2015 and 2014 was calculated according to applicable laws, regulations and International financial reporting standards

Income tax expense for the year consists of the following:

| | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| | JD | JD |
| Income tax on profit for the year | 6,832,423 | 4,296,978 |
| Prior year's income tax | - | - |
| Deferred tax assets | (805,868) | 56,945 |
| Amortization of deferred tax assets | 660,769 | (10,935) |
| Deferred tax liabilities | 27,157 | (1,241,781) |
| Amortization of deferred tax liabilities | (419,463) | 436,521 |
| Balance at year end | 6,295,018 | 3,537,728 |

The legal income tax rate in Jordan for the Bank is 35% and for the subsidiaries is 24%.

Tax status of the Bank

The bank has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2013 and Income and sales tax department accepted year 2014 tax returns without any amendments.

As per the opinion of the company' management and its tax advisor, the tax liabilities exceeding the booked provision as of 31 December 2015.

Tax status of Al Mawared for Financial Brokerage Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department for the period since inception on 5 June 2006 till the end of the year 2011. Moreover, Income and sales tax department accepted years 2012, 2013 and 2014 tax returns without any amendments.

As per the opinion of the company' management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2015.

Tax status of Tamkeen Leasing Company (Subsidiary Company)

The company has not submitted its tax return for the period since inception on 31 October 2006 to 31 December 2007 and for the years 2008 and 2009.

The company has reached to final settlement with the income and sales tax department for the years 2010, 2011, 2012 and 2013.

Income and sales tax department accepted year 2014 tax returns without any amendments.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2015.

Tax status of Al Istethmari Letamweel Selselat Al Imdad Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department until the end of the year 2010.

Income and sales tax department accepted years 2011, 2012, 2013 and 2014 tax returns without any amendments.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2015.

B. Deferred tax assets/Liabilities

This item consists of the following:

| | 2015 | | | | 31 December 2015 | 31 December 2014 |
|---|-------------------|------------------|------------------|-------------------|------------------|------------------|
| | Beginning balance | Amounts released | Additions | Ending balance | Deferred tax | Deferred tax |
| | JD | JD | JD | JD | JD | JD |
| Accounts included | | | | | | |
| A- Deferred Tax Assets | | | | | | |
| Provision for employees end-of-service indemnities | 12,320 | - | 7,307 | 19,627 | 6,869 | 4,313 |
| Provision for lawsuits against the Bank | 906,781 | 108,830 | 264,512 | 1,062,463 | 371,862 | 317,374 |
| Provision for debts Watch list | 724,987 | 667,060 | 806,401 | 864,328 | 302,515 | 253,746 |
| Provision for impairment in seized assets by the Bank | 535,655 | 39,303 | - | 496,352 | 173,723 | 187,480 |
| Provision for buildings owned more than four years | - | - | 280,415 | 280,415 | 98,145 | - |
| Provision for impairment in financial brokerage | 2,264,585 | 472,822 | - | 1,791,763 | 430,016 | 543,501 |
| Unpaid board of directors bonuses / Al Mawared Company | 52,740 | 52,740 | 50,000 | 50,000 | 12,000 | 12,658 |
| Provision against balances related to fraudulent transactions | 10,435,500 | - | - | 10,435,500 | 3,652,425 | 3,652,426 |
| Unpaid employees bonus | 598,758 | 598,758 | 801,863 | 801,863 | 280,652 | 209,556 |
| Unpaid board of directors remunerations | 113,575 | 113,575 | 107,737 | 107,737 | 37,708 | 39,752 |
| | 15,644,901 | 2,053,088 | 2,318,235 | 15,910,048 | 5,365,915 | 5,220,816 |
| B- Deferred Tax Liabilities | | | | | | |
| Change in fair value reserve | 4,250,238 | 360,210 | 2,016,031 | 5,906,059 | 2,067,121 | 1,487,583 |
| Effect of early adoption of IFRS (9) | 1,138,889 | 1,198,471 | 77,615 | 18,033 | 6,312 | 398,611 |
| | 5,389,127 | 1,558,681 | 2,093,646 | 5,924,092 | 2,073,433 | 1,886,194 |

Deferred tax liabilities include an amount of JD 2,067,121 as of 31 December 2015 against JD 1,487,583 as of 31 December 2014 which represents tax liabilities against gains on the evaluation of financial assets at fair value through other comprehensive income which is shown under fair value reserve in owners' equity. In addition, there's an amount of JD 6,312 as of 31 December 2015 against JD 398,611 as of 31 December 2014 represents deferred tax liabilities on gain on financial assets at fair value through profit or loss which is related to the early adoption of IFRS (9).

* This item represents the deferred tax benefits expected from the provision booked against the balance related to the fraudulent transactions (note 13), and the management believes these amounts can be recovered from in the futures.

The movement on deferred tax assets / liabilities was as follows:

| | 2015 | | 2014 | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | Assets | Liabilities | Assets | Liabilities |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 5,220,816 | 1,886,194 | 4,415,557 | 818,193 |
| Additions | 805,868 | 732,777 | 1,241,778 | 1,112,007 |
| Deductions | 660,769 | 545,538 | 436,519 | 54,006 |
| Balance at year end | 5,365,915 | 2,073,433 | 5,220,816 | 1,886,194 |

C. The summary of the reconciliation between accounting profit and taxable profit is as follows:

| | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| | JD | JD |
| Accounting profit for the year | 20,604,844 | 15,903,120 |
| Non-taxable profit | (4,825,240) | (5,011,569) |
| Expenses not deductible for tax purposes | 4,480,213 | 4,005,703 |
| Taxable profit | 20,259,817 | 14,897,254 |
| Income tax percentage for the Bank | 35% | 30% |
| Deferred taxes percentage for the Bank | 35% | 35% |
| Income tax percentage for the subsidiary companies | 24% | 24% |
| Deferred tax percentage for the subsidiary companies | 24% | 24% |

(20) OTHER LIABILITIES

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|-----------------------------------|------------------|------------------|
| | JD | JD |
| Brokerage payable | 610,990 | 623,046 |
| Accepted and certified check | 1,801,308 | 817,515 |
| Accrued interest | 2,465,775 | 2,822,883 |
| Sundry creditors | 5,069,807 | 2,877,475 |
| Dividends payable | 103,607 | 109,906 |
| Deposits on safe deposit boxes | 85,244 | 69,139 |
| Accrued expenses | 1,051,242 | 867,110 |
| Board of Directors' remunerations | 55,000 | 55,000 |
| Other liabilities | 2,592,727 | 2,943,312 |
| | 13,835,700 | 11,185,386 |

(21) PAID-IN CAPITAL

Authorized and paid-up capital amounted to JD 100 million distributed over 100 million shares at a par value of JD 1 per share as of the end of the year 2015 and 2014.

(22) RESERVES

The details of the reserves are as follows:

a - Statutory Reserve:

This account represents the accumulated amount of appropriations from income before tax for prior years at 10% according to the Banks Law. This amount is not to be distributed to shareholders.

b - General Banking Risks Reserve

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

c - The details of the restricted reserves are as follows:

| Reserve | 31 December 2015 | 31 December 2014 | Nature of restriction |
|-------------------------------|------------------|------------------|---|
| | JD | JD | |
| Statutory reserve | 21,332,948 | 19,272,464 | Restricted according to the Banks law and Companies Law |
| General banking risks reserve | 4,603,049 | 4,374,922 | Restricted according to the Central Bank of Jordan |

(23) FINANCIAL ASSETS VALUATION RESERVE - NET

This item consists of the following:

| | 2015 | 2014 |
|---|------------------|------------------|
| | JD | JD |
| Balance at the beginning of the year | 2,762,658 | 1,086,382 |
| Unrealized gain | 1,622,009 | 2,422,459 |
| Deferred tax liabilities | (579,538) | (1,021,991) |
| Losses on sale of financial assets through other comprehensive income | 34,047 | 275,808 |
| Balance at end of the year | 3,839,176 | 2,762,658 |

The fair value reserve is presented net after deducting deferred tax liabilities of JD 2,067,121 as of 31 December 2015 against JD 1,487,583 as of 31 December 2014.

(24) RETAINED EARNINGS

This item consists of the following:

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | JD | JD |
| Balance at the beginning of the year | 19,052,742 | 15,754,630 |
| Profit for the year | 14,254,168 | 12,308,606 |
| losses on sale of financial assets through other comprehensive income | (34,047) | (275,808) |
| Transferred to reserves | (2,288,611) | (1,734,686) |
| Dividends | (7,000,000) | (7,000,000) |
| Balance at end of the year | 23,984,252 | 19,052,742 |

- Included in retained earnings is an amount of JD 5,365,915 restricted against deferred tax assets as of 31 December 2015 against JD 5,220,816 as of 31 December 2014.

- Included in retained earnings an amount of JD 426,919 as of 31 December 2015 against JD 1,230,895 as of 31 December 2014, which represents the effect of early adoption of IFRS (9). These amounts are restricted amounts and cannot be utilized unless realized as instructed by the Jordan Securities Commission.

- Included in the retained earnings a restricted amount of JD 2,539,200 as of 31 December 2015 against JD 2,539,200 as of 31 December 2014 based on Central Bank of Jordan request, which represents the remaining balance of illegal transactions.

(25) PROPOSED DIVIDENDS

The board of directors recommended to the general assembly of shareholders to distribute JD 8 million for the year 2015 which equivalent to 8% of capital and it is subject to the approval of the general assembly of shareholder.

(26) NON-CONTROLLING INTEREST

This item consists of the following:

| | 31 December 2015 | | | 31 December 2014 | | |
|---|--------------------------------|--|--|--------------------------------|--|--|
| | Non-Controlling Interest share | Non-controlling interest share of net profit | Non-controlling interest share of net assets | Non-Controlling Interest share | Non-controlling interest share of net profit | Non-controlling interest share of net assets |
| | % | JD | JD | % | JD | JD |
| Tamkeen leasing company | 10 | 30,061 | 614,037 | 10 | 29,918 | 583,976 |
| Al-Istethmari letamweel Selselat Al Imdad | 6 | 25,597 | 272,845 | 6 | 26,868 | 247,248 |
| Total | | 55,658 | 886,882 | | 56,786 | 831,224 |

(27) INTEREST INCOME

This item consists of the following:

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | JD | JD |
| Direct credit facilities: | | |
| Individuals (retail): | | |
| Overdraft | 1,357,397 | 1,296,652 |
| Loans and discounted bills | 3,550,470 | 4,080,220 |
| Credit cards | 863,505 | 675,960 |
| Real estate loans | 12,358,381 | 8,833,243 |
| Companies | | |
| Corporate | | |
| Overdraft | 5,597,732 | 5,602,664 |
| Loans and discounted bills | 15,499,454 | 16,386,423 |
| Medium and small companies | | |
| Overdraft | 936,561 | 862,878 |
| Loans and discounted bills | 544,518 | 2,393,916 |
| Balances at the Central Bank of Jordan | 836,832 | 844,805 |
| Balances and deposits at banks and financial institution | 311,549 | 616,801 |
| Financial assets at fair value through profit or loss | 20,842 | 140,541 |
| Financial assets at amortized cost | 6,631,588 | 7,355,730 |
| | 48,508,829 | 49,089,833 |

(28) INTEREST EXPENSE

This item consists of the following:

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | JD | JD |
| Deposits at banks and financial institution | 1,622,779 | 1,221,818 |
| Customers Deposits: | | |
| Current and demand accounts | 212,687 | 320,808 |
| Saving accounts | 229,131 | 237,679 |
| Time and deposits subject to notes | 14,791,114 | 20,267,889 |
| Certificates of deposit | 16,868 | 19,069 |
| Cash margins | 482,331 | 917,743 |
| Borrowed amounts | 1,113,732 | 702,118 |
| Fees to Deposit insurance corporation | 1,071,429 | 1,070,014 |
| | 19,540,071 | 24,758,014 |

(29) NET COMMISSIONS INCOME

This item consists of the following:

| | 2015 | 2014 |
|---------------------------------|------------------|------------------|
| | JD | JD |
| Commissions Income: | | |
| Direct credit facilities | 3,594,823 | 2,785,512 |
| Indirect credit facilities | 1,977,485 | 2,674,519 |
| Brokerage commissions | 277,847 | 334,286 |
| Other commissions | 958,284 | 769,572 |
| Total Commissions Income | 6,808,439 | 6,563,889 |
| Less: Commissions expense | 955,495 | 779,485 |
| Net Commissions Income | 5,852,944 | 5,784,404 |

(30) GAIN ON FOREIGN CURRENCY EXCHANGE

This item consists of the following:

| | 2015 | 2014 |
|---|----------------|----------------|
| | JD | JD |
| Gains from foreign currencies trading / dealing | 498,757 | 593,309 |
| Gains from revaluation | 41,809 | 70,335 |
| | 540,566 | 663,644 |

(31) GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

This item consists of the following:

| | Realized gain | Unrealized (losses) gain | Dividends income | Total |
|--------------------------------|----------------|--------------------------|------------------|------------------|
| | JD | JD | JD | JD |
| 2015 | | | | |
| Companies shares | 709,054 | (90,022) | 411,090 | 1,030,122 |
| Investment funds | - | - | - | - |
| Companies bonds and debentures | - | - | - | - |
| | 709,054 | (90,022) | 411,090 | 1,030,122 |
| 2014 | | | | |
| Companies shares | 28,137 | 997,872 | 278,958 | 1,304,967 |
| Investment funds | 492 | - | - | 492 |
| Companies bonds and debentures | 1,207 | (50,465) | - | (49,258) |
| | 29,836 | 947,407 | 278,958 | 1,256,201 |

(32) OTHER INCOME

This item consists of the following:

| | 2015 | 2014 |
|---|------------------|------------------|
| | JD | JD |
| | - | - |
| Bonded income | 1,405,260 | 655,334 |
| Telecommunication income | 206,028 | 187,312 |
| Gain on sale of assets seized by the bank | 43,051 | 1,109,083 |
| Rent of seized assets | - | 485,262 |
| Reversed from written off debts | 72,483 | 288,011 |
| Other | 118,835 | 261,167 |
| | 1,845,657 | 2,986,169 |

(33) EMPLOYEES EXPENSES

This item consists of the following:

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | JD | JD |
| Salaries, benefits, bonuses and employees' allowances | 9,513,306 | 8,765,366 |
| Bank's and subsidiaries share in social security | 879,656 | 843,278 |
| Medical expenses | 539,711 | 489,455 |
| Per diems | 8,160 | 6,584 |
| Travel expenses | 86,494 | 83,927 |
| Employees training expense | 137,639 | 114,782 |
| Employees life insurance expense | 19,261 | 22,093 |
| | 11,184,227 | 10,325,485 |

(34) OTHER EXPENSES

This item consists of the following:

| | 2015 | 2014 |
|--|-----------|-----------|
| | JD | JD |
| Rent | 756,273 | 629,732 |
| Stationery | 145,894 | 226,371 |
| Advertisements | 804,699 | 808,705 |
| Subscriptions and fees | 708,730 | 596,165 |
| Telecommunication and courier expenses | 770,591 | 572,978 |
| Maintenance, repair and programme licences | 968,410 | 799,347 |
| Insurance | 222,296 | 289,213 |
| Legal fees | 109,553 | 37,718 |
| Water, electricity and heating | 559,869 | 478,077 |
| Professional fees | 375,741 | 107,461 |
| Donations | 156,760 | 99,481 |
| Credit cards expense | 158,880 | 161,341 |
| Board members bounce and transportation | 363,933 | 326,202 |
| Others | 1,581,570 | 1,354,548 |
| | 7,683,199 | 6,487,339 |

(35) EARNINGS PER SHARE FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK

This item consists of the following:

| | 2015 | 2014 |
|--|--------------------|--------------------|
| | JD | JD |
| Income for the year/attributes to banks shareholders | 14,254,168 | 12,308,606 |
| Weighted average number of shares * | 100,000,000 | 100,000,000 |
| Earnings per share from the income for the year attributable Bank shareholders | JD/ Share 0.143 | JD/ Share 0.123 |

* The basic earnings per share (EPS) for the current year profit attributed to parent owners equals to diluted (EPS) , since the bank did not issue any financial instruments which may affect the basic (EPS)

(36) CASH AND CASH EQUIVALENTS

This item consists of the following:

| | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| | JD | JD |
| Cash on hand and balances at the Central Bank mature within three months | 102,527,791 | 69,221,128 |
| Add: | | |
| Balances at banks and financial institutions mature within three month | 45,854,292 | 43,729,599 |
| Less: | | |
| Banks and financial institutions deposits mature within three month | 9,018,275 | 16,769,485 |
| Restricted balances at banks and financial institution | 2,383,268 | 2,380,385 |
| Cash and Cash Equivalents | 136,980,540 | 93,800,857 |

(37) RELATED PARTIES TRANSACTIONS

The consolidated financial statements include the financial statements of the bank and the subsidiary companies as follow

| Company's Name | Ownership % | Company's Capital | |
|--|-------------|-------------------|------------|
| | | 2015 | 2014 |
| | | JD | JD |
| Al-Mawared for financial brokerage | 100 | 10,000,000 | 10,000,000 |
| Tamkeen leasing Company | 90 | 5,000,000 | 5,000,000 |
| Al Istethemari Letamweel Selselat Al lmdad | 94 | 3,000,000 | 3,000,000 |
| Jordan factoring | 100 | 30,000 | 30,000 |

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

The following represents a summary of transactions with related parties:

| | Subsidiary Companies* | Board of Directors Members and Executive Management | Others (Employees, Employees Relatives, Relatives of Members of the Board of Directors, Executive Management and Controlled Companies) | 31 December 2015 | 31 December 2014 | |
|--|-----------------------|---|--|------------------|------------------|----|
| | | | | JD | JD | JD |
| Financial Position Statement Items: | | | | | | |
| Credit facilities | 94,786 | 5,447,984 | 39,348,557 | 44,891,327 | 52,871,980 | |
| Provision for impairment in credit facilities | - | | 5,079,618 | 5,079,618 | 1,513,997 | |
| Deposits, current accounts and cash margin | 4,377,097 | 2,565,655 | 17,598,543 | 24,541,295 | 19,898,071 | |
| Off-Financial Position Statement Items: | | | | | | |
| Letters of credit | - | - | 19,163 | 19,163 | 552,757 | |
| Letters of guarantee | 1,341,625 | 622,802 | 8,028,947 | 9,993,374 | 8,768,848 | |
| Statement of income | | | | | | |
| Interest and commissions received | 74,422 | 335,012 | 2,204,866 | 2,614,300 | 2,608,478 | |
| Interest and commissions paid | 35,012 | 131,540 | 537,249 | 703,801 | 851,188 | |
| Provision for impairment in credit facilities | - | - | 3,565,621 | 3,565,621 | [1,610,319] | |
| Additional Information | | | | | | |
| Watch list credit facilities | - | - | 1,457,644 | 1,457,644 | 13,771,412 | |
| Provision for Watch list credit facilities | - | - | 606,998 | 606,998 | 174,643 | |
| Non-performing credit facilities | - | - | 11,496,028 | 11,496,028 | 2,409,760 | |
| Provision for non-performing credit facilities | - | - | 4,472,620 | 4,472,620 | 1,339,354 | |
| Interest in suspense | - | - | 3,969,630 | 3,969,630 | 2,686,043 | |

* Such balances and transactions are eliminated in the consolidated financial statements and are shown for explanatory purposes only.

| | | | |
|--|------|--|------|
| Maximum credit interest rate in Jordanian dinars | 21% | Minimum credit interest rate in Jordanian dinars | 3% |
| Maximum credit interest rate in other currencies | 5% | Minimum credit interest rate in other currencies | 3% |
| Maximum debit interest rate in Jordanian dinars | 4.5% | Minimum debit interest rate in Jordanian dinars | 0% |
| Maximum debit interest rate in other currencies | 0% | Minimum debit interest rate in other currencies | 0% |
| Maximum credit commission rate | 1% | Minimum credit commission rate | 0.5% |

Executive management salaries and benefits amounted to JD 2,529,196 for the year ended 31 December 2015 against JD 2,264,874 for the year 2014.

(38) RISK MANAGEMENT

General framework of risk management

The bank has identified control levels (defense lines) by placing the framework for the following control levels as follows:

- **Business units:** represents employees that are part of first line defense, which responsible for risk management and related control procedures.

- **Independent risk management function:** the employees of risk management department represent the second line defense by making them responsible over arranging risk management efforts and facilitating the supervision process over the implemented procedures from the bank.

- **Internal audit :** Internal audit employees represent the third line defense, and they are responsible for performing an independent review for control procedures and systems that are related to risk management at the bank level.

In addition, the Bank had prepared the required plans and work programs to ensure the compliance with the requirements of Central Bank of Jordan related to BASEL III and internal capital adequacy assessment process (ICAAP).

The Risk Management and Compliance Committee's tasks are as follows:

- To supervise the management of the risk policy and ensure that the Risk Management and Compliance Department achieves its objectives according to the approved policies.
- To ensure appropriate and sufficient support for the Risk Management and Compliance Department in achieving its objectives in accordance with the approved policies and procedures and the Central Bank's instructions.
- To ensure the availability of work procedures for risk management in compliance with the various management risk policies at the Bank.
- To ensure the use of the new techniques and method of management and assessment of risk management.
- To identify basis and principles of risk management and risk acceptance, risk transfer, risk refuse and risk mitigation.
- To review the periodical reports of the Risk Management and Compliance Department.
- To ensure that the Bank adheres to the Central Bank of Jordan instructions.

The Risk Management and Compliance Committee have set the risk management framework for the Bank. Moreover, the Board of Directors has established the Risk Management and Compliance Committee, formed by the Board members and executive management. Its objective is to monitor and control the various risks (credit risks, operating risks, market risks and compliance risks) or any other risks the Bank might be exposed to.

The department manages the Bank's various risks (credit risk, operating risk, market risk, compliance risk, and other risks) within the general framework of risks management. The role of the department can be summarized as follows:

- Risk Identification
- Risk Assessment.
- Risk Control / Mitigation.
- Risk Monitoring.

(38. A) CREDIT RISKS

Credit risks are defined as the probability of not fully recovering the debt or interest in the specified time causing financial losses to the Bank

Moreover, credit risk represents the major portion banks are exposed to in general. In recognition of this reality, the Bank has accorded credit risk management great significance through managing credit risks at the portfolio level, economic sector level, group level, or single customer level, taking into consideration the achievement of an appropriate return on the risks the Bank is exposed to.

To achieve this, based on the risk management strategy, the Bank has performed the following:

1. The risk appetite and ceilings are based on credit risk commensurate with the acceptable risk limits adopted by the Board of Directors and Risks and Compliance Department. Risk limits are set for each client, group and economic sector, in order to mitigate the Bank's exposure to credit risk concentrations.
2. The bank implemented a credit risk rating system from Moody's company for Corporate and retail companies, this will impact on the quality of credit portfolio and will help in taking the appropriate credit decisions.
3. Credit risk is mitigated through credit risk factors (collaterals such as real estate, shares or other) commensurate with the credit risk faced by the Bank to cover any unexpected subsequent events.
4. Proper legal and credit documentation is applied for all conditions associated with the credit facilities.

1- Credit risk exposure (less the impairment provision and interest in suspense and before guarantees and other risk - mitigating factors):

| | 31 December 2015 | 31 December 2014 |
|---|--------------------|--------------------|
| | JD | JD |
| On financial position statement items: | | |
| Balances at the central bank of Jordan | 93,581,993 | 60,277,210 |
| Balances at banks and financial institutions | 45,854,292 | 43,729,599 |
| Deposits at banks and financial institutions | 5,000,000 | 1,378,847 |
| Credit facilities: | | |
| Individuals | 65,631,158 | 59,298,371 |
| Real estate loans | 115,109,896 | 75,454,305 |
| Companies | | |
| Corporate | 262,900,437 | 293,899,201 |
| Small and medium institutions (SMEs) | 11,062,777 | 27,995,376 |
| Bonds, bills and debentures: | | |
| Financial assets at fair value through profit or loss | - | 2,358,932 |
| Financial assets at amortized cost | 119,079,954 | 139,821,998 |
| Other assets | 8,212,868 | 6,511,679 |
| Total on financial statement items | 726,433,375 | 710,144,168 |
| Off financial position statement items: | | |
| Letters of guarantee | 73,777,385 | 81,462,038 |
| Letters of credit | 13,761,841 | 18,995,193 |
| Letters of acceptance | 3,186,941 | 9,426,912 |
| Unutilised facility ceilings | 17,312,891 | 22,694,116 |
| Total on financial statement items | 108,039,058 | 132,578,259 |
| Total on and off financial statement items | 834,472,433 | 842,722,427 |

To mitigate the above credit risk exposures, the Bank uses the following risk mitigating factors within the conditions of the credit policy set by the Bank:

1. Cash collaterals.
2. Accepted bank guarantee.
3. Real estate mortgages.
4. Listed shares collaterals.
5. Vehicles and equipment mortgages.
6. Financial inventories collaterals

2- Credit exposures according to the degree of risk:

| | Companies | | | | | | |
|----------------------------|-------------------|--------------------|--------------------|-------------------|------------------------------|--|--------------------|
| | Individuals | Real estate loans | Corporate | Small and medium | Government and Public Sector | Banks and other Financial institutions | Total |
| | JD | JD | JD | JD | JD | JD | JD |
| 31 December 2015 | | | | | | | |
| Low risk | 3,115,952 | 12,344 | 7,690,456 | 188,206 | 182,017,094 | - | 193,024,052 |
| Acceptable risk | 61,275,273 | 114,249,928 | 284,170,871 | 10,246,897 | - | 50,854,292 | 520,857,337 |
| Of which is due:* | | | | | | | |
| within 30 days | 191,672 | 194,323 | 8,090,818 | 92,943 | - | - | 8,569,756 |
| from 31 to 60 days | 71,437 | 71,824 | 4,830,117 | 150,887 | - | - | 5,124,265 |
| Watch list | 997,518 | 536,744 | 5,146,492 | 1,989,653 | - | - | 8,670,407 |
| Non-performing: | | | | | | | |
| Substandard | 295,965 | 32,887 | 276,675 | 1,098 | - | - | 606,625 |
| Doubtful | 526,706 | 42,701 | 1,756,675 | 222,243 | - | - | 2,548,325 |
| Bad debt | 5,836,963 | 3,116,617 | 18,706,310 | 3,426,142 | - | - | 31,086,032 |
| Total | 72,048,377 | 117,991,221 | 317,807,555 | 16,074,239 | 182,017,094 | 50,854,292 | 756,792,778 |
| Less: Impairment provision | 4,416,993 | 1,220,209 | 9,867,535 | 3,773,109 | - | - | 19,277,846 |
| Interest in suspense | 2,000,226 | 1,661,116 | 6,181,862 | 1,238,353 | - | - | 11,081,557 |
| Net | 65,631,158 | 115,109,896 | 301,758,158 | 11,062,777 | 182,017,094 | 50,854,292 | 726,433,375 |

- Credit exposures (financial assets and investments in financial assets) are distributed according to credit classification as follows

| Credit classification | Government and public sector | Financial institutions |
|-------------------------------|------------------------------|------------------------|
| (AAA to AA-) | - | 5,507,713 |
| (A+ TO A-) | - | 11,733,359 |
| (BBB+ TO B-) | - | 7,534,525 |
| (BB+ to B-) | 182,017,094 | 8,010,335 |
| Less than (B-) not classified | - | - |
| Not classified | - | 8,068,358 |
| | 182,017,094 | 50,854,292 |

| | Companies | | | | | | |
|----------------------------|-------------------|--------------------|--------------------|-------------------|------------------------------|--|--------------------|
| | Individuals | Real estate loans | Corporate | Small and medium | Government and Public Sector | Banks and other Financial institutions | Total |
| | JD | JD | JD | JD | JD | JD | JD |
| 31 December 2014 | | | | | | | |
| Low risk | 5,912,195 | 876,399 | 5,662,282 | 466,813 | 198,129,782 | - | 211,047,471 |
| Acceptable risk | 56,440,348 | 101,885,428 | 228,194,066 | 10,356,783 | - | 45,108,446 | 441,985,071 |
| Of which is due:* | | | | | | | |
| within 30 days | 2,211,995 | 508,206 | 8,626,640 | 115,276 | - | - | 11,462,117 |
| from 31 to 60 days | 507,428 | 270,455 | 4,691,800 | 116,078 | - | - | 5,585,761 |
| Watch list | 761,652 | 2,058,318 | 46,944,880 | 2,295,272 | - | - | 52,060,122 |
| Non-performing: | | | | | | | |
| Substandard | 116,331 | 1,423,062 | 515,695 | 586,851 | - | - | 2,641,939 |
| Doubtful | 209,581 | 681,881 | 2,043,492 | 440,789 | - | - | 3,375,743 |
| Bad debt | 6,680,705 | 11,381,554 | 16,138,605 | 6,336,279 | - | - | 40,537,143 |
| Total | 70,120,812 | 118,306,642 | 299,499,020 | 20,482,787 | 198,129,782 | 45,108,446 | 751,647,489 |
| Less: Impairment provision | 4,972,953 | 6,775,559 | 12,016,642 | 5,449,261 | - | - | 29,214,415 |
| Interest in suspense | 1,752,822 | 3,040,787 | 6,045,746 | 1,449,551 | - | - | 12,288,906 |
| Net | 63,395,037 | 108,490,296 | 281,436,632 | 13,583,975 | 198,129,782 | 45,108,446 | 710,144,168 |

- Credit exposures (financial assets and investments in financial assets) are distributed according to credit classification as follows

| Credit classification | Government and public sector | Financial institutions |
|-------------------------------|------------------------------|------------------------|
| (AAA to AA-) | - | 3,769,847 |
| (A+ TO A-) | - | 20,391,044 |
| (BBB+ TO B-) | - | 654,439 |
| (BB+ to B-) | 198,129,782 | 11,461,679 |
| Less than (B-) not classified | - | - |
| Not classified | - | 8,831,437 |
| | 198,129,782 | 45,108,446 |

* The whole debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account becomes due whenever it exceeds the ceiling.

Credit exposures include credit facilities, balances and deposits at banks in addition to financial assets

The following table breaks down the fair value of collaterals held as security for credit facilities:

| | Companies | | | | |
|----------------------------|-------------|-------------------|-------------|------------------|-------------|
| | Individuals | Real estate loans | Corporate | Small and medium | Total |
| | JD | JD | JD | JD | JD |
| 2015 | | | | | |
| Guarantees against: | | | | | |
| Low risk | 3,115,952 | 12,344 | 7,690,456 | 188,206 | 11,006,958 |
| Acceptable risk | 38,652,475 | 99,656,984 | 161,547,864 | 7,002,125 | 306,859,448 |
| watch list | 482,547 | 536,744 | 3,021,454 | 1,222,547 | 5,263,292 |
| Non-performing: | | | | | |
| Substandard | - | 61,587 | 100,214 | - | 161,801 |
| Doubtful | 17,569 | 54,569 | 2,161,529 | 219,617 | 2,453,284 |
| Bad debt | 396,654 | 8,854,789 | 13,965,654 | 1,874,587 | 25,091,684 |
| | 42,665,197 | 109,177,017 | 188,487,171 | 10,507,082 | 350,836,467 |
| Of it: | | | | | |
| Cash margins | 3,115,952 | 12,344 | 7,690,456 | 188,206 | 11,006,958 |
| Real estate | 31,715,725 | 109,164,673 | 167,611,197 | 9,411,822 | 317,903,417 |
| Trade stocks | 5,214,568 | - | 12,547,698 | 622,784 | 18,385,050 |
| Vehicles and equipment | 2,618,952 | - | 637,820 | 284,270 | 3,541,042 |
| | 42,665,197 | 109,177,017 | 188,487,171 | 10,507,082 | 350,836,467 |

| | Companies | | | | |
|----------------------------|-------------|-------------------|-------------|------------------|-------------|
| | Individuals | Real estate loans | Corporate | Small and medium | Total |
| | JD | JD | JD | JD | JD |
| 2014 | | | | | |
| Guarantees against: | | | | | |
| Low risk | 5,912,195 | 876,399 | 5,662,282 | 466,813 | 12,917,689 |
| Acceptable risk | 37,120,563 | 56,377,375 | 143,215,360 | 7,149,759 | 243,863,057 |
| watch list | 1,203,653 | 3,256,398 | 15,236,547 | 5,639,863 | 25,336,461 |
| Non-performing: | | | | | |
| Substandard | 720,145 | 1,423,062 | 415,236 | 696,541 | 3,254,984 |
| Doubtful | 502,126 | 252,823 | 1,266,864 | 500,411 | 2,522,224 |
| Bad debt | 2,865,365 | 1,124,172 | 23,745,741 | 2,014,521 | 29,749,799 |
| | 48,324,047 | 63,310,229 | 189,542,030 | 16,467,908 | 317,644,214 |
| Of it: | | | | | |
| Cash margins | 5,912,195 | 876,399 | 5,662,282 | 466,813 | 12,917,689 |
| Real estate | 23,629,121 | 62,433,830 | 165,073,458 | 11,823,423 | 262,989,832 |
| Trade stocks | 4,256,364 | - | 8,652,145 | 2,032,458 | 14,940,967 |
| Vehicles and equipment | 14,526,367 | - | 10,154,145 | 2,145,145 | 26,825,726 |
| | 48,324,047 | 63,310,229 | 189,542,030 | 16,467,908 | 317,644,214 |

Guarantees fair value are evaluated when the facilities are granted based on acceptable evaluation methods for these guarantees, in the subsequent periods the fair value is updated to market prices or related assets prices.

Rescheduled Loans

These loans are loans previously classified as non-performing credit facilities but taken out therefrom according to proper rescheduling. They have been classified as "debts under control (watch list)" or changed to performing and amounted to JD 2,182,339 as of 31 December 2015 against JD 31,144,658 for the year 2014.

Restructured Loans

Restructuring means rearranging credit facilities installments through increasing their duration, postponing some installments, or increasing the grace period. Restructured debts amounted to JD 36,147,098 for the year 2015 against JD 13,986,799 for the year 2014.

Bonds, Bills, and Debentures

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

2015

| Rating Grade | Within Financial Assets at fair value through profit or loss | Within Financial assets at amortized cost | Total |
|--------------|--|--|-------------|
| | JD | JD | JD |
| Unrated | - | 30,644,853 | 30,644,853 |
| Governmental | - | 88,435,101 | 88,435,101 |
| Total | - | 119,079,954 | 119,079,954 |

2014

| Rating Grade | Within Financial Assets at fair value through profit or loss | Within Financial assets at amortized cost | Total |
|--------------|--|--|-------------|
| | JD | JD | JD |
| Unrated | 1,828,511 | 2,499,847 | 4,328,358 |
| Governmental | 530,421 | 137,322,151 | 137,852,572 |
| Total | 2,358,932 | 139,821,998 | 142,180,930 |

4- Credit risk exposure according to geographic area as follows:

| | Geographical Area | | | | | | Total JD |
|--|---------------------|--------------------------------|-------------------|---------------|------------------|----------------|--------------------|
| | Inside Jordan JD | Middle east countries JD | Europe JD | Asia * JD | Americas JD | Others JD | |
| Balances at Central Bank of Jordan | 93,581,993 | - | - | - | - | - | 93,581,993 |
| Balances at banks and financial institutions | 18,000,758 | 3,492,131 | 20,346,179 | 10,335 | 3,852,511 | 152,378 | 45,854,292 |
| Deposits at banks and financial institutions | 5,000,000 | - | - | - | - | - | 5,000,000 |
| Direct credit facilities: | | | | | | | |
| Individuals | 65,631,158 | - | - | - | - | - | 65,631,158 |
| Real estate loans | 115,109,896 | - | - | - | - | - | 115,109,896 |
| Companies: | | | | | | | |
| Corporate | 262,900,437 | - | - | - | - | - | 262,900,437 |
| Small and medium institutions | 11,062,777 | - | - | - | - | - | 11,062,777 |
| Financial assets at amortized cost | 99,787,576 | 3,475,071 | 15,817,307 | - | - | - | 119,079,954 |
| Other assets | 8,212,868 | - | - | - | - | - | 8,212,868 |
| Total /the current year 2015 | 679,287,463 | 6,967,202 | 36,163,486 | 10,335 | 3,852,511 | 152,378 | 726,433,375 |
| Total / comparative figures 2014 | 680,397,186 | 2,269,942 | 21,014,950 | 65,547 | 5,778,052 | 618,491 | 710,144,168 |

* Excluding Middle East Countries.

5- Credit exposure according to economic sectors as follows:

| Item | Financial | Industrial | Trading and services | Real estate | Agricultural | Shares | Individual | Government and public sector | Total |
|--|--------------------|-------------------|----------------------|-------------------|------------------|-------------------|--------------------|------------------------------|--------------------|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at the central Bank of Jordan | - | - | - | - | - | - | - | 93,581,993 | 93,581,993 |
| Balance at banks and financial institutions | 45,854,292 | - | - | - | - | - | - | - | 45,854,292 |
| Deposits at banks and financial institutions | 5,000,000 | - | - | - | - | - | - | - | 5,000,000 |
| Credit facilities | 37,831,654 | 70,425,632 | 160,886,178 | 67,078,266 | 1,219,303 | 16,674,874 | 100,588,361 | - | 454,704,268 |
| Bonds, bills and debentures: | | | | | | | | | |
| Financial assets at amortised cost | 28,490,322 | - | 2,154,531 | - | - | - | - | 88,435,101 | 119,079,954 |
| Other assets | 5,842,990 | 776,471 | 1,593,407 | - | - | - | - | - | 8,212,868 |
| Total /the current year 2015 | 123,019,258 | 71,202,103 | 164,634,116 | 67,078,266 | 1,219,303 | 16,674,874 | 100,588,361 | 182,017,094 | 726,433,375 |
| Total / comparative figures 2014 | 92,022,782 | 89,018,472 | 150,480,163 | 71,279,900 | 1,273,940 | 19,981,354 | 87,965,773 | 198,129,782 | 710,144,168 |

(38. B) OPERATIONAL RISKS

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal risk.

Investment bank has implemented a Control and Risk Self-Assessment process for the management of operational risk at the Bank through the use of an automated system named CARE. The Bank manages operational Risk on the basis of the following:

- Preparation of operational risk policy.
- Preparation of Operational Risk Accountability Policy and approved by bank board of directors.
- Implement automatic system for operation risk management (CARE system) to implement self-assessment methodology for risks and controls procedure.
- Build database for risks events and operational errors.
- Express an opinion over working procedure to evaluate the risks in it and the adequacy of these implemented control procedures.
- Reporting to the Board Risk Management Committee and the Executive Risk Management Committee with needed reports.

In order to ensure the implementation of best practices in operational risk management, the Bank has procured the services of Al Dar International for Governance Consultancy (Grant-Thornton Middle East) to assist in embedding the Control and Risk Self-Assessment methodology.

In addition, the Bank has signed an agreement with Protiviti to provide guidance in risk management in line with the ongoing efforts to enhance the security and transparency of the Bank's systems and processes, as well as in developing an operational risk management framework that is fully aligned with Central Bank of Jordan regulations, and in enhancing the Bank's Governance structure. An accountability policy was also developed under similar guidance from Protiviti to clarify the roles and responsibilities in the management of operational risk at various levels of the Bank.

Compliance Risk

This represents the risks that arise from the probability that the Bank may not comply with (violate / transgress) the prevailing laws, regulations, instructions, banks laws, and code of ethics issued by international and local regulatory authorities.

Compliance with the regulations and prevailing laws issued by the regulatory authorities represents one of the most important risks which the Bank might be exposed to, due to the major financial losses resulting from the violation of the laws and instructions that affect the Bank's reputation. Moreover, the past few years witnessed many new regulations, instructions and laws organizing the work of the various institutions. Accordingly, the need for managing the compliance risk of the Bank is necessary. Moreover, compliance enhances the efficiency of managing risks and decreases the risk the Bank might be exposed to as a result of noncompliance with the prevailing laws and instructions.

(38. C) MARKET RISK

Market risk is the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, and prices of shares and products.

The Board of Directors has set limits for the acceptable risk levels for managing the financial portfolio market risks. Moreover, the Bank periodically applies the appropriate methodology to evaluate market risks and sets estimates for the probable economic losses based on a set of assumptions and changes in market conditions. The following are the methods used by the Bank to measure market risks:

- 1-Value at Risk (VaR)
- 2-Stress Testing
- 3-Stop Loss Limit policy
- 4-Monitoring open financial centers in foreign currencies.

C/1- Interest Rate Risk:

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

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

- Sensitivity analysis:

31 December 2015

| Currency | Increase in interest rate | Impact on profits (losses) | Owners' equity sensitivity |
|------------------|---------------------------|----------------------------|----------------------------|
| | % | JD | JD |
| US Dollar | 2 | 58,197 | - |
| Euro | 2 | (4,008) | - |
| GBP | 2 | (1,871) | - |
| Japanese Yen | 2 | (687) | - |
| Other currencies | 2 | 14,205 | - |

| Currency | Decrease in interest rate | Impact on profits (losses) | Owners' equity sensitivity |
|------------------|---------------------------|----------------------------|----------------------------|
| | % | JD | JD |
| US Dollar | 2 | (58,197) | - |
| Euro | 2 | 4,008 | - |
| GBP | 2 | 1,871 | - |
| Japanese Yen | 2 | 687 | - |
| Other currencies | 2 | (14,205) | - |

31 December 2014

| Currency | Increase in interest rate | Impact on profits (losses) | Owners' equity sensitivity |
|------------------|---------------------------|----------------------------|----------------------------|
| | % | JD | JD |
| US Dollar | 2 | 3,153 | - |
| Euro | 2 | (63,865) | - |
| GBP | 2 | (4,798) | - |
| Japanese Yen | 2 | 33,130 | - |
| Other currencies | 2 | (18,798) | - |

| Currency | Increase in interest rate | Impact on profits (losses) | Owners' equity sensitivity |
|------------------|---------------------------|----------------------------|----------------------------|
| | % | JD | JD |
| US Dollar | 2 | (3,153) | - |
| Euro | 2 | 63,865 | - |
| GBP | 2 | 4,798 | - |
| Japanese Yen | 2 | (33,130) | - |
| Other currencies | 2 | 18,798 | - |

C/2- Foreign currencies risk

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

31 December 2015

| Currency | Change in foreign currency exchange rate | Impact on profits and losses | Owners' Equity Sensitivity |
|------------------|--|------------------------------|----------------------------|
| | % | JD | JD |
| Euro | +5 | (10,020) | - |
| GBP | +5 | (4,676) | - |
| Japanese Yen | +5 | (31,717) | - |
| Other currencies | +5 | 35,512 | - |

31 December 2014

| Currency | Change in foreign currency exchange rate | Impact on profits and losses | Owners' Equity Sensitivity |
|------------------|--|------------------------------|----------------------------|
| | % | JD | JD |
| Euro | +5 | (159,663) | - |
| GBP | +5 | (11,995) | - |
| Japanese Yen | +5 | 82,824 | - |
| Other currencies | +5 | (46,994) | - |

If there is a negative change in the effect will be equal with negative effect.

C/3- Risks of Changes in Shares Prices:

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

2015

| Indicator of | Change in indicator | Impact on profits and losses | Owners' Equity Sensitivity | |
|------------------------------|---------------------|------------------------------|----------------------------|-----------|
| | | | JD | JD |
| | % | JD | JD | |
| Amman Stock Exchange | 5 | (21,760) | | (907,987) |
| Palestine Stock Exchange | 5 | - | | (72,277) |
| International Stock Exchange | 5 | (106,060) | | (48,810) |

2014

| Indicator of | Change in indicator | Impact on profits and losses | Owners' Equity Sensitivity | |
|--------------------------|---------------------|------------------------------|----------------------------|-----------|
| | | | JD | JD |
| | % | JD | JD | |
| Amman Stock Exchange | 5 | (272,238) | | (574,996) |
| Palestine Stock Exchange | 5 | (16,862) | | (43,043) |

Interest rate Reprising Gap

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

| | Interest rate reporting gap | | | | | Non-interest bearing items | Total | |
|---|-----------------------------|----------------------------------|-----------------------------------|--------------------------------|---------------------------|----------------------------|-------------|-------------------|
| | Less than one month | More than 1 month up to 3 months | More than 3 months up to 6 months | More than 6 month up to 1 year | From 1 year up to 3 years | | | More than 3 years |
| 31 December 2015 | JD | JD | JD | JD | JD | JD | JD | JD |
| Assets: | | | | | | | | |
| Cash and balances at the Central Bank of Jordan | 53,300,000 | - | - | - | - | - | 102,527,791 | 102,527,791 |
| Balance at banks and financial institutions | 25,389,143 | - | - | - | - | - | 45,854,292 | 45,854,292 |
| Deposits at banks and financial institutions | - | - | - | - | 5,000,000 | - | 5,000,000 | 5,000,000 |
| Financial assets at fair value through statement of income | - | - | - | - | - | - | 2,556,397 | 2,556,397 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | - | 20,581,461 | 20,581,461 |
| Direct credit facilities – net | 50,540,458 | 51,482,577 | 63,527,302 | 57,324,588 | 120,015,947 | - | 454,704,268 | 454,704,268 |
| Financial assets at amortised cost | 7,001,192 | 16,439,770 | 9,639,134 | 38,554,267 | 29,264,721 | - | 119,079,954 | 119,079,954 |
| Property and equipment – net | - | - | - | - | - | - | 28,727,750 | 28,727,750 |
| Intangible assets | - | - | - | - | - | - | 1,955,925 | 1,955,925 |
| Deferred tax assets | - | - | - | - | - | - | 5,365,915 | 5,365,915 |
| Other assets | 1,672,829 | 697,049 | - | - | - | - | 56,696,260 | 59,066,138 |
| Total assets | 136,927,842 | 69,595,176 | 73,166,436 | 95,878,855 | 154,280,668 | 129,994,266 | 845,419,891 | 845,419,891 |
| Liabilities | | | | | | | | |
| Deposits at banks and financial institutions | 7,358,767 | - | - | - | - | - | 1,659,508 | 9,018,275 |
| Customers' deposits | 129,485,647 | 116,374,378 | 107,076,330 | 89,484,684 | 183,438 | - | 141,471,878 | 584,076,355 |
| Cash margins | 3,751,840 | 5,801,175 | 4,899,915 | 5,160,683 | 6,593,608 | 5,950,186 | 32,157,407 | 32,157,407 |
| Borrowed funds | 2,045,789 | 1,775,570 | 5,801,127 | 2,347,587 | 14,847,920 | 15,504,044 | 42,322,037 | 42,322,037 |
| Sundry provisions | - | - | - | - | - | - | 1,082,090 | 1,082,090 |
| Income tax provision | - | - | - | - | - | - | 6,208,287 | 6,208,287 |
| Deferred tax liabilities | - | - | - | - | - | - | 2,073,433 | 2,073,433 |
| Other liabilities | - | - | - | - | - | - | 13,835,700 | 13,835,700 |
| Total liabilities | 142,642,043 | 123,951,123 | 117,777,372 | 96,992,954 | 21,624,966 | 21,454,230 | 166,330,896 | 690,773,584 |
| Interest rate reporting gap | (571,420) | (54,355,947) | (44,610,936) | (1,114,099) | 132,655,702 | 108,540,036 | 19,245,752 | 154,646,307 |
| 31 December 2014 | | | | | | | | |
| Total assets | 147,988,889 | 35,103,062 | 66,362,903 | 103,441,877 | 169,257,745 | 126,003,909 | 157,004,953 | 805,163,338 |
| Total liabilities | 192,916,649 | 82,471,150 | 127,656,748 | 92,857,404 | 8,629,595 | 4,310,349 | 150,027,433 | 658,869,328 |
| Interest rate reporting gap | (44,927,760) | (47,368,088) | (61,293,845) | (10,584,473) | 160,628,150 | 121,693,560 | 6,977,520 | 146,294,010 |

| Items | Currency (Equivalent in Jordanian Dinars) | | | | | |
|---|--|-------------------|------------------|------------------|------------------|--------------------|
| | USD | Euro | Sterling Pound | Japanese Yen | Others | Total |
| 2015 | | | | | | |
| Assets | | | | | | |
| Cash and balances at the Central Bank | 11,238,626 | 483,785 | 253,717 | - | 657,980 | 12,634,108 |
| Balances at banks and financial institutions | 7,720,946 | 11,957,087 | 3,836,092 | 529 | 4,338,880 | 27,853,534 |
| Deposits at banks and financial institutions | - | - | - | - | - | - |
| Financial assets at fair value through statement of income | 2,121,192 | - | - | - | - | 2,121,192 |
| Financial assets at fair value through other comprehensive income | 2,421,723 | | - | - | - | 2,421,723 |
| Financial assets at amortised cost | 30,899,128 | 6,567,837 | - | - | - | 37,466,965 |
| Direct credit facilities | 44,586,803 | 21,791 | - | - | - | 44,608,594 |
| Other assets | 2,476,974 | 37,617 | 11,194 | 8,955 | 66,502 | 2,601,242 |
| Total assets | 101,465,392 | 19,068,117 | 4,101,003 | 9,484 | 5,063,362 | 129,707,358 |
| Liabilities: | | | | | | |
| Deposits at banks and financial institutions | 3,018,929 | 358,020 | 43,432 | 582,475 | 398,212 | 4,401,068 |
| Customers' deposits | 89,002,078 | 16,166,661 | 4,140,997 | 47,449 | 3,924,526 | 113,281,711 |
| Cash margins | 6,355,234 | 1,056,229 | 9,839 | 13,904 | 30,382 | 7,465,588 |
| Other liabilities | 179,247 | 1,687,603 | 260 | - | - | 1,867,110 |
| Total Liabilities | 98,555,488 | 19,268,513 | 4,194,528 | 643,828 | 4,353,120 | 127,015,477 |
| Net Concentration on-Financial Position for the Current Year | 2,909,904 | (200,396) | (93,525) | (634,344) | 710,242 | 2,691,881 |
| Off-Financial Position Contingent Liabilities for the Current Year | 34,422,492 | 3,984,733 | 4,638 | 152,344 | 2,302,549 | 40,866,756 |

| Items | Currency (Equivalent in Jordanian Dinars) | | | | | |
|---|--|--------------------|------------------|------------------|------------------|--------------------|
| | USD | Euro | Sterling Pound | Japanese Yen | Others | Total |
| 2014 | | | | | | |
| Assets | | | | | | |
| Cash and balances at the Central Bank | 10,518,884 | 823,929 | 182,531 | - | 866,381 | 12,391,725 |
| Balances at banks and financial institutions | 10,696,234 | 17,301,321 | 3,662,933 | 55,732 | 1,008,378 | 32,724,598 |
| Deposits at banks and financial institutions | - | - | 1,378,847 | - | - | 1,378,847 |
| Financial assets at fair value through statement of income | 2,735,291 | - | - | - | - | 2,735,291 |
| Financial assets at fair value through other comprehensive income | 860,866 | - | - | - | - | 860,866 |
| Financial assets at amortised cost | 12,265,700 | - | - | - | - | 12,265,700 |
| Direct credit facilities | 51,504,269 | 147,086 | - | 1,732,578 | - | 53,383,933 |
| Other assets | 811,777 | 16,294 | 12,332 | 8,981 | 1,002 | 850,386 |
| Total assets | 89,393,021 | 18,288,630 | 5,236,643 | 1,797,291 | 1,875,761 | 116,591,346 |
| Liabilities: | | | | | | |
| Deposits at banks and financial institutions | 2,729,917 | 292,636 | 45,427 | 85 | 459,633 | 3,527,698 |
| Customers' deposits | 78,669,506 | 18,116,039 | 5,420,280 | 126,779 | 2,322,685 | 104,655,289 |
| Cash margins | 7,729,479 | 1,192,400 | 10,578 | 13,945 | 33,322 | 8,979,724 |
| Other liabilities | 106,471 | 1,880,805 | 266 | - | - | 1,987,542 |
| Total Liabilities | 89,235,373 | 21,481,880 | 5,476,551 | 140,809 | 2,815,640 | 119,150,253 |
| Net Concentration on-Financial Position for the Current Year | 157,648 | (3,193,250) | (239,908) | 1,656,482 | (939,879) | (2,558,907) |
| Off-Financial Position Contingent Liabilities for the Current Year | 39,223,823 | 7,680,059 | 4,887 | 6,610,315 | 2,156,276 | 55,675,360 |

(38/D) LIQUIDITY RISK

Liquidity risk represents the Bank's inability to meet obligations on their maturity dates. To ward off these risks, including the management of assets and liabilities, matching, and analyzing their maturities, matching the maturities, diversifying source of funds, and maintaining an adequate fund of cash and cash equivalents and marketable securities, liquidity is managed and reviewed periodically at different levels. According to the Central Bank of Jordan instructions, the Bank maintains cash reverses to mitigate liquidity risk.

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

| | Less than one month | More than 1 month up to 3 months | More than 3 month up to 6 months | More than 6 month up to 1 year | From 1 year up to 3 years | More than 3 years | Non-interest bearing items | Total |
|--|---------------------|----------------------------------|----------------------------------|--------------------------------|---------------------------|--------------------|----------------------------|--------------------|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| 31 December 2015 | | | | | | | | |
| Liabilities | | | | | | | | |
| Deposits at banks and financial institutions | 9,028,796 | - | - | - | - | - | - | 9,028,796 |
| Customers' deposits | 271,404,257 | 116,820,284 | 108,283,193 | 91,413,389 | 19,111 | - | - | 588,112,234 |
| Cash margins | 3,757,534 | 5,814,380 | 4,933,377 | 5,231,168 | 6,773,719 | 6,275,257 | - | 32,785,435 |
| Borrowed funds | 2,054,786 | 1,787,283 | 5,915,935 | 2,440,507 | 16,023,318 | 17,958,722 | - | 46,180,551 |
| Sundry provisions | - | - | - | - | - | - | 1,082,090 | 1,082,090 |
| Income tax provision | 2,483,315 | 3,724,972 | - | - | - | - | - | 6,208,287 |
| Deferred tax liabilities | - | - | - | - | - | - | 2,073,433 | 2,073,433 |
| Other liabilities | 3,127,738 | 2,465,775 | 8,242,187 | - | - | - | - | 13,835,700 |
| Total liabilities | 291,856,426 | 130,612,694 | 127,374,692 | 99,085,064 | 22,988,148 | 24,233,979 | 3,155,523 | 699,306,526 |
| Total assets | 206,620,782 | 69,595,176 | 73,166,436 | 95,878,855 | 154,280,668 | 129,994,266 | 115,883,708 | 845,419,891 |
| 31 December 2014 | | | | | | | | |
| Liabilities | | | | | | | | |
| Deposits at banks and financial institutions | 16,079,999 | 709,862 | - | - | - | - | - | 16,789,861 |
| Customers' deposits | 271,498,717 | 82,552,349 | 128,291,087 | 84,171,701 | 300,658 | - | - | 566,814,512 |
| Cash margins | 34,932,115 | - | 621,602 | 881,322 | - | - | - | 36,435,039 |
| Borrowed funds | 7,197,677 | - | - | 10,209,675 | 9,306,815 | 4,310,349 | - | 31,024,516 |
| Sundry provisions | - | - | - | - | - | - | 924,101 | 924,101 |
| Income tax provision | 3,467,908 | - | - | - | - | - | - | 3,467,908 |
| Deferred tax liabilities | - | - | - | - | - | - | 1,886,194 | 1,886,194 |
| Other liabilities | 4,777,364 | 2,822,883 | 3,585,140 | - | - | - | - | 11,185,387 |
| Total liabilities | 337,953,780 | 86,085,094 | 132,497,829 | 95,262,698 | 9,607,473 | 4,310,349 | 2,810,295 | 668,527,518 |
| Total assets | 147,988,889 | 35,103,062 | 66,362,903 | 103,441,877 | 169,257,745 | 126,003,909 | 157,004,953 | 805,163,338 |

Second: Off financial position statement

| | Up to one year | From one year to 5 years | More than 5 years | Total |
|--------------------------------------|----------------|--------------------------|-------------------|-------------|
| | JD | JD | JD | JD |
| 31 December 2015 | | | | |
| Letters of credit and acceptances | 16,948,782 | - | - | 16,948,782 |
| Unutilized credits | 17,312,891 | - | - | 17,312,891 |
| Guarantees | 66,449,058 | 7,328,327 | - | 73,777,385 |
| Operating lease contract liabilities | 412,070 | 1,123,264 | 878,052 | 2,413,386 |
| Capital liabilities | 195,684 | - | - | 195,684 |
| | 101,318,485 | 8,451,591 | 878,052 | 110,648,128 |
| 31 December 2014 | | | | |
| Letters of credit and acceptances | 27,763,414 | 658,691 | - | 28,422,105 |
| Unutilized credits | 22,694,116 | - | - | 22,694,116 |
| Guarantees | 70,376,086 | 11,085,952 | - | 81,462,038 |
| Operating lease contract liabilities | 357,623 | 821,667 | 237,952 | 1,417,242 |
| Capital liabilities | 506,913 | - | - | 506,913 |
| | 121,698,152 | 12,566,310 | 237,952 | 134,502,414 |

(39) SECTOR ANALYSIS

a. Information on the bank sectors operation

The Bank is organized, for managerial purposes, which measured according to reports used by general manager and decision makers to the Bank into three major sectors. Moreover, the Bank owns three subsidiaries: one conducts financial brokerage, the other financial lease, and the third bonded stores operation and management.

- Individuals accounts: include following up on individual customers accounts, and granting them loans, credit, credit cards, and other services.

- Corporate accounts: include following up on deposits, credit facilities, and other banking services related to customers.

- Treasury: includes providing dealing services and management of the Bank's funds.

d. Reasons for and sources of change in the Bank's regulatory capital during the year: Increase in regulatory capital amounted to JD 11,350,532 from the following sources:

- Increase in the statutory reserve of JD 2,060,484.
- Increase in retained earnings of JD 4,894,719.
- Increase in the general banking risks reserve of JD 228,127.
- Increase in the fair value reserve according to IFRS (9) of JD 484,433.
- Increase in the deferred tax assets and intangible assets of JD 96,038.
- Decrease in investments and real estates seized by bank against loans and from breaking article(48) of banks law which are deducted from capital by 50% of JD 3,586,730.

The capital adequacy ratio has been calculated according to Basel II Standard, in addition to the instructions of the Central Bank of Jordan

e. The amount the Bank considers as capital and capital adequacy ratio are as follows:

| | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| | JD | JD |
| Subscribed and paid-in capital | 100,000,000 | 100,000,000 |
| Statutory reserve | 21,332,948 | 19,272,464 |
| Retained earnings (net of restricted amounts) | 13,018,133 | 8,123,414 |
| Goodwill or any intangibles and deferred tax assets | (7,321,840) | (7,417,878) |
| Investments deducted from capital by 50% | (1,065,920) | (2,859,285) |
| Primary Capital | 125,963,321 | 117,118,715 |
| Fair value reserve in according with IFRS (9) | 1,727,629 | 1,243,196 |
| General banking risks reserve | 4,603,049 | 4,374,922 |
| Investments deducted from capital by 50% | (1,065,920) | (2,859,285) |
| Additional Paid-in Capital | 5,264,758 | 2,758,833 |
| Total Capital Structure | 131,228,079 | 119,877,548 |
| Total risk weighted assets | 720,548,304 | 740,880,930 |
| Capital Adequacy Ratio (%) | 18.21% | 16.18% |
| Primary Capital Ratio (%) | 17.48% | 15.81% |

[41] ACCOUNTS MANAGED ON BEHALF OF CUSTOMERS

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

[42] ANALYSIS OF THE MATURITIES OF ASSETS AND LIABILITIES:

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

| 31 December 2015 | Up to one year | More than one year | Total |
|---|----------------------|--------------------|--------------------|
| | JD | JD | JD |
| Assets: | | | |
| Cash and balances at the Central Bank | 102,527,791 | - | 102,527,791 |
| Balances at banks and financial institutions | 45,854,292 | - | 45,854,292 |
| Deposits at banks and financial institutions | - | 5,000,000 | 5,000,000 |
| Financial assets at fair value through statement of income | 2,556,397 | - | 2,556,397 |
| Direct credit facilities | 222,874,925 | 231,829,343 | 454,704,268 |
| Financial assets at fair value through other comprehensive income | - | 20,581,461 | 20,581,461 |
| Financial assets at amortized cost | 71,634,363 | 47,445,591 | 119,079,954 |
| Property and plant -net | 1,806,405 | 26,921,345 | 28,727,750 |
| Intangible assets | 621,939 | 1,333,986 | 1,955,925 |
| Deferred tax assets | 330,360 | 5,035,555 | 5,365,915 |
| Other assets | 5,514,608 | 53,551,530 | 59,066,138 |
| Total assets | 453,721,080 | 391,698,811 | 845,419,891 |
| Liabilities: | | | |
| Deposits at banks and financial institutions | 9,018,275 | - | 9,018,275 |
| Customers' deposits | 583,892,917 | 183,438 | 584,076,355 |
| Cash margins | 32,157,407 | - | 32,157,407 |
| Borrowed funds | 11,970,073 | 30,351,964 | 42,322,037 |
| Sundry provisions | - | 1,082,090 | 1,082,090 |
| Income tax provision | 6,208,287 | - | 6,208,287 |
| Deferred tax liabilities | - | 2,073,433 | 2,073,433 |
| Other liabilities | 13,835,700 | - | 13,835,700 |
| Total Liabilities | 657,082,659 | 33,690,925 | 690,773,584 |
| Net | (203,361,579) | 358,007,886 | 154,646,307 |

| 31 December 2014 | Up to one year | More than one year | Total |
|---|----------------------|--------------------|--------------------|
| | JD | JD | JD |
| Assets: | | | |
| Cash and balances at the Central Bank | 69,221,128 | - | 69,221,128 |
| Balances at banks and financial institutions | 43,729,599 | - | 43,729,599 |
| Deposits at banks and financial institutions | 1,378,847 | - | 1,378,847 |
| Financial assets at fair value through statement of income | 7,496,950 | - | 7,496,950 |
| Direct credit facilities | 232,866,785 | 223,199,118 | 456,065,903 |
| Financial assets at fair value through other comprehensive income | - | 12,360,779 | 12,360,779 |
| Financial assets at amortized cost | 68,281,020 | 71,540,978 | 139,821,998 |
| Property and plant -net | 1,839,580 | 19,227,837 | 21,067,417 |
| Intangible assets | 611,776 | 1,585,286 | 2,197,062 |
| Deferred tax assets | 515,719 | 4,705,097 | 5,220,816 |
| Other assets | 2,953,127 | 43,649,712 | 46,602,839 |
| Total assets | 428,894,531 | 376,268,807 | 805,163,338 |
| Liabilities: | | | |
| Deposits at banks and financial institutions | 16,769,485 | - | 16,769,485 |
| Customers' deposits | 561,093,042 | 297,780 | 561,390,822 |
| Cash margins | 34,755,916 | - | 34,755,916 |
| Borrowed funds | 15,847,352 | 12,642,164 | 28,489,516 |
| Sundry provisions | - | 924,101 | 924,101 |
| Income tax provision | 3,467,908 | - | 3,467,908 |
| Deferred tax liabilities | - | 1,886,194 | 1,886,194 |
| Other liabilities | 11,185,386 | - | 11,185,386 |
| Total Liabilities | 643,119,089 | 15,750,239 | 658,869,328 |
| Net | [201,863,779] | 348,157,789 | 146,294,010 |

(43) FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value by the valuation method. The different levels have been defined as follows

Level 1 - Quoted (unadjusted) market prices in active markets for identical financial assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable market data.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The Bank has applied book value method which considered the best available method to measure fair value of these investments due to difficulty of fair value measurement.

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------|---------|-----------|------------|
| | JD | JD | JD | JD |
| 2015 | | | | |
| Financial assets through statement of income | 2,556,397 | - | - | 2,556,397 |
| Financial assets through other comprehensive income | 18,302,235 | - | 2,279,226 | 20,581,461 |
| | 20,858,632 | - | 2,279,226 | 23,137,858 |
| 2014 | | | | |
| Financial assets through statement of income | 7,496,950 | - | - | 7,496,950 |
| Financial assets through other comprehensive income | 10,387,766 | - | 1,973,013 | 12,360,779 |
| | 17,884,716 | - | 1,973,013 | 19,857,729 |

(44) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the unquoted financial instruments presented in the consolidated financial position are not materially different from their carrying value in the consolidated financial statements. In addition, the fair value of direct credit facilities, deposits in banks and financial institution, customer deposits, cash margin and borrowed money which presented at amortized cost are not materially different from their carrying value presented in the consolidated financial statements because the interest rate in the financial assets market are not materially different from their contractual prices, furthermore, due to the short term periods when it comes to deposits at banks and financial institution. The fair value presented at amortized cost is measured either through prices announced in the market when it is available or through valuation methods such as used in some bonds with fixed interest rate cases.

During the first quarter of 2015, the bank transferred part of the financial assets at fair value through profit and loss to financial assets at amortized cost, which comply with the long term strategic investment plan and investment driven of these investments. The fair value of the portfolio at the transferring date amounted to JD 2,360,136 and the fair value as of 31 December 2015 amounted to JD 484,671

(45) COMMITMENTS AND CONTINGENT LIABILITIES (OFF-FINANCIAL POSITION)

A. Credit commitments and contingencies:

| | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| | JD | JD |
| Letters of credit | 13,761,841 | 18,995,193 |
| Acceptances and periodic withdrawals | 3,186,941 | 9,426,912 |
| Letters of guarantees: | | |
| Payments | 31,800,034 | 28,835,489 |
| Performance | 30,842,045 | 38,216,512 |
| Other | 11,135,306 | 14,410,037 |
| Unutilized credit facilities | 17,312,891 | 22,694,116 |
| | 108,039,058 | 132,578,259 |
| B. Contractual obligations: | | |
| Contracts to purchase property and equipment | 28,580 | 333,948 |
| Construction contracts | 167,104 | 172,965 |
| | 195,684 | 506,913 |

Operating leases amounted to JD 412,070 (2014: JD 357,623), with periods ranging from one to twelve months

(46) LAWSUITS AGAINST THE BANK

- A . The Bank is a defendant in lawsuits amounting to JD 14,501,597 as 31 December 2015 against JD 10,415,952 as of 31 December 2014. The total provision booked against these lawsuits amounted to JD 1,062,463 as of 31 December 2015 against JD 906,781 as of 31 December 2014. As per the estimate of the management and the bank's lawyer, no addition liabilities would arise against these lawsuits.
- B . There is only one lawsuit against Tamkeen leasing Company amounted to JD 55,000 as of 31 December 2015 and as per the estimate of the management and the company's lawyer, no addition liabilities would arise against these lawsuits.
- C . There were no lawsuits against the subsidiary companies: Al Mawared for financial broker and Al Istethe-mari Letamweel Salselat Al Imdad and Jordanian Factoring Company as of 31 December 2015.

(47) COMPARATIVE FIGURES

Certain comparative figures were reclassified for the year ended 31 December 2014 to match the financial statement classifications for the year ended 31 December 2015.